AKSİGORTA **2013** ANNUAL REPORT

WE CHANGED BECAUSE...

Houses have changed, roads have changed, cars have changed, technology has changed, diseases have changed, times have changed, people have changed, feelings have changed, the future has changed, the world has changed...

AKSigorta

...OUR LIVES HAVE CHANGED

AND SO HAVE RISKS!

PLENTY OF CARS TO INSURE!

15,598,968

The number of policies issued by the Motor Own Damage branch (15,598,968) keeps increasing proportional to annual sales.

PLENTY OF AREAS TO INSURE!

6,574,910

The number of policies issued by the general losses branch (6,574,910) is expected to maintain its rising trend considering the risks in the sector.

PLENTY OF PLACES TO INSURE!

12,405,689

The number of policies issued by the fire and natural disaster branch (12,405,689) stands out as a significant market considering the number of homes and commercial enterprises.

PLENTY OF PEOPLE TO INSURE!

2,806,864

The number of policies issued by the health branch (2,806,864) still makes up only a small portion of the market considering a population of 80 million people.

About 59% of the Turkish population is comprised of generations X, Y and Z who are adept at using technology and constantly experiencing change.

In a life where conditions are constantly changing, in order to retain and increase loyalty, with our customer based approachd and our reputation of excellence, we understand our clients better and provide them with fast, basic and comprehensible products.

With a balanced product portfolio, we have achieved remarkable rates of growth in all non-motor-related segments.

WE ARE SUCCESSFUL BECAUSE...

WE HAVE CHANGED, TOO.

IN A WORLD OF
CONSTANT CHANGE,
WE ARE ALWAYS RENEWING
OURSELVES.

WE EMBRACE CHANGE

WE FORESEE THE RISKS AND CHANGE THE PERCEPTIONS.

11,050

The number of Aksigorta followers on Twitter.

WE DEVELOP PRODUCTS AND BALANCE OUR PORTFOLIO.

1,900

More than 1,900 independent agencies where 28 different products are available.

WE FOLLOW TECHNOLOGY AND SIMPLIFY COMMUNICATION.

5,400,000

The number of people reached regarding public insurance awareness.

WE DISCOVER TALENT AND REJUVENATE AS WE AGE.

30

Career opportunities offered to trainees with high potential at Aksigorta.

WE CHANGE THE MARKETING APPROACH AND PUT PEOPLE FIRST.

54

Our rank in "Turkey's Most Valuable 100 Brands" survey.

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PRESENTATION

CORPORATE GOVERNANCE

FINANCIAL INFORMATION AND RISK MANAGEMENT

AGENDA
Decision on the date, location and agenda of the Ordinary General Assembly Meeting.

RESOLUTION
It has been decided that the Ordinary General Assembly Meeting of the Company for 2013 to convene on March 28, 2014 at 17:00 at the address of Istanbul, Beşiktaş, 4. Levent, Sabancı Center with the below agenda.

Agenda

1. Opening and formation of Chairmanship Committee,
2. Reading and discussion of the Board of Directors' Annual Report for 2013,
3. Reading and discussion of the Auditors' Reports for 2013,
4. Informing the General Assembly regarding the Donations made in 2013,
5. Dividend Policy approval,
6. Review and approval of Financial Statements for 2013,
7. Approval of the Board Member who is appointed in 2013 by the Board of Directors for the vacant membership for the remaining duty period,
8. Determination of duty period and election of the Board of Directors,
9. Release of the members of the Board of Directors regarding their activities in 2013,
10. Determination of usage of 2013 Year End Profit and share rate of Profit and Earnings,
11. Determination of donations limits of the Company for the year 2014,
12. Election of the Auditors for the Financial Statements of the year 2014 in accordance with Turkish Commercial Code numbered 6102 and Capital Market Law numbered 6362 and insurance legislation.
13. Granting permission to the Chairman and members of the Board of Directors to carry out the transactions written in Articles 395 and 396 of the Turkish Commercial Code.

Aksigorta A.Ş.
March 28, 2014
at 17:00

13
REGIONAL DIRECTORATES

2
REPRESENTATIVE OFFICES

1,900
INDEPENDENT AGENCIES

961
AKBANK BRANCHES

3,600
CONTRACTED INSTITUTIONS

With contemporary and sustainable steps, Aksigorta has worked towards a customer oriented and innovative vision since its establishment in 1960. After entering into partnership with the international giant Ageas and Sabancı Holding, Aksigorta continued to build upon its strong brand recognition and high market value. Hence, Aksigorta maintained profitable growth in the insurance business in 2013 with its strong and renewed shareholder structure.

Providing service to thousands of individual and corporate clients across Turkey through 13 regional directorates, two representative offices, more than 1,900 independent agencies, 961 Akbank branches, 63 brokers and 3,600 contracted institutions, Aksigorta has offered exclusive, value-added solutions to its customers for more than 50 years, while maintaining its corporate values. With the diverse product portfolio it has developed, Aksigorta proactively continues to meet the needs of the market.

Ranked 67th in the "Turkey's Most Valuable 100 Brands" survey conducted by the British consultancy firm, Brand Finance for Capital Magazine in 2013, 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.

Through the innovations it prepares to introduce to the Turkish insurance industry, 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,
- becoming the insurance company of the masses.

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 December 31, 2013 unconsolidated financial statements, Aksigorta's asset volume reached TL 1,547 million.

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Our Strategies

- Achieve and maintain a balanced product lineup that is mindful of profitability,
- Grow faster in profitable channels while improving productivity in all channels,
- Increase productivity and effectiveness by achieving operational excellence in all claims-related activities,
- 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 becoming differentiated 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

Our Vision

To be an industry leader by providing innovative service.

Our Mission

Making life secure by providing innovative non-life and health insurance services through all channels and creating value for all stakeholders.

Our Values

Leadership
Customer Focus
Transparency
Ethical Values
Sustainability

AN ADVENTURE THAT DATES BACK TO 1960...

1961
THE FIRST POLICY

1980
THE FIRST BANKASSURANCE

1998
THE FIRST ONLINE POLICY

2013
THE THIRD INTERNATIONAL AWARD

With the Bankassurance Project completed in 1998, Aksigorta starteda partnership with Akbank's wide network of branches across Turkey.

First policy

The first policy was issued by Aksigorta in 1961.

First insurance agency

Lami Teymen opened the first Aksigorta agency in Adana.

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.

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 historical 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 to a unique project and opened the Fire and Earthquake Training Center, which was fully built with technological infrastructure developed in Turkey. The project proved its success in 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 target to serve customers more rapidly and effectively.

First online policy in Turkey's bankassurance business

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

Considering quality systems 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.

Awarded the certificate of authorization in the health branch

Aiming to increase its diversity of service portfolio, Aksigorta obtained a certificate of authorization for the health branch and began to issue 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 in a whole 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.

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 the 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 4 years in a row.

"Most Reliable Insurance Company"

As a testament of its success, Aksigorta was elected 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 January 14, 2010 following the Extraordinary General Meeting held on January 4, 2010.

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 astrategic 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 company with 180 years of experience in the sector. Ageas's operations are focused on Europe and Asia, which constitute the largest global insurance market in the world. These operations are grouped under four segments: Belgium, the United Kingdom, Continental Europe and Asia.

Ageas is highly experienced in joining forces with strong financial companies and local players in different geographica regions of the world, and has strategic alliances in Belgium, the UK, Luxembourg, Italy, Portugal, China, Malaysia, India and Thailand. The company also has subsidiaries in France, Germany, Hong Kong and the UK. Apart from its leadership in life and workforce insurance segments in Belgium, it is also an important player with AG Insurance in non-life segment. In the UK, it is the second largest player in the motor vehicle insurance segment, and commands a strong presence in more than 50 markets worldwide. With more than 13,000 employees, Ageas generates approximately EUR 18 billion in revenue per year.

Leading player of the sector

In 2012 Aksigorta renewed its vision "To become the leading player of the sector through innovative services" as the Company demonstrates efforts to improve the culture of innovation.

Crowned with awards

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

In 2013, also 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.

The Sabancı Group is active in 18 countries and its products reach markets in Europe, the Middle East, Asia, North Africa, North and South America.

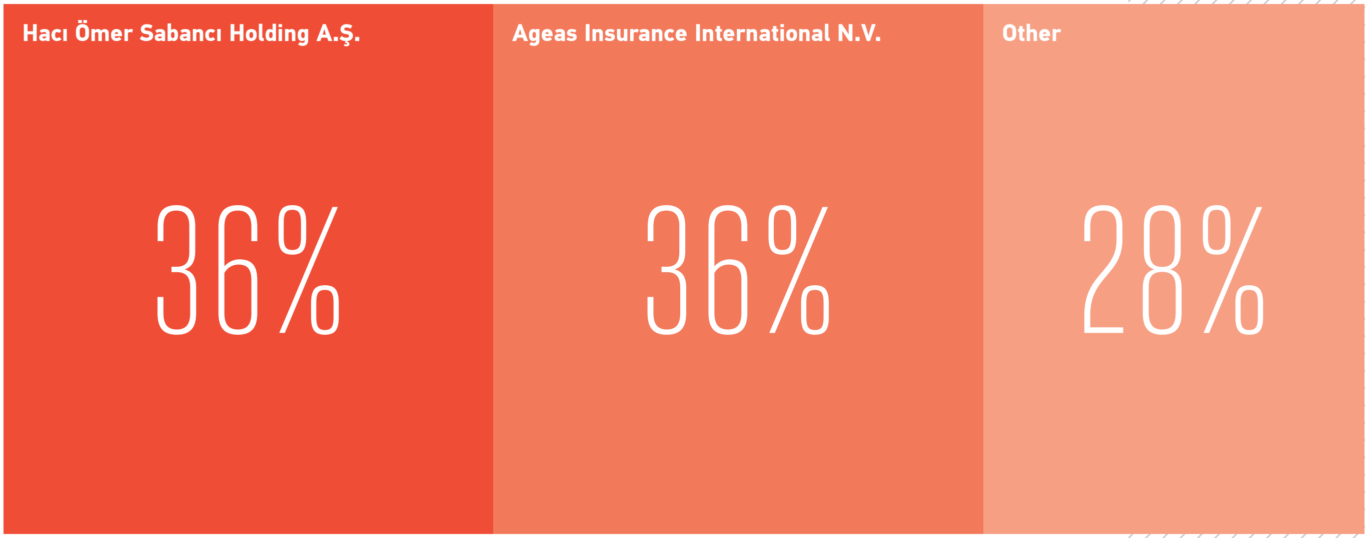
1,526
TL MILLION
GROSS WRITTEN PREMIUMS

661
TL MILLION
INCURRED CLAIMS

101
TL MILLION
TECHNICAL RESULTS

1,547
TL MILLION
TOTAL ASSETS

FINANCIAL INDICATORS (TL MILLION)	**2012**	**2013**
Gross Written Premiums	1,311	1,526
Incurred Claims	608	661
Technical Results	55	101
Profit Before Tax	63	186
Net Income	49	160
Paid in Capital	306	306
Shareholders' Equity	424	533
Total Assets	1,267	1,547
CAPITAL SOLVENCY RATIOS		
Gross Written Premiums / Shareholders' Equity	309.6%	286.5%
Shareholders' Equity / Total Assets	33.4%	34.4%
Solvency Ratio	166.7%	171.8%
OPERATIONAL RATIOS (Non-Life)		
Retention Ratio	72.9%	73.0%
Loss Ratio (Net)	67.1%	63.8%
Combined Ratio (Net)	98.1%	95.2%
PROFITABILITY RATIOS		
Technical Result / Gross Written Premiums	4.2%	6,6%
Profit Before Tax / Gross Written Premiums	4.8%	12.2%
Net Income / Gross Written Premiums	3.7%	10.5%
Return On Equity (ROE)	11.8%	33.4%



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
Other	28	85,680,000

Aksigorta continued to build upon its strong brand recognition and high market value.

Haluk Dinçer
Chairman of the Board of Directors

Uğur Gülen
General Manager and Member of the Board of Directors

In terms of global economy, 2013 was a year of different growth trends in developed and developing countries. In parallel with the upturn trend in employment and production figures, the US Fed started to implement the long-awaited reductionist policy in expected bond purchases in 2013, and went to a reduction in monthly bond purchases by USD 20 billion in total as of February 2014. In the aftermath of the Fed's decision, markets in developed countries were once again seen as a safe harbors by international financial circles. In spite of the elimination of default threat with the support of European Stability Mechanism in Eurozone countries like Greece, Spain which faced public debt crises, recession and youth employment continued across the continent in 2013 as well. In the developing markets where a considerable amount of capital outflow followed by Fed's decision to return to tight monetary policies, declines in growth rates were also experienced. Marked by import-oriented production infrastructure and high saving rates, China has reached a 7.7% growth rate, maintaining its successful performance in 2013.

Turkey maintained its growth pace

Seen as one of the emerging economies on a global scale with its stable economic performance, Turkey was also negatively affected by the capital outflows in favor of developed economies. Austerity measures aiming to reduce the current account deficit took the center stage in Turkey which achieved 3.2% year-end growth. Despite the devaluation the TL suffered against foreign currencies and the partial increasing trend in inflation, the growth pace helped Turkey to maintain a positive outlook in the eyes of international financial circles. ***Turkey's rating as "investible" by prominent credit rating agencies like Fitch and Moody's is confirmation of our country's strong economic foundations in the area. In parallel with the overall recession trend in the global economy, the global insurance market generally followed a horizontal course in 2013.*** In spite of drops in overal premium production in the Eurozone, the partial recovery in US economy affected the insurance market and significant increases in different segments were experienced.

22% increase in premium production

Unlike the developed markets, Turkey with its fast-growing economy and strong domestic consumption, premiums written in insurance worth TL 20 billion which translated to a 20 % increase compared to that of last year. After a considerable amount of time, in the Motor Own Damage sector there was an increase in the amount of premiums written. A 15 % real growth was achieved, but in spite of this increase in premiums written in the Motor Third Party liability segment, a loss of over TL 500 million was made.

In the Turkish insurance sector where a fast institutionalization process has taken place, new regulations came into force vegarding Motor Own Damage, Motor Third Liability Damage, Health and Individual Pension System (IPS). The actors in the sector which quickly adapted to these regulations, saw significant increases in the number of customers as well as increases in the business volume in different segments. In Turkey, where the level of awareness about the advantages provided by insurance products has been growing, urbanization rates rose to 80% and the fact that the middle class is gradually getting more affluent provide valuable opportunities for the development of the sector.

In 2013, Aksigorta experienced phenomenal success. Benefitting from its partnerships with Aegas, one of the leading companies in the international insurance sector, and the Sabancı Group which is one of the long-established private sector enterprises, Aksigorta fortified the trust shareholders have shown.

With experience and expertise resulting from being one of the oldest insurance companies in Turkey, in 2013 Aksigorta has also continued to expand its customer base with its innovative, high-quality products and services, and service network extending across the country.

Long-term growth strategy

With a growth strategy focusing on long term targets, Aksigorta's total premium generation had reached TL 1,526 million as of the end of 2013, and it recorded a net profit of TL 159.8 million, showing 15.4% growth over the previous year.

As a result, Aksigorta ranked as the fourth largest company in the sector with a 7.5 % market share.

Having a rich product portfolio oriented towards the needs and expectations of customers, Aksigorta attained 38% growth in the fire branch, for ahead of the 26% growth in the sector as of December 2013. In liability insurance, Aksigorta achieved a significant growth rate of 27%.

The new growth strategy focuses on more premium generating products. In line with this strategy, Aksigorta increased its market share in the non-motor insurance branch, a segment characterized by low penetration and high growth potential, from 51% to 53%.

Aksigorta recorded health premium production of TL 184 million, showing 6% growth over the previous year as a consequence of a new private health insurance regulation assuring that clients' private health insurance agreements would be lifelong renewable agreements. Due to the expectation that there would be an increase in the price difference paid to private health institutions in agreement with SGK, and that some health expenses would not be covered by the General Health Insurance, interest in complementary health insurance is expected to grow in 2014.

Service network all across Turkey

With its 700 employees as of December 2013, Aksigorta provides service to thousands of individual and corporate customers through 13 regional directorates, two representative offices, more than 1,900 independent agencies, 961 Akbank branches, 63 brokers and 3,600 contracted institutions. Having adopted the principle of providing high-quality products and services to customers, in line with our aim of obtaining better service quality, our Company continued with its training sessions among its employees and business partners.

Aksigorta was ranked 67th in the "Turkey's Most Valuable 100 Brands" survey conducted by the International Brand Valuation Consultancy, Brand Finance in 2013. This honor underlines Aksigorta's high brand value and I would like to thank all our shareholders, business partners, employees and social stakeholders for their contributions and support. In the upcoming period, I hope to improve our customers' quality of life with innovative products and services.

Best regards,

Haluk Dinçer
Chairman of the Board of Directors

Uğur Gülen
General Manager and Member of the Board of Directors

1,526
TL MILLION

PREMIUM PRODUCTION IN 2013

Aksigorta aims to increase its market share by both contributing to the development of the sector, and at the same time continuing its growth.

622

THE SECTORS HAD TL 622 MILLION PROFIT IN NON-LIFE BRANCHES.

In the coming period, Turkey is expected to maintain its strong position in the eyes of international financial circles.

THE GLOBAL ECONOMY

In the 2013 operating year, besides the encouraging developments in the global markets, there were risks that interrupted the recovery process after the crises. The main trend summarizing the progress in the global economies – which grew 2.9% in 2013 – within the year was the decreasing growth rates in the developing economies led by China in parallel to the partial recovery process in the developed economies including the USA and the Zone Euro.

In addition to the partial increase in employment and economic recovery in the USA, the Fed reduced bond purchases by USD 10 billion permonth as of December. As a result of this policy that the Fed plans to continue also in 2014, strong capital flow from emerging markets to the developed markets is anticipated.

On the other hand, the recession trend continued also in 2013 in the Zone Euro which survived its public debt crises by means of the collective financial policies implemented under the leadership of the European Stability Mechanism.

Emerging Economies

Within the period of global financial crises, emerging markets which are the dynamos of the global economic growth were negatively influenced by the Fed's decision to return to its strict monetary policy.

Countries like Brazil, Indonesia, South Africa focused on increasing interest rates in order to prevent capital outflows since their growth performance substantially depends on foreign financing. Standing out with their high level of population and emerging appetite of the middle class for consumption, these countries are anticipated to face with significant difficulties in the area of employment and economic growth.

On the other hand, China with its high level of savings and strong production infrastructure, being in a different position compared to the other emerging economies, continued its economic performance and achieved 7.7% growth in 2013.

Due to the price pressure on the oil supply of the Middle East arising from the political turmoil called the "Arab Spring," leading oil consuming countries, including The USA, made efforts to find alternative resources like shale gas. Because of this situation oil prices were in USD 100/barrel band.

THE TURKISH ECONOMY

After achieving a high level of growth rates consecutively, Turkey started to implement a macro economic program with the focus of reducing the current account deficit and achieved 3.2% growth maintaining its momentum of growth in 2013.

Increasing cash outflows had negative impacts on the performance of the capital markets of Turkey as a result of the Fed's decision for reducing the bond purchases in addition to the measures taken in order to cool down the economy after high growth rates.

After the global economic crises, which had negative impacts on all emerging economies having a high level of growth performance, the Turkish Government announced the Mid Term Program (2013-2015) formulated to increase the savings and export-oriented production while decreasing the current account deficit. The target is to decrease the current account deficit level which was USD 59 billion as of 2013 yearend to USD 55.5 billion in 2014 with the help of the measures taken within the scope of the Mid Term Program. On the other hand, the inflation rate which was 7.40% as of 2013 year-end is anticipated to come down to 5.3% in 2014. In spite of the continuing recession in the global markets, Turkey reached USD 151.7 billion export volume in 2013 – almost at the same level of the previous year.

As of 2013 year-end, Gross Domestic Product (GDP) of Turkey reached USD 851 billion (in current prices) while the national income per capita reached USD 10,818.

Country with investment-grade rating

In spite of the recession and uncertainties in the global markets, Turkey continued its momentum of growth while Fitch, Moody's and Standard & Poor's assigned Turkey an investment-grade rating. Turkey is anticipated to maintain its strong position in the eye of international finance institutions in the coming period as well. It is expected that Turkey's strong economic structure tested during the global financial crises, and its strategic geopolitical position and demographic structure mainly composed of young people, will be the fundamental elements that will provide Turkey with competitive advantages in the upcoming period.

THE INSURANCE SECTOR

2013 was a significant year for the insurance sector since important changes were made regards to the Insurance Law and Individual Pension System. According to the 2013 data presented by Insurance Association of Turkey (IAT), premiums written in the insurance sector amounted to TL 20.3 billion with a 22% increase compared to the previous year. Real growth surpassed 15%. An increase in premiums written was recorded in the Motor Own Damage segment after a long time and a loss of over TL 500 Million experienced in spite of an increase in premiums written in the Motor Third Party Liability segment. New regulations came into force in the Motor Own Damage, Motor Third Liability Damage, Health and Individual Pension System (IPS) sectors. Completing its 10th year, the IPS experienced its best year as result of the implementation of state support starting from January 1. After this initiative, 1 million more people started to take part in the IPS and the number of people who retired with the system was 7,382. These developments increased expectations of this sector for 2014. Executives in the sector expect the nominal and real growth trend to continue in 2014.

Main Developments in 2013

- According to technical results of end-September 2013, the sector had TL 622 million profit in non-life branches.
- In April, the general conditions for Motor Own Damage were changed and according to the results of the sixth month, a profit of TL 360 million was recorded and TL 511 million for the ninth month, which is a positive sign.
- In spite of the increases in Motor third party liability insurance fees, a loss of above TL 432 million was recorded.
- The loss of TL 272 thousand recorded in fire insurance in September 2012 figures, increasingly turned into profit in each period and in the third quarter of 2013, it reached TL 173 million.
- According to June 2013 figures, in health insurance which had a red balance showed a profit of TL 70 million was in the third quarter of 2013.
- Expected regulations on Individual Health Insurance was published in the Official Gazette; accordingly, it assures that clients' private health insurance agreements to be lifelong renewable agreements.
- Due to the expectation that there would be an increase in the price difference paid to private health institutions in agreement with SGK, and that some health expenses would not be covered by the General Health Insurance, interest in complementary health insurance is expected to grow in 2014.
- With approximately 1 million more new beneficiaries, the total number in IPS exceeded 4 million. The total fund in the system surpassed TL 25 billion. At the end of 2013, 40 non-life, 26 life insurance companies were active in the sector.

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.

Compared to recent years, insurance sector has a mix customer profile that is more and more conscious, more inquiring, more comparing, open to technology, innovation and change.

4 million

WITH APPROXIMATELY 1 MILLION MORE NEW BENEFICIARIES, THE TOTAL NUMBER IN IPS EXCEEDED 4 MILLION. THE TOTAL FUNDS IN THE SYSTEM SURPASSED TL 25 BILLION.

Providing a fast and high quality service will be at the top of the agenda for companies going forward.

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 changes

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.

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.

Continuing to be the first choice for millions of individuals and corporations in 2013, Aksigorta insures what is valuable for its customers against various risks, and continues to offer high quality products and services in an innovative manner.

2013 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 2013, 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 1.5 billion, with the insurer commanding a 7.5% market share, and recording a 16% 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 39% growth in the fire branch, far ahead of the 15% growth in the sector. The Company also notched up 39% growth in the general losses branch, which includes engineering and agriculture sub-branches, again far ahead of the sector growth rate of 18%.

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, from 47% to 51%.

Providing fast and high-quality service in the insurance sector will be one of the main topics on the agenda in the upcoming period.

Premium Production (TL million)

2011	2012	2013
1,137	1,311	1,526

Net Profit (TL million)

2011	2012	2013
32	49	160

RAISING AWARENESS IN TURKEY

"Keep Living Turkey" Project

Two trusted establishments in their respective areas, Aksigorta ve AKUT came together within a social responsibility project "Keep Living Turkey" which is planned to last five years. Within the framework of the project that Aksigorta cooperates with AKUT to create and raise awareness of the public on risks and insurance, the aim is to reach 5 million people in 50 provinces and 250 sub-province in five years with a convoy consisting of a specially designed "Natural Disaster Training Truck" and Turkey's first 3G-Force Earthquake Simulator Truck. Within The "Keep Living Turkey" project, children, parents, enterprises as well as the disabled are informed what to do and not to do before, during and after natural disasters.

Awards

The "Keep Living Turkey" project made it to the finals of the SABRE awards, to which 2,400 applications were made, and was the project from Turkey which won the Golden SABRE 2013 award. As well as winning the "Bronze Award" at the Stevie 2013 International Business Awards, the "Keep Living Turkey" project had been awarded as the best project in the Corporate Responsibility-Education category of the Golden Compass Awards 2012 which was created by the Public Relations Society of Turkey as one of the most prestigious awards in Turkey

60.000 km.

COVERED DISTANCE SO FAR

5.4 million

THE NUMBER OF PEOPLE REACHED SO FAR.

5%

ONLY 5 OUT OF 100 PEOPLE IN TURKEY SEE THEMSELVES AT RISK FROM NATURAL DISASTERS.

Within the Keep Living Turkey project, at the end of the fourth year, 5.4 million people were reached.

"Keep Living Turkey" Project

Designed as a five-year social responsibility project and launched by Aksigorta and AKUT to inform the public about natural disasters such as earthquakes, floods or fire, "Keep Living Turkey" project was initiated in Istanbul on April 9, 2010. Throughout the day, the public was informed with trainings as to what to do and not to do before and after natural disasters with the "Keep Living Turkey" truck located in Beşiktaş Square. Visitors experienced the 7.4 magnitude Marmara earthquake of 1999 in the 3G-Force Earthquake Simulator and the importance of the topic was underlined. During the project in 2013, natural disaster training programs were provided for adults and primary school students living in 23 provinces.

Within the scope of the project, Aksigorta brought the efforts to raise awareness about the subject on social media through the "Afet Bilinci Kazandırır" competition on Facebook. Started simultaneously with the "Keep Living Turkey" truck and organized as a quiz show in every city visited, users in the "Afet Bilinci Kazandırır" competition on Facebook were offered the opportunity to win one of the five iPad Minis on the condition that they correctly answered the questions on the prevention of natural disasters and on what-to-do before and after natural disasters. In order to spread its awareness-raising words to a wider public, Aksigorta provided information to 1.4 million people through work in social media. At the end of the fourth phase of the marathon, a total of 2.4 million people said yes to "Keep Living." At the end of the fourth year, 5.4 million people were reached.

Survey on Disaster Awareness

As requested by Aksigorta, the Disaster Awareness Survey, the most comprehensive survey in Turkey relating to the issue was conducted by Nielsen, a research firm. The results with regard to the awareness and the approach of Turkish people about disasters were striking. The survey conducted with 1, 212 people in 14 provinces on the 16-64 age group, revealed that people have disaster awareness, yet they did not see themselves under risk. According to the survey, 1 out of every 2 people stated that they were exposed to a natural disasters and 2 of every 5 people to earthquakes, yet the percentage of the people who see themselves under risk was only 20%. The survey also revealed that the most indifferent group about earthquake risk is young people, and earthquake is not the first thing that comes to their minds when they hear about natural disasters. One of the most destructive disasters, namely floods, is not very well known. Indicating that 33% of the population suffered from natural disasters and 27% of them from earthquakes, the survey revealed that only 5 out of 100 people see themselves under disaster risk, knowing that they might suffer loss of life and property and they are prepared.

Aksigorta Agencies Channel Sales Team Meeting took place at Bodrum Rixos Premium Hotel on April 25-26, 2013.

Cancer: Worst Nightmare of Turkish People

According to the survey İPSOS conducted for Aksigorta in order to determine Turkish people's attitudes towards health issues, Turkish people's worst nightmare is cancer. According to the survey conducted by the market research company İPSOS, 69 out of 100 people said "cancer" answering the question "Which disease scares you the most?" With 7%, cardiovascular diseases ranked second after cancer. Moreover, 72% of Turkish people again said "cancer" answering the question "If there was a magic wand in your hand, against which disease would you protect your mother?" In the second position with 6%, it is again cardiovascular diseases that people want to use the "magic wand" for.

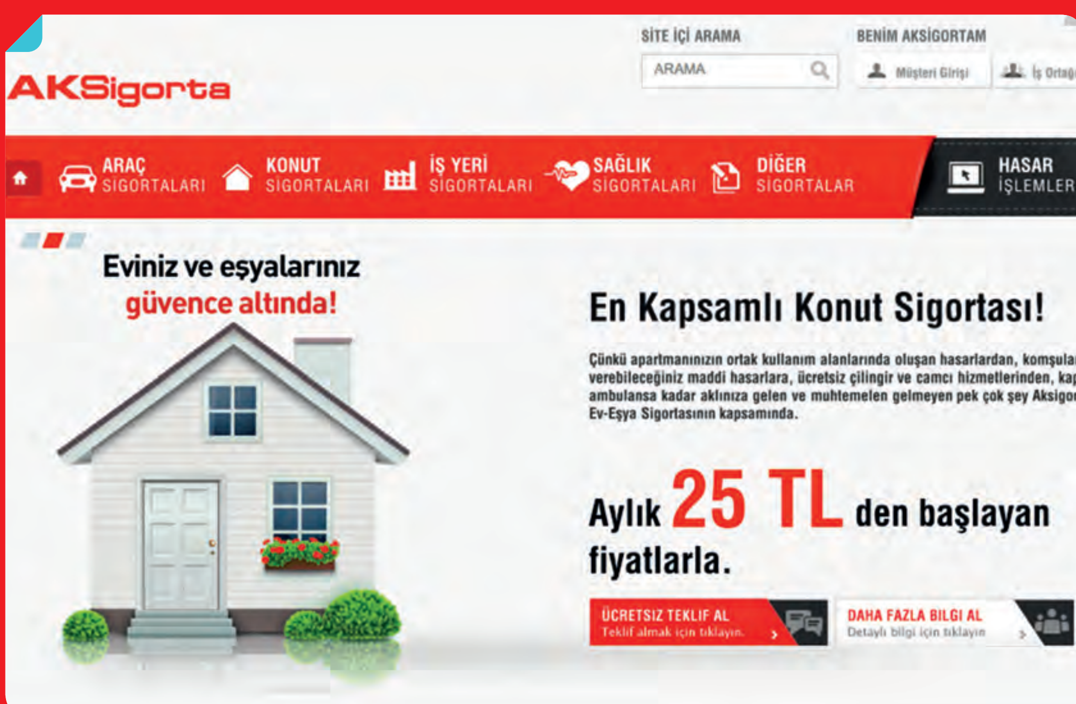
Agency Channel Sales Team Meets

The Aksigorta Agency Channel Sales Team Meeting was held between 25 and 26 April 2013 at Bodrum Rixos Premium Hotel. On the first day of the meeting that lasted for two days, Sales Directors of Aksigorta's İstanbul, Bursa, Aegean, Mediterranean, Adana, Ankara, Black Sea Regional Offices, made presentations about the quarterly performances of their regions, their stories of success and their task plans for 2013. After the presentations, sales directors who showed success in the first quarter according to the criteria such as campaigns, reaching targets, sales directors' league, growth and profitability received their certificates while refreshing their knowledge on Safe Driving. The first day of the meeting ended with the talk moderated by Çetin Kolukısa, Aksigorta Agencies Assistant General Manager, as the regional office directors shared their experiences with the sales directors. While on the second day of the meeting the sales directors – who had courses in sailing, one of the most important sports where it is possible to witness the results of team work – had the chance to see the things a good team can achieve on a completely different platform.

A MORE CONVENIENT WEB SITE

www.aksigorta.com.tr Updated!

Integrating itself to the changing world, Aksigorta has renewed and relaunched its website. With the profile pages created on the new website www.aksigorta.com.tr, Aksigorta customers and potential customers can easily access important links such as agencies, contracted services and institutions. Customers can submit their inquiries regarding each and every product on the website. Contact information of and data on Aksigorta agencies, contracted services and institutions are provided for the use of visitors through a simpler and user-friendly design.



940 Contracted Service

AKSIGORTA JOINED FORCES WITH 277 EXPERTS AND 940 CONTRACTED SERVICES ACROSS TURKEY.

Aksigorta met with its most significant business partners' brokers.

Magnificent Crystal Collection Insured by Aksigorta

Items in the Val Saint Lambert – the largest crystal glassware manufacturer, true symbol of grace and elegance – collection exhibited between May 16 and June 30 in the Consulate of Belgium were insured by Aksigorta. Many precious pieces such as green porcelain vases, champagne coupes, carafes and the Vase Queensland – a royal gift offered to Prince Rainier of Monaco and Princes Grace after it was exhibited in the Metropolitan Museum of Art in New York – were insured by Aksigorta.

The largest crystal glassware manufacturer Val Saint Lambert – the royal supplier offering royal gifts to kings and queens, tsars and sultans all across the world for two centuries – today makes new designs like the Kaleido Collection by combining traditional cutting and coloring techniques in a contemporary, aesthetic composition.

Aksigorta Met With Its Brokers

Aksigorta met its most significant business partners' brokers, and shared up-to-date information about Aksigorta and the sector. Haluk Dinçer, Chairman of Retail and Insurance Group at Sabancı Holding and Aksigorta General Manager Uğur Gülen also attended the meeting which was held in Sabancı Museum, Müze de Changa in May 28. During the meeting, data was provided on the developments in health sector, improvements in Aksigorta's claim process and first quarter's performance.

Aksigorta Joined Forces with Experts and Contracted Services

In order to improve the service quality it provides to its customers, Aksigorta joint forces with 277 experts and 940 contracted services that it cooperates across Turkey. Coming together with experts and contracted services in meetings organized regionally, Aksigorta evaluated 2012, shared projects realized in 2013, and the decisions it made to increase customer satisfaction. First held in Istanbul and Bursa, the meetings took place in Ankara, İzmir, Adana, Antalya and Samsun respectively until July 4, 2013.

Aksigorta gave valuable rewards to its agencies which sold the most Business, Property, Keep Living, N'olur N'olmaz (Personal Injury) and In-patient Care Individual Health Product policies.

www.aksigorta.com.tr Updated!

The online face of Aksigorta, www.aksigorta.com.tr, was renewed according to the needs of the customers, agencies, brokers, contracted services and institutions. With its user friendly interface and modern design, The online face of Aksigorta, www.aksigorta.com.tr, was renewed according to the needs of the customers, agencies, brokers, contracted services and institutions. With its user friendly interface and modern design, Aksigorta clients can reach detailed information about all products as they can reach "Policy Information" in a short amount of time on "My Aksigorta" (Benim Aksigortam).

Campaign from Aksigorta Gives Its Agencies a Chance to Win a Car

Aksigorta has given special and valuable prizes to its agencies that achieved to increase the number of policies sold throughout February, March and April in products such as Workplace, Home & Contents, "Hayata Devam," "N'olur N'olmaz" (Individual Accident) and Yatarak Tedavili Individual health. Agencies that achieved to increase the number of policies in promotion products, sold throughout February, March and April, compared to previous year's same period, won a Renault Clio car, a Samsung Led TV, and a Sony Notebook in the draw made three times within this period according to the premium rankings.

New Solution Partner for Aksigorta

In order to provide its customer with better services Aksigorta decided to carry out the incoming calls for damages and other issues in different channels and thus signed an agreement with a world leader call-center, Teleperformance in the scope of outsourcing the incoming calls for issues other than damages. After trainings and operational processes Teleperformance Türkiye began providing Aksigorta with call center services for the incoming calls for "product information," "health," "complaints," "demands" and "issues other than damages." Established in 1978, Paris Teleperformance – providing worldwide services in 45 countries at more than 270 call centers in 66 languages and dialects with its full time/part time staff composed of more than 138 thousand employees – stands out with its strong technological infrastructure, geographically widespread service network, high CSAT and QA score and scalability.

46

Countries

TO PROVIDE BETTER SERVICE FOR ITS CUSTOMERS, AKSIGORTA DECIDED THAT CLAIM AND NON-CLAIM CALLS SHOULD BE CARRIED OUT THROUGH DIFFERENT CHANNELS AND MADE AN AGREEMENT WITH TELEPERFORMANCE, ACTIVE IN 46 COUNTRIES, TO OUTSOURCE NON-CLAIM CALLS.

DEVELOPMENTS IN SOCIAL MEDIA

Aksigorta is Getting Active on Social Media

The change in Aksigorta can also be seen in social media. Compared to other companies in the sector, Aksigorta remains at the top on platforms like Twitter and LinkedIn, increasingly attracting people to its Facebook page with its special projects.

"Afet Bilinci Kazandırır" (Win with Disaster Awareness) Facebook Competition

Aksigorta brought its "Keep Living Turkey" project onto social media through the "Afet Bilinci Kazandırır" competition. In order to spread its awareness-raising to a wider public, Aksigorta provided information to 1.4 million people through work in social media. At the end of the Fourth phase of this publicity drive, a total of 2.4 million people said yes to "Keep Living."

"Bebekler Dile Geldi" (Babies are Talking) Facebook Project

Aksigorta attaches considerable importance to being present in the digital world. With this strategy in mind, Aksigorta puts a lot of effort to making its presence visible on the social media. That is why it launched the "Bebekler Dile Geldi" Facebook project. This unique and appealing project became very popular amongst Facebook users.

92,600
2013
FACEBOOK FOLLOWERS

11,050
2013
TWITTER FOLLOWERS

As part of the "International Day for Disaster Reduction" a survey conducted by Aksigorta has collected important data with regards to children's view of disasters.

Aksigorta's Two-Year Performance Assesment

The press meeting about the Aksigorta's performance assessment which is a major success story both for insurance market and the private sector in Turkey, was made on the 27th of September at the Aksigorta Headquarters. In the meeting held with the participation of the Chairman of the Board of Directors of Aksigorta Haluk Dinçer, Ageas Continental Europe CEO Steven Braekeveldt and Aksigorta General Manager Uğur Gülen , important information about the sector and the economy and striking data on various issues varying from Aksigorta's profitability and to its progress in equity, from employment to the increase in its share price were shared with the public.

Aksigorta General Manager Uğur Gülen who talked about the successful results said: "Within the last two years we made TL 24 million in investments. This investment constitutes a basis for the new generation Aksigorta that will enable us to look to the future with confidence. Our shares gained value by 70% and Aksigorta shareholders were paid a total amount in dividends equivalent to TL 73.6 million within the last two years. While our equity was TL 371 million in the financial statements of June 2011, it reached TL 495 million increasing by 28% in the financial statements of the first half of 2013. While improving our combined ratio from 101% to 95%, we increased our technical profit which TL 4.8 million in the first six months of 2011, to TL 36.7 million in the first quarter of this year."

Children's Understanding of Natural Disasters

Within the scope of the "International Day For Disaster Reduction," 13th of October, designated by the United Nations in 1989, the research supported by Aksigorta, revealed significant facts about children's understanding of natural disasters. The research based on Turkey urban sample, made by Yöntem Research Company in face to face interviews with 247 children between the age of 7 and 12 and 247 parents, gave the opportunity to make a comparison between the cognition and attitudes of children and their families towards natural disasters. Aksigorta Marketing Director Gürsal Gürarda told that they carried out this research in order to create awareness and draw attention to the issue of preparation for natural disasters, taking necessary measures and reducing the impacts, and added that children should be given awareness on the issue of natural disasters for a safer future.

Aksigorta "Caught up with the Change" with its Agencies

Aksigorta Agencies Meetings were organized between 24th and 27th of October in Antalya at WOW Hotels. Some 600 agencies, 150 Aksigorta employees and directors participated in the meeting held with the theme "Catch Up With the Change." Chairman of the Board of Directors of Aksigorta Haluk Dinçer, Ageas COO Barry Smith, Ageas Continental Europe CEO Steven Braekeveldt and Aksigorta General Manager Uğur Gülen attended the meeting where the economic and sectoral developments in the

world and in Turkey besides the performance of Aksigorta and the insurance sector for the first nine months of 2013, and the targets for 2014 were shared.

Babies Start Talking!

Aksigorta launched the "My Baby Started Talking" Facebook application on social media. Within the scope of the application presented in two phases between the 1st and 15th of November, and 25th November and 6th of December, Facebook users uploaded the most beautiful, cutest, funniest photos of their babies together with the most suitable message on the Aksigorta's Facebook page so that Facebook users can give feedback by clicking the "Like" button. Aksigorta gave gift cheques from the popular stores to Facebook users who got the most "Likes." At the end of this application allowing the users to share photos on Twitter, as well, Aksigorta's Facebook page had 46 thousand new fans.

Aksigorta Becomes Even More Active on Social Media!

Paying utmost attention to its digital presence and channels, Aksigorta, ranked first in Twitter and Linkedin and fourth in Facebook with its social media performance in 2013 evaluated in comparison to other companies in the sector on the basis of number of followers/fans. You can reach Aksigorta's Facebook page on www.facebook.com/Aksigorta, Aksigorta's Linkedin account on www.linkedin.com/company/aksigorta and Aksigorta's Twitter account on www.twitter.com/Aksigorta .

"Our Color is One, Our Goal is One"

Aksigorta-Akbank family, starting out in 2009 with the vision of "Accomplishing the best bancassurance in Turkey," came together to evaluate the period full of success and to talk about the 2014 targets. Top management of Aksigorta and Akbank also attended the meeting held between 23rd and 24th of November 2013 at the Ela Quality Hotel in Antalya Belek with the participation of about 250 people. In the first part of the meeting with the theme "Our Color is One, Our Goal is One," the Chairman of the Board of Directors of Aksigorta Haluk Dinçer and the Vice Chairman of the Board of Directors of Akbank Hayri Çulhacı gave their speeches. While information was given on bancassurance in the world and in Turkey, the projects Aksigorta and Akbank achieved through a good synergy in line with the targets were evaluated.

The meeting continued with a panel discussion, moderated by Aksigorta General Manager Uğur Gülen, in which future plans, targets and projects were discussed with the participation of Akbank Retail Banking Assistant General Manager Galip Tözge, Akbank Direct Banking Assistant General Manager Orkun Oğuz, Akbank SME Banking Assistant General Manager Bülent Oğuz, Akbank Commercial Banking Assistant General Manager Kaan Gür and Aksigorta Bancassurance Assistant General Manager Şenol Temel.

Attaching considerable importance to its digital presence and also to the development of digital channels, Aksigorta ranks 1st on Twitter and LinkedIn; and 4th on Facebook on the basis of media performance followers/fans in 2013.

AWARDED HUMAN RESOURCES MANAGEMENT

Aksigorta Wins Talent Management Success Award

Selected as the best in this field and awarded "Success in Talent Management Award" at PERYÖN Human Management Awards 2013 organized by PERYÖN Turkey Human Management Association to award successful projects in human resources, to encourage prominent companies and to direct standards in the area.

Placing considerable importance on talent management within the company's HR strategy, Aksigorta was selected as one of "The 12 Best Employers in Turkey" at the Best Employers 2013 Competition organized by Great Place to Work® which was attended by 34 enterprises from different sectors and categories.

700
2013
EMPLOYEES

2
2013
NUMBER OF AWARDS

All criteria required by the positions are predefined in accordance with our corporate strategies and targets.

HUMAN RESOURCES POLICIES AT AKSİGORTA

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.

Salary and Vested benefits

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. 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, seminar/conference, experience sharing meetings and reading materials. The Academy supports development activities in five main titles:

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

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.

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.

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 Academy

Aksigorta Leadership Academy	Aksigorta Talent Management Academy	Aksigorta Development Academy	Aksigorta Sales Academy
• Leadership and Management Programs for Upper and Mid-level Management • SALT • Aksigorta Basic Leadership Program • Mentorship • SA-EXE • Individual and Group Coaching Exclusive • Ageas Leadership Program (ALP)	• Programs designed for the employees involved in Talent Management Programs. • Future Leaders • Young Talents • Young Talents Campus • Claims Academy	• Programs designed in line with the needs of organizational and individual development • General Training Programs • Master Degree • Orientation • Foreign Language Training	• 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.

Aksigorta E-Akademy: 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.

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
• Personnel Portal
• Annual Personnel Activity
• 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)
• Happy Hours
• Sports Tournaments
• Wellness Programs

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

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Haluk Dinçer

Chairman of the Board of Directors

(Since 29 July 2011)

Haluk Dinçer was born in İstanbul in 1962. He graduated from the University of Michigan in 1985 with a bachelor's degree in mechanical engineering and was awarded an MBA by the same school in 1988. Mr. Dinçer began his career in 1985 as a project engineer at the General Motors Technical Center in the USA. He joined the Sabancı Group in 1995 as a deputy chairman of TemSA. He became vice president of the Food and Retail Group in 2001 and president of the same group in 2002. In 2004 he served as head of the Retail Group and as chairman of three of that group's companies: CarrefourSA, DiaSA, and TeknoSA. As a result of a reorganization of the Sabancı Group in 2011, he also became chairman of AvivaSA and Aksigorta in his capacity as Retail and Insurance Group head. Mr. Dinçer is president of the DEİK / Turkish-American Business Council, a vice president of the board of directors of the Turkish Industrialists' and Businessmen's Association, and a member of the boards of directors of the American Turkish Council (Washington DC) and of the American Turkish Society (New York). Haluk Dinçer is married to Suzan Sabancı Dinçer and is the father of 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.

Seyfettin Ata Köseoğlu

Board Member

(Since 29 July 2011)

Ata Köseoğlu graduated from Bosphorus University (Department of Mechanical Engineering) after which he received a master's degree in electrical engineering from Lehigh University and an MBA from Boston University. He embarked upon a career in the banking industry at İktisat Bankası in Turkey, serving as that bank's assistant general manager responsible for investment banking, treasury & capital markets, wealth management, and international relations from its inception until 1994. From 1994 to 1999 Mr. Köseoğlu was a managing director at Bear Stearns, one of America's biggest investment banks, with responsibilities for investment banking in Turkey, Greece, and Egypt. He subsequently moved to Paris where he took up residence and became a managing director at Société Générale, where he was in charge of the investment banking division's activities in Turkey and the Middle East. In that capacity he took part in the development of the bank's regional financial strategies as the person responsible for managing and developing relations with important customers in his territory. Between 2010 and 2005, Mr. Köseoğlu served as managing director/CEO at Credit Suisse First Boston Bank in London and İstanbul, in which position he was responsible for such matters as corporate finance, project finance, capital markets, and fixed-income and derivative products. He joined the BNP Paribas/TEB Group in 2006, most recently serving as chairman and CEO of TEB Investment. In that capacity Mr. Köseoğlu took part in a variety of merger and acquisition projects that ended up making TEB Investment one of Turkey's top five brokerage houses as measured by business volume and profitability.

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.

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 the Board of Directors responsible for audit.

Noyan Turunç

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 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.

BOARD OF DIRECTORS

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.

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.

BOARD OF AUDITORS

Noyan Turunç

Chairman
(See: Board of Directors)

Muhterem Kaan Terzioğlu

Member
(See. Board of Directors)

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
(See: Board of Directors)

Steven Georges Leon Braekeveldt

Member
(See: Board of Avditors)

Uğur Gülen

Board Member and General Manager

(Since 01 May 2009)

Uğur Gülen obtaived his undergraduate and master's degrees from 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.

Ali Doğdu

Assistant General Manager - Underwriting

(Since 12 February 2009)

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 Individual Insurances. 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 01 December 2011)

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 01 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. 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.

Cem Köylüoğlu

Assistant General Manager – Health
(Since 2 May 2013)
After graduating from Cerrahpaşa Medical Faculty of Istanbul University, he worked in the first stage and emergency service, then completed his specialization as a Family Physician Specialist at Şişli Etfal Hospital. Making a shift in 2000, in his career towards the insurance sector, Mr. Köylüoğlu worked for Koç Allianz Sigorta in different positions until 2008, then worked as a director in Eureko Sigorta, and later in Memorial Health Group. His recently was the Assistant General Manager of Ergo Sigorta. Mr. Köylüoğlu is currently the Chairman of the Health Committee of the Insurance Association of Turkey and while he lectures on Health Insurance at the Marmara University the School of Banking and Insurance as a guest lecturer, he also continues his education in the PhD Program for Management and Organization at the İstanbul University, Faculty of Business Administration. Mr. Köylüoğlu is married and has two children.

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.

Gürsal Gürarda

Director - Marketing

(Since 1 April 2012)

Gürsal Gürarda is a graduate of Yıldız Technical University (Faculty of Industrial Engineering). He received an MBA in marketing at the University of Delaware, after which he began working for New Jersey Enterprise. Upon his return to Turkey, he served in brand management positions at Marsa Kraft and the Ülker Group. He was assistant general manager for sales and marketing at Frigo-Pak, a member of the GerberEmig Group, in 2007-200 and as a marketing manager at Altıparmak in 2009-2012.

1. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Aksigorta A.Ş. implements in general terms the "Corporate Governance Principles" issued by the Capital Market Boards and discloses any matters not implemented, together with the reason for it, as per the following items:

SECTION 1: SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholder Rights

In the Company,

Osman Akkoca, Financial Control Manager
e-mail: osman.akkoca@aksigorta.com.tr

Gülnur Kurt, Accounting Manager
e-mail: gulnur.kurt@aksigorta.com.tr

Işıl Toprak, Financial Control Executive
e-mail: isil.toprak@aksigorta.com.tr

Investor Relations
e-mail: yatirimci.iliskileri@aksigorta.com.tr
Tel: (212) 393 43 00
Fax: (212) 334 39 00

are is in charge of relations with the shareholders.

Investor Relations has the duty to carry on the relations with the shareholders. As part of its duty, Investor Relations held face to face talks with institutional investors 82 times at the head office of the Company and 25 times at four conferences at home, totaling 134 times, and total 27 times at four conferences abroad in 2013 to exchange information about the Company and the insurance industry. Some 91 talks were made by phone with corporate shareholders and received questions were answered. 78 electronic mails received from the shareholders were answered.

1.2 Right to Obtain Information and to Inspect

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 Shareholder Relations carefully and unerringly in a manner so as to reflect the whole truth in a short time.

Some 303 information requests received from the shareholders by phone, electronic mail and during face to face meetings during 2013 were answered. Any information concerning the shareholders and investors, which has been already disclosed to public, is published in the web site of the Company at www.aksigorta.com.tr. In addition, any developments which may affect the use of the shareholder rights are announced through the İstanbul Stock Exchange regularly.

Any matters deemed important are announced to investors and analysts by e-mail. The Articles of Association of the Company do not govern appointment of a special auditor as a right. No request in this regard was received from the shareholders in 2013.

1.3 Right to Attend the General Meeting

Two General Meetings, one being the annual and the other extraordinary, were held in 2013. Before the General Meeting, the date, place and agenda of the meeting was announced through the Turkish Trade Registry Gazette, a national newspaper, the web site of the Company and BİST [İstanbul Stock Exchange] and notified to the registered investors and analysts by e-mail. There is not any period of time for attendance of the holders of registered shares who are registered in the share register to attend the General Meeting. The annual report also containing the audited figures of 2012 was submitted at the Head Office of the Company to the inspection of the shareholders at latest 21 days beforehand.

The Annual General Meeting was held on 16.03.2013. In the meeting, the Annual Report of the Board of Directors as well as the Auditors' Report, the Balance Sheet and the Profit/Loss Report were read and discussed. Donations made during the year were informed to the shareholders. The Members of the Board of Directors and the Auditors were released and the replacements within the Board of Directors were adopted. The Independent External Audit Firm selected by the Board of Directors was presented to the General Meeting. Pursuant to the item 4 of the agenda, information about the donations and aid made during 2012 was given to the General Meeting.

The shareholders did not use their right to ask questions and no proposal was made apart from the items in the agenda during the General Meeting. Material decisions as referred in the Turkish Commercial Code are submitted to the approval of the shareholders during the General Meeting. The minutes of the General Meeting are published at www.aksigorta.com.tr.

The Extraordinary General Meeting was held on 27.06.2013. In the meeting, it was resolved that the articles 3, 4, 5, 8, 9, 15, 18, 19, 20, 21, 22, 23, 24, 25, 28, 34, 35, 36, 37, 38, 41, 42, 44, 45, 46, 48, 49, 51, 53, 54, 61, 71, 72, 73 and 77 of the Articles of Association of the Company be amended and the articles 6, 26, 27, 29, 30, 31, 32, 39, 40, 43, 47, 50, 76, 78 and 80 be deleted pursuant to the new Turkish Commercial Code.

1.4 Voting Right

The Articles of Association do not provide preemptive voting right. The Articles of Association do not provide cumulative voting right based on the current shareholding rates and shareholding structure for fear that it would mar the harmonious management structure of the Company. Once this matter has been regulated by relevant laws and abuse of cumulative voting right by the minority shareholders has been prevented, the matter will be considered by the General Meeting.

1.5 Minority Rights

There is not any regulation in the Articles of Association regarding the minority rights. There is not a representative of the minority shareholders in the Board of Directors appointed by the General Meeting.

1.6 Right to Profit Share

There is not any privilege regarding participation in the profit of the Company. Method and timing of profit distribution are specified in the articles 61, 63 and 68 of the Articles of Association. Based on our Corporate Governance Principles, the profit distribution policy of the Company provides that the compulsory dividend which must be distributed as per the current rules of the Capital Market Board and the rules of distribution of dividends and gratis shares established by the meeting of the Capital Market Board, dated 27.02.2006, no. 4/67, is to be paid in cash and/or distributed as gratis shares. The Company has been fulfilling the profit distributions within the statutory times. 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 information of the shareholders at the General Meeting.

1.7 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 Undersecretariat of Treasury of the Prime Ministry of Turkey.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY

2.1 Principles and Tools of Public Disclosure

The Information Policy adopted by the Board of Directors of the Company as per the Corporate Governance Principles of the Capital Market Board is available in the Investor Relations page of the website of the Company. The General Manager Uğur GÜLEN and the Assistant General Manager Erkan ŞAHİNLER are responsible for enforcement of the Information Policy.

2.2 Internet Site

The Company has an Internet site at the following address: www.aksigorta.com.tr.

The information cited in item 1.11.5 of the Section II of Corporate Governance Principles of the Capital Markets Board is available under the "Investor Relations" heading on the Internet site. Under this heading, there are a number of pieces of information such as

- Current shareholding structure is given under the title of "Shareholding Structure";
- Privileged shares under the title of "Privileged Shares";
- Current management structure under the title of "Board of Directors";
- Latest version of the Articles of Association under the title of "Articles of Association";
- Trade registration details under the title of "Trade Registration Details";
- Periodic financial statements and reports under the title of "Financial Data";
- Annual reports under the title of "Annual Reports";
- Agendas of the General Meetings under the title of "General Meeting Agendas";
- List of present shareholders and minutes of General Meetings under the title of "General Meetings List of Present Shareholders";
- Form of proxy under the title of "Voting by Proxy";
- Material event disclosures under the title of "Special Situation Disclosures";
- Requests for information and frequently asked questions received by the Company and answers given to them under the title of "Frequently Asked Questions"; and in addition,
- Communication points to be used for relations with shareholders and investors under the title of "Investor Relations Communication".

2.3 Annual Report

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

SECTION 3: STAKEHOLDERS

3.1 Company's Policy on 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.

3.2 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.

3.3 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.

3.4 Relations with Clients and Suppliers

Having adopted the provision of quality service in accordance with its vision, mission and values by giving particular importance to customer satisfaction as its quality policy as a powerful, respectable and reliable company in the industry together with its agents, employees and suppliers, the Company established the quality assurance system and obtained the BS EN 9001:1994 Quality Standard Certification from BVQI (Bureau Veritas Quality International) in 1998. From 1998 on, system continuity and certification has been ensured and the ISO 9001:2008 Quality Management System certification has been renewed to be valid until July 2, 2013. The Company continues to provide quality service to its clients, business partners, stakeholders and employees. Introduced in 2002 with the idea of client focused service, Aksigorta Service Center is continuing to provide services across Turkey on 24/7 basis. Aksigorta Service Center is an important point of application for clients regarding insurance and emergencies. The claim process begins at Aksigorta Service Center, which, through outbound calls, supports the clients throughout the claim process. Services provided by Aksigorta Service Center are also provided via the Internet site of the Company, and the clients can have access to all information about the claim files and the policies uninterruptedly. Complaints of the clients about our services are recorded by all distribution channels of ours and durations of solving of problems and client satisfaction are tracked by means of a special software program. Satisfaction of the clients from our services is measured and tracked regularly through outbound calls made by Aksigorta Service Center. In line with the "Client Relations Policy" established with a view to solving the complaints and fulfilling the requirements of the clients, raising the level of the quality standards more and providing better service and creating a difference in the industry, the Company obtained the "ISO 10002:2004 Customer Satisfaction and Guidelines on Complaints Handling in Organizations" quality certification in 2009. The foundation stones of our Client Relations Policy are as follows:

Transparency: Members of the Aksigorta family can submit their complaints, requests and questions in an accurate, complete and understandable manner easily at any time they wish. All communication channels of ours are open to you.

Accessibility: Members of the Aksigorta family can reach us for their complaints, requests and questions through our Service Center at phone number 444 27 27 and other communication channels of ours on a 27/4 basis.

Answerability: Members of the Aksigorta family can find answers to their complaints, requests and questions through "Aksigorta Service Center" in a short time.

Objectivity: Complaints, requests and questions received from the members of the Aksigorta family on any matter are handled fairly and without prejudice.

Fee-Free: No fee is charged for handling and solving of any complaints, requests and questions received from the members of the Aksigorta family on any matter.

Confidentiality: Protection of personal data has been extremely important since the very date of establishment of Aksigorta. For this reason, your personal data entrusted to us are kept confidential at all times.

Client Focus: Efficient, realistic and applicable solutions are offered to the members of Aksigorta family who always deserve the best and their needs are fulfilled and their rights protected at all times.

Accountability: Complaints, requests and questions of the members of the Aksigorta family are recorded, and our decisions always include the reasons in order to render the best service to you.

Continuous Improvement: Complaints, requests and questions of the members of the Aksigorta family are recorded, and our decisions always include the reasons in order to render the best service to you. Continuous Improvement: As one of the most powerful companies of the insurance industry, Aksigorta make improvements in insurance services continuously and continue its investments uninterruptedly in order to provide better service to the members of Aksigorta family and to direct them properly.

Fast and Efficient Solutions: Aksigorta introduces innovations to the insurance industry in order to generate fast and efficient solutions in line with the needs of the members of the Aksigorta family.

Professionalism: Aksigorta offers the best service through its specialist complaint handling staff to the members of the Aksigorta family.

3.5 Ethical Rules and Social Responsibility

At the Company, business ethics rules have been established and published. The employees are informed about the business ethics rules at the very beginning of their job, and refreshment training on business ethics is provided regularly every year. There is an Ethics 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 ethics 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 a 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 the fatalistic mentality of the Turkish people. For Aksigorta, which has targeted to add positive value to the society by realizing many awareness raising and educational 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 "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 insurance and has been planned to last five years, has completed the first three years. The project "Keep Living Turkey," which visited 30 provinces and 100-150 sub-provinces in three years, will start its fourth phase in April 2013 and visit 10 provinces and 50 sub-provinces on its itinerary and keep informing the Turkish people. With this project, 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] 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 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 4: BOARD OF DIRECTORS

4.1 Function of the Board of Directors

Members of the Board of Directors of the Company and their functions are as follows:
Haluk DİNÇER, Chairman of the Board
Barry Duncan SMITH, Vice Chairman of the Board
Hayri ÇULHACI, Member of the Board
Seyfettin Ata KÖSEOĞLU, Member of the Board
Stefan Georges Leon BRAEKEVELDT, Member of the Board
Muhterem Kaan TERZİOĞLU, Member of the Board
Noyan TURUNÇ, Member of the Board
Uğur GÜLEN, Member of the Board and General Manager

Members of the Board of Directors have been elected for an office term of three years. Members of the Board of Directors have been granted by the resolution of the General Meeting the right to execute transactions as per articles 334 and 335 of the Turkish Commercial Code.

4.2 Working Principles of the Board of Directors

Right of administration and representation powers of the Board of Directors of the Company are defined in the Articles of Association. Powers and responsibilities of the executives, however, have not been addressed in the Articles of Association. However, these powers and responsibilities have been established by the Board of Directors of the Company.

4.3 Structure of the Board of Directors

The structure of the Board of Directors and qualifications of its Members fulfill the relevant principles in the Corporate Governance Principles of the Capital Markets Board. The Articles of Association do not specify the minimum qualifications required from the Members of the Board of Directors. However, Insurance Law No. 5684 specifies the qualifications required from the Members of the Board of Directors.

4.4 Form of Meetings of the Board of Directors

The Board of Directors of the Company held 24 meetings in total in 2013 by obtaining written consents pursuant to the provisions of the Turkish Commercial Code and the Articles of Association. Attendance in person of the members without an excuse at the meetings of the Board of Directors held in 2013 was ensured. 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 one week before the meeting in order to enable them to make the necessary examinations and work. At the meetings held in 2013, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors.

4.5 Committees Formed within the Body of the Board of Directors

Committees of the Board of Directors
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.

Members:
Noyan TURUNÇ - Chairman (Independent Member of the Board), New line 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 Markets Board. The 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 Markets 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 work on such matters.

Members:
Muhterem Kaan TERZİOĞLU - Chairman (Independent Member of the Board)
Stefan Georges Leon BRAEKEVELDT - Member

Duties of the Candidate Nomination Committee, the Early Detection of Risk 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 the existence, growth and continuation of the Company, and 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.

Members:
Muhterem Kaan TERZİOĞLU - Chairman
Stefan Georges Leon BRAEKEVELDT - Member

4.6 Financial Rights Provided to the Members of the Board of Directors and the Top Executives

The "Policy on Determination of Remuneration and Salaries of Members of the Board of Directors and Top Executives" which sets forth the principles applicable to determination of the remunerations and salaries payable to the Members of the Board of Directors and the top executives of the Company was submitted to the information of the shareholders, and the opportunity to express views on this matter was given to the shareholders, at the general meeting held on May 30, 2012. Remunerations, salaries and similar benefits paid to the Members of the Board of Directors and the top executives in 2013 are disclosed collectively to public in the footnotes to the financial statements.

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 17 February 2014 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 2013, 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 AND RISK MANAGEMENT


12,0k
11,5k

Financial Position, Profitability and Solvency

With a solid financial structure that included TL 533 million in shareholders' equity at end-2013, 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 1,526 million in premium production and a net profit of TL 160 million.

Financial Indicators (TL million)

	2012	2013
Written Premiums	1,311	1,526
Net Profit	49	160
Technical Profit	55	101
Shareholders' Equity	424	533
Total Assets	1,267	1,547

Financial Ratios (TL million)

Retention Ratio (Non-life) (%)

2012	2013
73	73

Technical Profit

2012	2013
55	101

Incurred Claims/Earned Premiums (Net) (%)

	2012	2013
Fire	46.0	29.1
Marine	9.9	40.2
Motor Own Damage	69.6	63.2
Motor Third Party Liability	95.3	78.4
Other	19.4	49.6
General Losses	44.6	69.6
Health	71.8	73.0
	67.0	**64.0**

Written Premiums/Shareholders' Equity (%)

2012	2013
310	286

Net Income/Written Premiums(%)

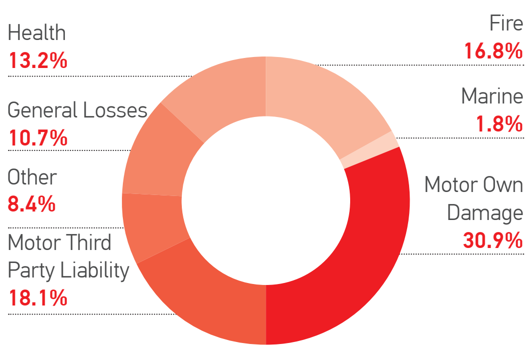
2012	2013
4	10

In 2013, the Company increased its premium production from TL 1,311 million to TL 1,526 million. A breakdown of premiums by business lines during the most recent two years is shown below.

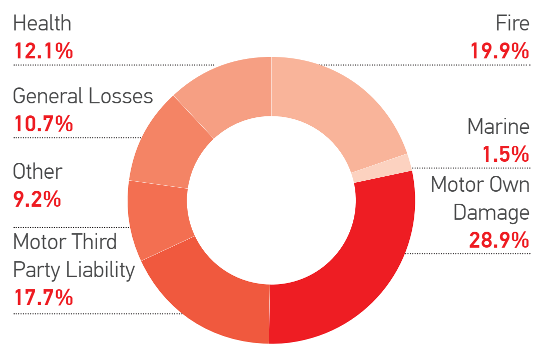
Breakdown of Premiums by Business Line

	Premiums Written			Distribution (%)	
(TL thousand)	**2012**	**2013**	**Change 13/12**	**2012**	**2013**
Fire	220,457	303,909	37.9	16.8	19.9
Marine	23,918	22,434	(6.2)	1.8	1.5
Motor Own Damage	405,387	441,700	9.0	30.9	28.9
Motor Third Party Liability	237,168	269,830	13.8	18.1	17.7
Other	110,395	140,077	26.9	8.4	9.2
General Losses	140,372	163,851	16.7	10.7	10.7
Health	173,635	184,337	6.2	13.2	12.1
Total	**1,311,332**	**1,526,138**	**16.4**	**100.0**	**100.0**

2012 Premium Portfolio Distribution



2013 Premium Portfolio Distribution



As of end-2013, 27% of generated premiums had been transferred undertreaty and facultative reinsurance agreements while the remaining 73% (amounting to TL 1,113 million 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)	**2012**	**2013**	**2012**	**2013**
Fire	81,900	111,362	37	37
Marine	11,840	11,484	50	51
Motor Own Damage	380,932	434,086	94	98
Motor Third Party Liability	197,752	239,041	83	89
Other	60,160	73,583	54	53
General Losses	51,131	60,706	36	37
Health	172,760	183,268	99	99
Total	956,475	1,113,530	73	73

Retention Ratio (%)

2012						
37	50	94	83	54	36	99
Fire	Marine	Motor Own Damage	Motor Third Party Liability	Other	General Losses	Health

2013						
37	51	98	89	53	37	99
Fire	Marine	Motor Own Damage	Motor Third Party Liability	Other	General Losses	Health

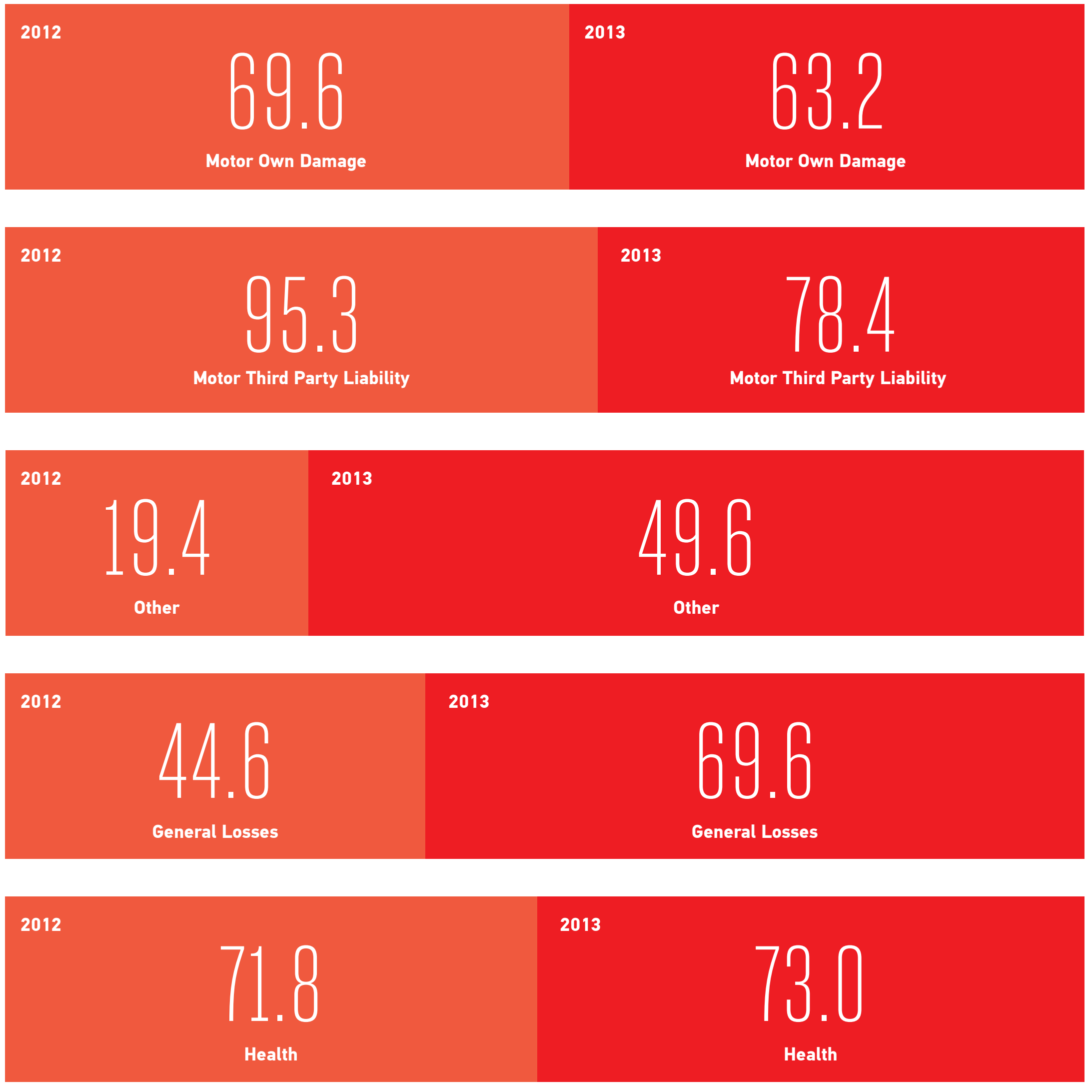
As of end-2013, Aksigorta retained TL 1,035 million in premiums which it had earned in the non-life branch while the Company's share of incurred non-life claims amounted to TL 660 million.

As of the same date, the ratio of incurred non-life claims to earned premiums (net) was 64%. 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 Premiums (Net)		Claims Incurred/Earned Premiums (Net) (%)	
(TL thousand)	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**
Fire	30,716	27,512	66,819	94,562	46.0	29.1
Marine	1,196	4,548	12,024	11,313	9.9	40.2
Motor Own Damage	260,545	267,219	374,413	422,827	69.6	63.2
Motor Third Party Liability	169,293	168,770	177,626	215,296	95.3	78.4
Other	16,138	40,478	83,001	81,688	19.4	49.6
General Losses	12,785	24,284	28,685	34,901	44.6	69.6
Health	116,335	127,625	161,961	174,862	71.8	73.0
Non-Life Total	**607,009**	**660,434**	**904,529**	**1,035,449**	**67.0**	**64,0**

Claims Incurred/Earned Premiums (Net) (%)

2012	2013
46.0 Fire	29.1 Fire
9.9 Marine	40.2 Marine

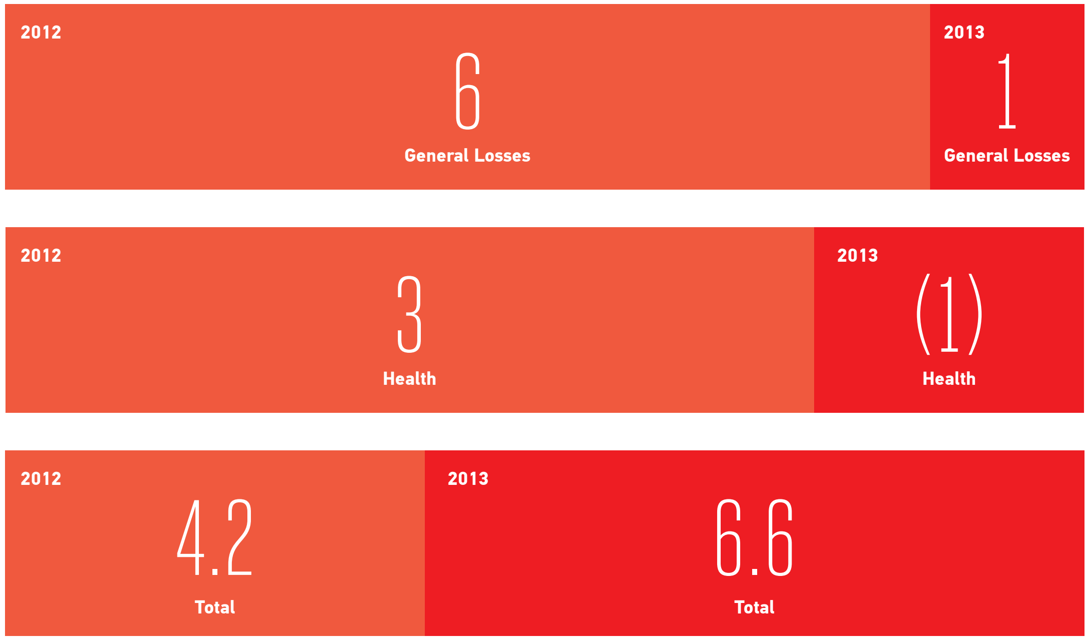


At end-2013, Aksigorta showed a total technical profit amounting to TL 101 million. The charts below show the amounts and relative percentages of the Company's technical profit during the most recent two years, broken down by business line.

	Total Technical Profit Balance	
(TL thousand)	**2012**	**2013**
Fire	14,241	29,338
Marine	9,749	4,851
Motor Own Damage	20,713	60,594
Motor Third Party Liability	(36,635)	(2,155)
Other	32,940	8,174
General Losses	7,970	1,496
Health	5,717	(1,019)
Total	**54,694**	**101,279**

Total Technical Profit Balance/Premiums Written (%)

	2012	2013
Fire	6	10
Marine	41	22
Motor Own Damage	5	14
Motor Third Party Liability	(1)	(1)
Other	30	6
General Losses	6	1
Health	3	(1)
Total	**4.2**	**6.6**



In 2013, Aksigorta earned TL 98 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		
(TL thousand)	**2012**	**2013**	**Change (%)**
Foreign Exchange Gain	8,883	46,515	423.6
Dividend Income from Participants	0	0	0.0
Income From Financial Investment	59,430	50,934	(14.3)
Real Estate Income	299	297	(0.7)
Income from Derivatives	1,739	0	(100.0)
Other Investments' Income	6	1	(85.1)
Total	**70,358**	**97,748**	**38.9**

Based on all of these technical and financial results, Aksigorta booked a profit before tax of TL 186 million and a net profit less tax and other legal obligations in the amount of TL 160 million.

The Company's shareholders' equity amounted to TL 533 million at end-2013. The breakdown of shareholders' equity items during the most recent two years is shown below.

(TL million)	2012	2013	Change (%)
Paid in Capital	306	306	0.0
Nominal Capital	306	306	0.0
Capital Restatement Differences	0	0	0.0
Profit and Capital Reserves	67	67	(0.9)
Previous Years Income	2	0	(90.8)
Net Profit of the Period	49	160	228.3
Total Shareholders' Equity	**424**	**533**	**25.8**

At end-2013, Aksigorta's principal investments amounted to TL 185 million in value. Developments in the Company's investments during the most recent two years are shown below.

		Investments	
(TL thousand)	2012	2013	Change (%)
Financial Assets and Investments with Risks on Policy Holder	40,128	167,949	318.5
Affiliates	30,117	7,961	(73.6)
Properties	39.69	9.114	(77.0)
Total Investments	109.936	185.024	68.3

Aksigorta's financial statements at end-2013 showed a total of TL 30 million as equity participations. The Company's equity shares and their book values are shown below.

	Equity Share (%)	2013 Year-end (TL thousand)
Merter BV	25.00	30,117

FINANCIAL FIGURES (TL Million)	2009	2010	2011	2012	2013
Written Premiums	851	886	1,137	1,311	1,526
Claims Incurred	448	449	540	608	661
Technical Profit	17	22	37	55	101
Profit before Tax	35	9	38	63	186
Net Profit	35	1	32	49	160
Paid in Capital	434	306	306	306	306
Shareholders' Equity	2,669	372	403	424	533
Total Assets	3,280	1,033	1,213	1,267	1,547

CAPITAL SOLVENCY RATIOS	2009	2010	2011	2012	2013
Written Premiums / Shareholders' Equity	31.9%	238.5%	282.2 %	309.6%	286.5%
Shareholders' Equity / Total Assets	81.4%	36.0%	33.2%	33.4%	34.4%
Solvency Ratio	395.0 %	159.1%	146.5 %	166.7%	171.8%

OPERATIONAL RATIOS (Non-Life)	2009	2010	2011	2012	2013
Retention Ratio	64.3%	71.7%	75.9%	72.9%	73.0%
Loss Ratio (Net)	82.2%	74.5%	69.9%	67.1%	63.8%
Combined Ratio (Net)	106.5%	101.6%	99.0%	98.1%	95.2%

PROFITABILITY RATIOS	2009	2010	2011	2012	2013
Technical Profit / Written Premiums	1.9%	2.5%	3.3%	4.2%	6.6%
Profit Before Tax / Written Premiums	4.1%	1.0%	3.3%	4.8%	12.2%
Net Profit / Written Premiums	4.1%	0.2%	2.8%	3.7%	10.5%
Return On Equity (ROE)	1.6 %	0.1 %	8.3 %	11.8%	33.4 %

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'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, 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 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 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; sectoral monitoring and reporting actuarial figures; conducting simulations related to proposed strategies and making forecasts and predictions.

Risk Management Policy

The general terms of the 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.

Aksigorta Risk Taxonomy

Aksigorta's risk profile includes as:
- Insurance Risks
- Financial Risks
- Operational Risks
- Strategic Risks

Insurance Risk

Insurance risks result from miscalculated premium charges, inaccurate cost and cancellation assumptions at the 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 occur all of a sudden with widespread impact and the events with long term effects and consequences that appear over time like fluctuations in 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 subjects this policy to 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.

Operational Risks

All companies, including those whose business is financial products and services, are exposed to operational risks. Some of these risks are intrinsic and arise from insufficiently controlled processes and systems, human error, and others arise from externalities.

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 the Risk Management Unit. In addition each unit has its own controls.

Strategic risks include:
- Strategy and Planning Risk
- Regulation Risk
- Reputation Risk
- Economic Environment Risk
- Competition Risk
- Sectoral Risk
- Product Management Risk
- Country Risk (political, sociological)
- Channel and Business Mix Risk

The Risk Management Unit was established to manage possible risk exposures and continued to perform its functions in 2013. Aksigorta deals with its risks through a comprehensive and systematic assessment process within the framework of a 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. In 2013, Aksigorta Risk Management Unit monitored the prioritized together with related units (risk owners). Consequently, the Aksigorta Risk Map was updated and risks were prioritized by Impact/Probability Scale for 2014. These risks will be monitored throughout 2014 and pre-defined actions plans will be implemented when necessary.

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

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.

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 2013 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 "2013 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

Our Company makes the profit distribution in accordance with Insurance legislation, the provisions of the Turkish Commercial Code, Capital Market Law, Tax Legislation, other relevant legislation and the provisions regarding the profit distribution of the Articles of Association.

The Company's capital requirements, investment and financing policies, profitability and cash position are taken into account while determining the dividends to be distributed.

In accordance with the provisions regarding the profit distribution of the Articles of Association, from the net profit calculated and ascertained based on the balance sheet issued pursuant to Article 507 and so on of the Turkish Commercial Code and the other relevant laws and the Articles of Association, the Corporation Tax payable and other fiscal obligations shall be deducted and the statutory reserve shall be set aside and the first dividend shall be set aside from the remaining sum at the rate and amount determined by the Capital Market Board. After the amounts mentioned above have been deducted and set aside from the net profit, minimum 50% of the distributable profit shall be paid to the shareholders of the Company in proportion to the shares held by them, but the amount of the first dividend calculated by taking into account the baseline established by the Capital Market Boards is deducted from that amount.

Whether the amount remaining after deduction of the aforesaid amounts from the profit is to be distributed or set aside as extraordinary reserve shall be decided by the General Assembly.

In the distribution of the profit, the provision of Article 519 of the Turkish Commercial Code is reserved.

Unless the reserves which must be set aside pursuant to the law have been set aside and the first dividend envisaged in the Articles of Association as payable to the shareholders has been paid in cash and/or distributed as shares of stock, no further reserve may be set aside, nor the profit may be carried forward to the next year, nor a share of the profit may be distributed to the directors, employees, servants and workers of the Company.

The Board of Directors has decided to present the 2013 Annual Report within the prescribed principles and rules at Ordinary General Assembly to be held on March 28, 2014, to distribute 2013 year Balance Sheet profit of TL 185,509,699.00 and Previous Periods' Profit of TL 125,911.91 after deducting First Legal Reserves, Tax and Legal Liabilities and 75% of gain on sale of real estate of TL 86.694.418,96 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 60,679,800.00 as a dividend from the remaining net distributable profit of TL 65,091,868.09.

AKSİGORTA A.Ş. 2013 STATEMENT OF PROFIT DISTRIBUTION (TL)			
1.	**Paid in Capital**		**306,000,000.00**
2.	**Legal Reserves (According to the Law)**		**68,138,419.00**
	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**	**185,509,699.00**	**185,509,699.00**
4.	**Taxes and Duties Payable (-)**	**25,734,660.00**	**25,734,660.00**
5.	**Net Period Profit (=)**	**159,775,039.00**	**159,775,039.00**
	Gain on Sales of Real Estate and Subsidiaries Added to Capital	**86,694,418.96**	**86,694,418.96**
6.	**Previous Years' Loss (-)**	**-**	**-**
7.	**First Legal Reserves (-)**	**7,988,751.95**	**7,988,751.95**
8.	**Net Profit Available for Distribution (=)**	**65,091,868.09**	**65,091,868.09**
9.	Donations (+)	9,500,000.00	-
10.	Donations Added Net Profit Available for Distribution	74,591,868.09	
11.	First Dividend to Shareholders	15,300,000.00	-
	-Cash	15,300,000.00	-
	-Free of Charge		
	-Total	15,300,000.00	-
12.	Dividends to Holders of Preferred Shares	-	-
13.	Other Dividend Distributed	-	-
	-Board of Directors	-	-
	-Employees	-	
	-Other Than Shareholders	-	-
14.	Dividend to Holders of Profit and Loss Sharing Certificates	-	-
15.	Second Dividend to Shareholders	45,253,888.09	-
16.	Second Legal Reserves	4,537,980.00	-
17.	Statutory Reserves	-	-
18.	Special Funds	-	-
19.	**EXTRAORDINARY RESERVES**	**-**	**-**
20.	**Estimated to be Distributed from Other Source**	**125,911.91**	**125,911.91**
	-Previous Years' Profits		
	-Extraordinary Reserves		
	-Legal Reserves		
	- Other Reserves Available for Distribution		

GROUP		**TOTAL DIVIDEND DISTRIBUTED**	**TOTAL DIVIDEND DISTRIBUTED/NET DISTRIBUTABLE PROFIT**		**DIVIDEND MARKED TO SHARE AMOUNTING TO TL 1 PAR VALUE**	
		CASH (TL)	**FREE OF CHARGE (TL)**	**RATIO (%)**	**AMOUNT (TL)**	**RATIO (%)**
NET	A	51,577,830.00	-	33.98	0.168555	16.8555
0.168555	B	-	-		-	-
	TOPLAM	**51,577,830.00**	**-**	**33.98**	**-**	**-**

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED OF 31 DECEMBER 2013

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2013 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.

Istanbul, 17 February 2014

Erkan ŞAHİNLER
Chief Financial Officer

Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŞI
Actuary
License No: 72

Osman AKKOCA
Financial Control Manager

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

COMPLIANCE OPINION ON THE ANNUAL REPORT

To the General Assembly of Aksigorta A.Ş.;

We have been engaged to audit the annual activity report of Aksigorta A.Ş. ("the Company") as of December 31, 2013. The Annual Report is the responsibility of the Company's management. As independent auditors, our responsibility is to express an opinion on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the auditing standards and principles and procedures of preparing and issuing annual activity reports as set out by Insurance Law No: 5684. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial information provided in the annual activity report is free from material misstatement in terms of compliance with the audited financial statements and explanatory notes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial information of Aksigorta A.Ş. as of December 31, 2013 in accordance with the prevailing principles and standards set out in Insurance Law No: 5684. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the executive summary report by the Board of Directors and our audit opinion on the financial statements.

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

Seda Hacıoğlu, SMMM
Partner

February 28, 2014
İstanbul, Turkey

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

Aksigorta Anonim Şirketi

Financial Statements as of December 31, 2013 together with the Independent Auditor's Report

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(Convenience translation of independent auditors' report originally issued in Turkish)

Aksigorta Anonim Şirketi
Independent auditors' report as of December 31, 2013

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, 2013 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. 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, 2013 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. 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 to Ministry of Finance 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 of the date of this report, there is uncertainty on the process regarding this issue and the results of this process.

Other matter

7. The financial statements of the Company which were prepared in accordance with the accounting principles and standards set out as per the insurance legislation as of December 31, 2012 were subject to full-scope audit by another independent audit firm. In their independent auditor's report dated February 18, 2013,independent audit firm expressed unqualified opinion on the financial statements prepared at December 31, 2012.

Additional paragraph for convenience translation to English:

8. As of December 31, 2013, 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.

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

Seda Hacıoğlu, SMMM
Engagement Partner

February 17, 2014
Istanbul, Turkey

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
ASSETS

I- CURRENT ASSETS	Note	Audited Current Period (31/12/2013)	Audited Previous Period (31/12/2012)
A- Cash and Cash Equivalents		**901.772.398**	**739.798.890**
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	732.774.746	586.948.648
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	168.997.652	152.850.242
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	**11.1**	**167.948.572**	**40.127.863**
1- Financial Assets Available for Sale	11.1	161.409.883	33.884.888
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1	-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	6.538.689	6.242.975
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables From Main Operations	**12.1**	**295.482.821**	**294.690.957**
1- Receivables From Insurance Operations	12.1	298.597.419	292.775.394
2- Provision for Receivables From Insurance Operations (-)	12.1	(7.511.240)	(3.159.257)
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	55.089.273	50.069.028
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(50.723.585)	(45.025.162)
D- Due from Related Parties		**67.314**	**63.248**
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	67.314	63.248
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		**5.792.454**	**8.304.568**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		106.174	136.892
4- Other Receivables	47	5.686.280	8.167.676
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	**4.2.2**	**124.153.715**	**99.106.525**
1- Deferred Commission Expenses		122.435.253	98.457.174
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47	1.718.462	649.351
G- Other Current Assets		**2.189.899**	**6.103.124**
1- Inventories		22	22
2- Prepaid Taxes and Funds	4.2.2	2.189.877	6.103.102
3- Deferred Tax Assets		-	-
4- Business Advances		-	-
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**1.497.407.173**	**1.188.195.175**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET ASSETS			
II- NON CURRENT ASSETS	**Note**	**Audited Current Period (31/12/2013)**	**Audited Previous Period (31/12/2012)**
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**	**30.116.653**
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)	-
E- Tangible Fixed Assets		**11.374.660**	**32.275.150**
1- Investment Properties	7	844.152	854.189
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	8.270.093	38.837.294
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	21.364.536	21.193.789
6- Vehicles	6	-	32.050
7- Other Tangible Assets (Including Leasehold Improvements)	6	1.122.357	2.447.156
8- Leased Tangible Fixed Assets	6	351.395	351.395
9- Accumulated Depreciation (-)	6, 7	(20.577.873)	(31.440.723)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Fixed Assets		**19.986.929**	**12.013.551**
1- Rights	8	18.183.940	17.310.744
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(12.341.338)	(10.006.232)
8- Advances Regarding Intangible Assets	8	14.144.327	4.709.039
G- Prepaid Expenses and Income Accruals		**-**	**-**
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-current Assets		**10.534.419**	**4.551.823**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	10.534.419	4.551.823
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		**49.857.259**	**78.957.177**
TOTAL ASSETS (I+II)		**1.547.264.432**	**1.267.152.352**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
LIABILITIES

III- SHORT TERM LIABILITIES	Note	Audited Current Period (31/12/2013)	Audited Previous Period (31/12/2012)
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**	**104.789.191**	**74.900.628**
1- Payables Due to Insurance Operations	19.1	104.789.191	74.900.628
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		**527.168**	**454.331**
1- Due to Shareholders	12.2	-	176.580
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		527.168	277.751
6- Due to Other Related Parties		-	-
D- Other Payables	**19.1**	**43.075.754**	**33.450.426**
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses	19.1	15.622.370	12.061.079
3- Other Payables	19.1	27.453.384	21.389.347
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**763.083.383**	**646.634.777**
1- Unearned Premiums Reserve - Net	20	539.546.893	448.114.008
2- Unexpired Risk Reserves - Net	20	9.189.638	10.020.873
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	214.346.852	188.499.896
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		**19.841.340**	**17.537.018**
1- Taxes and Dues Payable		11.030.542	10.808.679
2- Social Security Premiums Payable	23.1	1.347.006	99.887
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		7.734	10.703
5- Corporate Tax Liability Provision on Period Profit	35	25.734.660	14.453.854
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(18.278.602)	(7.836.105)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		**17.530.429**	**11.893.738**
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1, 23.4	17.530.429	11.893.738
H- Deferred Income and Expense Accruals	**19.1**	**28.724.910**	**22.361.119**
1- Deferred Commission Income	19.1	28.724.910	22.361.119
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		**977.572.175**	**807.232.037**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
LIABILITIES

IV- LONG TERM LIABILITIES	Note	Audited Current Period (31/12/2013)	Audited Previous Period (31/12/2012)
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**	**9.235.187**
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses	19.1	1.867.930	9.235.187
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**32.891.128**	**24.797.373**
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2, 20	2.167.174	2.597.676
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	30.723.954	22.199.697
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		**2.244.706**	**2.290.103**
1- Provision for Employment Termination Benefits	22	2.244.706	2.290.103
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		**37.003.764**	**36.322.663**

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2013

(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 (31/12/2013)	**Previous Period (31/12/2012)**
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		**4.460.787**	**4.460.787**
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		4.460.787	4.460.787
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		**62.313.603**	**62.950.566**
1- Legal Reserves		68.138.419	62.767.184
2- Statutory Reserves		62	62
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)	22	(512.446)	-
5- Revaluation of Financial Assets	11.6, 16	(5.312.432)	183.320
6- Other Profit Reserves		-	-
D- Previous Years' Profits		**139.064**	**1.513.576**
1- Previous Years' Profits		139.064	1.513.576
E- Previous Years' Losses (-)		**-**	**-**
1- Previous Years' Losses		-	-
F- Net Profit of the Period		**159.775.039**	**48.672.723**
1- Net Profit of the Period		73.080.620	48.672.723
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution		86.694.419	-
Total Shareholders' Equity		**532.688.493**	**423.597.652**
Total Liabilities and Shareholders' Equity (III+IV+V)		**1.547.264.432**	**1.267.152.352**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIOD JANUARY 1- DECEMBER 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

I-TECHNICAL PART	Note	Audited Current Period 01/01/2013-31/12/2013	Audited Previous Period 01/01/2012-31/12/2012
A- Non-Life Technical Income		**1.094.775.516**	**945.610.034**
1- Earned Premiums (Net of Reinsurer Share)		1.035.449.376	904.528.880
1.1 - Written Premiums (Net of Reinsurer Share)	24	1.113.502.913	956.432.938
1.1.1 - Gross Written Premiums (+)		1.526.101.954	1.311.276.165
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(387.880.439)	(331.986.269)
1.1.3 - Ceded Premiums to SSI (-)	17.16	(24.718.602)	(22.856.958)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(78.884.772)	(42.199.235)
1.2.1 - Unearned Premiums Reserve (-)		(129.678.297)	(77.990.059)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16	45.291.968	31.059.540
1.2.3 - SSI of Unearned Premiums Reserve (+)	17.16	5.501.557	4.731.284
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		831.235	(9.704.823)
1.3.1 - Unexpired Risks Reserve (-)		(18.682.291)	(11.620.569)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16	19.513.526	1.915.746
2- Investment Income Transfered from Non-Technical Part		51.342.105	37.794.490
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 (+)		7.984.035	3.286.664
B- Non-Life Technical Expense (-)		**(993.496.771)**	**(890.915.793)**
1- Total Claims (Net of Reinsurer Share)		(660.434.361)	(607.008.664)
1.1- Claims Paid (Net of Reinsurer Share)		(641.667.703)	(633.190.285)
1.1.1 - Gross Claims Paid (-)		(767.103.899)	(743.384.523)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	125.436.196	110.194.238
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(18.766.658)	26.181.621
1.2.1 - Outstanding Claims Reserve (-)		8.011.460	(96.058.164)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(26.778.118)	122.239.785
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) (+/-)		(8.524.256)	(6.491.314)
4- Operating Expenses (-)	32	(287.013.182)	(246.233.551)
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 (-)		(37.524.972)	(31.182.264)
6.1.- Gross Other Technical Expenses (-)		(37.524.972)	(31.182.264)
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non Life Technical Net Profit (A-B)		**101.278.745**	**54.694.241**
D- Life Technical Income		**861.800**	**977.354**
1- Earned Premiums (Net of Reinsurer Share)		27.695	40.428
1.1 - Written Premiums (Net of Reinsurer Share)	24	27.110	41.788
1.1.1 - Gross Written Premiums (+)		36.031	55.660
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(8.921)	(13.872)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		585	(1.360)
1.2.1- Unearned Premium Reserves (-)		2.128	2.231
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	17.16	(1.543)	(3.591)
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		806.691	803.442
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		27.414	133.484
4.1- Gross Other Technical Income (+/-)		27.414	133.484
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
E- Life Technical Expense		**(843.745)**	**(906.218)**
1- Total Claims (Net of Reinsurer Share)		(869.420)	(1.354.592)
1.1- Claims Paid (Net of Reinsurer Share)		(837.920)	(1.171.847)
1.1.1- Gross Claims Paid (-)		(837.920)	(1.171.847)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(31.500)	(182.745)
1.2.1 - Outstanding Claims Reserve (-)		(29.325)	(181.818)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(2.175)	(927)
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) (+/-)		430.169	772.579
3.1- Mathematical Reserves (-)		430.502	771.036
3.1.1- Actuarial Mathematical Reserve (-)		673.571	1.196.544
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		(243.069)	(425.508)
3.2- Reinsurer Share of Mathematical Reserves (+)		(333)	1.543
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		(333)	1.543
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	(403.646)	(318.521)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		(848)	(5.684)
F- Life Technical Profit (D-E)		**18.055**	**71.136**
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 STATEMENTS OF INCOME
FOR THE PERIOD JANUARY 1, DECEMBER 31, 2013

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

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

II-NON TECHNICAL PART	Note	Audited Current Period 01/01/2013- 31/12/2013	Audited Previous Period 01/01/2012- 31/12/2012
C- Non Life Technical Profit (A-B)		**101.278.745**	**54.694.241**
F- Life Technical Profit (D-E)		**18.055**	**71.136**
I - Individual Retirement Technical Profit (G-H)		**-**	**-**
J- Total Technical Profit (C+F+I)		**101.296.800**	**54.765.377**
K- Investment Income		**97.747.600**	**70.357.756**
1- Income From Financial Investment	26	41.249.211	54.298.041
2- Income from Sales of Financial Investments	26	1.427.773	7.621.617
3- Revaluation of Financial Investments	26	8.257.167	(2.489.753)
4- Foreign Exchange Gains	36	46.515.202	8.883.493
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building	26	297.399	299.375
8- Income from Derivatives		-	1.739.299
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		848	5.684
L- Investment Expenses (-)		**(84.735.444)**	**(51.281.197)**
1- Investment Management Expenses (including interest) (-)		-	-
2- Valuation Allowance of Investments (-)		-	-
3- Losses On Sales of Investments (-)		-	-
4- Investment Income Transferred to Life Technical Part (-)		(51.342.105)	(37.794.490)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(29.511.004)	(9.121.158)
7- Depreciation Expenses (-)		(3.882.335)	(4.365.549)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	**47**	**71.200.743**	**(10.715.359)**
1- Provisions Account (+/-)	47	(41.292.793)	(10.831.166)
2- Discount account (+/-)	47	-	1.965.536
3- Mandatory Earthquake Insurance Account (+/-)	47	267.461	383.522
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	4.480.546	2.685.300
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	116.241.189	2.103.711
8- Other Expense and Losses (-)	47	(8.495.660)	(7.022.262)
9- Prior Period Income	47	-	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		**159.775.039**	**48.672.723**
1- Profit /(Loss) Before Tax		185.509.699	63.126.577
2- Corporate Tax Liability Provision (-)	35	(25.734.660)	(14.453.854)
3- Net Profit (Loss)		159.775.039	48.672.723
4- Inflation Adjustment Account		-	-

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, 2013
(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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2013

(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 (31/12/2011)	**306.000.000**	**-**	**(865.162)**	**-**	**-**	**59.802.506**	**62**	**4.328.261**	**32.029.319**	**1.513.576**	**402.808.562**
II-Amandements in Accounting Policy	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
III-Current Balance (I + II) (01/01/2012)	**306.000.000**	**-**	**(865.162)**	**-**	**-**	**59.802.506**	**62**	**4.328.261**	**32.029.319**	**1.513.576**	**402.808.562**
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	-	-	-	-	-	-	-	-	-	-	**-**
D- Revaluation of financial assets (Note 16.1)	-	-	1.048.482	-	-	-	-	-	-	-	**1.048.482**
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	**-**
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	**-**
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	**-**
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	48.672.723	-	**48.672.723**
I- Dividend distributed	-	-	-	-	-	-	-	-	-	(28.932.115)	**(28.932.115)**
J- Transfer	-	-	-	-	-	2.964.678	-	132.526	(32.029.319)	28.932.115	**-**
II- Closing Balance (31/12/2012) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	**-**	**183.320**	**-**	**-**	**62.767.184**	**62**	**4.460.787**	**48.672.723**	**1.513.576**	**423.597.652**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOW
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2013
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
CASH FLOW STATEMENT

	Note	Audited Current Period 31/12/2013	Audited Previous Period 31/12/2012
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		1.306.412.498	1.104.512.609
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(1.052.154.816)	(1.004.305.127)
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)		**254.257.682**	**100.207.482**
8. Interest payments (-)		-	-
9. Income tax payments (-)		(20.926.741)	(13.491.272)
10. Other cash inflows		31.477.266	37.979.461
11. Other cash outflows (-)		(84.104.826)	(57.424.916)
12. Net cash generated from the operating activities	39	180.703.381	67.270.755
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		132.580.854	1.900.379
2. Purchase of tangible assets (-)		-	-
3. Acquisition of financial assets (-)		(110.106.705)	26.184.258
4. Sale of financial assets		(295.714)	7.297.613
5. Interest received		55.070.664	59.502.032
6. Dividends received		-	-
7. Other cash inflows		17.382.674	21.523.421
8. Other cash outflows (-)		(86.290.444)	(63.987.733)
9. Net cash generated from the investing activities	39	8.341.329	52.419.970
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 (-)	39	(44.676.000)	(28.932.115)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	**39**	**(44.676.000)**	**(28.932.115)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**17.004.198**	**-**
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**161.372.908**	**90.758.610**
F. Cash and cash equivalents at the beginning of the period	**14**	**738.410.283**	**647.651.672**
G. Cash and cash equivalents at the end of the period (E+F)	**14**	**899.783.191**	**738.410.282**

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, 2013. 38,02% (December 31, 2012: %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 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. According to the joint administration agreement that signed with Ageas Insurance International N.V. at February 18, 2011, Holding's previous administritive controls over Aksigorta A.Ş. are going to remain equally with Ageas Insurance International N.V.

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 Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, 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 9 district offices of which three of them are in İstanbul (İstanbul 1, İstanbul 2 and İstanbul 3), and one each in Adana, Ankara, Bursa, Ege, Karadeniz and Akdeniz and two district agencies; in Denizli and Trabzon.

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, 2013	January 1- December 31, 2012
Top executive	12	11
Manager and assistant manager	122	101
Specialist/responsible	541	582
Total	**675**	**694**

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 5.543.206 in total for the current year (January 1- December 31, 2012: TL 5.655.075).

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)

The Company's distribution of investment income and operating expenses is made based on the standards and policies set out in relation to distribution keys used, in the financial statements prepared in accordance with the Undersecretariat of the Treasury's Circular on the Insurance Uniformed Chart of Accounts issued on January 4, 2008.

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 December 31, 2013.

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, 2013 are approved and authorized for issuance as of February 17, 2014 by the Board of Directors and signed by Chief Executive Officer Uğur Gülen, Chief Financial Officer Erkan Şahinler, Financial Control Manager Osman Akkoca 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 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, 2013, 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, 2013 is presented in comparison with its balance sheet as of December 31, 2012; income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – December 31, 2013 are 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, 2012.

In order to correlate comparative information of current year financial statements, the Company reclassifies the previous year if needed.

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.

In accordance with the "Regulation to Revise the Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" numbered 2012/13 and dated July 18, 2012 , the opening outstanding claims provision amount as of December 31, 2012 used in the derivation of expected loss ratio determined for the calculation of unexpired risk reserve as of December 31, 2013 has been recalculated in accordance with the new methodology to conform to the current period.

The Company has calculated and accounted for net unexpired risk reserve amounting to TL 9.189.638 at December 31, 2013 (December 31, 2012: TL 10.020.873) (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, 2013. In addition, according to the Circular numbered 2011/23, negative results in the ACLM calculations are fully included in IBNR calculation.

In accordance with the "Regulation to Revise the Regulation Regarding to Technical Reserves of the Insurance, Reinsurance and Retirement Companies and the Assets on which These Reserves are Placed" dated July 17, 2012 and published in the Official Gazette numbered 28356, starting from December 31, 2013 and as of December 31, 2012, the calculation method used for testing of the adequacy of the result for incurred but not reported claim amount calculated by ACLM is cancelled.

In this respect, the Company has taken 100% (December 31, 2012: 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 45.359.046 as at December 31, 2013 (December 31, 2012: TL 14.881.171)

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

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 and according 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, 2013, 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 11.893.970 at December 31, 2013 (December 31, 2012 : TL 11.896.060). 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.

The winning ratios calculated on a sub-branch basis as of December 31, 2013 and December 31, 2012, are explained below:

Sub-branch	December 31, 2013	December 31, 2012
Third Party Liability	25,0%	25,0%
Electronic Device	1,1%	1,1%
Commodity	25,0%	25,0%
Personal Accident	25,0%	24,8%
Theft	25,0%	25,0%
Glass Breakage	25,0%	25,0%
Employer Financial Liability	23,6%	25,0%
Obligatory Liability Insurance for Motor Cars	25,0%	25,0%
LPG Compulsory Liability Insurance	0,0%	25,0%
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	14,4%	14,1%
Compulsory Traffic	16,2%	18,0%
Fire	25,0%	25,0%
Compulsory Highway Transportation Liability	15,3%	17,8%

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, 2013 and December 31, 2012. 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, 2013 are explained below:

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

	December 31, 2013			December 31, 2012		
Branch	**Applied Method (*)**	**Gross Additional Reserve (100%)**	**Net Additional Reserve (100%)**	**Applied Method (*)**	**Gross Additional Reserve (100%)**	**Net Additional Reserve (100%)**
Motor Vehicles Liability	Standard Chain	55.307.921	54.247.114	Munich Chain	45.910.242	42.815.965
General Liability	Standard Chain	50.198.413	17.118.046	Munich Chain	5.012.029	1.276.741
Financial Losses	Standard Chain	1.914.397	1.823.775	Munich Chain	2.449.087	2.282.526
Legal Protection	Standard Chain	991.700	991.700	Munich Chain	(330.109)	(330.109)
Health	Standard Chain	(587.807)	(189.672)	Munich Chain	2.327.846	517.981
Air Vehicles Liability	Standard Chain	(302.945)	-107	Munich Chain	2.214	-
Water vehicles	Standard Chain	553.581	18.493	Munich Chain	72.072	1.916
Air Vehicles	Standard Chain	437.093	346.907	Munich Chain	743.082	276.296
Credit	Standard Chain	(3.702)	-	Munich Chain	(28.914)	-
Accident	Standard Chain	231.931	177.499	Munich Chain	1.043.308	560.874
Fire and Natural Disaster	Standard Chain	(1.775.203)	(1.771.175)	Munich Chain	(533.124)	(524.593)
Breach of Trust	Standard Chain	(553.474)	(152.547)	Munich Chain	(847.659)	(232.492)
Transportation	Standard Chain	(482.468)	(179.077)	Munich Chain	(3.543.502)	(1.328.474)
General Losses	Standard Chain	574.814	21.953	Munich Chain	20.364.068	701.890
Motor Own Damage	Standard Chain	(27.646.840)	(27.093.903)	Munich Chain	(33.489.679)	(31.137.350)
Total		**78.857.411**	**45.359.006**		**39.150.961**	**14.881.171**

(*) 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's application to the Undersecretariat of Treasury through the letter dated January 15, 2014 and numbered 2/2 has been approved. The Company have interfered in the development coefficient in the ACLM calculation in the General Losses branch. As of December 31, 2013, as a result of the interference in the development coefficient, the gross IBNR amount was decreased by TL 30.559.652 (Net IBNR: TL 10.421.103). Besides, through the said letter, in line with the actuarial opinion in the General Losses branch, the gross IBNR amount was increased by TL 18.037.728 (Net IBNR: TL 5.820.370).

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, 2013**	**December 31, 2012**
Compulsory Traffic	93.387	89.448

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, 2013 and December 31, 2012.

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 30.723.954 (December 31, 2012: TL 22.199.697) of equalisation reserve as of December 31, 2013 (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.

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, 2013 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.

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of December 31, 2013 are TL 20.693.466 (December 31, 2012: TL 14.121.324) and TL 5.644.886 (December 31, 2012: TL 1.292.903) respectively (Note 12.1)

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

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, 2013 and December 31, 2012 for the claims paid by the Company are as follows:

	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	17.581.933	(351.639)	17.230.294
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**	**21.620.183**	**(926.717)**	**20.693.466**

	December 31, 2012					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	1.381.845	(580.391)	801.454	423.539	(34.094)	389.445
Transportation	1.175.927	(506.318)	669.609	485.652	(68.313)	417.339
Accident	88.007	-	88.007	-	-	-
Motor Own Damage	186.383.547	(13.005.141)	173.378.406	12.419.610	(869.373)	11.550.237
Water Crafts	7.927	(5.746)	2.181	-	-	-
General Losses	46.215	(26.514)	19.701	4.928	(2.812)	2.116
Motor Crafts Liability	4.629.962	(314.503)	4.315.459	1.794.801	(125.636)	1.669.165
Breach of Trust	3.500	(2.811)	689	-	-	-
General Liability	106.438	(30.862)	75.576	65.006	(4.190)	60.816
Financial Losses	850	(765)	85	-	-	-
Health	79.427	-	79.427	32.206	-	32.206
Total	**193.903.645**	**(14.473.051)**	**179.430.594**	**15.225.742**	**(1.104.418)**	**14.121.324**

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. 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 17.691.138 (December 31, 2012: TL 17.756.592), provision for the overdue receivables which are not under legal follow up in the account of "Provision for doubtfull receivables from main operations" amounting to TL 1.866.354 (December 31, 2012: TL 1.866.354). Furthermore, provision is accounted for the retention of claim recovery transcations under legal follow up amounting to TL 33.032.447 (December 31, 2012: TL 27.268.570) 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 2013 (also in 2012) 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 can not 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 (TÜİK TEFE increase rate). Since these conditions in question were not fulfilled in 2013 and 2012, 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).

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 accounting policies adopted in preparation of the financial statements as at December 31, 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2013. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January, 1 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements).

New disclosures would provide users of financial statements with information that is useful in;

i) evaluating the effect or potential effect of netting arrangements on an entity's financial position and,
ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the financial statements of the Company.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Company.

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.

The Company used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The retrospective effects of the amendment to recognise actuarial gain and loss in the comprehensive income statement are disclosed in Note 16.1

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Company.

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Company.

TFRS 10 Consolidated Financial Statements

TFRS10, TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard did not have an impact on the financial position or performance of the Company.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Company

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard affects presentation only and did not have an impact on the disclosures given by the Company.

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted.The impact of this standard on the financial statements of the Company, is disclosed in Note 4.2.2.

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/ SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TFRS 11 and TFRS 12 has also been amended to provide transition relief. These amendments did not have an impact on the financial statements of the Company.

Improvements to TFRSs

Annual Improvements to TFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after 1 January 2013. This project did not have an impact on the financial position or performance of the Company.

TAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Financial Reporting:
Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

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 interim financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the interim financial statements and disclosures, after the new standards and interpretations become in effect.

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 are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 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. Early adoption is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

TFRIC 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 effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

Amendments to TAS 36 - (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. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied TFRS 13. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

Amendments to TAS 39 Financial Instruments: Recognition and Measurement, 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. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. The Company does not expect that this amendment will have any 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 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.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 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 IFRS. This amendment will not have any impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on 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.

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010– 2012 Cycle and IFRSs – 2011– 2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective July 1, 2014. Earlier application is permitted.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 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.

IFRS 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 IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 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.

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.

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

The amendment to IAS 16.35(a) and IAS 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.

IAS 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 to IFRSs – 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 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.

IFRS 13 Fair Value Measurement

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

IAS 40 Investment Property

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

These amendments did not have an impact on the financial position or performance of the Company.

IFRS 14 - interim standard on regulatory deferral accounts

In January 2014, the IASB issued this standard. IFRS 14 permits first-time adopter rate regulated entities to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. Existing IFRS preparers are prohibited from adopting this Standard. The Standard will be applied on a full retrospective basis and is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The Standard is not applicable for the Company and will not have an impact on the financial position or performance 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 Financial Statements" as of December 31, 2013 (December 31, 2012: 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, 2013 and December 31, 2012.

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 are accounted for.

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 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".

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

None (December 31, 2012: 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, 2013, the Company's nominal capital is TL 306.000.000 (December 31, 2012: 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, 2013		December 31, 2012	
	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. According to the joint administration agreement that signed with Ageas Insurance International N.V. at February 18, 2011, Holding's previous administritive controls over Aksigorta A.Ş. are going to remain equally with Ageas Insurance International N.V.

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 31, 2013, Company has TL 500.000.000 registered share capital ceiling. (December 31, 2012: TL 500.000.000).

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 earthquaqe 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, 2013 accounting period as TL 24.718.602 (January 1 – December 31, 2012: TL 22.856.958) and an unearned premium reserve amounting to TL 16.536.498 (December 31, 2012: 11.034.941) as of December 31, 2013; 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, 2012: None).

2.17 Investment Contracts without Discretionary Participation Features

None (December 31, 2012: None).

2.18 Borrowings

None (December 31, 2012: None).

2.19 Deferred Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate used in 2013 and 2012 is 20%.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate used in 2013 and 2012 is 20%. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between April 1-25 following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

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.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to April 24, 2003. Subsequent to this date, companies can deduct 40% of their investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. Investments without investment incentive certificates do not qualify for tax allowance.

2.20 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).

2.21 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).

2.22 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.

2.23 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.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.24 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.

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.

(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, 2012			December 31, 2011	
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	35.834.118	(24.248.563)	11.585.555	54.588.965	(42.416.056)	12.172.909
Transportation	6.334.093	(3.983.020)	2.351.073	1.995.795	(1.247.505)	748.290
Accident	1.539.617	(361.108)	1.178.509	3.739.484	(1.722.436)	2.017.048
Motor Own Damage	24.288.512	(485.770)	23.802.742	35.102.956	(2.456.948)	32.646.008
Air Vehicles	(3.700)	3.702	2	(18.913)	18.914	1
Water Vehicles	528.483	(108.862)	419.621	1.226.704	(770.038)	456.666
General Losses	87.037.263	(81.798.607)	5.238.656	131.105.483	(126.796.949)	4.308.534
Motor Vehicles Liability	123.440.292	(4.321.443)	119.118.849	113.229.867	(7.902.308)	105.327.559
Air Vehicles Liability	2.608.021	(2.607.103)	918,00	1.525.527	(1.525.527)	-
General Liability	72.448.420	(49.129.280)	23.319.140	22.383.629	(16.744.025)	5.639.604
Financial Losses	5.639.476	(267.639)	5.371.837	6.300.190	(429.836)	5.870.354
Legal Protection	1.054.022	-	1.054.022	(281.913)	-	(281.913)
Credit	1.747.275	(1.688.906)	58.369	736.601	(717.019)	19.582
Health	16.809.429	(38.146)	16.771.283	15.823.005	(253.323)	15.569.682
Breach of Trust	477.876	(346.165)	131.711	337.277	(244.770)	92.507
Life	3.944.612	(47)	3.944.565	3.915.287	(2.222)	3.913.065
Total	**383.727.809**	**(169.380.957)**	**214.346.852**	**391.709.944**	**(203.210.048)**	**188.499.896**

(*) 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, 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**

		December 31, 2012			December 31, 2011		
	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	(100.336)	348.643.696	(178.938.036)	169.705.660	241.855.905	(72.250.581)	169.605.324
Claim Provisions (*)	18.524.540	39.150.961	(24.269.790)	14.881.171	49.880.628	(16.474.917)	33.405.711
Clean-cut Effect (**)	7.757.417	-	-	-	-	-	-
Non-life Total	26.181.621	387.794.657	(203.207.826)	184.586.831	291.736.533	(88.725.498)	203.011.035
Life	(182.745)	3.915.287	(2.222)	3.913.065	3.733.469	(3.149)	3.730.320
Grand Total	**25.998.876**	**391.709.944**	**(203.210.048)**	**188.499.896**	**295.470.002**	**(88.728.647)**	**206.741.355**

(*) 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 2012 preimum and claims protfolio outputs by December 31, 2012. As per the same agreement, portfolio inputs are also made in 2013. Effect of 2013 portfolio input has influenced fiscal year Ceded Reinsurance Share of Outstanding Claims Provision and Ceded Reinsurance Share of Unearned Premiums Provision.

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

	31 December 2013			31 December 2012		
	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	348.643.696	(178.938.036)	169.705.660	241.855.905	(72.250.581)	169.605.324
Opened in the Period	720.223.950	(82.380.706)	637.843.244	851.344.161	(216.881.693)	634.462.468
Paid from Current Period (-)	(546.513.231)	89.267.883	(457.245.348)	(529.870.750)	78.420.796	(451.449.954)
Paid from Previous Period (-)	(221.428.588)	36.168.313	(185.260.275)	(214.685.620)	31.773.442	(182.912.178)
Period End						
Reported Claims	300.925.827	(135.882.546)	165.043.281	348.643.696	(178.938.036)	169.705.660
Life	3.944.612	(47)	3.944.565	3.915.287	(2.222)	3.913.065
IBNR	78.857.411	(33.498.405)	45.359.006	39.150.961	(24.269.790)	14.881.171
Total	**383.727.850**	**(169.380.998)**	**214.346.852**	**391.709.944**	**(203.210.048)**	**188.499.896**

Claim development tables used within the new actuarial chain ladder method calculations, prepared with accordance to Technical Reserves Regulations are presented below.

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

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**

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

Gross claim development table prepared on the priciples of incurred claims by December 31, 2012:

December 31, 2012								
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	1.011.842.627	101.352.913	56.984.505	59.498.078	51.209.080	36.721.141	14.255.701	1.331.864.045
1 year later	826.181.084	106.189.520	54.913.719	51.180.435	43.673.609	17.711.753	-	1.099.850.120
2 years later	1.021.742.196	127.369.757	70.169.844	63.355.521	24.901.605	-	-	1.307.538.923
3 years later	1.203.931.351	195.662.380	130.903.082	64.771.861	-	-	-	1.595.268.674
4 years later	1.115.043.403	124.401.659	43.161.565	-	-	-	-	1.282.606.627
5 years later	1.292.330.601	114.887.091	-	-	-	-	-	1.407.217.692
6 years later	1.641.039.757	-	-	-	-	-	-	1.641.039.757
Total Gross Claims	**8.112.111.019**	**769.863.320**	**356.132.715**	**238.805.895**	**119.784.294**	**54.432.894**	**14.255.701**	**9.665.385.838**

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, 2012. In accordance with these agreements, portfolio additions are also recognized in 2013. The reinsurance share of outstanding claim reserve and unearned premium reserve have been affected from these portfolio additions in 2013.

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 30, 2013, the Company's required capital is TL 304.494.485 (December 31, 2012: TL 267.349.097). As of June 30, 2013, the Company's capital is TL 217.548.545 higher than required capital amount. (December 31, 2012: TL 178.447.968)

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.

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, 2013 are presented in details in Note 12.4.

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

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, 2013		December 31, 2012	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	8.854.172	1.305.116	(359.369)	360.343
Profit / Loss (Decrease)	(8.854.172)	(1.305.116)	359.369	(360.343)

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, 2013	December 31, 2012
Total		Effect on profit and profit reserves
Market interest rate increase / (decrease)		TL
+%1	(3.141.322)	(376.267)
-%1	3.319.461	385.886
Financial assets available for sale		Effect on profit and profit reserves
Market interest rate increase / (decrease)		TL
+%1	(3.141.322)	(376.267)
-%1	3.319.461	385.886

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 December 31, 2013.

	December 31, 2013	December 31, 2012
Total		**Effect on Financial assets available for sale**
Price increase / (decrease)		TL
+%1	16.140.985	3.388.485
-%1	(16.140.985)	(3.388.485)

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, 2013, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

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

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, 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
Cost Expense Provisions	-	-	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)**	**(454.942.542)**	**-**

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

Liquidity risk table

December 31, 2012	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	486.975.505	180.091.312	70.243.832	-	-	2.488.241	739.798.890
Financial Assets Available for Sale	41.289	39.679	16.861.300	16.817.495	-	125.125	33.884.888
Investments with Risks on Policy Holders	-	6.242.975	-	-	-	-	6.242.975
Receivables From Main Operations	77.061.685	98.868.816	118.200.543	559.912	-	-	294.690.957
Due from Related Parties	-	-	63.248	-	-	-	63.248
Other Receivables	-	8.304.568	-	-	-	-	8.304.568
Prepaid Expenses and Income Accruals	13.819.037	23.527.633	56.388.971	5.352.516	18.368	-	99.106.525
Other Current Assets	22	-	6.103.102	-	-	-	6.103.124
Financial Assets	-	-	-	-	-	30.116.653	30.116.653
Tangible Fixed Assets	-	-	-	-	-	32.275.150	32.275.150
Intangible Fixed Assets	-	-	-	-	-	12.013.551	12.013.551
Other Non-current Assets	-	-	-	-	-	4.551.823	4.551.823
Total Assets	**577.897.538**	**317.074.983**	**267.860.996**	**22.729.923**	**18.368**	**81.570.543**	**1.267.152.352**
Payables From Main Operations	-	-	74.900.628	-	-	-	74.900.628
Due to Related Parties	277.751	-	176.580	-	-	-	454.331
Other Payables	-	33.450.426	-	9.235.187	-	-	42.685.613
Insurance Technical Reserves	135.015.483	203.718.910	307.900.384	-	-	-	646.634.777
Taxes and Other Liabilities and Provisions	-	17.537.018	-	-	-	-	17.537.018
Cost Expense Provisions	-	-	11.893.738	-	-	-	11.893.738
Accruals	3.138.513	5.343.483	12.659.313	1.215.638	4.172	-	22.361.119
Long Term Insurance Technical Reserves	-	-	-	2.597.676	22.199.697	-	24.797.373
Provisions for Other Risks	-	-	-	-	-	2.290.103	2.290.103
Shareholders' Equity	-	-	-	-	-	423.597.652	423.597.652
Total Liabilities and Shareholders' Equity	**138.431.747**	**260.049.837**	**407.530.643**	**13.048.501**	**22.203.869**	**425.887.755**	**1.267.152.352**
Liquidity Surplus / (Deficit)	**439.465.791**	**57.025.146**	**139.669.647**	**9.681.422**	**(22.185.501)**	**(344.317.212)**	**-**

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

Categories of Financial Assets:

	December 31, 2013		December 31, 2012	
Current Financial Assets	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Financial Assets Available for Sale	161.409.883	161.409.883	33.884.888	33.884.888
Financial Assets Held for Trading	-	-	-	-
Financial Investments with Risks on Policy Holders				
Non-Current Financial Assets	6.538.689	6.538.689	6.242.975	6.242.975
Affiliates	30.116.653	30.116.653	30.116.653	30.116.653
Impairment Provision for Affiliates	(22.155.402)	(22.155.402)	-	-
Total Financial Assets	**175.909.823**	**175.909.823**	**70.244.516**	**70.244.516**

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.

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 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**

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

	31 December 2012	Category 1	Category 2	Category 3
Financial Assets Available for sale	33.884.888	33.884.888	-	-
Unlisted Equity Shares	125.125	125.125	-	-
Government Bonds & Treasury Bills	33.759.763	33.759.763		
Financial Investments with Risks on Policy Holders	6.242.975	6.242.975	-	-
Affiliates, net (*)	30.116.653	-	-	30.116.653
Total	**70.244.516**	**40.127.863**	**-**	**30.116.653**

(*) 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, 2013(December 31, 2012: None)

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, 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 of 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.)

Segment results for the periond ended at December 31, 2012:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	**75.718.730**	**13.260.471**	**381.418.687**	**186.154.464**	**90.555.096**	**14.386.266**	**15.954.513**	**168.161.807**	**977.354**	**-**	**946.587.388**
1- Earned Premiums (Net of Reinsurer Share)	66.819.050	12.023.753	374.412.737	177.625.876	83.001.218	13.629.840	15.055.411	161.960.995	40.428	-	904.569.308
1.1 - Premiums (Net of Reinsurer Share)	81.899.557	11.839.579	381.165.217	197.751.679	81.295.457	14.623.896	15.097.094	172.760.459	41.788	-	956.474.726
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(15.080.507)	256.064	(6.752.480)	(10.449.590)	1.665.074	(994.056)	(44.276)	(10.799.464)	(1.360)	-	(42.200.595)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	(71.890)	-	(9.676.213)	40.687	-	2.593	-	-	-	(9.704.823)
2- Other Technical Income (Net of Reinsurance Share)	8.899.680	1.236.718	7.005.950	8.528.588	7.553.878	756.426	899.102	6.200.812	936.926	-	42.018.080
										-	
TECHNICAL EXPENSES	**(61.477.747)**	**(3.511.891)**	**(360.705.245)**	**(222.789.717)**	**(57.614.931)**	**(11.529.370)**	**(10.841.608)**	**(162.445.284)**	**(906.218)**	**-**	**(891.822.011)**
1- Total Claims (Net of Reinsurer Share)	(30.716.034)	(1.196.188)	(260.545.401)	(169.292.722)	(16.138.322)	(7.461.331)	(5.323.375)	(116.335.291)	(1.354.592)	-	(608.363.256)
1.1- Claims Paid (Net of Reinsurer Share)	(27.167.770)	(3.837.315)	(286.138.424)	(169.775.114)	(12.241.838)	(7.749.758)	(6.307.593)	(119.972.473)	(1.171.847)	-	(634.362.132)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(3.548.264)	2.641.127	25.593.023	482.392	(3.896.484)	288.427	984.218	3.637.182	(182.745)	-	25.998.876
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(4.031.206)	-	(2.268.138)	-	(9.161)	(182.809)	-	-	766.895	-	(5.724.419)
3- Operating Expenses	(24.287.229)	(2.315.703)	(79.487.685)	(47.796.148)	(41.254.920)	(3.538.343)	(5.518.233)	(42.035.290)	(318.521)	-	(246.552.072)
4- Other Technical Expenses (Net of Reinsurer Share) (-)	(2.443.278)	-	(18.404.021)	(5.700.847)	(212.528)	(346.887)	-	(4.074.703)	-		(31.182.264)
	14.240.983	**9.748.580**	**20.713.442**	**(36.635.253)**	**32.940.165**	**2.856.896**	**5.112.905**	**5.716.523**	**71.136**	**-**	**54.765.377**
Investment income	-	-	-	-	-	-	-	-	-	70.357.756	70.357.756
Depreciation expense	-	-	-	-	-	-	-	-	-	(4.365.549)	(4.365.549)
Provisions account	-	-	-	-	-	-	-	-	-	(10.831.166)	(10.831.166)
Tax expenses	-	-	-	-	-	-	-	-	-	(14.453.854)	(14.453.854)
Financial expenses	-	-	-	-	-	-	-	-	-	(46.915.648)	(46.915.648)
Other	-	-	-	-	-	-	-	-	-	115.807	115.807
Net Profit / (Loss)	**14.240.983**	**9.748.580**	**20.713.442**	**(36.635.253)**	**32.940.165**	**2.856.896**	**5.112.905**	**5.716.523**	**71.136**	**(6.092.654)**	**48.672.723**

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

6. Property, plant and equipment

December 31, 2013

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
1 January	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)
December 31	8.270.093	-	21.715.931	1.122.357	31.108.381
Accumulated Depreciation					
1 January	(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
December 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

December 31, 2012

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
1 January	38.837.294	32.050	22.495.690	2.414.980	63.780.014
Additions	-	-	736.436	32.176	768.612
Disposals	-	-	(1.686.942)	-	(1.686.942)
December 31	38.837.294	32.050	21.545.184	2.447.156	62.861.684
Accumulated Depreciation					
1 January	(11.306.717)	(26.344)	(16.884.928)	(2.139.567)	(30.357.556)
Charge for the Period	(775.786)	(5.706)	(184.235)	(117.365)	(1.083.092)
Disposals	-	-	118.157	-	118.157
December 31	(12.082.503)	(32.050)	(16.951.006)	(2.256.932)	(31.322.491)
Net Book Value as of December 31	26.754.791	-	4.594.178	190.224	31.539.193

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, 2013			
Cost Value	**Land**	**Buildings**	**Total**
1 January	286.578	567.611	854.189
Disposals	-	(10.037)	(10.037)
December 31	286.578	557.574	844.152
Accumulated Depreciation			
1 January	-	(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

December 31, 2012			
Cost Value	**Land**	**Buildings**	**Total**
1 January	286.578	567.611	854.189
December 31	286.578	567.611	854.189
Accumulated Depreciation			
1 January	-	(101.118)	(101.118)
Charge for the Period	-	(12.484)	(12.484)
December 31	-	(113.602)	(113.602)
Net Book Value as of December 31	**286.578**	**454.009**	**740.587**

The fair value of investment properties was determined by an independent valuation company as of December 31, 2013 and 2012. 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, 2013, the Company has obtained rental income from investment properties amounting to TL 297.399 (January 1 – December 31, 2012: TL 299.375)

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

8. Intangible Fixed Assets

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

December 31, 2012

Cost Value	Advances for Intangible Assets (*)	Rights	Total
1 January	-	15.594.992	15.594.992
Additions	4.709.039	1.715.752	6.424.791
December 31	4.709.039	17.310.744	22.019.783

Accumulated Amortization			
1 January	-	(6.740.889)	(6.740.889)
Charge for the Period	-	(3.265.343)	(3.265.343)
December 31	-	(10.006.232)	(10.006.232)
Net Book Value as of December 31	**4.709.039**	**7.304.512**	**12.013.551**

The Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2012: 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 December 31, 2013, the Company has an affiliate as Merter BV amounting to TL 30.116.653 (December 31, 2012: 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 impairment has been detected and disclosed in financial statement as at December 31, 2013 (Note: 11.4).

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

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

11. Financial Assets

11.1 Subcategories of Financial Assets

Financial Assets and Financial Investments with Risks on Policy Holders

	December 31, 2013	December 31, 2012
Financial Assets Available for Sale	161.409.883	33.884.888
Financial Investments with Risks on Policy Holders	6.538.689	6.242.975
Total	**167.948.572**	**40.127.863**

Financial Assets Available for Sale

	December 31, 2013			December 31, 2012		
	Cost Value TL	Fair Value TL	Cost Value TL	Fair Value TL	Cost Value TL	Fair Value TL
Debt Securities	9.235.694	3.122.516	3.122.516	32.447.915	33.759.763	33.759.763
Private sector bond	132.633.243	134.067.238	134.067.238	-	-	-
Investment fund	24.000.000	24.000.004	24.000.004			
Equity Shares (Unlisted)	220.125	-	220.125	125.125	-	125.125
Total	**166.089.062**	**161.189.758**	**161.409.883**	**32.573.040**	**33.759.763**	**33.884.888**

Financial Investments with Risks on Policy Holders

	December 31, 2013			December 31, 2012		
	Cost Value TL	Fair Value TL	Cost Value TL	Fair Value TL	Cost Value TL	Fair Value TL
Government Bonds	6.333.933	6.538.689	6.538.689	5.672.011	6.242.975	6.242.975

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

December 31, 2013

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

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

December 31, 2012

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	125.125	-	125.125
Unlisted		125.125	-	125.125
Total		**125.125**	**-**	**125.125**

The Company do not have assets held for trading as of December 31, 2013 and December 31, 2012.

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

None (December 31, 2012: None).

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

None (December 31, 2012: 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, 2013			December 31, 2012		
Affiliates Unlisted	Participation Rate %	Cost Value TL	Book Value TL	Participation Rate %	Cost Value TL	Book Value TL
Merter BV	25	30.116.653	30.116.653	25	30.116.653	30.116.653
Impairment (-)		-	(22.155.402)		-	-
Affiliates (Net)		30.116.653	7.961.251		30.116.653	30.116.653

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, 2012: None).

11.6 Value increases of financial assets in the last three years

Type of Financial Asset	December 31, 2013	December 31, 2012	December 31, 2011
Financial Assets Available for Sale	(5.312.432)	183.320	(865.162)

Value increases 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

The Company does not apply any hedge accounting.

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, 2013	December 31, 2012
Receivables from insurance operations		
Receivables from agencies	183.910.286	165.433.042
Bank Guaranteed Credit Card Receivables More than Three Months	81.420.070	101.919.191
Receivables from reinsurance companies	18.142.690	11.220.047
Receivables for salvage and claim recovery - net (Note 2.1.1)	15.048.580	14.121.324
Receivables from insurance operations	**298.521.626**	**292.693.604**
Other receivables	75.793	81.790
Cash deposited for insurance and reinsurance companies	30.954	30.954
Receivables from insurance and reinsurance companies	**106.747**	**112.744**
Claim recovery receivables under legal follow-up	33.032.447	27.268.570
Doubtful receivables from main operations	22.056.826	22.800.458
Receivables from main operations	**353.717.646**	**342.875.376**
Provision for due from insurance operations (-) (*)	(7.511.240)	(3.159.257)
Provision for doubtful receivables from main operations (-) (**)	(17.691.138)	(17.756.592)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(33.032.447)	(27.268.570)
Total provision amount for doubtful receivables	**(58.234.825)**	**(48.184.419)**
Receivables from main operations - net	**295.482.821**	**294.690.957**

(*) 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, 2013	December 31, 2012
0-60 days	6.533.852	7.095.923
61-90 days	1.418.385	1.821.343
90+	3.793.890	3.292.436
Not due receivables	286.882.246	280.596.646
Total	**298.628.373**	**292.806.348**

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

	December 31, 2013		December 31, 2012	
Type of Guarantee	**Receivables**	**Doubtful Receivables**	**Receivables**	**Doubtful Receivables**
Letters of Guarantee	30.503.113	5.000	28.924.738	5.000
Real Estate Pledges	67.089.321	5.340.947	71.983.035	6.141.547
Government Bonds and Equity Shares	436.925	-	89.090	-
Other	171.664	-	627.857	-
Total	**98.201.023**	**5.345.947**	**101.624.720**	**6.146.547**

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:

	2013	2012
Opening Balance, 1 January	(45.025.162)	(38.707.920)
Charge for the Period	(23.352.219)	(12.742.269)
Collections	17.653.796	9.043.311
Closing Balance, December 31	**(50.723.585)**	**(42.406.878)**

Aging of receivables from insurance operations is as follows:

	December 31, 2013	December 31, 2012
0-30 days	-	2.891
90+	55.089.273	50.066.137
Total	**55.089.273**	**50.069.028**

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

Due to shareholders presented in the balance sheet consists of unclaimed dividend payments attributable to prior periods. The Company have no payables to shareholders as at December 31, 2013 (December 31, 2012: TL 176.580).

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 103.546.970 (December 31, 2012: TL 107.771.267).

(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, 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**

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

December 31, 2012

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	1.632.629	1,7826	2.910.324
EUR	1.310.359	2,3517	3.081.571
GBP	3.730	2,8708	10.708
CHF	14.787	1,9430	28.731
Other			5.072
Total			**6.036.406**

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	11.545.002	1,7826	20.580.121
EUR	8.984.174	2,3517	21.128.082
GBP	57.827	2,8708	166.010
CHF	4.986	1,9430	9.688
Other			638
Total			**41.884.539**

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(1.472.326)	1,7912	(2.637.230)
EUR	(550.468)	2,3630	(1.300.756)
Other			(153)
Total			**(3.938.139)**

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(13.721.288)	1,7826	(24.459.568)
EUR	(8.211.797)	2,3517	(19.311.683)
Other			(14.111)
Total			**(43.785.362)**

Net Foreign Currency Position	**197.444**

13. Derivative Financial Instruments

As of December 31, 2013 and December 31, 2012, the Company has no derivative financial instruments.

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

14. Cash and Cash Equilavents

	December 31, 2013	December 31, 2012
Cash at Banks	732.774.746	586.948.648
Time Deposit	726.861.479	584.460.407
Demand Deposit	5.913.267	2.488.241
Bank Guaranteed Credit Card Receivables with Maturities less than three months	168.997.652	152.850.242
Total	**901.772.398**	**739.798.890**
Interest Accrual on Cash and Cash Equivalents (-)	(1.989.206)	(1.388.608)
Cash Flow Based Grand Total	899.783.192	738.410.282

Blocked Deposits	**109.499.385**	**95.005.640**

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, 2013 and December 31, 2012 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, 2012: 30.600.000.000 shares with a nominal amount of TL 0,01each).

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

None (December 31, 2012: 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, 2012: TL 0,01 per share).

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	Number of Shares	
	December 31, 2013	December 31, 2012
Beginning of the Period, 1 January	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

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

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, 2012: 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.

Additionally, as stated within the aforementioned Board Decision, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution can be funded through statutory resources.

15.3.6 Equity shares held by the company, its affiliates or its subsidiaries

None (December 31, 2012: None).

15.3.7 Equity shares held for future sale for forward transactions and contracts

None (December 31, 2012: None).

15.4 Share based payments

None (December 31, 2012: None).

15.5 Subsequent events

Disclosed in note 46.

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 interpretions

	December 31, 2013	December 31, 2012
Valuation difference of financial assets available for sale	(6.640.540)	229.150
Deferred Tax Effect	1.328.108	(45.830)
Total	**(5.312.432)**	**183.320**

In accordance with changes regarding "TAS 19 – Employee Benefits" effective as of January 1, 2013, net-off deferred tax actuarial loss amounting to TL 512.446 (Deferred tax effect: TL 128.112) resulting from retirement pay liability calculation has been accounted to extraordinary reserves under equity.

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

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, 2012: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2012: None).

16.4 Hedging against financial risks

None (December 31, 2012: 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, 2013 Increase / (Decrease)	December 31, 2012 Increase / (Decrease)
Beginning of the Period, 1 January	183.320	(865.162)
Increase / decrease in value recognized under the shareholders' equity in the current period	(5.495.752)	1.048.482
End of the Period	**(5.312.432)**	**183.320**

16.6 Income and loss related to affiliates recognized directly in equity in the current period

None (December 31, 2012: None).

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2012: None).

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

None (December 31, 2012: 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, 2013		December 31, 2012	
	Amount to be Provided	Current Blockage	Amount to be Provided	Current Blockage
Branch	TL	TL	TL	TL
Life	6.120.261	9.346.970	6.641.056	8.866.908
Government Bonds		6.538.418		6.242.216
Time Deposit		2.808.552		2.624.692
Non-Life	101.498.161	106.690.833	97.129.861	101.411.162
Government Bonds		-		9.030.214
Time Deposit		106.690.833		92.380.948
Total	**107.618.422**	**116.037.803**	**103.770.917**	**110.278.070**

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves

		2013		2012
		Mathematical Reserves		Mathematical Reserves
	Unit	TL	Adet	TL
Beginning of the Period, 1 January	490	2.597.676	610	3.368.712
Participations in the Current Period	-	71.074	-	124.839
Leavings in the Current Period	(58)	(480.531)	(120)	(895.875)
End of Period, December 31	**432**	**2.167.174**	**490**	**2.597.676**

Mathematical reserves amounting to TL 1.924.105 (December 31, 2012: TL 2.172.168) and Reserves for the policies, investment risk of which belongs to life insurance polich holders amounting to TL 243.069 (December 31, 2012: TL 425.508) 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, 2013, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2012: 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, 2013	December 31, 2012
Motor Vehicles Liability	2.928.484.514.020	2.386.848.559.534
Fire and Natural Disaster	346.803.096.110	171.740.549.853
General Losses	132.937.032.433	127.262.876.858
Transportation	36.946.440.146	41.411.143.938
Accident	30.701.620.815	26.420.749.007
Financial Losses	27.399.434.619	13.809.812.239
General Losses	25.309.532.406	23.619.356.546
Air Vehicles Liability	22.863.679.840	9.664.263.100
Motor Own Damage	20.448.800.280	18.747.522.382
Health	6.969.471.500	5.126.036.000
Legal Protection	6.633.820.376	6.791.626.848
Air Vehicles	5.228.068.240	860.261.676
Credit	2.009.379.900	2.242.403.049
Breach of Trust	404.286.660	354.649.228
Water Vehicles	378.524.179	369.187.530
Life	3.735.219	5.350.676
Total	**3.593.521.436.743**	**2.835.274.348.464**

17.4 Pension investment funds established by the Company and their unit prices

None (December 31, 2012: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (December 31, 2012: None).

17.6 Number of portfolio amounts of addidtions, disposals, reversals, and current individual and group pension participants

None (September 30, 2012: None).

17.7 Valuation methods used inprofit share calculation for life insurances with profit shares

None (December 31, 2012: None).

17.8 Number of the additions and their group or individual grossand net share participations in the current period

None (September 30, 2012: None).

17.9 Number of additions from the other companies and their group or individual gross and net shareparticipations in the current period

None (September 30, 2012: None).

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

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 (September 30, 2012: None).

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 (September 30, 2012: None).

17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves

None (September 30, 2012: 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, 2013	January 1- December 31, 2012
	Profit Share Distribution Rate (%)	Profit Share Distribution Rate (%)
TL (Life Insurance)	9,00	9,00

17.15 Explanation of information that describes amounts arose from insurance agreements

Disclosed in Note 20.

17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company:

Reinsurance Assets		
	December 31, 2013	December 31, 2012
Receivables from Reinsurance Companies	18.142.690	11.220.047
Cash Deposited For Insurance & Reinsurance Companies	30.954	30.954
Reinsurance Share of Unearned Premiums Reserve	201.635.515	166.809.244
Reinsurance Share of Outstanding Claims Reserve	169.380.958	203.210.049
Reinsurance Share of Unexpired Risks Reserve	21.717.571	2.204.045
Total	**410.907.688**	**383.474.339**

Reinsurance Liabilities		
	31 Aralık 2013	31 Aralık 2012
Payables to Insurance and Reinsurance Companies	88.171.883	53.491.556
Payables to Agencies	16.617.308	21.409.072
Deferred Commissions Income	28.724.910	22.361.119
Total	**133.514.101**	**97.261.747**

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

Income / Expense on Reinsurance Agreements	January 1- December 31, 2013	January 1- December 31, 2012
Premiums Ceded to Reinsurers (-)	(412.607.962)	(354.857.099)
Commissions Received	53.577.851	45.814.958
Reinsurance Share of Unearned Premiums Reserve	50.788.265	35.790.548
Reinsurance Share of Unexpired Risks Reserve	19.513.525	1.915.746
Reinsurance Share of Outstanding Claims Reserve	(26.780.293)	122.242.008
Reinsurance Share of Claims Paid	125.436.196	110.194.238
Total	**(190.072.418)**	**(38.899.601)**

	December 31, 2013			December 31, 2012		
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	(192.547.193)	3.270.069	21.219.787	(138.557.676)	32.568.851	22.902.792
General Losses	(103.144.752)	(33.055.807)	82.682.678	(89.240.417)	126.567.999	40.755.245
Financial Losses	(21.260.413)	1.784.047	187.979	(16.089.572)	2.100.471	75.672
General Liability	(22.873.706)	48.383.737	5.649.378	(13.190.463)	493.312	3.123.845
Motor Vehicles Liability	(30.811.289)	8.733.537	3.499.703	(39.424.845)	4.397.860	12.819.451
Transportation	(9.955.502)	2.806.188	2.521.942	(10.665.019)	(5.773.289)	4.988.727
Motor Own Damage	(7.614.172)	(2.150.407)	5.801.743	(27.941.842)	(1.381.014)	22.419.668
Air Vehicles Liability	(6.054.351)	12.549.286	470.235	(7.370.704)	313.663	-
Support	(3.135.416)	(328.392)	-	-	-	-
Credit	(3.809.296)	1.860.879	562.722	(3.291.698)	545.465	359.928
Accident	(3.206.995)	(807.492)	1.597.416	(2.314.764)	(4.908.231)	577.964
Air Vehicles	(3.163.715)	1.174.563	46.315	(1.598.689)	217.990	1.380.397
Water Vehicles	(994.359)	(900.208)	320.948	(1.412.997)	26.797	575.050
Health	(1.069.550)	(135.705)	221.538	(874.752)	153.556	25.892
Breach of Trust	(2.958.332)	344.641	653.812	(2.869.789)	136.624	189.607
Legal Protection	-	(3)	-	-	(244.983)	-
Life	(8.921)	(4.051)	-	(13.872)	(2.975)	-
Total	**(412.607.962)**	**43.524.882**	**125.436.196**	**(354.857.099)**	**155.212.096**	**110.194.238**

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

	2013	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	97.261.747	383.474.339
Net Change for the Year	36.252.354	27.433.349
End of the Period, 31 December	**133.514.101**	**410.907.688**

	2012	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	116.737.615	277.787.121
Net Change for the Year	(19.475.868)	105.687.218
End of the Period, 31 December	**97.261.747**	**383.474.339**

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, 2013	December 31, 2012
Payables to agencies	16.617.308	21.409.073
Payables to insurance and reinsurance companies	88.171.883	53.491.555
Payables from Insurance Operations	**104.789.191**	**74.900.628**
Payables to contracted enterprises	10.648.998	7.898.757
Payables to Turkish Catastrophe Insurance Pool	11.359.603	8.728.804
Payables to suppliers	4.399.758	3.192.230
Turkish Catastrophe Insurance Pool Payables to agencies	505.882	685.811
Other	539.145	883.745
Other Payables	**27.453.386**	**21.389.347**
Payables to SSI regarding medical expenses (*)	**15.622.370**	**12.061.079**
Deferred commission income	28.724.910	22.361.119
Expense accruals	17.530.429	11.893.738
Deferred Income and Expense Accruals	**46.255.339**	**34.254.857**
Total Short Term Liabilities	**194.120.286**	**142.605.911**
Payables to SSI regarding medical expenses (*)	1.867.930	9.235.187
Total Long Term Liabilities	**1.867.930**	**9.235.187**
Total Trade and Other Payables, Deferred Income	**195.988.216**	**151.841.098**

(*) Movement of the payable to SSI related to medical expenses is presented below:

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

Beginning of the period; January 1, 2012	**16.744.277**
Premiums ceded to SSI (4)	21.773.981
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)	4.734.085
Premium payments to SSI	(23.039.054)
End of the period - December 31, 2012	**21.296.266**

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 - June 30, 2013	**17.490.300**

(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, 2013 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 24.718.602 as of January 1 - December 31, 2013 (January 1 - December 31, 2013: TL 22.856.958) and calculated an reinsurance share of unearned premium reserve amounting to TL 16.536.498 as of December 31, 2013 (December 31, 2012: 11.034.941). 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, 2013 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 1.540.003 as of January 1 – December 31, 2013.

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

(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 5.497.269 to the related liability account by considering the January 1 – December 31, 2013 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 2012 and 2013 and the difference between the calculated provision and finalised liability will be accounted for under the income statements of related periods.

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, 2013	December 31, 2012
Unearned Premiums Reserve-Net (*)	539.546.893	448.114.008
Unexpired Risks Reserve-Net	9.189.638	10.020.873
Outstanding Claims Reserve-Net (**)	214.346.852	188.499.896
Mathematical Reserves-Net	2.167.174	2.597.676
Equalization Reserve-Net	30.723.954	22.199.697
Total	**795.974.511**	**671.432.150**

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 3.414.886, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2012: TL 2.969.580).

As disclosed in note 2.15, the reinsurers' share of unearned premiums includes SSI share as of December 31, 2013 which is TL 16.536.498 (December 31, 2012: TL 11.034.941).

(**) Company owns clean cut agreement in motor own damage branch, according to the agrrement the premium and claim disposals for 2012 has taken part on December 31, 2012. According to the same agreements the portfolio additions have been made within the year 2013. The effect of portfolio additions TL 7.048.798 in 2012 netted – off from outstanding claims (note 4.1.2.4) (December 31, 2012: TL 7.757.417).

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

Unearned Premium Reserve:

	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	**761.101.162**	**(221.554.269)**	**539.546.893**

	December 31, 2012		
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	553.434.934	(152.648.406)	400.786.528
Net Change	77.990.059	(30.662.579)	47.327.480
End of the Period	**631.424.993**	**(183.310.985)**	**448.114.008**

Unexpired Risk Reserve:

	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**

	December 31, 2012		
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	604.350	(288.299)	316.051
Net Change	11.620.568	(1.915.747)	9.704.822
End of the Period	**12.224.918**	**(2.204.046)**	**10.020.873**

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

Equalization Reserve:

	December 31, 2013		
	Gross	**Reinsurance Share**	**Net**
Beginning of the Period, January 1	22.199.697	-	22.199.697
Net Change	8.524.257	-	8.524.257
End of the Period	**30.723.954**	**-**	**30.723.954**

	December 31, 2012		
	Gross	**Reinsurance Share**	**Net**
Beginning of the Period, January 1	15.708.383	-	15.708.383
Net Change	6.491.314	-	6.491.314
End of the Period	**22.199.697**	**-**	**22.199.697**

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.

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

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.

The amount payable consists of one month's salary limited to a maximum of TL 3.254,44 for each period of service as of December 31, 2013 (December 31, 2012: TL 3.125,01).

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, 2013 and December 31, 2012, 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 6,2% and a discount rate of 9,9%, resulting in a real interest rate of approximately 3,5%. 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, the maximum amount of TL 3.438,22 effective from July 1, 2013 has been taken into consideration in calculation of provision from employment termination benefits (As of January 1, 2013, the ceiling on severance pay is TL 3.125,01 per month).

Movement of employee termination benefits provisions are presented in the statement below:

	December 31, 2013	December 31, 2012
Beginning of the Period, January 1	2.290.103	2.650.075
Charge for the Period	701.041	596.143
Actuarial Gain/Loss	640.558	-
Retirement Payments (-)	(1.386.996)	(956.115)
End of the Period	2.244.706	2.290.103

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	December 31, 2013		December 31, 2012	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the Period, January 1	1.625.430	99.887	1.976.488	856.815
Movements in the Current Period	(108.502)	1.247.119	(351.058)	(756.928)
End of the Period	**1.516.928**	**1.347.006**	**1.625.430**	**99.887**

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

23.2 Contingent Liabilities

Company' s statement of pledges and commitments as of December 31, 2013 and December 31, 2012 are presented below:

	December 31, 2013		December 31, 2012	
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		74.222		116.947
TL	61.700	61.700	106.469	106.469
USD	5.867	12.522	5.878	10.478
D. Total amount of other CPMs given		11.156.609		10.669.714
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		11.156.609		10.669.714
TL	11.156.609	11.156.609	10.669.714	10.669.714
Total		**11.230.831**		**10.786.661**

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	**December 31, 2013**	**December 31, 2012**
Outstanding Claims under Litigation (*)	83.510.317	89.992.650
Total	**83.510.317**	**89.992.650**

	December 31, 2013	**December 31, 2012**
Subrogation Receivable Litigations, Gross	40.289.610	36.978.122
Trade Receivable Litigations and Executions	10.883.230	11.491.644
Total	**51.172.840**	**48.469.766**

(*) As disclosed in note 2.1.1, net amount of discount was made over outstanding claim amount is TL 11.893.970 (December 31, 2012: 11.896.060 TL).

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 of the date of this report, there is uncertainty on the process regarding this issue and the results of this process.

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

23.4 Provision for Expense Accruals

	December 31, 2013	December 31, 2012
Commission provision	6.939.180	4.353.370
Performance premium provision	1.362.226	210.926
Guarantee fund provision	1.516.928	1.625.430
Unused vacation provision	4.341.964	3.511.728
Expense provision	2.420.461	2.166.337
Other	949.670	25.947
Total	**17.530.429**	**11.893.738**

24. Net Insurance Premium Revenue

Non-life Branches	January 1- December 31, 2013	January 1- December 31, 2012
Motor Own Damage	434.085.794	381.165.219
Motor Vehicles Liability	239.041.113	197.751.679
Health	183.267.704	172.760.459
Fire and Natural Disaster	111.361.576	81.899.557
General Losses	60.706.470	51.131.305
Financial Losses	36.127.797	32.752.054
Accident	17.339.963	13.564.230
General Liability	16.025.146	10.284.173
Transportation	10.646.825	11.259.511
Legal Protection	3.370.636	2.980.077
Water Crafts	837.340	580.068
Breach of Trust	329.955	248.819
Support	221.893	-
Credit	139.941	55.257
Air Crafts	478	331
Air Crafts Liability	282	199
Total Non-life Branches	**1.113.502.913**	**956.432.938**
Life	27.110	41.788
Total	**1.113.530.023**	**956.474.726**

25. Fee Income

None (December 31, 2012:None).

26. Investment Income/(Expense)

	January 1- December 31, 2013	January 1- December 31, 2012
Interest Income	50.934.151	59.429.905
Rent Income	297.399	299.375
Total	**51.231.550**	**59.729.280**

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

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	January 1-December 31, 2013	January 1-December 31, 2012
Valuation differences recognized under shareholders' equity	(5.312.432)	183.320
Total	**(5.312.432)**	**183.320**

28. Assets Held At Fair Value through Profit and Loss

Net gain/ loss of assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 9.684.675 (January 1 – December 31, 2012: TL 5.130.804).

29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	January 1-December 31, 2013	January 1-December 31, 2012
Motor Own Damage	11.542.904	25.593.022
Accident	838.539	340.915
Fire and Natural Disaster	587.358	(3.888.820)
Financial Losses	498.517	(2.656.797)
Water Crafts	37.046	(303.298)
Air Crafts Liability	(918)	-
Credit	(38.788)	(19.581)
Breach of Trust	(39.204)	97.239
General Losses	(930.125)	1.135.757
Health	(1.201.600)	3.637.182
Legal Protection	(1.335.935)	366.783
Transportation	(1.602.783)	2.944.425
Motor Vehicles Liability	(9.442.092)	251.358
General Liability	(17.679.576)	(1.316.564)
Total Non-life	**(18.766.657)**	**26.181.621**
Life	(31.501)	(182.745)
Total (*)	**(18.798.158)**	**25.998.876**

(*) For current previous period comparison please refer to note 4.1.2.4.

30. Investment Agreement Rights

None. (December 31, 2012:None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

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

32. Expense Types

	January 1- December 31, 2013	January 1- December 31, 2012
Production Commissions (-)	(244.356.483)	(211.652.993)
Reinsurance Commissions (+)	53.577.851	45.814.958
Employee Wages and Expenses (-) (*)	(56.236.328)	(47.018.492)
Information Technology Expenses (-)	(8.412.821)	(8.354.491)
Meeting and Training Expenses (-)	(7.484.798)	(3.554.854)
Transportation Expenses (-)	(4.271.695)	(3.677.024)
Social Relief Expenses (-)	(2.985.681)	(2.495.780)
Repair and Maintenance Expenses (-)	(2.901.676)	(3.211.465)
Rent Expenses (-)	(2.509.326)	(1.494.844)
Advertisement Expenses (-)	(1.972.021)	(2.802.739)
Outsourcing Service Expenses (-)	(1.920.792)	(1.293.437)
Communication Expenses (-)	(1.255.894)	(1.228.464)
Other (-)	(6.687.164)	(5.582.447)
Total	**(287.416.828)**	**(246.552.072)**

(*) 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, 2013	January 1- December 31, 2012
Salary and Bonus Payments	(52.587.074)	(45.218.414)
Insurance Payments	(661.583)	(582.008)
Other Payments	(2.987.671)	(1.218.070)
Total (Note 32)	**(56.236.328)**	**(47.018.492)**

34. Financing Costs

34.1 Financial Expenses:

None (December 31, 2012:None).

34.2 Current period' s financial expenses related to shareholders, affiliates and subsidiaries

None (December 31, 2012:None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None (December 31, 2012:None).

34.4 Interest, rent and similar balanceswith shareholders, affiliates and subsidiaries:

None (January 1 – December 31, 2012 TL amount of 13.268 rent income has been gained from shareholder Hacı Ömer Sabancı Holding).

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

34.5 The company does not apply hedge accounting.

34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.

None (December 31, 2012:None).

35. Income Tax

	December 31, 2013	December 31, 2012
Current Tax Liability		
Corporate Tax Liability Provision on Period Profit	25.734.660	14.453.854
Prepaid Taxes and Other Liabilities on Period Profit (-)	(18.278.602)	(7.836.105)
	7.456.058	**6.617.749**

Tax (Expense) / Income is Formed by the Items Below:	January 1- December 31, 2013	January 1- December 31, 2012
Current Tax Income / (Expense)	(25.734.660)	(14.453.854)
Deferred Tax Income / (Expense) due to Temporary Differences		
Total Tax Income / (Expense)	4.480.546	2.685.300
Total Tax Income / (Expense)	**(21.254.114)**	**(11.768.554)**

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.

Deferred Tax	December 31, 2013	December 31, 2012
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	1.328.108	(45.830)
	1.328.108	**(45.830)**

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

Items that are subject to deferred tax and corporate tax are summarized as follows:

Deferred Tax Assets / (Liabilities)	December 31, 2013	December 31, 2012
Impairment Provision for Affiliates	4.431.080	-
Technical reserves	2.415.323	2.459.634
Marketable securities valuation difference	1.328.108	(45.830)
Performance bonus provision	868.393	702.345
Expense Provision	277.261	-
Doubtful receivable provisions	373.271	373.271
Retirement pay provision	448.942	458.021
Unused vacation provision	303.386	325.086
Useful life differences of tangible and intangible assets	88.656	279.296
Deferred Tax Assets / (Liabilities), Net	**10.534.420**	**4.551.823**

Movements of Deferred Tax Assets / (Liabilities):	January 1- December 31, 2013	January 1- December 31, 2012
Beginning of the Period, 1 January	4.551.823	2.128.644
Deferred Tax Income Recognized in the Income Statement	4.480.546	2.685.300
Deferred Tax Income Recognized in the Shareholders' Equity	1.502.050	(262.121)
Closing Balance	**10.534.419**	**4.551.823**

Reconciliation of period tax expense with net income for the period is as below:

	January 1- December 31, 2013	January 1- December 31, 2012
Income Before Tax	181.029.153	60.441.277
Tax Calculated: 20%	(36.205.831)	(12.088.255)
Effect of Additions	(12.714.987)	(5.446.656)
Effect of Allowances	23.186.158	3.081.057
Corporate Tax Payable and Provision for Other Statutory Liabilities	(25.734.660)	(14.453.854)
Deferred Tax Income / (Expense)	4.480.546	2.685.300

36. Net Foreign Exchange Gain/Loss

	January 1- December 31, 2013	January 1- December 31, 2012
Recognized in Profit / Loss:		
Foreign Exchange Income	46.515.202	8.883.493
Foreign Exchange Expense	(29.511.004)	(9.121.158)
	17.004.198	**(237.665)**

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

37. Earnings per Share

	2013	2012
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)	60.679.800	48.672.723
Earnings / (Loss) per Share (TL)	**0,1983**	**0,1591**

(*) The Company has decided to submit the distribution of TL 60.679.800 to the General Assembly for approval; excluding the gain on fixed assets amounting to TL 86.694.419 from the net profit for the period and including the retained earnings amounting to TL 125.912 as of February 17, 2014.

38. Dividends per share

Pursuant to the decision taken in the Company's Ordinary General Meeting held on April 16, 2013, all of the net profit consisted in financial statements which represents 2012 operating results have been distributed to shareholders after legal reserves are calculated over. The amount that distributed is TL 44.676.000 and profit per share is TL 0,15.

39. Cash Generated from the Operations

Cash flow statement has presented with the financial statements of the Company. Net cash amount that generated from main operations, net cash generated from/used for investments, and net cash used for financing operations are in order : TL 180.703.383, TL 8.341.328 and (TL 44.676.000) respectively (January 1 – December 31, 2012: TL 67.705.755, TL 52.419.970 and (TL 28.932.115)).

40. Equity Share Convertible Bonds

None (December 31, 2012:None).

41. Cash Convertible Privilleged Equity Shares

None (December 31, 2012: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, 2012:None).

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

45. Related Parties

The details of transactions between the Company and other related parties are disclosed below:

Due from/to related parties

Company	December 31, 2013	December 31, 2012
Sabancı Üniversitesi	4.748.793	3.984.954
Ak Finansal Kiralama A.Ş	4.551.632	3.342.333
Enerjisa Enerji Üretim A.Ş	3.030.116	10.936.303
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	423.491	619.523
Temsa Global San. ve Tic. A.Ş	365.550	536.194
Akbank Türk A.Ş.	258.442	249.708
Başkent Elektrik Dağıtım A.Ş	222.337	(28.221)
Advansa SASA	198.130	491.127
Teknosa İç ve Dış Ticaret A.Ş	57.919	22.331
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	43.603	21.362
Hacı Ömer Sabancı Holding A.Ş	42.019	(10.524)
Akçansa Çimento San. ve Tic. A.Ş	38.012	296.777
Avivasa Emeklilik ve Hayat A.Ş	32.576	87.654
Yünsa Yünlü San. ve Tic. A.Ş	31.650	(2.804)
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş	26.358	2.893.114
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş	17.818	8.362
Dönkasan Dönüşen Kağıt Ham Maddeleri San. ve Tic. A.Ş	14.371	144
Pmsa Philip Morris Sabancı Pazarlama ve Satış A.Ş.	6.586	17.629
Ak Yatırım Ortaklığı A.Ş.	(114)	(114)
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	(830)	(678)
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	(1.350)	(1.350)
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	(29.791)	13.416
Çimsa Çimento San. ve Tic. A.Ş	(80.954)	(2.026)
TOTAL	**13.996.364**	**23.475.214**

(*) Amount TL 67.314 (December 31, 2012: TL 63.248) 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.

Related party financial assets

Private Sector Debt Securities

Company	December 31, 2013	December 31, 2012
Akbank T.A.Ş.	16.782.390	33.677.230
Başkent Elektrik Dağıtım A.Ş.	40.728.800	-
TOTAL	**57.511.190**	**33.677.230**

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

Premium production

Insured	January 1- December 31, 2013	January 1- December 31, 2012
Enerjisa Enerji Üretim A.Ş.	26.154.537	24.729.807
Ak Finansal Kiralama A.Ş.	9.742.139	8.344.032
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	8.918.179	10.965.002
Advansa SASA	7.373.174	-
Temsa Global	7.021.711	6.704.476
Akbank Türk A.Ş.	6.827.919	6.174.091
Başkent Elektrik	6.319.568	5.043.970
Carrefour Sabancı Ticaret Merkezi A.Ş.	6.568.059	5.136.190
Sabancı Üniversitesi	5.902.470	5.708.715
Kordsa Sabancı Global	4.016.938	4.168.964
Teknosa İç Ve Dış Tic A.Ş.	3.687.445	3.022.691
Çimsa Çimento san. Ve Tic. A.Ş.	3.464.221	3.803.871
Pmsa Philip Morris Sabancı Pazarlama ve Satış A.Ş.	3.272.768	2.770.943
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	3.269.005	3.022.911
Akçansa Çimento San. Ve Tic. A.Ş.	2.966.639	3.850.950
Avivasa Hayat ve Emeklilik A.Ş.	2.446.811	2.403.880
Yünsa Yünlü San. Ve Tic. A.Ş.	1.320.473	1.474.951
Hacı Ömer Sabancı Holding	1.063.424	1.141.584
Bimsa Uluslar. İş, Bilgi ve Yönetim Sist. A.Ş.	326.938	302.081
Akyatırım Menkul Değerler A.Ş.	331.048	270.663
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	298.605	311.223
Akpörtföy Yönetimi A.Ş.	194.161	194.319
Dönkasan A.Ş.	167.474	131.523
Exsa Export San. Mam. Satış Araş. A.Ş.	90.226	87.056
Hacı Ömer Sabancı Vakfı	77.091	61.813
Aeo (Hilton International)	9.632	8.865
TOTAL	**111.830.657**	**99.834.571**

Interest Income Received from Related Parties

Şirket adı	January 1- December 31, 2013	January 1- December 31, 2012
Akbank T.A.Ş	18.420.568	45.384.456
Total	**18.420.568**	**45.384.456**

The detail of dividend income received from related parties is presented in Note 26.

The Company has donated TL 9.500.000 to Hacı Ömer Sabancı Foundation in 2013. (December 31, 2012: TL 3.100.000).

46. Subsequent Events

The Company has decided to submit the distribution of TL 60.679.800 to the General Assembly for approval; excluding the gain on fixed assets amounting to TL 86.694.419 from the net profit for the period and including the retained earnings amounting to TL 125.912 as of February 17, 2014.

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

47. Other

Details of "Other" items in the balance sheet which exceed 20% of its respective account group of 5% of total assets:

Other Receivables	December 31, 2013	December 31, 2012
Receivables from Tarım Sigortaları A.Ş.	2.852.394	6.001.742
Other Receivables	2.833.886	2.165.934
Total	**5.686.280**	**8.167.676**

Other Short Term Payables	December 31, 2013	December 31, 2012
Payables to contracted enterprises	11.359.603	8.728.804
Payables to Turkish Catastrophe Insurance Pool	10.648.998	7.898.757
Payables to suppliers	4.399.758	3.192.230
Turkish Catastrophe Insurance Pool Payables to agencies	505.882	685.811
Other	539.143	883.745
Total	**27.453.384**	**21.389.347**

Other Prepaid Expenses	December 31, 2013	December 31, 2012
Prepaid Expenses	1.718.462	649.351
Total	**1.718.462**	**649.351**

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	January 1- December 31, 2013	January 1- December 31, 2012
Provisions Account (+/-)	(41.292.793)	(10.831.166)
Provisions for doubtful receivable	(5.763.877)	(5.325.397)
Retirement pay provision	(701.041)	(596.143)
Provisions for other expenses	(34.827.875)	(4.909.626)
Impairment provision for affiliates	(22.155.402)	-
Donation provision	(9.500.000)	(3.100.000)
Other	(3.172.473)	(1.809.626)
Discount account (+/-)	-	1.965.536
Compulsory earthquake insurance account (+/-)	267.461	383.522
Deferred tax asset account (+/-)	4.480.546	2.685.300
Other income and profit	116.241.189	2.103.711
Gain on property sale (*)	114.925.418	-
Other	1.315.771	2.103.711
Other expenses and losses (-)	(8.495.660)	(7.022.262)
Expense on property sale	(3.245.054)	-
Bank Expenses	(4.015.928)	(4.632.626)
Other	(1.234.678)	(2.389.636)
Total	**71.200.743**	**(10.715.359)**

(*) The Company has booked the gain through the sale of Headquarters Office at May 30, 2013 in other income and profit in the financial statements as of December 31, 2013. 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 86.194.419 at the rate of %75 of 114.925.418 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 2014.

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013

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

AKSİGORTA ANONİM ŞİRKETİ Profit Distribution Statement	Note	Audited Current Period (01/01/2013 - 31/12/2013)	Audited Previous Period (01/01/2012 - 31/12/2012)
I. Distribution of profit for the period			
1.1. Profit for the period		181.029.153	60.441.277
1.2. Taxes payable and legal liabilities		(21.254.114)	(11.768.554)
1.2.1. Corporation tax (Income tax)		(25.734.660)	(14.453.854)
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and legal liabilities		4.480.546	2.685.300
A. Net profit for the period (1.1 - 1.2)		**159.775.039**	**48.672.723**
1.3. Previous years' losses (-)		125.912	1.374.513
1.4. First legal reserve		(7.988.752)	(2.433.636)
1.5.Legal reserves kept in the company (-)		-	-
B. Net distributable Profit for the period [(a - (1.3 + 1.4 + 1.5)]		**65.091.868**	**47.613.600**
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 (-)		45.253.888	29.376.000
1.10.1. To common shareholders		45.253.888	29.376.000
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. Second legal reserve (-)		(4.537.980)	(2.937.600)
1.12. Statutory reserves (-)		-	-
1.13. Extraordinary reserves		-	-
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		0,1983	0,1460
3.2.To common shareholders (%)		-	-
3.3.To preferred shareholders		-	-
3.4.To preferred shareholders (%)		-	-
IV. Dividends per share		**-**	**-**
4.1.To common shareholders	38, 39	60.679.800	44.676.000
4.2.To common shareholders (%)		-	-
4.3. To preferred shareholders		-	-
4.4.To preferred shareholders (%)		-	-

(*) TL 125.912 from retained earnings is subject to profit distribution.
(**)The amount of TL 86.694.419 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 2013 pursuant to Article 5 of the Corporate Tax Law 5520.

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