01.01 - 31.12.2012
ANNUAL REPORT

RAY SİGORTA
VIENNA INSURANCE GROUP

GENERAL INFORMATION

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CORPORATE PROFILE

Leaving 54 years behind in the insurance industry, Ray Sigorta generated 304,400,258 TL premiums in 2012 and was ranked as the 17th among the companies operating in the elementary branch, with 1.77 market share.

As of end 2012, Ray Sigorta runs its operations with seven Regional Directorates, one Regional Representative, one call center and 246 employees.

Ray Sigorta successfully carried out its vision of being a value creating company in its field with the 790 agencies, 65 branch bans, 53 brokers, six leasing companies, 818 contracted car services in three provinces, and 2,656 contracted health institutions it provided services in 2012.

Ray Sigorta achieved all the targets it set for 2012, and is going to continue applying its productivity and profitability focused strategy in 2013, increasing its success further. Ray Sigorta will continue working for strengthening its brand awareness and customer satisfaction level.

Facts About Ray Sigorta:

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Trade Register Numberı	: 297257-244839
e-mail :	info@raysigorta.com.tr
Investor Relation e-mail	: investor.relation@raysigorta.com.tr
Website	: www.raysigorta.com.tr
Investor Relation Phone	: (+90) 212 363 26 86
Headquarters	: Cumhuriyet Mahallesi Haydar Aliyev Cad. No: 28 Sarıyer /İstanbul
Correspondence Address	: Ray Sigorta A.Ş. Genel Müdürlük Cumhuriyet Mahallesi Haydar Aliyev Caddesi No: 28 34457 Sarıyer / İstanbul
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Fax	: (+90) 212 299 48 49

Regional Headquarters / Branches:

Istanbul Anatolian Regional Office
Sahrayıcedid Mah. Halk Sokak No: 33 Golden Plaza İş Merkezi F Blok Kat: 1 Kozyatağı 34734 Kadıköy / Istanbul
Phone : (+90) 216 411 16 06
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Istanbul European Side Regional Office
Istanbul Dünya Ticaret Merkezi B-1 Blok Kat:9 No: 319 - 320 Yeşilköy / Istanbul
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Central Anatolian Regional Office
Farabi Sokak No: 40/A 06690 Kavaklıdere / Ankara
Phone : (+90) 312 428 50 50
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Aegean Regional Office
Halit Ziya Bulvarı No: 72 Taner İşhanı A Blok Kat: 2 35210 Izmir
Phone : (+90) 232 483 72 46
Fax : (+90) 232 489 86 05

Marmara Regional Office
Lefkoşe Cad. A Blok Kat: 3 No: 34 - 36 Nilüfer / Bursa
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Fax : (+90) 224 211 28 37

Southeastern Anatolian Regional Office
Çınarlı Mah.Atatürk Cad. No: 15 İdeal Plaza Kat: 7 01120 Seyhan / Adana
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Fax : (+90) 322 454 77 61

Mediterranean Regional Office
Konyaaltı Cad.Antmarin İş Merkezi No: 24 Kat: 6 07050 Konyaaltı / Antalya
Phone : (+90) 242 247 20 25
Fax : (+90) 242 247 39 59

TRNC Branch
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OUR VISION;

To be the company that creates value and guides the insurance business.

To rank among the top five companies operating in the non-life insurance industry, by 2015.

OUR MISSION;

To continuously improve its accumulation of knowledge owned, its product infrastructure, its reliable service mentality, its strong technology and human resources with an innovative perspective; and become the preferred company by its customers, business partners, stakeholders and its employees.

Our Agencies and Brokers are the most valuable business partners of our company and they will receive from us the best service in the insurance industry.

OUR VALUES;

We are...

a Family,

Honest,

Respectful to ethical values,

Fair,

Transparent and Sharing,

Strong together,

Creative and Productive,

and,

We value people.

RAY SİGORTA FROM PAST TO PRESENT

- Founded in 1958 on the initiatives of the national transportation companies (Turkish Airlines - THY, Turkish Maritime Organization, Turkish State Railways, and Turkish Post - PTT)
- Privatized by Doğan Holding in 1992.
- TBIH Financial Services Group, a subsidiary of VIG acquired 74. 26 percent of shares for the company in 2007.
- Ray Sigorta included the Vienna Insurance Group in its logo in 2008.
- 84.26 percent shares of the company belonged to VIG, 10 percent to Doğan Group, and 5.74 percent was public in 2009.
- 81.59 percent shares of the company belonged to TBIH Services Group N.V, 12.67 percent shares to Vienna Insurance Group (VIG), and 5.7 percent was public in 2011.
- Total Premium production by Ray Sigorta in 2012: 304,400,258
- Market share of Ray Sigorta in 2012: 1,77
- Ray Sigorta ranks 17 th among the insurance companies in 2012.

MAIN INDICATORS
SHARE HOLDER STRUCTURE

SHARE HOLDER	NUMBER OF SHARES	VALUE OF SHARES	SHARE RATIO %
TBIH Financial Services Group N.V.	13,304,862,688.00	133,048,626.88	81.59%
Vienna Insurance Group Wiener Staedtische Versicherung AG	2,066,352,811.00	20,663,528.11	12.67%
Other	935,770,101.00	9,357,701.01	5.74%
TOTAL	**16,306,985,600.00**	**163,069,856.00**	**100.00%**

Capital Increase Certificate No 2191, issued by the Republic of Turkey Prime Ministry Capital Markets Board on 21.12.2011 certifying that our Company's issued capital has been raised by TL 26,000,000 (twenty six million) against cash payment from TL 137,069, 856 (one hundred and thirty seven million sixty nine thousand eight hundred and fifty six) to TL 163,069,856 (one hundred and three million sixty nine thousand eight hundred and fifty six) within the upper limit of registered capital, has been published in the Trade Registry Gazette of Turkey No 7973 and dated 30.12.2011 after its registration by Istanbul Trade Register Office on 26.12.2011.

FINANCIAL INDICATORS

SUMMARY OF FINANCIAL INDICATORS	2012	2011
Total Assets	322,604,991	305,929,724
Paid-In Capital	163,069,856	163,069,856
Shareholder's Equity	90,198,223	86,461,101
Written Premiums	304,400,258	252,962,810
Earned Premiums - Net	152,216,874	137,096,909
Incurred Damages - Net	-100,603,726	-97,147,093
Other Technical Revenue/Expenditure-Net	-4,039,179	-1,497,471
Operating Expenses	-45,852,033	-41,408,620
Change in Other Technical Provisions	-398,840	-951,179
Investment Revenues Transferred to Technical Part	8,324,843	5,772,414
Technical Part Balance	9,647,939	1,864,960
Net Profit/Loss	3,737,122	340,377

(THOUSAND TL)	WRITTEN PREMIUMS		CHANGE %	SHARE %	
	2011	2012		2011	2012
FIRE	54,808	68,826	25.6%	21.7%	20.6%
TCIP	5,270	7,429	41.0%	2.1%	2.4%
TRANSPORT	21,965	21,998	0.2%	8.7%	7.2%
ACCIDENT	126,263	154,112	22.1%	49.9%	50.6%
ENGINEERING	33,681	43,864	30.2%	13.3%	14.4%
AGRICULTURE	6,191	3,483	-43.7%	2.4%	1.1%
HEALTH	4,785	4,689	-2.0%	1.9%	1.5%
TOTAL	**252,963**	**304,400**	**20.3%**	**100.0%**	**100.0%**

(THOUSAND TL)	RETENTION PREMIUM		CHANGE %	RETENTION RATIO %	
	2011	2012		2011	2012
FIRE	9,836	9,292	-5.5%	17.9%	13.5%
TCIP	0	0	0.0%	0.0%	0.0%
TRANSPORT	8,323	8,553	2.8%	37.9%	38.9%
ACCIDENT	111,183	139,128	25.1%	88.1%	90.3%
ENGINEERING	5,716	7,404	29.5%	17.0%	16.9%
AGRICULTURE	0	0	0.0%	0.0%	0.0%
HEALTH	816	1,015	24.4%	-	21.7%
TOTAL	**135,874**	**165,391**	**21.7%**	**53.7%**	**54.3%**

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Karl Fink

Ray Sigorta
Chairman of the Board of Directors

Dear Ladies and Gentlemen,

The Central and East European region extending from the Baltic Sea to Black Sea is among the world's most dynamic and growing regions along with Asia and South America in population. One of the targets declared by the Vienna Insurance Group, one of the leading insurance companies of the Central and Eastern Europe region is to harness the potential from the populations increasing insurance requirements in the best possible manner.

Turkey is a part of this region and in 2012 the country has indicated a great improvement by meeting the expectations both in the overall economy and in the field of insurance. The insurance trends have changed, intensive price competition has been transformed into the policy of pricing according to risks, and this has reflected itself positively on the overall market. When compared to the previous year, the Turkish insurance market has recorded an increase of eight percent, and Ray Sigorta premium volume have increased by about 20 percent. Thus, Vienna Insurance Group has been able to achieve its target of growing above the market in Turkey as well.

In achieving this pleasing result, the successful management team of Ray Sigorta and its enthusiastic staff particularly have contributed greatly besides the general economic trends. The measures put in force in September of 2010 in order to increase the profitability have proved to be successful. On top of the increase recorded in premiums, result before tax has also increased remarkably.

The strategic rearrangement of the product portfolio was continued, and in this context the focus was mainly placed on the non-vehicle insurance products. New standards have been established in the Turkish insurance market with the successful implementation of the accident insurance named "Aura" and a very positive performance has emerged in a very short time.

As the Chairman of the Ray Sigorta Board of Directors, I would like to thank all the employees of Ray Sigorta on behalf of the Vienna Insurance Group management board for the effort and the energy they have put in the process of customer and service orientation which are the main pillars of a successful insurance company.

I would also particularly like to thank our customers and our successful agencies, for relying on the trust and the efficiency our company has offered.

Sincerely,
Karl Fink

Levent Şişmanoğlu

Member of the Board
and General Manager

Dear members of Ray Sigorta,

We have left 2012 behind, as a positive year with important developments both for Ray Sigorta and for the Turkish insurance industry. The insurance industry has adopted the risk based pricing approach of Ray Sigorta, which our company started to apply as of September 2010, particularly from the second half of the year onwards, in order to put an end to the lack of technical profitability problem which has become the most important problem in the recent years. The reflection of this approach, which is adopted by most of the insurance companies, was positive on the industry and the premium generation in the elementary branch, in which our company is active, increased by 17 percent over the previous year and reached TL 17.069 billion.

In 2012, Ray Sigorta continued to collect the positive results of its efficiency, customer orientation and risk based pricing strategies and completed the year with TL 304 million premium generation by registering a premium generation growth more than the overall industry.

Ray Sigorta left half a century behind in the insurance industry; and in 2012 it continued to be the value creating company of the insurance industry with its discipline of doing business, its wide distribution channel spread all over the country and the accumulation of knowledge and the power of capital of VIG, the most important insurance group in the Central and Eastern Europe, which Ray Sigorta has become a part of. Our company has achieved an extremely difficult goal and closed its balance sheet with positive results and has taken important steps in the path of sustainable profitability.

We will continue to pursue more business without compromising our efficiency and profitability principles, without giving away from our spending discipline within our current way of doing business and our organizational structure and in accordance with our risk acceptance norms. In the last two years, our efficiency based strategy within which we keep our fixed costs under control and increase our premium generation as well as the number of our customers each year carried us to success. We will continue to apply this strategy and as a result we will see even better results on our balance sheet. We have applied this strategy since we came to the office in September 2010, and we will continue doing so in the forthcoming period.

In 2013, we will continue to remain closer to our distribution channels, who are our most important business partners and who have great contribution in our success. We will also be much more customer oriented, and we will take our success even further with our fast/high quality service approach and our specially designed products that have brought innovation to the market.

For the success which we obtained in 2012 and which we will carry further in the years to come I would like to thank our distribution channels who contribute to our strength by standing by us throughout all processes, and to each member of the Ray Sigorta family who put their all effort and labor in order to achieve our common goal.

Kind regards,
Levent Şişmanoğlu

ABOUT VIENNA INSURANCE GROUP

VIENNA INSURANCE GROUP

Vienna Insurance Group is one of the leading listed insurance companies in Austria and the Central and Eastern European region, with around 24,000 employees generating a premium volume of approximately EUR 9.7 billion. Around 50 companies in 24 countries form a group with a long tradition, strong brands and high customer-orientation. The Company is a clear market leader in its core markets, offering an extensive range of products and services in both the life and non-life insurance segments.

Progressive insurer - conservative investor

Vienna Insurance Group (VIG) is a progressive insurer that consciously focuses on its core competence: the insurance business. In large part due to its risk-conscious, conservative investment policy, VIG stands for security and financial stability - as an insurer, employer, business partner and issuer in the capital markets. This was also underlined by the Standard & Poor's rating agency, which renewed its A+ rating with stable outlook for 2012. This makes Vienna Insurance Group the best-rated company in the ATX leading index of the Vienna Stock Exchange. The Company's listing on the Prague Stock Exchange in 2008 highlights VIG's strategic orientation towards the Central and Eastern European economic area (CEE).

Vienna Insurance Group also has the aim of creating and promoting socially responsible and sustainable conditions for a society worth living in. VIG therefore feels obligated to involve itself in cultural and social concerns in order to remain true to its fundamental goal of value-oriented growth.

Focus on Austria and Central and Eastern Europe

Vienna Insurance Group, whose roots reach back to 1824, was quick to identify the many growth opportunities offered by Central and Eastern Europe. Starting from its base in Austria, the Company was one of the first Western European insurance companies to enter the CEE region and has been expanding there for more than 20 years. In the process, VIG has developed from a successful local insurance company to a leading international insurance group with around 50 insurance companies in 24 European countries.

More than 50% of Group premiums and earnings now come from the CEE region. VIG is a clear overall market leader in its core markets, and in the life and non-life insurance segments, placing it in an excellent position to take advantage of the long-term opportunities offered by Central and Eastern Europe.

With establishment of VIG RE, the Group has also had its own reinsurance company since 2008, and the location of its registered office in the Czech Republic underscores the importance of the CEE region as a growth market for VIG.

Trust in local entrepreneurship

The Austrian VIG companies have offered an extensive product portfolio in both the life and non-life areas for many years. The low insurance density and large populations of many Central and Eastern European countries offer enormous potential for further growth over the medium and long term. In order to be a successful insurer in this region, one has to understand customer needs. This is the reason that VIG places its trust in the sound market knowledge of local management and the experience of its local employees. The combination of local market expertise and product know-how puts Vienna Insurance Group in an optimal position to continue consolidating its market position in Austria whilst at the same time benefiting from the rising standard of living in the CEE region, with the associated increase in the need for insurance.

Close customer relationships based on a multi-brand strategy and multi-channel distribution

All customers are unique in terms of their personal living circumstances, need for security and retirement provisions, and the way they like to receive advice. This requires considerable flexibility in insurance products, as well as foresight and prudence. Vienna Insurance Group is aware of this and is represented by more than one company or brand and a broad distribution network in most of its markets. Even though every one of the approximately 50 insurance companies has its own identity and individual strengths, they all follow a common goal: to maintain a closer relationship with customers than others do.

Partnership with Erste Group
The strategic partnership established with Erste Bank in 2008 facilitates long-term cooperation between the two leading financial services providers in the region, which are both firmly anchored in Central and Eastern Europe. Both companies benefit equally from this collaboration. Erste Group branches distribute VIG insurance products and, in return, VIG companies offer Erste Group bank products.

People behind every number
The approximately 24,000 employees of the 50 insurance companies in the Group are a key success factor. In addition to the commitment, professional advisory services and excellent service they provide, these VIG employees stand out for the diversity of the individual countries they represent. The ongoing development of their employees is of key importance, since only a combination of local market understanding with the personal and professional qualifications of each employee can lead to the best product solutions. To enable women to reach their full potential, VIG also has the goal of creating the conditions necessary to make entry and promotion within the Group more attractive to female employees.

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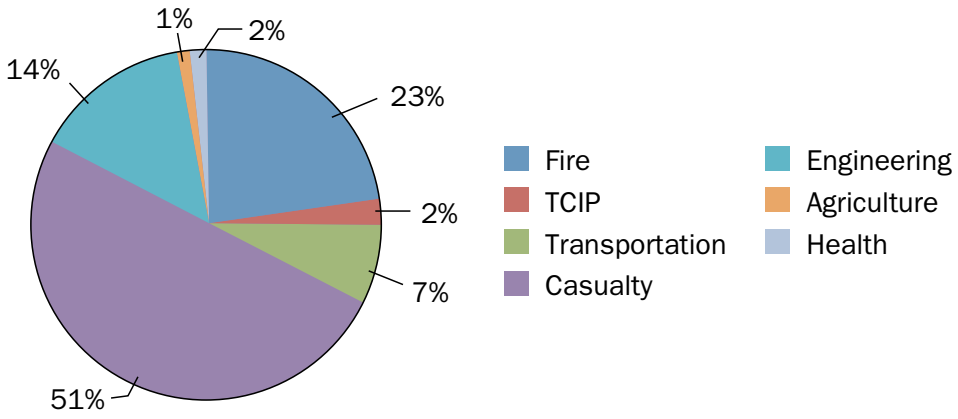
OVERVIEW OF RAY SIGORTA IN 2012

The premiums generated by Ray Sigorta amounted to 304,400,258 TL in 2012. With this amount, Ray Sigorta was ranked as the 17th among the companies operating in non-life branches, with 1.77 percent market share.



The Fire Branch

The premiums collected under the Fire Branch of the company reached 68,826,163 TL with an increase of 25.6 percent over the previous year. The technical profit provided in this branch, in which a total of 24,353,662 TL of claims were paid, was at 3,291,364 TL, accounting for the five percent of the premiums. 27,192,282 TL of the total outstanding claims of 31,125,927 TL corresponds to the share shares of our reinsurers.

The Casualty Branch

The premiums collected under the Casualty Branch of the company reached 154,111,544 TL by an increase of 22.1 percent as compared to the previous year. In this branch, a total of 102,256,758 TL claims were paid and the technical profit generated amounted to 13,290,485 TL accounting for nine percent of the premiums. 23,138,670 TL of the total outstanding claims of 88,820,610 TL corresponds to the shares of our reinsurers.

The Engineering Branch

The premiums collected by the Engineering Branch of the company reached 43,863,595 TL, recording an increase of 30.2 percent over the previous year. A total of 16,811,042 TL claims were paid in this branch and the technical profit generated was at 8,338,991 TL, accounting for 19 percent of the premiums. 14,327,121 TL of a total of 16,089,185 TL outstanding claims corresponds to the shares of our reinsurers.

The Transport Branch

The premiums collected by the Transportation Branch of our company reached 21,997,977 TL, with an increase of 0.2 percent over the previous year. A total of 3,535,385 TL claims were paid in this branch and the technical profit generated was 5,762,107 TL, accounting for 26 percent of the premiums. 5,236,354 TL of the 6,772,038 TL outstanding claims corresponds to the share of our reinsurers.

The Health Branch

The premiums collected by the Health Branch of the company dropped by 2 percent over the previous year and were recorded at 4,689,419 TL. A total of 3,160,758 TL claims were paid under this branch and a technical profit of 837,059 TL was created, accounting for 18 percent of the premiums. 261,853 TL portion of the 322,041 TL outstanding claims corresponds to the share of our reinsurers.

The Agriculture Branch

The premiums collected by the Agriculture Branch of the company decreased by 43,7 percent over the last year to 3,482,990 TL. A total of 144 TL claims were paid in this branch and the technical profit generated was 344,446 TL, accounting for 10 percent of the premiums. Results of the Technical transactions in 2012

- Ray Sigorta generated premiums worth 304,400,258 TL and endorsed 139,008,943 of this amount to the reinsurers.
- Ray Sigorta paid a total of 43,888,470 TL commission, including the change in the deferred commissions paid, against these premiums generated while it received 28,925,368 TL commission, including the change in the deferred commissions received, for the premiums it endorsed to the reinsurers.
- Ray Sigorta paid a total of 150,117,749 TL claims, while it was refunded for 45,870,383 TL of this amount as the reinsurers' share.
- Ray Sigorta earned technical profit of 32,212,026 TL including miscellaneous income and expense items.

TECHNICAL PROFIT PREMIUM

The technical profit increased 29.7 percent from 24,838,054 TL in 2011 to 32,212,026 TL in 2012.

The distribution of our premium generation on the basis of the branches and with comparisons to 2011, their percentages of increase and the amounts of technical profits are shown in the following table:

	2011		2012		
BRANCH	**PREMIUM**	**TECHNICAL PROFIT**	**PREMIUM**	**INCREASE %**	**TECHNICAL PROFIT**
Fire	54.808.152	4.393.778	68.826.163	25,6	3.291.364
Accident	126.262.737	4.178.235	154.111.544	22,1	13.290.485
TCIP	5.269.558	418.933	7.428.570	41,0	347.574
Engineering	33.681.287	7.021.113	43.863.595	30,2	8.338.991
Transport	21.964.930	7.431.457	21.997.977	0,2	5.762.107
Agriculture	6.190.673	482.101	3.482.990	-43,7	344.446
Health	4.785.474	912.437	4.689.419	-2,0	837.059
TOTAL	**252.962.811**	**24.838.054**	**304.400.258**	**20,3**	**32.212.026**

CAPITAL INCREASES AND THEIR SOURCE

No capital increase has been made in 2012.

Amendments to the Articles of Association (AoA)
In 2012, Article 14 of the Articles of Association on the number and determination of the members of the Board of Directors, Article 28 headed "Quorum", Article 31 headed "Announcement" have been amended all in accordance with the corresponding changes in the Capital Markets Laws and Regulations, and Article 47 headed "Compliance with Corporate Governance Principles" have been inserted to the Articles of Association as per the Communiqué published by the Capital Markets Board.

RAY SIGORTA RESEARCH AND DEVELOPMENT STUDIES

Ray Sigorta provides its services by putting its experience and innovative approach together, and in 2012, several research and development works were executed by the company.

- Ray Sigorta's approach is to provide fast and high quality services to the agencies and the customers and our sales representative started to provide services in Trabzon where we see a high potential for the insurance business.

- We provided the opportunity to send direct messages to the claim file manager through the "Claim File Viewing" application available on our website. The "Claim File Viewing" is developed for establishing a more effective relationship with our agencies, insurants and third parties and it aims to relay detailed information to the related parties. On top of that, the opportunity of sending missing documents to the file manager through the same channel was also provided, for the first time in the industry.

• The application of Ray Sigorta Contracted Service Portal was brought to life in order to enhance our communication level with our Contracted Services as well as allowing them to access the up-to-date information in a healthy way. With this application, our contracted services are in a position to monitor claim files, communicate directly with the file manager and access the claim reports related to themselves through the system. The glass module system was introduced so that the glass costs can be measured accurately; the operational burden is reduced to minimum and as a first step of the transition to paperless office. Consequently, the Contracted Glass files the review and approval of the Contracted Glass files have started to be performed over the system.

• When opening the claim files, inquiries are made through the Controlled Client List created based on our company records. Through this inquiry, it is possible to take precautions in the first step, thanks to the automatic warning mechanism created for controlling the likely-to-be questionable claims.

• With the aim of controlling and revising the claim file processes according to needs, a controlling structure was established aiming to supervise the finalized files in terms of the technical aspects and their compliance with procedures, and to increase the competencies of the file managers.

• As a result of the process controls on claim files as well as other analysis, improvements for reducing the claim operation processes and for more efficient use of time. These improvements are;
  * Serial claims publication
  * Control form (File reviewing form)
  * SISBIS (Insurance Misuse Information System) data transfer through the system
  * Automatical closing of the files for which procedures are completed

• Under the product development works, Housing, Hotel Package, Commercial Package, Travel, Health, Common Area and Group Personal Claims products were revised in line with the competitor research work carried out in 2012 and the requirements of the insurants. Improvements in a total of eight products were made including the newly added coverage as well as the enriched contents of the existing coverage.

• Under the new product development work, the sales of our Aura Insurance product was initiated. Aura Insurance, gradually increases the Personal Accident Insurance permanent disability limits in favor of the insurant and includes the accidental loss of organs in the coverage, as a first in Turkey.

• As a result of the studies focused on the business development work, the IVR structure was revised, and the new IVR structure was commissioned in July 2012.

• The Agency Instant Information Screen was created in order to display the financial and other data of our agencies on the same screen.

• Visit Tracking Module was brought into application. With this project, it is made possible to record the visits to Sales Channel/Customer in the specially designed information database, to update the post-visit follow-ups and to make lists and reports of the previous visits in detail.

• The Ray Star project was developed so that the Regional Headquarters, Distribution Channels and Sales Representatives can be evaluated in a multi-dimensional, objective manner without relying on a single result, and that the internal competition is increased. And automatic private individual e-mailing was made on a daily basis.

• The messages of Ray Sigorta were relayed to the target audience effectively by publishing 353 news articles regarding the company's product, services and industrial evaluations, in the national and industrial press as well as on digital platforms.
• Five events, four sponsorship and social responsibility projects in line with the company strategy and corporate image, were actualized addressing the customers, stakeholders, partners and staff.

As a result of the studies focused on the ever increasing social media channels, corporate pages on Facebook, Twitter, YouTube were created in the framework of Ray Sigorta corporate communication activities. Communication with our distribution channels, stakeholders, employees and potential customers were established over these platforms.

BOARD OF DIRECTORS AND MANAGEMENT BOARD

BOARD OF DIRECTORS AND BOARD MANAGEMENT

BOARD OF DIRECTORS

Karl Fink / Chairman of the Board of Directors and Corporate Governance Committee Member

2011 - present / VIG Re / Chairman of the Board of Directors
2009 - 2012 / Vienna Insurance Group / Member of the Extended Management Board
2007 - 2009 / Vienna Insurance Group / Deputy General Manager
2004 - 2007 / Wiener Staedtische, Allgemeine Versicherungs AG / Deputy General Manager
1987 - 2004 / Wiener Staedtische, Allgemeine Versicherungs AG Vienna / Member of Management Board
1979 - 1978 / Interrisk Internationale Versicherungs Aktiengeselleschaft / Chairman of the Board of Directors
1975 - 1979 / Wiener Stadetishe Wechselseitige Versicherungsanstalt, Vienna / Industrial Risks
1971 - 1975 / Marubeni Corporation, Tokyo / Authorized Representative in Berlin

Dr. Martin Simhandl / Deputy Chairman of the Board of Directors and Corporate Governance Committee Member

2004 - present / Vienna Insurance Group / Member of Managment Board, CFO
1985 - Vienna Insurance Group

Mehmet Levent Şişmanoğlu / Member of Board of Directors, Chairman of Executive Board, General Manager

2007 - present / Ray Sigorta A.Ş.
2006 - 2007 / Brian Tracy / Sales Organization Consultant and Trainer
2003 - 2005 / Genel Sigorta and Genel Yaşam Sigorta Agency
1997 - 2003 / Garanti Sigorta A.Ş. / Regional Director
1996 - 1997 / Arpaş Kuyumculuk / Sales Manager
1995 - 1996 / Polisan A.Ş. / Sales Manager
1994 - 1995 / Rotopaş A.Ş. / Product Manager

Vladimir Mraz / Member of Board of Directors

2008 - present / TBIH Financial Services Group N.V / Member of Management Board
1993 - 2008 / Kooperative pojist ovna. a.s. - Vienna Insurance Group / Chairman of the Management Board and General Manager
1991 - 1993 / Kooperativa / Branch Manager
1987 - 1991 / Czech Republic - State Insurance Company / General Insurance Department Manager
1980 - 1987 / Czech Republic - State Insurance Company / Motor Car Insurance Department manager
1972 - 1980 / Czech Republic - State Insurance Company / Senior Insurance Specialist
1968 - 1972 / Czech Republic – State Insurance / Claims Assessment Officer

Dr. Hilmar Kroat-Reder L.L.M. / Member of Board of Directors, Independent Member and Audit Committee Member

2012 - present / OMV Petrol Ofisi A.Ş. / Member of the Executive Board
2012 / OMV Gaz ve Enerji Holding A.Ş. / Deputy CEO
2012 / Enerco Enerji Sanayi ve Ticaret A.Ş. / Member of the Board of Directors
2011 / OMV Petrom S.A. / Member of the Executive Board, Gas, Energy and Chemicals
2009 - 2010 / RespACT / Member of the Executive Board
2008 - 2010 / OMV Aktiengesellschaft / Senior Vice President Corporate Relations and Sustainability
2008 - 2010 / Austrian Corporate Governance Committee / Member
2006 - OMV Aktiengesellschaft / Senior Vice President
2002 - OMV Aktiengesellschaft / Corporate Development, Mergers and Acquisitions Legal Advisor
2000 - 2002 / Haarmann Hemmelrath Hügel / Junior Partner
1996 - 1999 / Hügel Dallmann & Partner / Medium Sized and Senior Partner

Dr. İsmail Hakkı Ergener / Member of Board of Directors, Independent Member, Chairman of Audit Committee and Corporate Governance Committee

2012 - EurocityBank AG / CEO
2009 - 2012 / SK Danube AG /GM
1997 - 2008 / DenizBank AG, CEO,
1995 - 2007 / Express Trade Bank. GM,
1991 - 1995 / Deutsch Türkische Bank Credit Marketing Manager,
1989 - 1991 / Turkish Development Bank Germany Representative,
1987 - 1989 / İktisat Bankası / Branch Marketing Manager
1986 - 1987 / Cerrahgil A.Ş. / Exports Manager
1984 - 1985 / Interbank / Credit Analyst

Hüsniye Çiğdem Çadırcı Copikoğlu / Member of Board of Directors, Independent Member and the Audit Committee Member

2006 - 2010 / Swiss Reinsurance Company A.G. / Vice President Europe - Senior Manager for Europe
1998 - 2006 / GE Insurance Solutions / Business Development Manager- Leading Property Underwriter / Property Insurance for Europe - Underwriter
1994 - 1998 / Ankara Sigorta A.Ş. / Director of Reinsurance and Large Customers
1990 - 1994 / İstanbul Reasürans A.Ş. / Technical Director

EXECUTIVE BOARD / MANAGEMENT TEAM

Mehmet Levent Şişmanoğlu / Member of Board of Directors, Chairman of Executive Board, General Manager

2007 - present / Ray Sigorta A.Ş.
2006 - 2007 / Brian Tracy / Sales Organization Consultant and Trainer
2003 - 2005 / Genel Sigorta and Genel Yaşam Sigorta Agency
1997 - 2003 / Garanti Sigorta A.Ş. / Regional Director
1996 - 1997 / Arpaş Kuyumculuk / Sales Manager
1995 - 1996 / Polisan A.Ş. / Sales Manager
1994 - 1995 / Rotopaş A.Ş. / Product Manager

Metin Akgün / Member of Executive Board Motor Technical and Claims and Subrogation Deputy General Manager

1998 - present / Ray Sigorta A.Ş.
1996 - 1998 / Botaş Member of the Board of Directors and Deputy General Manager
1992 - 1996 / Ray Sigorta A.Ş. / Izmir Regional Director
1982 - 1992 / Petrol Ofisi A.Ş. / Director of Factories
1972 - 1982 / Petrol Ofisi A.Ş. / Izmir Regional Directorate / Regional Deputy Manager

Eyüp Kemal Daldal / Member of Executive Board, Non-Motor Technical and Claims, Reinsurance Director

1993 - present / Ray Sigorta A.Ş.
1989 - 1993 / T. Halk Bank A.Ş. / Control Officer
1987 - 1989 / Anadolu Endüstri Holding / Assistant Site Mng.

Anıl Rasih Gülcen / Member of Executive Board, Sales Director

2010 - present / Ray Sigorta A.Ş.
2006 - 2010 Eureko Sigorta A.Ş. Head Quarters / Corporate-Commercial-SME-Direct Business Sales Director
2005 - 2005 Eureko Sigorta A.Ş. General Management / Sales Coordination Unit Manager
2002 - 2005 Eureko Sigorta A.Ş. Ankara Bölge / Central Anatolia Regional Director
2000 - 2002 Eureko Sigorta A.Ş. Ankara Region / Assistant Regional Director
1999 - 2000 Garanti Sigorta A.Ş Ankara Region / Technical Specialist
1998 - 1999 Garanti Sigorta A.Ş. Ankara Region / Claims Specialist
1997 - 1998 Garanti Sigorta A.Ş. Ankara Region / Agencies Collection Specialist
1995 - 1997 Oyak Sigorta A.Ş. / Accounting / Financial Specialist

Koray Erdoğan / Member of Executive Board, Financial and Administrative Affairs Director (CFO)

2011 - present / Director, Member of Executive Board, Financial and Administrative Affairs, Ray Sigorta A.Ş.
2010 - present / Lecturer - Hacettepe University, Actuaries
2009 - 2011 Board Vice President - Insurance Supervisory Board for Undersecretariat of Treasury
1997 - 2009/ Insurance Supervisory Specialist- Insurance Supervisory Board for Undersecretariat of Treasury

Feridun Art / Member of Management Team, Marketing Director

2011 - present / Ray Sigorta A.Ş.
2009 - 2010 / Ankara Sigorta A.Ş. / Deputy General Manager for Sales, Marketing and Regions
2003 - 2009 / Ankara Emeklilik A.Ş. / Deputy General Manager
1994 - 2002 / Garanti Sigorta A.Ş. / Unit Manager Responsible For All Regions
(Rumelian Regional Director & Agencies Manager)

Gil Shuchman / Member of Management Team, International Key Account Director

2010 - 2011 TBIH Financial Services Group N.V. /Insurance Analysis and Business Development Specialist - The Netherlands
2007 - 2009 Phoenix International Ltd. / Sigorta Uzmanı - USA

Banu Şensöz / Member of Management Team, Internal Control and Risk Management Manager

2010 - present/ Ray Sigorta A.Ş.
2007 - 2009 / Finans Emeklilik ve Hayat A.Ş. / Deputy Manager of Financial Control and Planning
2006 - 2007 / Moore Stephens Turkey / Senior Auditor
2005 - 2006 / Kiska Group LTD. New York / Finance and Reporting Specialist
2000 - 2005 Turkish Republic Culture and Tourism Attaché's Office, New York / Accounting Specialist

Mihriban Karu / Member of Management Team, Human Resources Manager

2009 - present / Ray Sigorta A.Ş.
2007 - 2009 / Efesan Grup A.Ş. / Human Resources Group Manager
2002 - 2004 / Ernst& Young / Human Resources Manager
1998 - 2002 / Arthur Andersen / Human Resources Manager
1991 - 1998 / Arthur Andersen / Personnel Management Specialist

Derya Öztürk / General Secretary & Controlling and Planning

2012 - present / Ray Sigorta A.Ş.
2008 - present / Vienna Insurance Group

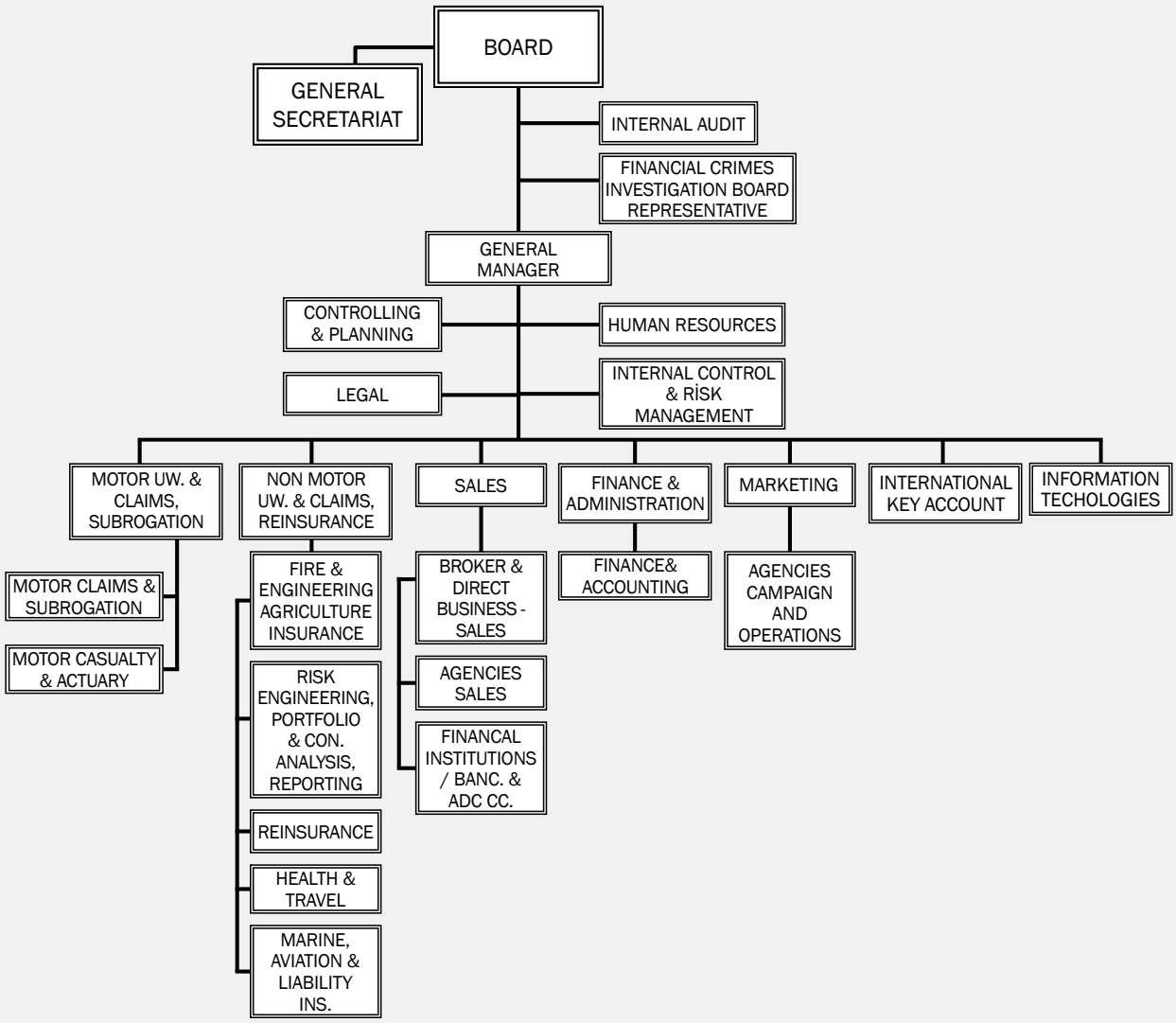
AUDITORS

Name, Surname	Date of Assignment	Education	Professional Experience
Suat Kayahan	03.06.2009	University / Political Sciences	2002 - present/ İlk Denetim Yeminli Mali Müşavirlik LTD. Şti. 1999 - 2002 / Uzel Holding A.Ş. / Tax Auditing Group Leader 1986 - 2002 / Turkish Republic Ministry of Finance/Chief Accounting Specialist
Dr. Mehmet Efendi	04.10.2010	PhD / Urban and Environmental Sciences	2010 - present/ SAY YMM LTD. ŞTİ. / Certified Public Accountant - Partner 2008 - present İlk Denetim YMM LTD. ŞTİ. / Certified Public Accountant - Partner 2008 - present Kurumsal Vizyon YMM A.Ş / Certified Public Accountant - Partner 1982 - 2007 / Turkish Republic Court of Accounts / Senior Auditor 1981 - 1982/ Halkbank Headquarters / Cambist

INTERNAL AUDIT DEPARTMENT

INTERNAL AUDITING				
Name, Surname	**Title**	**Start Date of Employment**	**Education**	**Professional Experience**
Kubilay Bolayır		03.05.2005	University / Finance	2005 - present / Ray Sigorta A.Ş. 2002 - 2005 / Saving Deposits Insurance Fund / Inspector in Charge 2002 / Bayındırbank A.Ş. / Inspector 2001 - 2002 / Etibank A.Ş. / Inspector 2000 - 2001 / Etibank A.Ş. / Authorized Assistant Inspector 1998 - 2000 / Etibank A.Ş. / Assistant Inspector

RAY SIGORTA ORGANIZATION CHART



AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING OF RAY SİGORTA ANONİM ŞİRKETİ

1. Opening of the General Assembly Meeting and election of the Chairman of the Meeting,

2. Reading and discussing the Activity Report of the Board of Directors, Statutory Auditor's Report and Independent Audit Report which were prepared for the year 2012,

3. Reading, discussing and approval of the Financial Statements of the year 2012,

4. Release of each of the Board members from their liabilities with respect to the activities and accounts of 2012,

5. Release of each of the Statutory Auditors from their liabilities with respect to the activities and accounts of 2012,

6. Discussing and resolving on the proposal of the Board of Directors pertaining to dividend distribution for the year 2012,

7. Approval of the Board membership of the persons appointed in 2012,

8. Acknowledgement of resignation of members of the Board of Directors and appointment of new members of the Board of Directors who will substitute the members resigned,

9. Submission of the General Assembly By-Law to the approval of the General Assembly,

10. Appointment of the independent auditor,

11. Submission of the Dividend Distribution Policy of the Company to the approval of the General Assembly,

12. As per Corporate Governance Principles, submitting information to the General Assembly regarding important transactions of (i) Controlling Shareholders, (ii) Board Members, (iii) Senior Executives, (iv) their spouses and their relatives by blood and marriage up to the second degree executed with the Company and with the subsidiaries of the Company in 2012 in a manner that may cause conflict of interest; submitting information to the General Assembly regarding transactions falling under the scope of activity of the Company or of the subsidiaries of the Company executed by the abovementioned persons for their own accounts and for the account of third parties in 2012, and submitting information to the General Assembly on whether or not abovementioned persons participate in other companies dealing with similar business as unlimited liability shareholders; in addition, granting permission to the Board Members to execute transactions stated in Articles 395 and 396 of the Turkish Commercial Code,

13. Submission of information to the General Assembly concerning the donations granted by the Company in 2012

14. Submission of information to the General Assembly concerning the "Remuneration Policy" determined for the Board members and senior executives of the Company as per the Corporate Governance Principles of the Capital Markets Board,

15. Determination of the remuneration to be paid to Board Members,

16. Wishes and Closing.

RAY SİGORTA A.Ş.
DIVIDEND DISTRIBUTION POLICY

Principles regarding Dividend Distribution Policy of Ray Sigorta A.Ş. (the "Company") are stated as follows:

1) Dividend distribution practices are subject to the relevant provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Legislation and Articles of Association of the Company.

2) The dividend shall not be distributed as long as accumulated losses, if any, are not fully deducted from the net profit amount.

3) In the event of a dividend distribution, the amount to be distributed shall not be less than 20% and can be up to 100% of the net profit reduced by accumulated losses, if any, and contribution to Company's reserves as requested by legal provisions in force.

4) Dividends may be distributed as cash or as bonus shares or as a combination of cash and bonus shares.

5) Dividend distribution dates shall be determined by the General Assembly in accordance with the capital markets legislation.

This Dividend Distribution Policy enters into force upon approval of the General Assembly. Any amendments related to the Policy are subject to the approval of the General Assembly.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

Ray Sigorta A.Ş., has adopted the concepts of equity, transparency, accountability and responsibility of the Corporate Governance Principles and aims to comply with these principles in its activities at its most. Within this context, the company complies with all compulsory and some of the non-compulsory corporate governance principles. Moreover the company continues to work on to comply with all non-compulsory corporate governance principles.

The details about the implementation of the principles are below.

PART I - SHAREHOLDERS

2. Investor Relations Department

The person in charge of this department was Uğur Telci in 2012. However Erhan Subaşı is appointed in February 2013. yatirimci.iliskileri@raysigorta.com.tr or ınvestor.relation@raysigorta.com.tr
Tel : (212) 363 27 40

The main responsibilities of the Investor Relations Department;

a) To ensure records about the shareholders are kept in a healthy, trustworthy and updated manner,

b) To answer written information requests about the company from the shareholders excluding information which is undisclosed, secret or commercial secret,

c) To ensure the Annual General Meeting is held in line with the legislation in force, articles of association and other intercompany regulations,

d) To prepare the documents that the shareholders might use for the Annual General Meeting,

e) To ensure voting results are recorded and related reports about the results are sent to the shareholders,

f) To pursue and monitor every matter related to public disclosure including the legislation and corporate disclosure policy,

In 2012 there were no request for information from the shareholders.

3. Use of Shareholders' Right to Obtain Information

In 2012 our company received any information request from the shareholders.

Shareholders were informed about the company through Public Disclosure Statements made to the Public Disclosure Platform, in line with the notification of the Capital Markets Board (SPK). All these statements can also be reached from the corporate website. Even though the request for the appointment of a private auditor is not arranged as a right in the articles of association, according to the Turkish Commerce Law, shareholders owning five percent and more shares of the company are entitled to it. However, there has been no request in this line until now.

4. General Assembly Meetings

The Ordinary Generel Assembly Meeting of our company for 2011 was held on June 29, 2012. In line with our articles of association, the invitation for the meeting was published in the nation-wide daily Akşam and Turkish Commercial Registry Gazette. Also, the invitation by the Board of Directors for the Ordinary Generel Assembly Meeting was sent to the shareholders, addressed by name, within the proper time in line with the relevant clauses of the Turkish Commerce Law.

The documents related to our Ordinary Generel Assembly Meeting, the 2011 Annual Report, audit reports and the proposition of the Board of Directors for 2011 operating income were at the disposal 15 days before the Ordinary Generel Assembly Meeting date for our shareholders.

There were no proposals/questions from our shareholders in our Ordinary Generel Assembly Meeting. Open voting was held in the Annual General Meeting. The quorum in the Ordinary Generel Assembly Meeting was subject to the clauses in the Turkish Commerce Law and 94 percent quorum was achieved.

The Ordinary Generel Assembly Meeting minutes were made available in our headquarters to be sent to our shareholders who might request for them.

There are no clauses in the articles of association of the company necessitating the Ordinary Generel Assembly Meeting to make decisions on the division, large amount of asset purchase, sale or rental. In 2012 we made donations and aids amounting to a total of TL 13,326 and the General Assembly was informed on the issue. The following table provides details on donations and aids:

Lösev (Foundation for Children with Leukemia)	1.586,00
Hacettepe Üniversitesi (Hacettepe University)	1.000,00
İstanbul Sigorta Acenteleri Derneği (Istanbul Insurance Agents Association)	3.000,00
Galatsaray Vakfı (Galatasaray Foundation)	7.000,00
Türkiye Sigorta Birliği (Kısa Mertajlı Film Yarışması) (Insurance Association of Turkey) (Short Length Film Competition)	590,00
Avusturya.Liseliler Vakfı (St. George's Austrian High School Graduates Foundation)	150,00
TOPLAM	**13.326,00**

5. Voting and Minority Rights

There are no preferred stocks in our company. Our shareholders have made no request for the representation of their minority shares in the management. There is no cumulative voting practice.

6. Dividend Rights

There are no privileges in participating in dividend distribution in our company.

While there is no disclosed dividend distribution policy other than the dividend distribution rules written in the articles of association, when our Board of Directors present their dividend distribution proposal for vote in the General Assembly Meeting, they take the expectations ofthe shareholders and the need for our company to grow into consideration.

Principles regarding Dividend Distribution Policy of Ray Sigorta A.Ş. (the "Company") are stated as follows:

(1) Dividend distribution practices are subject to the relevant provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Legislation and Articles of Association of the Company.

(2) The dividend shall not be distributed as long as accumulated losses, if any, are not fully deducted from the net profit amount.

(3) In the event of a dividend distribution, the amount to be distributed shall not be less than 20% and can be up to 100% of the net profit reduced by accumulated losses, if any, and contribution to Company's reserves as requested by legal provisions in force.

4) Dividends may be distributed as cash or as bonus shares or as a combination of cash and bonus shares.

(5) Dividend distribution dates shall be determined by the General Assembly in accordance with the capital markets legislation.

This Dividend Distribution Policy enters into force upon approval of the General Assembly. Any amendments related to the Policy are subject to the approval of the General Assembly.

The fact that the dividend distribution is in compliance with the framework of Turkish Commerce Law and the current Capital Markets legislation is also explained in our regular financial tables and the relevant footnotes of our independent audit reports.

The Board of Directors decided to offset the net profit for the period of 2011, against the previous years' losses. This profit decision was presented to the General Assembly and was accepted in the General Assembly.

There is no clause about advance dividend payment in our company's articles of association.

7. Transfer of Shares

In the articles of association, there is a clause which provides that: "The acquisition of a 10 percent stake or more of the capital by a natural or legal person and share acquisitions which result in increasing the shares of a partner above 10, 20, 33 or 50 percent of the company capital and share transfers that result in decreasing the share of a partner below the mentioned levels is subject to the permission of the Undersecretariat of Treasury. Records in the stock registry violating this clause are null and void. The above clause is applied in cases of right of usufruct and voting right."

Expect legal obligation which is mentioned above, there are any restrictions on the transfer of shares between the parties in the articles of association of the firm.

PART II- PUBLIC DISCLOSURE AND TRANSPARENCY

8. Public Information Policy

The purpose of our Corporate Disclosure Policy is to make timely, correct, full and understandable disclosures of financial and non-financial information about the company excluding commercial secrets and undisclosed ones to the public.

The people authorized concerning the Corporate Disclosure Policy are;

Levent Şişmanoğlu General Manager (212) 363 26 46 levent.sismanoglu@raysigorta.com.tr
Koray Erdoğan Financial and Administrative Affairs Director (212) 363 25 24 koray.erdogan@raysigorta.com.tr

9. Corporate Website and its Content

Our corporate website address is www.raysigorta.com.tr. The Investor Relations section of our company's website contains information on the Partnership Structure of our Company, our Mission, Vision and Values, Ethic Rules, Board of Directors list, Articles of Association, Financial Statements and our Independent Audit Reports, Annual General Meeting and Annual Report, while the Material Event Disclosures are also available. The corporate website address is printed in the corporate letterhead stationery. According to Turkish Commerce Law Article 1524, our corporate website is available to everyone and operates in line with legal regulations.

10. Annual Report

The company provides the information required by Corporate Governance Principles for year 2012 Annual Report.

PART III- STAKEHOLDERS

11. Disclosure to Stakeholders

The stakeholders consist of shareholders, investors, financial institutions and suppliers and they can access public disclosures, legal regulations and statements as well as other information on our company through our web site. The company has established necessary mechanisms in order to enable the stakeholders to relay any illegal or unethical operations of the Company to the Corporate Governance Committee and the Audit Committee which report to the Board of Directors.

12. Participation of Stakeholders in the Management

There is no provision in the articles of association regarding the participation of stakeholders in the company's management.

13. Human Resources Policy

The value we give to our employees and the value created by our employees for our company mutually support and feed each other. Our objective is to ensure that the value, context, conditions, system and the potential of the system created by human resources within this cycle are effectively planned, managed and improved with constant development, that the existing energy falls into its place and processed according to the targets.

We conduct a hiring and appointment process recruitment process with the objective of placing the right people at the right jobs with an objective assessment based on competence within the framework of our basic values in line with our company's mission, vision and objectives. In this context, we provide orientation and development training in order to accelerate the adaptation of the employees we hired to our corporate structure and to develop their professional skills.

Our "Performance Management" process, which helps the employees perform in accordance with the company's targets and to focus on the same objective, includes target setting, monitoring, assessment and feedback phases. We intend to make an objective evaluation of the employees by using such a performance management system and to make efficient and accurate planning of the outcomes of this system such as promotion, salary, development and career planning.

This process was announced to all employees by the Regulation of the Performance Management.

The changing and developing needs of our employees and customers on a daily basis provide a direction for us regarding how to improve our expertise and capabilities. In light of these needs, we offer training that provides constant development for our employees and business partners.

The Human Resources Department of our company operates according to the following Human Resources policies:

• In human resources, no discrimination is made on the basis of race, ethnicity, nationality, religion and sex. Equal opportunities are provided for people with equal qualifications, performance, productivity and provides a basis for salary and promotion and a open doors policy is applied.

• Those who have professional qualifications equired to perform the given tasks are selected as managers.

• A safe and healthy working environment as well as opportunities to develop their careers are provided to the employees.

The human resources policies are elaborated in the ethic rules which we disclosed to the public. There is no practice of appointing a representative to conduct relations with the employees. The Human Resources Department manages the relationship between the company officials and the employees and operates in an open and transparent communication environment with all employees, managers and Company officials.

No complaints received from employees regarding discrimination.

The duties and responsibilities have been identified and those are knowledge of all employees.

14. Ethic Rules and Social Responsibility

Ray Sigorta A.Ş. defines it's basic values as follows:

We are...
A Family,
Honest,
Respectful to ethical values,
Fair,
Transparent and Sharing,
Creative and Productive,
Value Humans.

Our executives and employees do their part to keep the reputation of our company and its stakeholders on the highest level by pursuing these basic values in all of their relationships and works. Under our corporate governance concept, we use orgazinational models that support management of our individual and corporate risks in an increasing productivity.

All employees of the company carry out their responsibilities in compliance with the ethical rules approved by compare. The implementation of ethic rules which are described below in general that are approved by the Board of Directors is monitored and evaluated through constant reviews by the Ethics Board of our company under the rules defined in the Ethic Board Directive of the company.

Our Ethic Rules :

• The current legislations, articles of association, internal regulations and policies set the basis of the company operations.

• Informal activities are forbidden. The accuracy and consistence of business records are essential.

• Classified information of the company and other data that are qualified as business secrets and customer information is confidential.

• We convey employee personal rights clearly and accurately to provide a healthy, secure and productive work environment.

• We act responsibly in our works regarding the protection of democracy, human rights, the environment and make efforts to take part in compliant activities.

• We provide accurate and clear information in a timely fashion regarding our strategies, investments, risk profile and financial statements in our disclosures to the public and our shareholders.

• We treat all of our business partners, suppliers, individuals and institutions that we have a business relationship with fairly and respectfully, while being attentive to fulfill our liabilities in time.

• We aim to establish a long term and stable cooperation with the individuals and institutions that we do business with and demonstrate the utmost care to protect confidential information.

• We compete only in legal and ethical fields and avoid unfair competition.

Our company pays regard to fulfilling its responsibilities regarding the prevention of environmental pollution and the protection of natural resources while conducting its operations.

PART IV - BOARD OF DIRECTORS

The Members of the Board of Directors of our Company:

BOARD OF DIRECTORS				
Name & Surname	**Position**	**Date of Appointment**	**Education**	**Work Experience**
Karl Fink	Chairman of the Board of Directors and Corporate Governance Committee Member	29.07.2009	University / Bussiness Administration	2011 - present / VIG Re / Chairman of the Board of Directors 2009 - 2012 / Vienna Insurance Group / Member of the Extended Management Board 2007 - 2009 / Vienna Insurance Group / Deputy General Manager 2004 - 2007 / Wiener Staedtische, Allgemeine Versicherungs AG / Deputy General Manager 1987 - 2004 / Wiener Staedtische, Allgemeine Versicherungs AG Vienna / Member of Management Board 1979 - 1978 / Interrisk Internationale Versicherungs Aktiengeselleschaft / Chairman of the Board of Directors 1975 - 1979 / Wiener Stadtische Wechselseitige Versicherungsanstalt, Vienna / Industrial Risks 1971 - 1975 / Marubeni Corporation, Tokyo / Authorized Representative in Berlin

BOARD OF DIRECTORS				
Name, Surname	**Position**	**Date of Assignment**	**Education**	**Professional Experience**
Dr. Martin Simhandl	Deputy Chairman of Board of Directors and Corporate Governance Committee Member	12.04.2011	University / Law	2004 - present / Vienna Insurance Group / CFO - Member Managment Board 1985 - Vienna Insurance Group
Mehmet Levent Şişmanoğlu	Member of Board of Directors Chairman of Executive Board, General Manager	Joined the company: 07.03.2007 Assignment Date as General Mng: 01.08.2010	University / Economy	2007 - present / Ray Sigorta A.Ş. 2006 - 2007 / Brian Tracy / Sales Organization Consultant and Trainer 2003 - 2005 / Genel Sigorta and Genel Yaşam Sigorta Agency 1997 - 2003 / Garanti Sigorta A.Ş. / Regional Director 1996 - 1997 / Arpaş Kuyumculuk / Sales Manager 1995 - 1996 / Polisan A.Ş. / Sales Manager 1994 - 1995 / Rotopaş A.Ş. / Product Manager
Vladimir Mraz	Member of Board of Directors	08.04.2008	Post Graduate / Production Technologies	2008 - present / TBIH Financial Services Group N.V / Member of Management Board 1993 - 2008 / Kooperative pojist ovna. a.s. - Vienna Insurance Group / Chairman of the Management Board and General Manager 1991 - 1993 / Kooperativa / Branch Manager 1987 - 1991 / Czech Republic - State Insurance Company / General Insurance Department Manager 1980 - 1987 / Czech Republic - State Insurance Company / Motor Car Insurance Department manager 1972 - 1980 / Czech Republic - State Insurance Company / Senior Insurance Specialist 1968 - 1972 / Czech Republic - State Insurance / Claims Assessment Officer

BOARD OF DIRECTORS				
Name, Surname	**Position**	**Date of Assignment**	**Education**	**Professional Experience**
Hüsniye Çiğdem Çadırcı Copikoğlu	Member of Board of Directors, Independent Member, Audit Committee Member	12.04.2011-14.09.2012	Undergraduate / French	2006 - 2010 / Swiss Reinsurance Company A.G. / Vice President Europe - Senior Manager for Europe 1998 - 2006 / GE Insurance Solutions / Business Development Manager- Leading Property Underwriter / Property Insurance for Europe - Underwriter 1994 - 1998 / Ankara Sigorta A.Ş. / Director of Reinsurance and Large Customers 1990 - 1994 / İstanbul Reasürans A.Ş. / Technical Director
Dr. Hilmar Kroat-Reder L.L.M.	Member of Board of Directors and Independent Member, Audit Committee Member	29.06.2012	PhD / Law	2012 - present / OMV Petrol Ofisi A.Ş. / Member of the Executive Board 2012 / OMV Gaz ve Enerji Holding A.Ş. / Deputy CEO 2012 / Enerco Enerji Sanayi ve Ticaret A.Ş. / Member of the Board of Directors 2011 / OMV Petrom S.A. /Member of the Executive Board, Gas, Energy and Chemicals 2009 - 2010 / RespACT / Member of the Executive Board 2008 - 2010 / OMV Aktiengesellschaft / Senior Vice President Corporate Relations and Sustainability 2008 - 2010 / Austrian Corporate Governance Committee / Member 2006 - OMV / Aktiengesellschaft / Senior Vice President 2002 - OMV Aktiengesellschaft / Corporate Development, Mergers and Acquisitions Legal Advisor 2000 - 2002 / Haarmann Hemmelrath Hügel / Junior Partner 1996 - 1999 / Hügel Dallmann & Partner / Medium Sized and Senior Partner

BOARD OF DIRECTORS				
Name, Surname	**Position**	**Date of Assignment**	**Education**	**Professional Experience**
Dr. İsmail Hakkı Ergener	Member of Board of Directors, Independent Member Chairman of the Audit Committee and the Corporate Governence Committee	20.09.2012	PhD / Economic and Administrative Sciences	2012 - EurocityBank AG / CEO 2009 - 2012 / SK Danube AG /GM 1997 - 2008 / DenizBank AG General Manager 1995 - 2007 / Express Trade Bank. General Manager 1991 - 1995 / Deutsch Türkische Bank Credit Marketing Manager 1989 - 1991 / Turkish Development Bank Germany Representative 1987 - 1989 / İktisat Bankası /Branch Marketing Manager 1986 - 1987 / Cerrahgil A.Ş. / Exports Manager 1984 - 1985 / Interbank / Credit Analyst

15. Structure and Composition of the Board of Directors

Two different people hold the Chairman of the Board of Directors and the General Manager positions in our company.

According to the 15th article of our company's articles of association, the maximum term of office of the Members of the Board of Directors is three years and the members are elected in the General Assembly in every three years. The Insurance Law No. 5684 provides that, "The Boards of Directors of the insurance and reinsurance companies cannot consist of less than five people and the number of auditors cannot be less than two. The general manager is a natural member of the Board of Directors." The company's operations and management are carried out by a Board of Directors which consist of a minimum of five (5) and a maximum nine (9) members who are elected among the shareholders in accordance with the regulations of the Turkish Commercial Code.

In this accounting period, three candidates were nominated for the Board of Directors who comply with the independency criteria defined under the Capital Market Board communiqués, the Audit Committee submitted its reports on their compliance with independency criteria to the Board of Directors first on 31.05.2012 and then on 17.09.2012 for the vacant membership. Two independent members were elected to meet the provision of appointment of independent board members. The majority of the board consist of the non-executive members. Any employment of the members of the Board of Directors out of the company is subject to specific rules and the non-executive members of the Board of Directors have roles in other group companies.

16. Operation Essentials of the Board of Directors

The 16th article of our articles of association provides that the Board of Directors will meet when the company activities necessitates, however must convene at least once in every three months as legally required.

The location of the meetings is the meeting a board. According to the Turkish Commercial Code, the board can take a decision if at least the majority of the board members gives written approval to any proposal presented by a board member in the form of a decision on a specific issue without physically holding a meeting. The Board of Directors can take a decision to hold the meeting in a different location. The topics that will be discussed in the meeting will be conveyed to board members as an agenda prior to the meeting.

A routine agenda of a meeting of the Board of Directors is consisted of the following issues:

- The situation of the payments of public claims in the previous month
- Operating results of the previous month
- Recent economic developments
- Recent legislative developments (tax laws and regulations etc).
- Overall performance of the company
- Financial situation of the company
- Salary policies regarding the employees
- Evaluation of the audit reports
- Discussions on budget and business plans

Since all decisions made in the Board of Directors until now have been made with unanimity of the attending members, no other vote was necessary on any topics on which different opinions were expressed in the meetings. Moreover, no question which should be recorded was placed by any member during the meetings as all members keep constant contact with each other.

No members of the Board of Directors are entitled to a weighted voting or a negative veto rights.

VIG Group companies and the partners, subsidiaries and top management of the Company are defined as Affiliated Companies for the purposes of these Financial Statements. Transactions with the Affiliated Companies are mainly in the form of premiums transfer within the framework of the insurance activities. We have quota share and surplus reinsurance treaties with the Affiliates, while specific reinsurance transfers can also be made in accordance with the market conditions. Other than the insurance activities; consultancy services are also procured from the Affiliates in the fields of information technologies, actuary and reinsurance, and these procurements are in the form of purchase of service on the price or fees found in compliance with the arm's length principle.

17. The Number, Composition and Independency of the Committees under the Board of Directors

The Audit Committee and the Corporate Governance Committee were established in order to help the Board of Directors to carry out its duties and responsibility in a healthy way in compliance with the existing regulations of the Capital Markets Board. The members of the Audit Committee have the qualification required by their duties and elected among the non-executive Board members who are not executive directors. In compliance with the Capital Markets Board regulations, all members of the Audit Committee are elected among the independent members of the Board of Directors and the Audit Committee is consisted of two independent members. The chairman of the Audit Committee (who is also in charge of internal systems) is the non-executive member of the Board of Directors.

The Audit Committee has the responsibility of functioning of the accountancy and financial reporting organization, disclosure of financial information and reports to the public and monitoring the functioning and efficiency of the independent auditing and internal control system.

The Audit Committee conducts its operations in compliance with the "Audit Committee Directive" which defines its operating procedures and essence, meets at least four times a year and presents the decisions made in the meeting to the Board of Directors in writing.

The members of the Corporate Governance Committee are appointed by a decision of the Board of Directors among the non-executive members of the Board of Directors with a chairman who is an independent member in accordance with the Capital Markets Board regulation. The committee is consisted of three members.

Under the operating procedures and essence set in the Corporate Governance Committee Directive, the Corporate Governance Committee is in charge of overseeing whether the company complies with the "Corporate Governance Principles" issued by the Capital Markets Board ('CMB'), if the company does not fully comply with these, identifying the reason, determining the potential risks that arise from the Company's failure to comply with the rules including the conflict of interest, making recommendations to have a better compliance with the Corporate Governance Principles and to improve practices regarding these principles and to carry out the functions of the Nomination Committee, Remuneration Committee and Early Identification of Risk Committee as defined by the Corporate Governance Principles issued by the CMB.

The Corporate Governance Committee meets in a frequency that will able the committee to carry out its duties efficiently. However, under the early detection of risk works, the Committee will submit a report that analyzes the situation, identifies the dangers, if any, and offers solutions to the Board of Directors.

18. Risk Management and Internal Control Mechanism

"Regulation on the Internal Regulations Systems of the Insurance and Reinsurance and Pension Companies" No 26913 and dated 21 June 2008 issued by the Republic of Turkey Treasury Undersecretariat has regulated the principles and procedures regarding the Internal Control, Risk Management and Internal Audit systems and the functioning thereof as will be established at the insurance and reinsurance companies founded in Turkey and at Turkish branches and Turkey based companies of the insurance and reinsurance companies founded abroad.

According to this Regulation, Companies are obliged to install, manage and develop sufficient and efficient internal systems at all of their regional directorates and units in conformance with the scope and structure of their activities and in compliance with the changing conditions within the principles and procedures set forth by the designated regulations for the purpose of monitoring and controlling their risks.

Within the framework of this regulation, Internal Control and Risk Management Department carries out the internal control activities aimed at the efficient, sufficient and appropriate operation and development of the internal control system, as well as the risk management system activities that ensure the definition, measurement, monitoring and control of the risks by use of the policies, implementation procedures and limits laid down for monitoring, controlling and changing - as applicable - the risk and income structure contained by the Company's future cash flows, and depending on that the quality and the level of such activities.

19. Strategic Targets of the Company

Our Company's mission is to constantly develop its knowledge in the field of insurance, its product infrastructure, reliable service understanding, strong technology and human resources from an innovative perspective, and to become the preferred company for its customers, business partners, stakeholders and employees with the help of the value it creates.

Our agents and brokers are the most valuable business partners of our company and they will receive the best services in the insurance industry from us.

Our Company's vision is "to become a value-creating company that shapes the insurance industry".

To take its place among the top 5 insurance companies in the non-life sector by 2015.
Strategic targets formulated by our executives in line with our Company's plans are submitted to the approval of our Board of Directors.

Our Board of Directors monitors and assesses whether or not our Company has achieved the set targets, and the results of our Company's activities and its performance are reviewed in the light of the detailed plans.

20. Financial Rights

As defined in the company's articles of association, the attendance fee and salary paid to the members of the Board of Directors for their positions are set by the General Assembly.

The company's performance is taken into consideration for setting the financial rights of the Board of Directors.

Neither stock options nor payment plans based on performance are used in the assignment of the salaries of the independent Board members. The assignment of the salaries of independent members is based on the criteria to protect their independency.

The company does not lend and provide loan facilities to the members of the Board of Directors. The members of the Board of Directors cannot use cash or non-cash credits from our Company and no assurances such as guarantees in favor of the members are provided.

Remunerations and premiums paid by the Company to the top executives are determined by the Board of Directors. Company's performance is taken into consideration for indentifying the financial rights of the Company's top executives.

HUMAN RESOURCES PRACTICES

The value we give to our employees and the value our employees create for our company are in a symbiotic cycle. Our objective is to ensure the human resources potential which is directly linked to the value, environment, conditions, and system. The system's potential is efficiently planned, managed and constantly improved while the existing energy is released and directed in line with the objectives.

In line with our company's mission, vision and objectives; we conduct an objective based on merit hiring and placement process within the framework of our fundamental values that aims to place the right person in the right position. In this direction, we organize orientation and development trainings to accelerate the adaptation of the employees we hired into our corporate structure, and to build the necessary professional fundamentals.

Our 'Performance Management' process which enables our employees to work in line with the Company objectives and to focus on the same objective comprises goal setting, monitoring, evaluation and feedback stages.

Through a performance management of this kind, we aim for an objective evaluation of the employees with efficient and correct planning of the system results such as promotion, remuneration, development and career planning.

The needs of our employees and customers which change and develop by day guide us in the direction we should improve our expertise and competence. In line with these needs, we offer our employees and shareholders training that provide constant improvement.

All employees within the company are provided with the legal rights, furthermore the company also provides meal, transportation and car and gas (depending on the position) to the employees as additional benefits. Based on the Board decision, all our employees are entitled to bonus according to their performances and the Company performance through out the year. Also all employees have private health and personal accident insurance provided by the Company.

While managing all these activities;

- Raising customer-oriented leaders who can powerfully and sensitively plan our Company's today and future within the framework of our fundamental values,
- Act according to equal opportunity principles which eliminates discrimination based on race, ethnic background, nationality, language, religion and gender,

- Provide a trustworthy, transparent, participative, flexible environment for our employees that enables them to improve themselves constantly,

- Pursuing the rights, social security, work, and private life balance of our employees,

- Increasing the efficiency of our employees through career planning within an objective performance assessment system,

- Enabling our employees to improve themselves at the highest level through internal and external trainings that suit our vision and fundamental values,

And Constitute our Human Resources policies.

COMPLIANCE WITH THE LEGISLATION ON LAUNDERING OF THE PROCEEDS OF CRIME AND PREVENTION OF TERRORISM FINANCING

"Regulation Regarding the Measures for the Laundering of the Proceeds of Crime and Prevention of Terrorism" has been published in the framework of the implementation of the law by the Financial Crimes Investigation Board as established with the "Law on Prevention of Laundering Proceeds of Crime" dated 11/10/2006 and no. 5549. "Principles of Obligation of Identification" and "Principles of Suspicious Transactions and Suspicious Transaction Reporting" are defined in the related Regulation.

Necessary explanations regarding our obligations and suspicious transaction reporting have been provided in our Ray Sigorta A.Ş. Corporate Policy.

In line with the principles of Obligation of Identification, retrospective studies were carried out by our company and conformity with the legislation has been provided. The monetary limit required for identification for the natural and legal persons have been removed, and the legal limit for other persons and corporations has been maintained. It has been inspected whether the identification transactions took place properly or not, with periodical monitoring.

Our company believes in the importance and persistence of acquiring information in the industrial area and provides computer-supported distance learning for facilitating the access to information and ensuring timeliness. In line with this fact, the e-learning program was shared with our personnel and our agencies. Participation in the training and assessment process was made obligatory for all our personnel and our agencies, within the framework of the "Compliance with the Legislation on Laundering of the Proceeds of Crime and Prevention of Terrorism Financing Program" in 2012.

Studies have been carried out with the informational technologies and technical personnel in order to ensure risk analysis and reporting.

In the framework of the obligation of suspicious transaction reporting, a "Suspicious Transaction Reporting Procedure" was prepared and has been taken into effect. This procedure has been included in the other Company regulations and processes.

INTERNAL AUDIT

In international jargon, the concept of Internal Control is defined as: “An independent and objective protection and consulting activity of an institution holding the aim of improving the activities and adding value. Internal control brings a systematic and disciplined approach with the aim of assessing and improving the effectiveness of the institution in risk management, control and governance processes and helps the institution to achieve its objectives.”

According to a circular note issued by the Undersecretariat of Treasury in 2004 named Regulation on Insurance and Reinsurance Companies’ Internal Systems, an Internal Controls Department was established and became operational in our company. With the internal systems regulation which entered into force in 2008, procedures and principles regarding the establishment, development and operation of internal control systems was extensively revised. Along with the existing legislation, a continuous and disciplined approach compatible with the widely accepted controlling standards defines the framework of Internal Control activities. Within this context; independent, objective protection and consulting activities to assess and give guidance on whether the assets are being used based on affordability, effectiveness and efficiency principles so that there is added value for our Company employees and that it is further improved are being executed.

The activities of Ray Sigorta A.Ş. Internal Control Department aim to ensure that our Company’s activities are in line with the law and other relevant legislation and that they are being implemented in line with the corporate strategy, policy, principle and objectives; to assess and improve the effectiveness of management, control and risk management processes. The purpose, scope and standards of the Internal Control and the mission, authority, responsibility, structure, activities and working principles of the Ray Sigorta A.Ş. Internal Control Department are determined by the Ray Sigorta Internal Control Regulation.

The impact of the developments on global and national level can be observed in the adaptation process into corporate governance principles in the insurance industry just like in many corporations from many fields. Through the change in Turkish Commerce Law and the Capital Markets Board legislation, the objective is to arrange the rights of the stakeholders, the enlightenment of the public opinion and transparency and to adapt into corporate governance principles in chapters concerning the regulation of the relationship between the beneficiaries and the company and the function of the board of directors. The principles in question are: approaches and principles that ensure the effectiveness and efficiency of the corporate activities in management, workflow and equity, accountability, transparency and responsibility. The principles in question comprise all the activities of the Companies and these are objectives that could be improved depending on the efficiency of internal control systems. Ray Sigorta A.Ş. Internal Control Department tries to give guidance on whether the internal control system is effective or not, whether the risks are properly assessed and evaluated or not.

The Internal Control Department works directly under the Board of Directors in line with functional independence principle and reports to the Committee Responsible for Controls within the Board of Directors. Therefore, the Committee Responsible for Controls fulfills the monitoring of the functioning of the internal control and risk management system through the Internal Control function and materializes corporate governance understanding.

Internal Control activity is implemented within the framework of the annual and the three-year Internal Control Plan approved by the Board of Directors. Audit reports generated as a result of studies in line with the risk-based control plan are submitted to the Board of Directors and the top management and can be sent to the Undersecretariat of Treasury.

The results and findings of the Internal Control activities are evaluated in the annual internal control activity report and findings monitoring list. Our Internal Control activities are reviewed by the Undersecretariat of Treasury.

The internal control activities comprise headquarters, regional headquarters, representative offices and all agent activities. Necessary actions envisaged by our Company based on the audit opinions and suggestions submitted with the Internal Control reports, are constantly monitored by the Internal Control Department. This way, a systematic approach aiming to assess and improve the effectiveness of our Company's Internal Control and Risk Management system is being developed. With this understanding, objectives for the Headquarters, Regional Headquarters and Agents under records and reporting and the trustworthiness of information systems, legislation and compliance with corporate objectives are determined in the 2012 internal control plan and our opinion and suggestions developed as a result of the activities are submitted in our reports.

Ray Sigorta A.Ş. Internal Control department participates in training efforts of the industry in the field of internal control with the aim of professional development, and attends professional certificate programs. Internal Control Department also participates in training efforts to share its existing internal control practice with other companies under the body of VIG.

Financial plan of company development
Table № 16

FINANCIAL INFORMATION AND RISK MANAGEMENT

46 RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

Pursuant to “the Regulation on the Internal Systems of the Insurance, Reinsurance and Pension companies, a member has been assigned in the Company’s Board of Directors, who will be responsible for the Internal Systems, also covering the Risk Management and Internal Control systems.

Besides, a Corporate Risk Management Committee has been created under the chair of the General Manager and in coordination with the Risk Management and Internal Control Manager so as to observe the effectiveness of the practices of the risk management process, and to adopt common decisions in respect of the risk profile, risk strategy of the Company as well as the risk level and risk limitations tolerable by the Company.

The Risk Management Activities are intended to integrate the Risk Management System into the existing functions and processes of the company, and to ensure its implementation throughout the company as well as to protect the capital structure, ensure efficient and productive capital management, proper management of the risks identified on the way to achieving company goals, to reinforce planning and decision-making processes and enhance the added value of the activities by means of creating a risk culture throughout the company.

In line with these goals, the risk management activities of our Company are conducted in accordance with the below-given criteria by the Risk Management and Internal Control Department in compliance with the legal arrangements.

- To identify risk management policies and procedures of implementation on the basis of risk management strategies,

- To ensure the implementation of risk management and other procedures of implementation as well as the compliance therewith,

- To ensure the clarification of the risks and ensure that adequate assessment is made before taking any actions in relation thereto,

- To participate in the process of designing, choosing and activating risk measurement models and providing preliminary approval as well as to regularly review such models and apply required changes thereto,

- To produce reports out of the risk measurement models used by the company and to analyze such reports,

- To ensure that the risks, which allow digitizing, remain within the identified limits and to monitor the use of such reports,

- To monitor the compliance with identified limits throughout the whole company through aggregation of identified limits on the basis of each risk,

- To ensure timely and regular reporting of the results of risk measurement and risk monitoring to the Board of Directors or the official responsible for the relevant internal systems and to the General Manager.

All internal processes of our company are reviewed and work flow charts are revised, process-specific risk and control points are identified and sufficiency of the controls are tested by the Internal Control and Risk Management department within the scope of the risk management and internal control activities for the purpose of improving the existing internal control system and of running the operational risk management process of our company. The work flows are revised in line with the in-process control matrix and risk map created in accordance with the results of the process-specific risks and related controls. Documentation, findings and recommendations developed in relation to each process are communicated to the process owners and management body of the company.

Transactions Conducted with the Risk Group We are Involved
The Company, throughout all insurance transactions and operations conducted with the risk group and companies it is involved, applies the procedures and policies applied to other third parties. The information and details about the transactions with the risk group, which the company is involved, are available in detail under the footnotes no 12.2 and 45.

RISK MANAGEMENT POLICIES INFORMATION ON RISK TYPES AND IMPLEMENTED RISK MANAGEMENT POLICIES

The risks evaluated in the measurement and modeling used in our Company's risk management process are as follows:

1. Insurance Risk

The risks concerning insurance contracts stem from the probability and realization of the incidents subject to insurance and the unforeseen cost of damage that will result from these incidents. By nature of insurance contracts, the risk in question is coincidental and therefore it cannot be entirely foreseen.

Based on information from several branches, the most important criteria in determining the risks for motor accidents are factors such as; the type, age, purpose of use, service costs, the profession, gender and age of the owner of the vehicle. One can talk about three fields in non-motor accidents. These are liability, personal accident and those that are included in accident insurances. The most important elements in determining the liability risks are the subject of the insurance, the annual turnover, risk types, statistics from previous years, the scope of the region and similar factors. Concerning cargo insurance, information such as the stocks, types of products, types of the freight or the shipping vehicle and information about the products being shipped from here to there are among the criteria that need to be taken into consideration. As for the hull insurance, the risks are generally determined and announced by the headquarters. The reason this methodology is appropriate is because the rate of use is low and risk determination is specific. Fire insurance on the other hand, can be assessed in two separate categories and those are industrial and personal. The insured physical loss is guaranteed for any damages resulting from fire, lightning, explosion and any reason covered by the policy. Insurance is based on risk acceptance criteria, agreement articles and market conditions. Engineering insurance include contracts comprising of permanent risks and temporary, non-chronic risks. The former includes mechanical equipment, electronic equipment and sudden and unpredictable losses in power plants. In the latter, the scope of the contract is limited with a warranty period. The insurance is made based on the market conditions, risk acceptance criteria and reinsurance agreement articles.

The most important risk for the Company regarding the insurance contracts is when the risk, paid damage and compensation exceed the provisions. The Company determines its policy writing strategy based on the type of accepted insurance risks and the realized damages. The Company manages the risks in question through the policy writing strategy that it developed and the reinsurance agreements that it is a party of in all branches.

2. Financial Risks

The most important components of the financial risk are the market risk (includes the currency risk, interest rate to market value risk, cash flow risk and price risk), loan risk and liquidity risk. Financial risk management activities of the Company focus on the volatility of the financial markets and on the minimization of the potential negative effects of these on the financial performance of the Company.

Financial risk management is performed in line with the methods and limits set by the Company management and approved by the Board of Directors.

(a) Market risk

i. Interest rate risk
The interest rate risk results from the volatility in the interest rates and this risk affects the expected return from any investment positively or negatively or it has an impact on the borrowings of the companies. Because the interest rate has a direct impact on end of term cash flows or the cash flow that is to be exported. The Company manages the interest rate risk by evaluating the marked conditions and are in line with the methods approved by the Board of Directors.

ii. Currency risk
The Company is subject to currency risk stemming from the convergence of its foreign currency credit and debt into Turkish Lira. These risks are monitored and limited by analyzing the foreign exchange position. The Company manages the currency risk by evaluating the market conditions and in line with the methods approved by the Board of Directors.

iii. Price risk
The price risk refers to a potential negative change in the current market value of a fixed income security in relation to a change in market interest rates..
The company manages the price risk by evaluating the market conditions and are in line with the methods approved by the Board of Directors.

(b) Loan risk
The ownership of financial assets holds the risk that the other party may not fulfill the requirements of the contract. The loan risk of the company stems from cash and cash equivalents and bank deposits, financial assets, reinsurer share in insurance liabilities, debt owed by reinsurance companies and receivable premium payments from the insured and brokers.

The company monitors and limits the loan risk of its financial assets classified as credit and debt and receivable debt (including reinsurance debt) by collaterals and through its procedures in choosing the other party.

(c) Liquidity risk
The liquidity risk for a company is the risk of not meeting the financing needs.

Our Company manages the liquidity risk by constantly monitoring the balance and maturity mismatches between its assets and liabilities.

3. Strategic Risks
The strategic risk refers to the potential threat and risks the company faces in reaching its goals.

The Company manages its strategic risks by structuring its risk management policies and practices established within the company in line with the company goals and at Board of Directors level within the scope of strategic planning.

4. Operational Risks:
The operational risks refer to potential damages emanating directly or indirectly from human, systematic, procedural and external factors. Our company manages its operational risks by taking the risk-based assessment results which are part of the internal control activities and retrospective operational risk data and by developing effective controls throughout the company.

STATUTORY AUDITORS REPORT

BOARD OF AUDITORS REPORT

Shareholder's	Title	: RAY SİGORTA A.Ş.	
	Head Office	: Istanbul	
	Capital	: TL 163,069,856	
	Subject of Activity	: Insurance	
Auditors	Name & Surname	: Suat KAYAHAN	Dr. Mehmet EFENDİ
	Terms of office	: One year	One year
	If he / she is a partner of the Company	: No	No

Number of the Board of Directors and Board of Auditors meetings participated: 4 meetings have been participated

Scope and the date of the inspections on the Company's accounts, books and documents, and conclusions of these inspections	We have audited the books of RAY SİGORTA A.Ş. on various dates and prior to the 2012 yearend closing of accounts; and we have seen no causes for any criticism.
Inventories conducted on the pay desk of the Company, and the results of these inventories	As a result of our inspections every three months; we have seen no causes for any criticism.
Dates and results of the inspections conducted on the company negotiable instruments	As a result of our monthly inspections; we have found that the pledges and securities as well as all are duly registered and existing.
Complaints and corruptions filed, and the transactions conducted thereon	No complaints and corruptions have been filed.
Complaints and corruptions filed, and the transactions conducted thereon	No complaints and corruptions have been filed.

We have inspected the accounts and transactions of RAY SİGORTA A.Ş. for the period from 01.01.2012 to 31.12.2012 in pursuance of the Turkish Commercial Code, Articles of Associations of the Company, and other pertinent laws and generally accepted accounting principles and standards.

Based on our opinions, enclosed balance sheet of the Company as of 31.12.2012, whose content we fully adopt, reflects the true state of the Company as of the said date, and the Profit-Loss Statement for the period from 01.01.2012 to 31.12.2012 reflects the results of the actual activities of the Company during the said period and we believe that the suggestion for the profit-loss of the Company for the said period is in compliance with the laws and the Company's Articles of Association.

We hereby kindly submit the balance sheet and the profit-loss statement and the discharge of the Members of the Board of Directors for your approval.

Auditors

Suat KAYAHAN

Mehmet EFENDİ

CONVENIENCE TRANSLATION OF THE COMPLIANCE OPINION ON THE ANNUAL REPORT PRESENTED TO THE GENERAL ASSEMBLY

To the General Assembly of
Ray Sigorta A.Ş.

We have been assigned to audit the accompanying annual report prepared to be presented to the General Assembly of Ray Sigorta A.Ş. ("the Company") as of 31 December 2012. Management is responsible for the preparation of the annual report subject to the audit report. Our responsibility, as the independent auditor of the Company, is to express an opinion on the compliance of the financial information included in the annual report with respect to the audited financial statements subject to our independent audit report dated 4 March 2013.

We conducted our audit in accordance with the regulations related to the principles on the preparation and publication of annual reports as set out in accordance with the Insurance Law numbered 5684. Those regulations require that we perform the audit to obtain reasonable assurance whether the financial information included in annual report is free from material misstatement with respect to audited financial statements. We believe that the audit we have performed is sufficient and appropriate to provide a basis for our compliance opinion.

In our opinion, the financial information included in the accompanying annual report comply, in all material respects, with the information included in audited financial statements of Ray Sigorta A.Ş. as of 31 December 2012.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of
PricewaterhouseCoopers

Talar Gül, SMMM
Partner

Istanbul, 4 March 2013

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF
STATUTORY FINANCIAL
STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2012
AND THE INDEPENDENT
AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)

RAY SİGORTA
VIENNA INSURANCE GROUP

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT OF RAY SİGORTA A.Ş. FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2012 (ORIGINALLY ISSUED IN TURKISH)

To the Board of Directors of
Ray Sigorta A.Ş.,

1. We have audited the accompanying balance sheet of Ray Sigorta A.Ş. (the "Company") as of 31 December 2012 and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles and standards as set out in Turkish Insurance Legislation (the "insurance legislation"). This responsibility includes: designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; making accounting estimates that are reasonable in the circumstances; and selecting and applying appropriate accounting policies.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulations related to the principles on auditing as set out in the insurance legislation. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The 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 assessments, the auditor considers internal systems relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal systems. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's 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

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ray Sigorta A.Ş as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards as set out in the insurance legislation (Note 2).

Additional Paragraph for Convenience Translation into English

5. As discussed in Note 2.25 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("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 and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Talar Gül, SMMM
Partner

Istanbul, 4 March 2013

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED AS AT 31 DECEMBER 2012

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2012 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

Ray Sigorta A.Ş.

İstanbul, 4 March 2013

M.Levent Şişmanoğlu	Koray ERDOĞAN	Özlem ÇAYDAŞI	Suat KAYAHAN	Dr. Mehmet EFENDİ	Banu GÖNENÇ
Member of Board of Directors, General Manager	Member of Executive Board Director of Financial and Administrative Affairs	Accounting Manager	Member of the Supervisory Board	Member of the Supervisory Board	Actuary

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	Note	Audited 31 December 2012	Audited 31 December 2011
I- Current Assets			
A- Cash and Cash Equivalents	**14**	**146.965.116**	**134.997.227**
1- Cash	2.12 and 14	37.833	31.336
2- Cheques received	14	24.018	2.530
3- Banks	2.12 and 14	117.631.652	119.443.638
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities less than Three Months	2.12 and 14	29.271.613	15.519.723
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments at Insurees' Risk	**2.8 and 11**	**3.946.361**	**1.968.331**
1- Available for Sale Investments		-	-
2- Held to Maturity Investments		-	-
3- Trading Investments	2.8 and 11	3.946.361	1.968.331
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Assets at Insuree's Risk		-	-
7- Company's Shares		-	-
8- Provision for Impairment of Financial Assets (-)		-	-
C- Receivables from Operations	**2.8, 11.1 and 12.1**	**107.270.660**	**109.753.890**
1- Due from Insurance Operations	12.1 and 12.5	109.128.862	111.013.310
2- Provision for Due from Insurance Operations (-)	12.1 and 12.5	(1.867.415)	(1.268.633)
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Premium Reserves	12.1 and 12.5	9.213	9.213
6- Loans to Insurees		-	-
7- Provision for Loans to Insurees (-)		-	-
8- Due from Private Pension Fund Operations		-	-
9- Doubtful Receivables from Main Operations	12.1	32.930.755	32.356.105
10- Provision for Doubtful Receivables from Main Operations (-)		(32.930.755)	(32.356.105)
D- Due from Related Parties		**36.795**	**80.725**
1- Due from Shareholders		-	-
2- Due from Subsidiaries		-	-
3- Due from Equity Investments		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		36.795	80.725
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		**1.014.337**	**1.120.327**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		213.378	150.736
4- Other Receivables	47.1	800.959	969.591
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Deferred Expenses and Income Accruals		**26.938.200**	**21.143.927**
1- Deferred Acquisition Expenses	17.15 - 17.19	25.928.531	19.819.033
2- Accrued Interest and Rent Income		-	-
3- Deferred Income		-	-
4- Other Deferred Expenses	47.1	1.009.669	1.324.894
G- Other Current Assets		**1.634.232**	**1.335.694**
1- Prepaid Office Supplies		-	-
2- Prepaid Taxes and Funds	2.18 and 35	1.634.232	1.335.694
3- Deferred Tax Assets		-	-
4- Job Advances		-	-
5- Advances to Personnel		-	-
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**287.805.701**	**270.400.121**

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

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	Note	Audited 31 December 2012	Audited 31 December 2011
II- Non-Current Assets			
A- Receivables from Operations		**-**	**-**
1- Due from Insurance Operations		-	-
2- Provision for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Premium Reserves		-	-
6- Loans to Insurees		-	-
7- Provision for Loans to Insurees (-)		-	-
8- Due from Private Pension Fund 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 Subsidiaries		-	-
3- Due from Equity Investments		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		**-**	**-**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets	**45.2**	**140.125**	**125.125**
1- Investment Securities	45.2	140.125	125.125
2- Associates		-	-
3- Associates Capital Commitments (-)		-	-
4- Subsidiaries		-	-
5- Subsidiaries Capital Commitments (-)		-	-
6- Joint-Ventures		-	-
7- Joint-Ventures Capital Commitments (-)			
8- Financial Assets and Financial Investments at Insurees' Risk		-	-
9- Other Financial Assets		-	-
10- Provision for Impairment of Financial Assets (-)		-	-
E- Tangible Assets	**2.5 and 6**	**33.163.475**	**34.231.107**
1- Investment Property		-	-
2- Provision for Impairment in Value of Investment Property (-)		-	-
3- Property for Operational Use	6	32.599.305	32.599.305
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	3.107.617	2.986.299
6- Motor Vehicles	6	989.757	545.689
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.281.345	2.203.452
8- Leased Assets	6	1.425.981	1.689.968
9- Accumulated Depreciation (-)	6	(7.240.530)	(5.793.606)
10- Advances Given for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets	**2.7 and 8**	**615.635**	**1.158.130**
1- Rights	8	4.399.861	4.252.175
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(3.784.226)	(3.094.045)
7- Advances Given for Intangible Assets		-	-

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

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	Note	Audited 31 December 2012	Audited 31 December 2011
G- Deferred Expenses and Income Accruals		**-**	**-**
1- Prepaid Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
H- Other Non-Current Assets		**880.055**	**15.241**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Prepaid Office Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	2.18, 21 and 35	880.055	15.241
6- Other Non-Current Assets		-	-
7- Other Non-Current Assets Depreciation (-)		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		**34.799.290**	**35.529.603**
Total Assets (I+II)		**322.604.991**	**305.929.724**

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

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	Note	Audited 31 December 2012	Audited 31 December 2011
III- Current Liabilities			
A- Financial Liabilities		**12.485**	**68.185**
1- Due to Credit Institutions		-	-
2- Leasing Payables	2.22 and 4	12.688	79.252
3- Deferred Leasing Costs (-)	2.22	(203)	(11.067)
4- Short Term Installments of Long Term Borrowings		-	-
5- Issued Debt Securities		-	-
6- Other Issued Debt Securities		-	-
7- Value Differences of Other Issued Debt Securities (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Payables from Operations	**19**	**26.793.647**	**32.248.575**
1- Payables from Insurance Operations	19	875.563	493.372
2- Payables from Reinsurance Operations	19	25.896.948	31.734.067
3- Premium Reserves	4, 10 and 19	21.136	21.136
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)			
C- Due to Related Parties		**19.492**	**20.109**
1- Due to Shareholders		6.975	6.975
2- Due to Shareholders		-	-
3- Due to Equity Investments		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		12.517	13.134
6- Due to Other Related Parties		-	-
D- Other Payables	**19**	**12.217.697**	**6.167.070**
1- Deposits and Guarantees Received	19	692.085	387.376
2- Payables to SSI regarding Medical Expenses	4 and 19	8.473.635	2.790.966
3- Other Payables	4 and 47.1	3.051.977	2.988.728
4- Rediscount on Other Payables (-)		-	-
E- Insurance Technical Provisions	**2.24**	**155.141.957**	**149.325.069**
1- Unearned Premium Reserve-Net	2.24, 4 and 17	81.944.294	70.647.775
2- Unexpired Risks Reserve-Net	2.24, 4 and 17	223.928	2.059.919
3- Life Mathematical Reserve-Net		-	-
4- Outstanding Claim Provision-Net	2.24, 4 and 17	72.973.735	76.617.375
5- Bonus Provision-Net		-	-
6- Other Technical Reserves-Net		-	-
F- Taxes and Other Fiscal Liabilities		**4.317.242**	**3.500.186**
1- Taxes and Funds Payable		4.043.438	3.238.782
2- Social Security Withholdings Payable		273.804	261.404
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		- -	- -
4- Other Taxes and Fiscal Liabilities		-	-
5- Corporate Tax Provision and Other Fiscal Liabilities		-	-
6- Prepaid Corporate Tax and Other Fiscal Liabilities (-)		-	-
7- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		**2.345.090**	**1.392.219**
1- Provision for Employment Termination Benefits		-	-
2- Provision for Social Aid Fund Asset Shortage		-	-
3- Provision for Expense Accruals	2.20 and 23	2.345.090	1.392.219
H- Deferred Income and Expense Accruals		**19.625.374**	**15.198.744**
1- Deferred Comissions Income	17.15 - 17.19 and 19	19.625.374	15.174.419
2- Deferred Expenses		-	1.471
3- Other Deferred Income		-	22.854
I- Other Current Liabilities		**730.574**	**492.244**
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities	23 and 47.1	730.574	492.244
III - Total Current Liabilities		**221.203.558**	**208.412.401**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	Note	Audited 31 December 2012	Audited 31 December 2011
IV- Long-term Liabilities			
A- Financial Liabilities		**1.141**	**10.256**
1- Due to Credit Institutions		-	-
2- Leasing Payables	2.22 and 4	1.474	12.342
3- Deferred Leasing Costs (-)	2.22	(333)	(2.086)
4- Issued Debt Securities		-	-
5- Other Issued Debt Securities		-	-
6- Value Differences of Other Issued Debt Securities (-)		-	-
7- Other Financial Payables		-	-
B- Payables from Operations		**-**	**-**
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Premium Reserves		-	-
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Subsidiaries		-	-
3- Due to Equity Investments		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		**-**	**4.131.808**
1- Deposits and Guarantees Received		-	-
2- Payables to SSI regarding Medical Expenses	4 and 19	-	4.131.808
3- Other Payables		-	-
4- Rediscount on Other Payables (-)		-	-
E- Insurance Technical Provisions	**2.24**	**9.967.095**	**5.854.342**
1- Unearned Premium Reserve-Net	2.24, 4 and 17	6.623.985	2.910.072
2- Unexpired Risks Reserve-Net		-	-
3- Life Mathematical Reserve-Net		-	-
4- Outstanding Claim Provision-Net		-	-
5- Bonus Provision-Net		-	-
6- Other Technical Reserves-Net	2.24, 4, 17 and 47.1	3.343.110	2.944.270
F- Other Liabilities and Related Provisions		**-**	**-**
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		**1.234.974**	**1.059.816**
1- Provision for Employee Termination Benefits	2.19 and 22	1.234.974	1.059.816
2- Provision for Social Aid Fund Asset Shortage		-	-
H- Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Non-Current Liabilities		**-**	**-**
1- Deferred Tax Liabilities		-	-
2- Other Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		**11.203.210**	**11.056.222**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

EQUITY	Note	Audited 31 December 2012	Audited 31 December 2011
V- Equity			
A- Share Capital	**2.13**	**163.069.856**	**163.069.856**
1- (Nominal) Capital	2.13 and 15	163.069.856	163.069.856
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Registered Expected Capital		-	-
B- Capital Reserves		**2.070.152**	**2.070.152**
1- Share Premiums		2.070.152	2.070.152
2- Share Premiums of Cancelled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves	**15**	**24.798.986**	**25.262.416**
1- Legal Reserves		-	-
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Reserves		-	-
5- Valuation of Financial Assets		-	
6- Other Profit Reserves	15	24.798.986	25.262.416
D- Retained Earnings		**-**	**-**
1- Retained Earnings		-	-
E- Accumulated Deficit (-)		**(103.477.893)**	**(104.281.700)**
1- Previous Years' Losses		(103.477.893)	(104.281.700)
F- Net Profit (Loss) for the Period	**37**	**3.737.122**	**340.377**
1- Net Profit for the Period		3.737.122	340.377
2- Net Loss for the Period (-)		-	-
3- Profit not subject to Distribution		-	-
V- Total Equity		**90.198.223**	**86.461.101**
Total Liabilities And Equity (III+IV+V)		**322.604.991**	**305.929.724**

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

I- TECHNICAL PART	Note	Audited 01.01.2012 - 31.12.2012	Audited 01.01.2011 - 31.12.2011
A- Non-Life Technical Income		**156.502.538**	**141.371.852**
1- Earned Premiums - (Net of Reinsurers' Share)	5	152.216.874	137.096.909
1.1- Written Premiums - (Net of Reinsurers' Share)	2.21, 5 and 24	165.391.315	135.874.198
1.1.1- Gross Written Premiums (+)	5 and 24	304.400.258	252.962.810
1.1.2- Reinsurer's Share of Gross Written Premium (-)	10 and 24	(133.689.538)	(114.509.694)
1.1.3- Premiums Ceded to SSI (-)	2.14, 19 and 24	(5.319.405)	(2.578.918)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share)(+/-)	5 and 17.15	(15.010.432)	(339.686)
1.2.1- Unearned Premiums Reserve (+)	17.15	(35.254.656)	(1.756.852)
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (-)	10 and 17.15	17.697.566	(439.885)
1.2.3- SSI Share of Unearned Premium Reserve (+/-)	17.15	2.546.658	1.857.051
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	5 and 17.15	1.835.991	1.562.397
1.3.1- Unexpired Risks Reserve (-)	17.15	1.918.821	1.509.764
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)	10 and 17.15	(82.830)	52.633
2- Investment Income Transferred from Non-Technical Part		8.324.843	5.772.414
3- Other Technical Income (Net of Reinsurers' Share)		(5.774.270)	(3.598.185)
3.1- Gross Other Technical Income (+)		(5.774.270)	(3.598.185)
3.2- Reinsurers' Share of Other Gross Technical Income (-)		-	-
4- Claim Recovery and Salvage Income Accruals		1.735.091	2.100.714
B- Non-Life Technical Expense (-)		**(146.854.599)**	**(139.506.892)**
1- Incurred Losses - (Net of Reinsurers' Share)	5	(100.603.726)	(97.147.093)
1.1- Paid Claims – (Net of Reinsurers' Share)	5	(104.247.366)	(102.498.052)
1.1.1- Gross Paid Claims (-)		(150.117.749)	(179.658.849)
1.1.2- Reinsurers' Share of Paid Claims (+)	10	45.870.383	77.160.797
1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	5	3.643.640	5.350.959
1.2.1- Outstanding Claims (-)		5.116.039	9.240.820
1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10	(1.472.399)	(3.889.861)
2- Change in Bonus Provision (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus Provision (-)		-	-
2.2- Reinsurers' Share of Bonus Provisions		-	-
3- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	5 and 17.15	- (398.840)	(951.179)
4- Operating Expenses (-)	31 and 32	(45.852.033)	(41.408.620)
5- Change in Mathematical Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserve (-)		-	-
5.2- Net of Reinsurer's Share and Reserves Carried Forward (+)		-	-
6- Other Technical Expenses (-)			
6.1- Gross Other Technical Expenses (-)		-	-
6.2- Reinsurer's Share of Other Gross Technical Expenses (+)		-	-
C- Net Technical Income- Non-Life (A - B)		**9.647.939**	**1.864.960**
D- Life Technical Income		**-**	**-**
1- Earned Premiums - (Net of Reinsurers' Share)		-	-
1.1- Written Premiums - (Net of Reinsurers' Share)		-	-

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

RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

I- TECHNICAL PART	**Note**	**Audited 01.01.2012 - 31.12.2012**	**Audited 01.01.2011 - 31.12.2011**
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Reinsurers' Share of Gross Written Premiums (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.2.1- Unearned Premiums Reserve (-)		-	-
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)		-	-
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Life Investment Income		-	-
3- Unrealised Gain Generated from Investments		-	-
4- Other Technical Income - Net of Reinsurers' Share		-	-
4.1- Other Technical Income (-)		-	-
4.2- Gross Other Technical Income Reınsurer's Share (+)		-	-
5- Claim Recovery Income Accruals		-	-
E- Life Technical Expense		**-**	**-**
1- Incurred Losses - (Net of Reinsurers' Share)		-	-
1.1- Paid Claims (Net of Reinsurers' Share)		-	-
1.1.1- Gross Paid Claims (-)		-	-
1.1.2- Reinsurers' Share of Gross Paid Claims (+)		-	-
1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.2.1- Outstanding Claims Provision (-)		-	-
1.2.2- Reinsurers' Share of Outstanding Claim Provisions (+)		-	-
2- Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
2.1- Bonus and Rebate Provision (-)		-	-
2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3- Change in Life Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
3.1- Life Mathematical Reserves (-)		-	-
3.1.1- Actuarial Mathematical Reserves (+/-)		-	-
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Life Mathematical Reserves (+)		-	-
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	-
3.2.2- Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies) (+)		-	-
4- Change in other technical reserves - (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealised Investment Expense (-)		-	-
8- Investment Income Transferred to Non-Life Technical Part (-)		-	-
F- Net Technical Income - Life (D - E)		**-**	**-**

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

I- TECHNICAL PART	Note	Audited 01.01.2012 - 31.12.2012	Audited 01.01.2011 - 31.12.2011
G- Private Pension Technical Income		**-**	**-**
1- Fund Management Income		-	-
2- Management Expense Charge		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Special Service Expense Charge		-	-
6- Capital Allowance Value Increase Income		-	-
7- Other Technical Income		-	-
H- Private Pension Technical Expense		**-**	**-**
1- Fund Management Expense (-)		-	-
2- Capital Allowance Value Decrease Expense (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expenses (-)		-	-
I- Net Technical Income - Private Pension (G - H)		**-**	**-**

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

II- NON-TECHNICAL PART	Note	Audited 01.01.2012 - 31.12.2012	Audited 01.01.2011 - 31.12.2011
C- Net Technical Income-Non-Life (A-B)		**9.647.939**	**1.864.960**
F- Net Technical Income-Life (D-E)		**-**	**-**
I- Net Technical Income-Pension Funds (G-H)		**-**	**-**
J- Total Net Technical Income (C+F+I)		**9.647.939**	**1.864.960**
K- Investment Income		**10.789.917**	**13.860.317**
1- Income from Financial Investments		10.482.416	7.535.440
2- Income from Liquidation of Financial Investments		-	-
3- Valuation of Financial Investments	11	129.779	-
4- Foreign Exchange Gains	36	-	6.322.582
5- Income from Subsidiaries		-	-
6- Income from Equity Investments and Joint-Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivatives		-	-
9- Other Investments		177.722	2.295
10- Investment Income Transferred from Life Technical Part		-	-
L- Investment Expense (-)		**(14.624.255)**	**(10.239.464)**
1- Investment Management Expenses - interest included (-)		(2.395.406)	(1.797.524)
2- Impairment in Value of Investments (-)	11	-	(28.251)
3- Loss from Realization of Financial Investments (-)		-	-
4- Investment Income Transferred to Non-Life Technical Part (-)		(8.324.843)	(5.772.414)
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	5 and 36	(1.466.669)	-
7- Depreciation Expenses (-)	5 and 6.1	(2.437.337)	(2.641.275)
8- Other Investment Expenses (-)		-	-
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		**(2.076.479)**	**(5.145.436)**
1- Provisions (+/-)	47.5	(2.072.935)	(5.727.756)
2- Rediscounts (+/-)		-	-
3- Special Insurance Account (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Assets (+/-)	21 and 35	864.814	(899.313)
6- Deferred Tax Liabilities Expenses (-)		-	-
7- Other Income		84.781	765.561
8- Other Expenses and Losses (-)	47.1	(960.810)	(604.468)
9- Prior Year's Income	47.4	7.671	1.320.540
10- Prior Year's Expenses (-)		-	-
N- Net Profit/(Loss) for the Period	**5 and 37**	**3.737.122**	**340.377**
1- Profit/(Loss) for the Period		3.737.122	340.377
2- Corporate Tax Provision and Other Fiscal Liabilities (-)		-	-
3- Net Profit/(Loss) for the Period		3.737.122	340.377
4- Inflation Adjustment		-	-

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Note	Audited 01.01.2012 - 31.12.2012	Audited 01.01.2011 - 31.12.2011
A-	**Cash Generated Frommain Operations**			
1-	Cash flows from insurance operations		264.040.034	218.441.601
2-	Cash flows from reinsurance operations		82.724.884	105.454.719
3-	Cash flows from pension fund operations		-	-
4-	Cash outflows from insurance operations (-)		(168.099.204)	(198.044.145)
5-	Cash outflows from reinsurance operations (-)		(143.491.094)	(114.540.218)
6-	Cash outflows from pension fund operations (-)		-	-
7-	Net cash from main operations (A1+A2+A3-A4-A5-A6)		35.174.620	11.311.957
8-	Interest payment (-)		-	-
9-	Income tax payment (-)		-	-
10-	Other cash inflows		-	-
11-	Other cash outflows (-)		(33.708.503)	(19.989.012)
12-	Net cash flows from operating activities		1.466.117	(8.677.055)
B-	**Cash Flows From Investing Operations**			
1-	Sale of tangible assets		177.722	85.858
2-	Tangible asset acquisitions (-)		(880.441)	(1.130.368)
3-	Financial asset acquisitions (-)		(1.978.030)	(1.996.582)
4-	Sales of financial assets		-	-
5-	Interest received		10.612.195	4.380.736
6-	Dividends received		-	-
7-	Other cash inflows		-	-
8-	Other cash outflows (-)		-	-
9-	Net cash from investing activities		7.931.446	1.339.644
C-	**Cash Flows Fromfinancing Operations**			
1-	Issue of shares	15	-	26.000.000
2-	Cash flows due to the borrowings		-	-
3-	Leasing payments (-)		(64.815)	(254.624)
4-	Dividends paid (-)		-	-
5-	Other cash inflows		-	-
6-	Other cash outflows (-)		-	-
7-	Net cash generated from financing activities		(64.815)	25.745.376
D-	**Effect Of Exchange Differences On Cash And Cash Equivalents**	**36**	**(1.466.669)**	**6.322.582**
E-	**Net increase/(decrease) in cash and cash Equivalents**		**7.866.079**	**24.730.547**
F-	**Cash and cash equivalents at the beginning of the period**		**102.156.372**	**77.425.825**
G-	**Cash and cash equivalents at the end of the period (E+F)**	**2.12**	**110.022.451**	**102.156.372**

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

RAY SİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Statements of Changes in Equity – Audited (*)

	Capital	Own Shares of the Company (-)	Valuation Increase in Assets	Inflation Adjustment to Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Income/ (Loss) for Period	Retained Earnings/ (Previous Years' Losses)	Total
I - Balances at the Previous Period End (31/12/20010)	**137.069.856**	**-**	**7.677.359**	**-**	**-**	**-**	**-**	**11.283.214**	**(28.598.213)**	**(75.920.878)**	**51.511.338**
A- Capital increase (A1 + A2)	26.000.000	-	-	-	-	-	-	-	-	-	26.000.000
1- Cash (Note 2.13)	26.000.000	-	-	-	-	-	-	-	-	-	26.000.000
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Own shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement	-	-	-	-	-	-	-	-	-	-	-
D- Value increase in the assets	-	-	8.557.045	-	-	-	-	-	-	-	8.557.045
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses	-	-	-	-	-	-	-	52.341	-	-	52.341
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net loss for the period (Note 37)	-	-	-	-	-	-	-	-	340.377	-	340.377
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	(237.391)	-	-	-	-	-	28.598.213	(28.360.822)	-
II- Balances at the Period End (31/12/2011) (I+A+B+C+D+E+F+G+H+I+J)	**163.069.856**	**-**	**15.997.013**	**-**	**-**	**-**	**-**	**11.335.555**	**340.377**	**(104.281.700)**	**86.461.101**
I - Balances at the Previous Period End (31/12/2011)	**163.069.856**	**-**	**15.997.013**	**-**	**-**	**-**	**-**	**11.335.555**	**340.377**	**(104.281.700)**	**86.461.101**
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Own shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement	-	-	-	-	-	-	-	-	-	-	-
D- Value increase in the assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other Income and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net income for the period (Note 37)	-	-	-	-	-	-	-	-	3.737.122	-	3.737.122
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	(463.430)	-	-	-	-	-	(340.377)	803.807	-
II- Dönem Sonu Bakiyesi (31/12/2012) (I+ A+B+C+D+E+F+G+H+I+J)	**163.069.856**	**-**	**15.533.583**	**-**	**-**	**-**	**-**	**11.335.555**	**3.737.122**	**(103.477.893)**	**90.198.223**

(*) Detailed explanations for the Equity items are disclosed in Note 15.

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

1. General Information

1.1. Name of the parent company: The immediate parent of Ray Sigorta A.Ş. (the "Company") is TBIH Financial Services Group N.V. ("TBIH") and the ultimate parent is Vienna Insurance Group AG ("VIG") as of 31 December 2012 and 2011. 5,74% of the shares of the Company are quoted in Istanbul Stock Exchange Market.

1.2. Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office: The headquaters of the Company is at Cumhuriyet Mahallesi Haydar Aliyev Caddesi No:28 Tarabya-İstanbul. The Company has regional head offices, two in İstanbul (Europe and Asia) and one at each city of Ankara, İzmir, Antalya, Adana and Bursa and one branch at Northern Cyprus Turkish Republic.

1.3. Nature of operations: The Company is established in order to perform all legally permitted insurance transactions in Turkey or abroad regarding illness, fire, accident, financial liability, land, air and sea transportationand technical faults related to machinery erection; to insure persons, animals, commodities, products, goods, vehicles and values; to operate all types of insurance, coinsurance, reinsurance and retrocession transactions; and operate as a representative of Turkish or foreign companies performing such transactions.

1.4. Explanation of the activities and characteristics of main operations of the corporation: Disclosed in Notes 1.2 and 1.3.

1.5. Average number of employees during the period by category:

	31 December 2012	31 December 2011
Top and middle management	36	34
Other personnel	210	221
	246	**255**

1.6. Total salaries and benefits paid to the members of the Board of Directors, General Manager, General Coordinator, Assistant General Managers and other executive management during the current period: TL 2.776.344 (1 January - 31 December 2011: TL 2.282.276).

1.7. Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) in the financial statements: All investment income generated by investment of assets backing non-life technical provisions of the Company, is transferred from non-technical to technical part of the income statement. The Company allocates general expenses transferred to technical part to branches based on the weighted average of the number of policies, amount of premium and number of claim notifications in last three years.

1.8. Whether financial statements include only one firm or group of firms: Financial statements include one company (Ray Sigorta A.Ş.).

1.9. Name and other identification information of the reporting firm and changes in this information since the previous balance sheet date: Name and other identification information of the Company are disclosed in Notes 1.1, 1.2 and 1.3.

1.10. Events occurred after the balance sheet date: Financial statements for the period between 1 January 2012 and 31 December 2012 are authorized by Board of Directors on 4 March 2013 and signed by General Manager M. Levent Şişmanoğlu, Finance Director Koray Erdoğan and Accounting Manager

Özlem Çaydaşı on behalf of Board of Directors. The financial statements will be finalized upon the approval and authorisation of the General Assembly. Events occurred after the balance sheet date are explained in Note 46.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies are subject to their specific legislation in respect of establishment, audit, supervision, accounting, financial statements and financial reporting standards. Therefore, the Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury (the "Treasury").

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) and 27 December 2011 dated and 2011/14 numbered Notice regarding to the Opening of New Account Codes In Insurance Account Plan. 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 April 2008 and numbered 2012/7 and dated 31 May 2012 Notice regarding to the Presentation of the New Account Codes and Financial Statements.

The Company accounts and recognizes its insurance technical provisions in its unconsolidated financial statements as of 31 December 2012 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 28 July 2010 published in official gazette numbered 27655 and changes on this regulation on 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (Note 2.24)..

According to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, except for the communiqués which may be issued by the Treasury, operations of insurance companies shall be accounted for in accordance with the Turkish Accounting Standards ("TMS") and the Turkish Financial Reporting Standards ("TFRS") as issued by the Turkish Accounting Standards Board ("TMSK") and other regulations, communiqués and explanations issued by the Treasury regarding accounting and financial reporting issues. With reference to the notice of the Treasury No. 9 dated 18 February 2008, "TMS 1- Financial Statements and Presentation", "TMS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1- Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, starting from 31 March 2009, insurance companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies published in Official Gazette dated 31 December 2009 and numbered 27097. The Company is not required to prepate consolidated financial statements as the Company does not have any subsidiaries to be consolidated in this context..

Financial statements were prepared on a TL and historical cost basis, being adjusted for inflation until 31 December 2004, other than the financial assets measured at their fair value and property for operational use measured at revalued amount.

It was announced with the article of the Treasury numbered 19387, dated 4 April 2005, insurance companies are required to restate their financial statements as of 31 December 2004 in accordance with "Financial Reporting in Hyperinflationary Economies" included in the regulations of Capital Markets Board (''CMB'') Communiqué XI

No.25 (which came into force as published in the Official Gazette No:25290 dated 15 January 2003). In line with the decree of CMB dated 17 March 2005, the Treasury also announced that inflation accounting is not required effective from 1 January 2005. Based on the above mentioned notification of the Treasury, the Company has restated its financial statements as of 31 December 2004 in accordance with the regulations regarding "Financial Reporting in Hyperinflationary Economies" and not continued to apply standard No. 29 "Financial Reporting in Hyperinflationary Economies" issued by TMSK.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year financial statements.

Accounting policies and measurement principles that are used in the preparation of the financial statements are explained in the notes from 2.4 to 2.24 below.

Changes in Turkish Financial Reporting Standards:

Changes and interpretations in TMS/TFRS those are effective for the year starting from 1 January 2012 and not relevant for the financial statements of the Company:

- TFRS 7 (revised), "Financial Instruments: Disclosures " (Effective for annual periods starting on or after 1 July 2011),
- TFRS 1 (revised), "First-time implementation of TFRS", Effective for annual periods starting on or after 1 July 2011),
- TMS 12 (revised), "Income Taxes", (Effective for annual periods starting on or after 1 January 2012),

Changes and interpretations published as of 31 December 2012 and to be effective starting from 1 January 2013.

- TMS 1 (revised), "Presentation of Financial Statements" (Effective for annual periods starting on or after 1 July 2012),
- TMS 19 (revised), "Employee Benefits" (Effective for annual periods starting on or after 1 January 2013),
- TFRS 9, "Financial Instruments", (Effective for annual periods starting on or after 1 January 2015),
- TFRS 10, "Consolidated Financial Statements" (Effective for annual periods starting on or after 1 January 2013),
- TFRS 11, "Joint Arrangements" (Effective for annual periods starting on or after 1 January 2013),
- TFRS 12, "Disclosure of Interests in Other Entities" (Effective for annual periods starting on or after 1 January 2013),
- TFRS 13, "Fair Value Measurement" (Effective for annual periods starting on or after 1 January 2013),
- TMS 27 (revised), "Separate Financial Statements" (Effective for annual periods starting on or after 1 January 2013),
- TMS 28 (revised), "Investments in Associates and Joint Ventures" (Effective for annual periods starting on or after 1 January 2013),
- TFRYK 20, "Stripping Costs in the Production Phase of a Surface Mine", (Effective for annual periods starting on or after 1 January 2013),
- TFRS 7 (revised), "Financial instruments: Disclosures " (Effective for annual periods starting on or after 1 July 2013),
- TMS 32 (revised), "Financial instruments: Disclosures", (Effective for annual periods starting on or after 1 January 2014),
- TFRS 1 (revised), "First-time implementation of TFRS", Effective for annual periods starting on or after 1 January 2013),
- Within the scope of developing the TFRS's, amendments have been made within 5 standards; TFRS 1, TAS 1, TAS 16, TAS 32 and TAS 34. Effective for annual periods starting on or after 1 January 2013.

The Company management is of the view that applying these standards and interpretations above will not materially affect the financial statements in future periods.

2.2. Consolidation

The Company does not have any subsidiaries in the scope of the "TMS 27- Consolidated and Unconsolidated Financial Statements.

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. Foreign Currency Translation

The functional currency of the Company is Turkish Lira. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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.

2.5. Tangible Assets

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

Increases in the carrying amounts arising on revaluation of land and buildings, net of tax effects, are credited to "Other Profit Reserves" under shareholders' equity. Any subsequent decrease in value offsetting previous increases in the carrying value of the same asset is charged against the funds in the equity; and all other decreases are charged to the income statement. At each accounting period, the difference between depreciation based on the revalued carrying amount of the asset (charged to the income statement) and the depreciation based on the asset's original cost is transferred from "Other Profit reserves" to retained earnings.

Depreciation on tangible assets is calculated using straight-line method to allocate their cost or revalued amounts over their estimated useful lives. The depreciation periods estimated considering useful lives of tangible assets are as follows:

Properties for operational use (Buildings)	25-50 years
Furniture and fixture	3-17 years
Motor vehicles	5 years
Leasehold improvements	5 years

If there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and as a result of the review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for a provision for impairment. Gains and losses on disposals of property and equipment are included in the other investment expenses account.When revalued assets are sold, the amounts included in "Other Profit Reserves" are transferred to the retained earnings (Note 6).

2.6. Investment Property

None (31 December 2011: None).

2.7. Intangible Assets

Intangible assets consist of the acquired information systems and software. Intangible assets are recognised at acquisition cost and amortised by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amounts of the intangible assets are written down immediately to their recoverable amounts (Note 8).

The amortisation periods of intangible assets vary between 3 to 5 years.

2.8. Financial Assets

The Company classifies and accounts for its financial assets as "Loans and Receivables (Receivables from Main Operations)" and "Financial Assets at Fair Value Through Profit or Loss (Held-for-trading Investments)" in the financial statements. Receivables from main operations are the receivables arising from insurance agreements and they are classified as financial assets in the financial statements.

Loans and receivables (Receivables from main operations):

Loans and receivables are financial assets which arise in return, for providing money or other services to debtors. Loans and receivables are recognised initially at fair value and subsequently measured at cost. Fees and other charges paid related to the assets obtained as guarantee for the above mentioned receivables are not deemed as transaction costs and charged as expenses to income statement.

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

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

Provision for doubtful receivables is charged to the income statement for the related year. Recoveries from doubtful receivables previously provided for are treated as a reduction from related provision and accounted for in the "Provisions" account (Note 47.5). Such receivables are written off after all necessary legal proceedings have been completed (Note 12).

Financial assets at fair value through profit or loss (Held-for-trading financial assets):

The financial assets measured at fair value through profit or loss by the Company are classified as held-for-trading in the financial statements.

Financial assets at fair value through profit or loss consist of financial instruments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, formed as a part of a portfolio of financial assets that are managed together for which there is evidence of short-term profit taking, and classified as financial assets designated at fair value through profit or loss at inception since they are managed and their performance is evaluated on a fair value basis.

Financial assets at fair value through profit or loss are accounted for at their fair values at initial recognition, and these financial assets are also subsequently measured at their fair values. Gains or losses as a result of fair valuation are recognised directly in the income statement (Note 11).

2.9. Impairment of Assets

The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained.

Total amount of mortgages or guarantees on assets are explained in Note 43, provisions fordoubtful receiveables are explained in Note 12.1 and current period's provision expenses are explained in Note 47.5.

2.10. Derivative Financial Instruments

None (31 December 2011: None).

2.11. 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 realisation of the asset and the settlement of the liability take place simultaneously.

2.12. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank deposits and other identified short-term highly liquid investments which are subject to an insignificant risk of changes in value with original maturities of three months or less.

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

	31 December 2012	31 December 2011
Cash (Note 14)	37.833	31.336
Banks (Note 14)	117.631.652	119.443.638
Bank guaranteed credit card receivables with maturities less than three months	29.271.613	15.519.723
Less: Interest accrual	(807.835)	(620.405)
Less: Restricted bank deposits (Note 43)	(36.110.812)	(32.217.920)
Total cash and cash equivalents	**110.022.451**	**102.156.372**

2.13. Capital

The composition of the Company's share capital at 31 December 2012 and 2011 is as follows:

	31 December 2012		31 December 2011	
Name of shareholders	**Share**	**Share Amount**	**Share**	**Share Amount**
TBIH	%81,59	133.048.627	%81,59	133.048.627
VIG	%12,67	20.663.528	%12,67	20.663.528
Publicly quoted shares	%5,74	9.357.701	%5,74	9.357.701
Total	**%100**	**163.069.856**	**%100**	**163.069.856**

In the context of "Share Purchase and Shareholding Agreement" signed at 19 March 2007 between Doğan Şirketler Grubu Holding A.Ş., one of the shareholders of the Company as of 31 December 2010, and TBIH, the investment company of VIG, the total shares of the Doğan Şirketler Grubu Holding A.Ş., which constitutes 10% the Company shares, were decided to be sold out on 28 September 2010 to TBIH and VIG before the anticipated share selling option to be used in 2011; and a "Share Sale Agreement" was signed. The sale of total 1.370.698.561 shares, with a nominal value of 1 Kuruş per share, of Doğan Şirketler Grubu Holding A.Ş., constituting 10% of total nominal Capital of the Company amounting to TL137.069.856, was completed on 2 February 2011 at a price of USD 22.907.030. 2 of the shares were sold to TBIH and the remaining 1.370.698.559 shares were sold to the VIG.

The Company's capital was increased by TL 26.000.000 from TL137.069.856 to TL 163.069.856, in the context of the registered capital amounting to TL200.000.000, in accordance with the Board of Directors decision dated 23 March 2011 and numbered 5867. TL 1.492.000 of the increase was contributed by the owners of publicly traded shares and remaining amount of TL 24.508.000 was contributed by the other shareholders. The Document Related to the Completion of Capital Increase dated 21 December 2011 and numbered 2191 indicating the proper completion of capital increase in accordance with the principles determined by Capital Markets Law numbered 2499 and related legislation has been obtained from Capital Markets Board and registered at İstanbul Trade Registry.

The upper limit of registered capital of the Company as of 31 December 2011 and 2012 is TL 200.000.000.

As of 31 December 2012 and 2011, no privileges are granted to any class of shares representing the share capital.

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

2.14. Insurance and Investment Contracts - Classification

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

The main insurance contracts produced by the Company, as stated below, are insurance contracts in non-life branches such as fire, marine, motor and personal accident, other accident, engineering and health.

Fire insurance contracts provide mainly fire and theft coverage for houses and offices, and additional coverages for earthquake, financial liability, loss of rent, plate glass and loss of profit. The risks of cargo, hull, hull construction and marine liability are accepted under the coverage of marine branch. Construction all risk, erection all risk, machinery breakdown, electronic equipment and loss of profit coverages are provided under engineering branch whereas motor own damage, motor third party liability, non-auto accident, auto and non-auto accident, miscellaneous liability, fidelity, plate glass, theft and credit insurance coverages are given under accident branch. The aviation risks are also insured under miscellaneous accident branch. Under health branch, group and individual policies are issued. Diagnosis and treatment expenses are covered by such contracts that have also domestic and foreign distinctions. Besides, the Company underwrites the agriculture policies that are produced by Agricultural Insurance Pool ("TARSİM") and obligatory earthquake insurance contracts that are produced by Turkish Catastrophe Insurance Pool ("DASK"). The basis of calculation of the income and liabilities arising from the insurance contracts is explained in Notes 2.21 and 2.24.

Reinsurance Agreements

Reinsurance agreements are the agreements enforced by the Company and the reinsurer, in exchange for a certain compensation, to cede the losses which may occur in relation to one or more insurance policies produced by the Company.

The Company has excess of loss, surplus and proportional quota-share agreements in accordance with the branches in which it operates. Within the framework of excess of loss agreements, the premiums paid are accounted for on accrual basis over the relevant period. The revenues and liabilities due to premium and claim ceded under other annual reinsurance agreements are also accounted for on the same basis.

The Company has surplus reinsurance treaty for fire, marine, engineering and other accident branches. Also the Company has excess of loss agreements for fire, marine and engineering branches. The agreements mentioned confronts the claims occurred in the period that agreements are in effect and reinsurers' responsibility ends for the claims occurred after the agreements are terminated. Besides, the Company has yearly proportional quota share reinsurance treaties with stated turnover rate for professional indemnity, third party liability, electronic device, machinery breakdown, compulsory bus seat, health and individual accident branches. Treaties mentioned are run-off agreements that reinsurers' responsibility holds even after agreements end. The Company has proportional reinsurance agreements for traffic and auto accident branches. In these branches, guarantee is provided for natural disasters such as, earthquake and flood via catastrophic excess of loss reinsurance treaty.

Additionally, 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 published in the Official Gazette dated 25 February 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 15 September 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("2012/3 numbered notice) making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 16 March 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 30 April 2012 and numbered 2012/6.(the "Communique numbered 2012/6").Within this framework, the Company 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 25 February 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 1 January - 31 December 2012 account period as TL 5,319,045 under the account of "Premiums ceded to SSI" (Notes 17.15- 17.19 and 19.)

However, in the Board of Directors meeting of The Association of the Insurance and Reinsurance Companies of Turkey dated 22 September 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.

2.15. Insurance Contracts And Investment Contracts With Discretionary Participation Feature

None (31 December 2011: None).

2.16. Investment Contracts Without Discretionary Participation Feature

None (31 December 2011: None).

2.17. Borrowings

None (31 December 2011: None).

2.18. Taxes on Income

Corporate Tax

Corporate tax for 2012 is payable at a rate of 20% in Turkey (2011: 20%). Corporate tax rate is applied on tax base which is the income of the Company adjusted for certain disallowable expenses, exempt income (such as dividend income) and other deductions in accordance with tax legislation. 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 and thus does not incur withholding tax.

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. A 75% portion of profits from sale of participation shares and property which have been in assets for at least two years is exempt from corporate tax provided that these profits are added to share capital or are not withdrawn from the equity within 5 years, as prestated in Corporate Tax Law.

According to Turkish tax legislation, tax losses on the returns can be offset against period income for up to 5 years. However, tax losses cannot be offset against retained earnings.

In accordance with Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law numbered 5024 ("Law No. 5024") published in the Official Gazette on 30 December 2003, effective from 1 January 2004 income and corporate taxpayers are required to adjust the financial statements 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 2011 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.

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 21).

2.19. Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits in accordance with TMS 19, "Employee Benefits" and classifies under the account "Provision for employment termination benefits" and "Other current liabilities" on the balance sheet.

According to the Turkish labour legislation, 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 the Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in accordance with the Labour Law by considering determined actuarial estimates (Note 22).

2.20. Provisions

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is 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 financial statements (Note 23).

2.21. Accounting for Revenues

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations. As disclosed in Note 2.24, premium income is recognised in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

Reinsurance Commissions

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. As disclosed in Note 2.24, reinsurance commission income is recognised in the financial statements on an accrual basis by allocating the deferred commission income over commissions received.

Claim recovery and Salvage Income

In accordance with "The Circular on Salvage and Subrogation Income" issued by the Treasury, dated 20 September 2010 and numbered 2010/13, in the financial statements prepared as of 31 December 2011 and 2012, the Company recognizes the subrogation receivables, as limited to the coverage amount of the debtor insurance company, provided that the claim payment has been performed, the acquittance or the statement of payment has been received from the policyholders; and related individuals or insurance companies have been notified. A provision is recorded for those receivables which are not collected from insurance companies after six months and from individuals after four months following the payment of claim. Accordingly, as of 31 December 2012, accrued subrogation receivables, net of reinsurance share, and the provision amount for such receivables are TL 5.678.190 (31 December 2011: TL 4.249.558) (Note 17.15-17.19) and TL 1.226.784 (31 December 2011: TL 759.928), respectively (Note 12).

Interest Income

Interest income is recognised by using the effective interest rate method on an accrual basis.

Dividend Income

Dividend income is recognised as an income in the financial statement when the right to receive payment is established.

2.22. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as financial leases while other leases are classified as operational leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The liability to lesser is classified as the leasing payables in the balance sheet. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost except for capitalised portion is charged to the income statement.

The payment of the operational lease is charged to the income statement on a straight-line basis over the lease period (The incentives received or to be received from the lessor are also charged to the income statement on a straight-line basis over the lease period).

2.23. Dividend Distribution

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

2.24. Technical Provisions

Unearned Premium Reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the 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. In accordance with the Regulation on Technical Reserves, unearned premium reserve and the reinsurers' share of the unearned premium reserve for policies issued after 1 January 2008, are calculated and recorded as the deferred portion of the accrued premiums related to the policies in force and ceded premiums to reinsurers without deducting commissions or any other deduction, on a daily and gross basis. The Company has continued to deduct the commissions from the premiums for the calculation of unearned premium reserve regarding the policies issued before 1 January 2008. 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 17).

Deferred Commission Expense and Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 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 commission expenses and deferred commission income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement (Note 17).

The Company has deferred TL 939.203 of the general expenses originating from premium production in the current period under other miscellaneous receivables account on the balance sheet as of 31 December 2012 as they relate to the future period (31 December 2011: TL 714.104) (Note 47.1).

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 policiesconsidering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. In accordance with the legislation in force as of 31 December 2011, expected loss ratio was calculated based on all sub-branches included in Insurance Chart of Accounts determined by by the Treasury. With respect to the "Communiqué regarding the Change in the Calculation of Unexpired Risk Reserve" dated 13 December 2012 and numbered

2012/15 (the "Communiqué numbered 2012/15") published by Treasury, the mentioned expected loss ratio calculation is performed based on main branches for the first-time as of 31 December 2012. 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 "Circular regarding the Regulation regarding the Amendment of Regulation on the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" dated 18 July 2012 and numbered 2012/13, to ensure consistency between the opening outstanding claim provision and current period outstanding claim provision, the outstanding claim provision as of 31 December 2011 has been recalculated in accordance with the regulations applicable to 31 December 2012 in order to determine expected loss ratio to calculate the unexpired risk reserve.

The Company has calculated and accounted for a net unexpired risk reserve amounting to TL 223.928 (31 December 2011: TL 2.059.919). Had the Company calculated net unexpired risk reserves on 31 December 2011 on the basis of main branch, in accordance with Comminiqué numbered 2012/15, profit before tax for the current year would have been TL 123.463 less (Notes 4 and 17).

Outstanding Claims Provision

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

The difference between the reported outstanding claims; and the ultimate amount determined with actuarial chain ladder calculations as determined in the Regulation on Technical Reserves and the framework of the "Communiqué related to the Actuarial Chain Ladder Method" ("Communiqué") dated 20 September 2010 and numbered with 2010/12 is accounted for as incurred but not reported claim amount.

In accordance with the Communiqué which is effective from 30 September 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 selecting one of the methods is given to the insurance companies which will determine the method for each branch as at 31 December 2010 by evaluating the best adequate method for the Company portfolio which shall not be changed for 3 years. The peak claims which are mentioned as big claims are eliminated in a separate 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 or related reinsurance treaties of the Company. The method which was selected by the Company for each branch for the ACLM, the results of related calculations as of 31 December 2012 and 2011, the methods to calculate net of reinsurance results and the limits which are used for the big claims eliminations are represented in Note 17.

In accordance with the "Communiqué on Calculation of the Incurred but not Reported (IBNR) Claim Provision" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), different from the prior year, the data related to accrued claim recovery and salvage income in the balance sheet was included in the ACLM calculation performed as of 31 December 2012. In addition, in accordance with the Communiqué numbered 2011/23, for the branches with a negative ACLM result, the incurred but not reported claim provision was calculated considering the total amount of the negative ACLM result.

In acccordance with the "Regulation regarding the Amendment of Regulation on the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" published in the Official Gazette dated 17 July 2012 and numbered 28356 and enforced as of 30 June 2012, the calculation method to test the adequacy of the incurred but not reported claim provision based on the ACLM calculations was abolished as applicable after 30 June 2012.

As discussed in Note 2.14, 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", outstanding claim files regarding the claims dated before the enforcement of the Law and the related incurred but not reported claims amount calculated are closed and has been classified under "Paid Claims". Besides, in accordance with the Communiqué numbered 2011/18, the paid and outstanding claims; and salvage and claim recovery income related to the treatment expenses in the context of the Law shall be excluded from the statistical data used in ACLM development triangles to calculate the incurred but not reported claim provision and the calculations performed to test the adequacy of this amount as of 31 December 2012. Within this framework, the Company has excluded its paid claims, outstanding claims and accrued recovery, salvage and similar income related to medical treatment expenses, in the context of the Law from the statistical data for 2008 and the following years used in the calculation of incurred but not reported claim provision; however, the systematical elimination cannot be made for 2007 and the previous years for the related calculations. In accordance with "The Communiqué on the Use of Equalization Reserve and Additional Explanations Related to Some Communiqués", dated 13 February 2012 and numbered 2012/1 (the "Communiqué numbered 2012/1"), in the cases where a systematical split of the treatment expenses in the context of Law may not be performed, the companies which are able to make such a split in the paid claims; but not able to do so for outstanding claims, are allowed to use the implicit ratios realized in the paid claims for the split of outstanding claims. The companies which are not able to eliminate the treatment expenses also from the paid claims are allowed to calculate the share of treatment expenses using the data related to the incurred claims in March, June, September and December months of the year 2008 and use this rate calculated in the incurred but not reported claims provision related calculations. Within this context, the Company has eliminated the treatment expenses in the context of Law from the realized claims in March, June, September and December months of the year 2008 and as a result of this calculation, determined the share of treatment expenses rates for the compulsory motor liability branch, and used this rate for the split of the data related to 2007 and the previous years included in the calculation of incurred but not reported claims provision.

With respect to the Communique, 80% of result the incurred but not reported claim calculations may be taken into account for only year 2010 for the determination of the amount to be accounted for in the financial statements. The amounts will be taken into account at minimum 90% of the result of the new incurred but not reported claims for 2011, and all of the amount has to be taken into account in 2012. In this respect, the Company has taken 100% (31 December 2011: 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 11.615.490 at 31 December 2012 (31 December 2011: TL 20.653.873) (Note 17).

The Company evaluated the claim development in compulsory motor third party liability and general losses branches statistically with other actuarial methods and models as of 31 December 2012 and accounted for a net additional reserve amounting to TL2.497.933 (31 December 2011: TL893.200) for compulsory motor third party liability branch and TL 2.030.687 (31 December 2011: None) for general lossess branch as an addition to the incurred but not reported claim provision.

In accordance with the rules regarding the new branches, imposed by the Regulation on Technical Reserves and the Communiqué numbered 2011/16, for the new branches, during five years after the start of the operations, the incurred but not reported claims provision and claim adequacy provision are based on the calculations performed by the actuary of the Company. In accordance with the related regulations, for health, fidelity, legal

protection, air vehicles, air vehicles liability, rail vehicles, financial losses and air vehicles liability branches with insufficient data, the incurred but not reported claims provision is calculated by the Company actuary. For this calculation, incurred but not reported claims are considered as claims occurred before the date of the end of the period of last 12 months but reported after that date. In the calculation of incurred but reported claims amount, weighted average of the the rates calculated by dividing the claims occurred in the last 5 years, but notified after that date, deducted by related the salvage, subrogation and other similar collections; by the premium income of the respective years, are considered. In this respect, for the mentioned branches, the Company accounted for an additional incurred but not reported claims provision amounting to TL 30.472 (31 December 2011: TL 146.819).

Besides, for the purpose of assessing the adequacy of outstanding claims provisions for branches in which operations have recently started, an outstanding claims provisions adequacy table is prepared on a branch basis at the end of each accounting year. While preparing the adequacy table and calculating the outstanding claims provision; outstanding claims accrued and realized and incurred but not reported claims provision as well as all expense charges are taken into account. Within this framework, the ratio of outstanding claims provision to the total of amounts of paid claims, including all expense charges with regards to the files, indicates the outstanding claims provisions adequacy ratio. In case the outstanding claims provisions adequacy ratio relating to these branches is lower than 100%, the difference between this rate and 100% is multiplied by outstanding claims provisions for the current period and the outstanding claims adequacy provision amount is determined. The final outstanding claims provision to be allocated in the current year is calculated after addition of the outstanding claims adequacy provision amount separately for each branch. As a result of the calculation of outstanding claims provision adequacy performed as of 31 December 2012, the Company allocated a net additional provision amounting to TL 105.352 for related branches with an outstanding claims provision adequacy rate of above 100% (31 December 2011: TL 49.028).

In accordance with "The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), insurance companies are allowed to calculate a winning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated winning ratio as of 31 December 2012. The Company has calculated the winning ratio except land vehicles and land vehicles liability branches on a subbranch basis by dividing the amount of the cases closed in favour of the Company to the total amount of the legal cases of which legal processes have been completed in the past 5 years time as of 31 December 2012. The principal amounts have been taken into consideration and interest and other charges have been excluded from winning ratio calculations. In accordance with the Communiqué numbered 2011/23, the deduction from the outstanding claims under legal followup has been made using the ratio 25% for the branches with winning ratios over 25%. The Company has calculated win ratio over gross amounts and has determined reinsurance share of discount amount considering reinsurance share of related files. The net deduction amount from outstanding claim files using the winning ratios calculated on a sub-branch basis is TL 6.863.826 (31 December 2011: TL 1.815.465). 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 (Note 17).

Equalisation 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.

The insurance companies are allowed to deduct claim payments and outstanding claims evidenced by expertise reports or official documents received from public institutions due to earthquake losses from the equalisation reserve, provided that no deduction has been made from current year charge to the reserve. In this respect, the Company has deducted TL 433.513 (31 December 2011: None) of paid and outstanding claim from equalisation reserve. The Company accounted for an equalisation reserve amounting to TL 3.343.110 (31 December 2011: TL 2.944.270) within acconting period of 1 January - 31 December 2012 (Notes 17 and 47.1).

2.25. Convenience Translation Into English

The effects of differences between the accounting principles as set out by the Turkish insurance legislation and accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these financial statements. Accordingly, the financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

3. Critical Accounting Estimates And Judgments

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

Income taxes

Use of significant judgment is necessary in several situations, for transactions and calculations during the normal course of business which may impact the ultimate taxation amount. The Company recognizes deferred tax assets for carry forward tax losses or to be realised through future taxable income and liabilities for anticipated tax expenses based on estimates of whether additional taxes will be due. In case where the ultimate tax consequences are different from the amounts recorded currently, such differences may have an impact on the income taxes and deferred tax assets and liabilities (Note 21).

4. Management o Insurance and Financial Risk

Insurance risk

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

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

based on the type of insurance risk accepted and the claims incurred.

The Company manages the aforementioned risks by its overall underwriting strategy and via reinsurance agreements, which the Company is a party to.

The concentration of insurance risk (maximum insured loss) in relation to the branches is summarized below:

	31 December 2012	31 December 2011
Motor third party liability	510.521.416.769	453.099.064.302
Fire and catastrophic losses	244.256.853.725	253.521.397.207
Air vehicles liability	78.504.005.684	17.105.161.747
Marine	39.277.560.732	38.815.694.601
General losses	23.602.512.855	11.237.027.185
Motor vehicles	20.574.251.940	16.049.006.825
Accident	15.958.438.685	9.042.207.438
General liability	3.135.658.307	2.865.833.249
Financial losses	1.574.480.739	606.450.796
Water vehicles	866.323.662	678.529.880
Legal protection	789.406.242	693.263.691
Health/Sickness	167.828.661	159.743.384
Breach of trust	135.003.651	414.320.563
Rail vehicles	84.548.751	54.207.318
Air vehicles	50.290.084	159.678.426
Total	**939.498.580.487**	**804.501.586.612**

Sensitivity analysis

Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge certain risk exposure. Risk management is carried out by management under policies approved by the Board of Directors.

(a) Market Risk

i. Cash flow and market interest rate risk

The Company does not have variable rate financial assets and liabilities; and therefore is not exposed to interest rate risk.

ii. Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities.

These risks are monitored and limited by the analysis of the foreign currency position. At 31 December 2012, if EUR appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would be higher/lower by TL 1.470.380 (31 December 2011: TL 1.121.061), as a result of foreign exchange gains/ losses on the translation of Euro denominated assets and liabilities.

At 31 December 2012, if USD appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would be higher/lower by TL 1.177.799 (31 December 2011: TL 1.883.151) as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

The company's foreign assets and liabilities are disclosed in related notes.

iii. Price risk

The Company's financial assets expose the Company to price risk. The Company is not exposed to commodity price risk.

At 31 December 2012, if the unit prices of the Company's common stocks which are classified as available for-sale financial assets increased/decreases by 5% with all other variables held constant, the net profit before tax would be higher/lower by TL 197.318 (31 December 2011: TL 98.417).

(b) Credit risk

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

The Company monitors the credit risk of financial assets and receivables from insurance operations (including reinsurance receivables) by limiting the aggregate risk to any individual counterpart and covered by collaterals. Other explanations in relation to these receivables are included in Note 12.

The Company's financial assets except for loans and receivables which are subject to credit risk are generally composed of domestic government bonds and time and demand deposits kept in banks and other financial institutions in Turkey and such receivables are not deemed to have high credit risk.

(c) Liquidity risk

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

The table below analyses the Company's financial liabilities and insurance liabilities into relevant maturity groups based on the expected remaining period at the balance sheet or contractual maturity date. The amounts disclosed in table are the undiscounted cash flows:

	Contractual cash flows				
31 December 2012	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Payables to insurance and reinsurance companies	11.012.169	15.760.342	-	-	26.772.511
Payables to SSI regarding to medical expenses	1.868.245	6.605.390	-	-	8.473.635
Other Payables	3.051.977	-	-	-	3.051.977
Payables from leasing operations	7.922	4.766	1.474	-	14.162
Premium reserves	21.136	-	-	-	21.136
Total	**15.961.449**	**22.370.498**	**1.474**	**-**	**38.333.421**

	Expected cash flows				
31 December 2012	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Outstanding claim provision - net (*)	36.049.471	20.910.669	12.639.937	3.373.658	72.973.735
Unearned premium reserve - net (*)	6.128.580	75.815.714	6.517.744	106.241	88.568.279
Unexpired risks reserve - net (*)	15.495	191.686	16.479	268	223.928
Equalisation reserve - net	-	-	-	3.343.110	3.343.110
Total	**42.193.546**	**96.918.069**	**19.174.160**	**6.823.277**	**165.109.052**

	Contractual cash flows				
31 December 2011	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Payables to insurance and reinsurance companies	18.674.702	13.552.737	-	-	32.227.439
Payables to SSI regarding to medical expenses	696.638	2.094.328	4.131.808	-	6.922.774
Other payables	2.988.728	-	-	-	2.988.728
Payables from leasing operations	29.225	50.027	12.342	-	91.594
Premium reserves	21.136	-	-	-	21.136
Total	**22.410.429**	**15.697.092**	**4.144.150**	**-**	**42.251.671**

	Expected cash flows				
31 December 2011	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Outstanding claim provision - net (*)	37.678.644	22.051.486	13.329.529	3.557.716	76.617.375
Unearned premium reserve - net (*)	4.897.405	65.750.370	2.404.738	505.334	73.557.847
Unexpired risks reserve - net (*)	137.147	1.841.278	67.342	14.152	2.059.919
Equalisation reserve - net	-	-	-	2.944.270	2.944.270
Total	**42.713.196**	**89.643.134**	**15.801.609**	**7.021.472**	**155.179.411**

(*) Company expects to make payment of outstanding claims under legal follow-up in a period more than one year. Besides, the Company estimates the payment terms of other outstanding claims by considering previous years' payment terms. Unearned premium reserve calculated on the long-term policies are shown as long-term in the table above. Outstanding claim provisions and unearned premium reserves are classified as short-term in the balance sheet.

The Company foresees to fulfil the above-explained liabilities by its financial assets and cash or cash equivalents included in the assets.

Fair value of the financial assets

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. In fact, analysis of market information needs interpretation and judgement.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at year end exchange rates, are considered to approximate carrying values. The fair values of certain financial assets carried at amortised cost, including cash and cash equivalents are considered to approximate their respective carrying values carried at amortised cost due to their short-term nature. The fair value of premiums receivable along with related provision for overdue receivables is considered to approximate respective carrying values carried at amortised cost. The cost of the financial assets that are not quoted in an active market, less impairment if any, are considered to approximate carrying value.

Financial liabilities

The fair values of liabilities on main operations and other financial liabilities are considered to approximate to their respective carrying values.

Capital Management

The Company's objectives when managing the capital are:

- to comply with the capital requirements required by Treasury,
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

As of 31 December 2012, the minimum required shareholders' equity amount is calculated as TL 84.993.733 (31 December 2011: TL 78.415.082) within the framework of the related regulations on capital adequacy. Based on the regulation issued on 19 January 2009 related to the "Evaluation and Assessment of the Capital Adequacy of the Insurance, Reinsurance and Pension Companies", the shareholders' equity calculated as at 31 December 2012 is higher than the minimum required shareholders' equity by TL 8.547.599 (31 December 2011: TL 10.990.288 higher).

5. Segment information

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.

Fire Insurance

With fire insurance, physical damages occured from fire, explosion, lightning or fire and explosion resulting from smoke, steam and heat are guaranteed up to insurance amount.

Marine Insurance

This segment contains insurance of commodities, valuable goods and domestic transportation liability. The Company guarantees insurer's goods against the possible losses during the shipping by the commodity insurance; insures valuable papers (such as cheques, bonds, share certificates), precious metals and jewels moved by transport vehicles by insurance of valuable goods. The Company insures the liabilities arising from legal rights while domestic transportation of goods, belongs to the third parties, carried by shipping companies and/or individuals by insurance of domestic transportation.

Accident Insurance

This segment contains line of businesses such as motor own damage, motor third party liability, rail vehicles, liability, branches of financial liability, branches of compulsory liability, personal accident and legal protection. The company guarantees material damages consequences of benefits arising from motor, non-motor vehicles, trailers or caravans, suitable for use at the road, caterpillars and rubber track type tractors; in case of accidents with other suitable motor, nonmotor vehicles; accidents related with impacts (hit, rollover, drop, tumble) of stationary or moving objects result of sudden and external effects out of the insured's or driver's will to the moving or stable vehicles; behaviours of third parties cause of malicious intentions or prankishness; fire risk, stealing or attempt of stealing the vehicle risks by motor own damage insurance.

The Company guarantees legal liabilities due to a person's death or injury or a damage of any good during operation of the motor vehicles stated in the policy, with respect to Road Traffic Act numbered 2918 up to the compulsory insurance limits.

Damages, depending on the vehicle, towed away trailers or semi-trailers (including light trailers) or caused by towed away vehicle, are covered by insurance of tow truck. However, for the trailers used to transport people, involves to the assurance with provided supplementary liability insurance which has special conditions specified in the policy.

In order to prevent or minimize the losses of an accident, the Company fulfils reasonable and necessary expenses, paid by policy holder. This also provides a sort of defense of the operator (policy holder) against unjustified requests.

Engineering Insurance

This segment contains line of business about machinery breakdowns, erection, construction and electronic devices. The company provides coverage for the cases of breakdown or failure of any type of machine by machinery breakdown insurance; and insures risks due to technical and human faults during the erection of machinery and equipment in the the constructions completed by erection insurance. All construction activities may be covered by construction insurance and all electronic devices are covered for user omissions, theft, faulty design, electrical disturbances, fire, flooding, lightning, landslide, earthquake, alternative usage by the electronic device insurance.

Other Lines of Businesses

This segment contains health, agriculture and compulsory earthquake insurance. Health insurance provides coverage for necessary expenses for treatments and daily indemnity, if applicable, due to illness and/or accidental injuries, up to the amounts stated in the policy, under general conditions or applicable specific conditions. Territorial limits of the insurance are stated in the policy. Compulsory earthquake insurance provides guarantee against material damages of buildings and groundings directy due to earthquake; and fire, explotion and landslides due to earthquake.

Segment results for the period 1 January - 31 December 2012:

		Accident	Fire	Engineering	Marine	Other	Unallocated	Total
NON-LIFE TECHNICAL INCOME		**131.196.168**	**18.527.892**	**16.239.984**	**11.135.097**	**4.043.101**	**-**	**181.142.242**
1-	Earned Premiums (Net of Reinsurers' Share)	127.770.120	9.485.018	5.565.686	8.431.496	964.554	-	152.216.874
1.1-	Written Premiums (Net of Reinsurers' Share)	139.127.641	9.291.660	7.403.998	8.552.696	1.015.320	-	165.391.315
1.2-	Change in Unearned Premiums Reserve (Net of Reinsurers' Share)	(13.193.512)	193.358	(1.838.312)	(121.200)	(50.766)	-	(15.010.432)
1.3-	Unexpired Risks Reserve (Net of Reinsurers' Share)	1.835.991	-	-	-	-	-	1.835.991
2-	Reinsurance Commissions Income (Note 32)	3.426.048	9.042.874	10.674.298	2.703.601	3.078.547	-	28.925.368
NON-LIFE TECHNICAL EXPENSE (-)		**(117.905.683)**	**(15.236.528)**	**(7.900.993)**	**(5.372.989)**	**(2.514.022)**	**-**	**(148.930.215)**
1-	Incurred Losses (Net of Reinsurers' Share)	(89.889.509)	(5.899.349)	(2.965.794)	(1.281.025)	(568.049)	-	(100.603.726)
1.1-	Paid Claims (Net of Reinsurers' Share)	(92.361.135)	(7.386.286)	(2.780.264)	(1.073.261)	(646.420)	-	(104.247.366)
1.2-	Change in Outstanding Claims Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	2.471.626	1.486.937	(185.530)	(207.764)	78.371	-	3.643.640
2-	Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	(177.495)	(68.555)	(152.790)	-	-	-	(398.840)
3-	Other Technical Expenses Net of Accrued Claim Recovery	(4.712.946)	506.945	509.245	(179.244)	(163.179)	-	(4.039.179)
4-	Production Commission Expenses (Note 32)	(23.125.733)	(9.775.569)	(5.291.654)	(3.912.720)	(1.782.794)	-	(43.888.470)
TECHNICAL BALANCE– NON-LIFE		**13.290.485**	**3.291.364**	**8.338.991**	**5.762.108**	**1.529.079**	**-**	**32.212.027**
Personnel Expenses (Note 32)		-	-	-	-	-	(17.998.437)	(17.998.437)
Other Operating Expenses (-)		-	-	-	-	-	(12.890.494)	(12.890.494)
Investment Income (Note 26)		-	-	-	-	-	10.118.871	10.118.871
Investment Expenses (-) (Note 34)		-	-	-	-	-	(1.902.083)	(1.902.083)
Net Foreign Exchange Expenses (Note 36)		-	-	-	-	-	(1.466.669)	(1.466.669)
Depreciation Expenses (-) (Note 6.1)		-	-	-	-	-	(2.437.337)	(2.437.337)
Profits and Losses from Other Operations (+/-)		-	-	-	-	-	(1.898.756)	(1.898.756)
Net Income for the Period								**3.737.122**

The Company does not allocate its assets to the segments and evaluates assets aggregately.

Segment results for the period 1 January - 31 December 2011:

	Accident	Fire	Engineering	Marine	Other	Unallocated	Total
NON-LIFE TECHNICAL INCOME	**114.225.987**	**17.999.166**	**14.542.922**	**10.625.808**	**4.093.377**	**-**	**161.487.260**
1- Earned Premiums (Net of Reinsurers' Share)	111.306.206	11.170.774	5.669.960	8.134.952	815.017	-	137.096.909
1.1- Written Premiums (Net of Reinsurers' Share)	111.183.452	9.836.383	5.715.537	8.322.848	815.978	-	135.874.198
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share)	(1.439.643)	1.334.391	(45.577)	(187.896)	(961)	-	(339.686)
1.3- Unexpired Risks Reserve (Reasürör payı Düşülmüş Olarak)	1.562.397	-	-	-	-	-	1.562.397
2- Reinsurance Commissions Income (Note 32)	2.919.781	6.828.392	8.872.962	2.490.856	3.278.360	-	24.390.351
NON-LIFE TECHNICAL EXPENSE (-)	**(110.047.751)**	**(13.605.387)**	**(7.521.807)**	**(3.194.349)**	**(2.279.912)**	**-**	**(136.649.206)**
1- Incurred Losses (Net of Reinsurers' Share)	(86.187.407)	(6.083.854)	(2.804.684)	(1.332.282)	(738.866)	-	(97.147.093)
1.1- Paid Claims (Net of Reinsurers' Share)	(90.457.803)	(7.224.262)	(2.760.502)	(1.447.639)	(607.846)	-	(102.498.052)
1.2- Change in Outstanding Claims Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	4.270.396	1.140.408	(44.182)	115.357	(131.020)	-	5.350.959
2- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	(215.852)	(578.805)	(156.522)	-	-	-	(951.179)
3- Other Technical Expenses (Net Of Accrued Claim Recovery)	(2.922.112)	354.422	135.442	968.969	(34.192)	-	(1.497.471)
4- Production Commission Expenses (Note 32)	(20.722.380)	(7.297.150)	(4.696.043)	(2.831.036)	(1.506.854)	-	(37.053.463)
TECHNICAL BALANCE– NON-LIFE	**4.178.236**	**4.393.779**	**7.021.115**	**7.431.459**	**1.813.465**	**-**	**24.838.054**
Personnel Expenses (Note 32)	-	-	-	-	-	(16.111.154)	(16.111.154)
Other Operating Expenses (-)	-	-	-	-	-	(12.634.354)	(12.634.354)
Investment Income (Note 26)	-	-	-	-	-	6.832.584	6.832.584
Investment Expenses (-) (Note 34)	-	-	-	-	-	(1.122.919)	(1.122.919)
Net Foreign Exchange Income (Note 36)	-	-	-	-	-	6.322.582	6.322.582
Depreciation Expenses (-) (Note 6.1)	-	-	-	-	-	(2.641.275)	(2.641.275)
Profits and Losses from Other Operations (+/-)	-	-	-	-	-	(5.143.141)	(5.143.141)
Net Loss for the Period (-)							**340.377**

The Company does not allocate its assets to the segments and evaluates assets aggregately.

6. Tangible Assets

6.1. Depreciation and amortisation expenses for the period: TL2.437.337
(1 January - 31 December 2011: TL 2.641.275).

6.1.1. Depreciation expense: TL 1.747.156 (1 January - 31 December 2011: TL 1.667.279).

6.1.2. Amortisation expense: TL 690.181 (1 January - 31 December 2011: TL 973.996).

6.2. Changes in depreciation calculation methods and effect of such changes on depreciation expenses for the year: None (1 January - 31 December 2011: None).

6.3. Movements of property and equipment in the current period:

6.3.1. Cost of property and equipment purchased: TL 732.755
(1 January - 31 December 2011: TL 496.766).

6.3.2. Cost of property and equipment sold or used as scrap: 353.463 TL
(1 January - 31 December 2011: TL 5.531.828).

6.3.3. Revaluation increases in the current period:

6.3.3.1. Cost of fixed assets (+): None (1 January - 31 December 2011: TL 8.859.670).

6.3.3.2. Accumulated depreciation (-): None
(1 January - 31 December 2011: TL 1.836.636).

6.3.4. Nature, amount, beginning and ending dates of construction-in-progress: None
(31 December 2011: None).

Movement table of tangible assets is as follows:

	1 January 2012	Additions	Revaluation increase	Disposals	31 December 2012
Cost/Revalued amount:					
Property for operational use	32.599.305	-	-		32.599.305
Furniture and fixtures	2.986.299	121.318	-		3.107.617
Motor vehicles	545.689	533.544	-	(89.476)	989.757
Other tangible assets (Leasehold improvements included)	2.203.452	77.893	-		2.281.345
Leased assets	1.689.968	-	-	(263.987)	1.425.981
Total Cost/Revalued Amount	**40.024.713**	**732.755**		**(353.463)**	**40.404.005**
Accumulated depreciation:					
Property for operational use	(25.686)	(920.448)	-	-	(946.134)
Furniture and fixtures	(2.474.518)	(242.795)	-	-	(2.717.313)
Motor vehicles	(184.670)	(138.665)	-	89.476	(233.859)
Other tangible assets (Leasehold improvements included)	(1.829.098)	(225.583)	-	-	(2.054.681)
Leased assets	(1.279.634)	(219.665)	-	210.756	(1.288.543)
Total depreciation	**(5.793.606)**	**(1.747.156)**	**-**	**300.232**	**(7.240.530)**
Net book value	**34.231.107**				**33.163.475**

6. Tangible Assets (Continued)

	1 January 2011	Additions	Revaluation increase	Disposals	31 December 2011
Cost/Revalued Amount:					
Property for operational use	23.739.635	-	8.859.670	-	32.599.305
Furniture and fixtures	7.173.225	74.950	-	(4.261.876)	2.986.299
Motor vehicles	495.607	408.219	-	(358.137)	545.689
Other tangible assets (Leasehold improvements included)	3.101.670	13.597	-	(911.815)	2.203.452
Leased assets	1.689.968	-	-	-	1.689.968
Total Cost/Revalueted Amount	**36.200.105**	**496.766**	**8.859.670**	**(5.531.828)**	**40.024.713**
Accumulated depreciation:					
Property for operational use	(1.224.424)	(637.898)	1.836.636	-	(25.686)
Furniture and fixtures	(6.325.116)	(379.985)	-	4.230.583	(2.474.518)
Motor vehicles	(381.202)	(112.046)	-	308.578	(184.670)
Other tangible assets (Leasehold improvements included)	(2.490.275)	(256.958)	-	918.135	(1.829.098)
Leased assets	(999.242)	(280.392)	-	-	(1.279.634)
Total depreciation	**(11.420.259)**	**(1.667.279)**	**1.836.636**	**5.457.296**	**(5.793.606)**
Net book value	**24.779.846**				**34.231.107**

The Company's buildings for operational use are revalued. Headquarter building located in İstanbul and İzmir office building are presented in financial statements at the amounts determined in the expertise report dated 27 October 2011 and 26 October 2011, respectively, prepared by the independent professional valuation firm, TSKB Gayrimenkul Değerleme A.Ş., via comparison of sales method:

	31 December 2012	31 December 2011
Headquarter building	31.450.000	31.450.000
İzmir Office	1.070.000	1.070.000
Other	79.305	79.305
Total	**32.599.305**	**32.599.305**

Revaluation increases arising from valuation of land and buildings, net of deferred tax effects, are credited to "Other Profit Reserves" under shareholders' equity. Revaluation decreases arising from valuation of land and buildings are charged against "Other Profit Reserves" for the corresponding asset under shareholders' equity. Revaluation decreases regarding the assets without balances in "Other Profit Reserves" under shareholders' equity are charged to the income statement.

There is no valuation increase in properties for operational use for the period 1 January - 31 December 2012 (1 January -31 December 2011: 10.696.306 TL).

Cost and accumulated depreciation amounts of the buildings measured at revalued amounts before revaluation as of 31 December 2012 and 2011 are stated below:

	31 December 2012	31 December 2011
Cost	17.057.975	17.057.975
Accumulated depreciation (-)	(4.823.638)	(4.482.478)
Net book value	**12.234.337**	**12.575.497**

The movement of the revaluation increases for the buildings accounted for using revaluation model, for the year ended 31 December 2012 and 2011, is as follows:

	31 December 2012	31 December 2011
Revalued amount	32.599.305	32.599.305
Accumulated depreciation (-)	(946.134)	(25.686)
Accumulated depreciation deducted revalued amount	**31.653.171**	**32.573.619**
Net book value calculated based on cost	(12.234.337)	(12.575.497)
Revaluation fund before tax	**19.418.834**	**19.998.122**
Calculated deferred tax liability (-)	(3.885.251)	(4.001.109)
Revaluation fund - net	**15.533.583**	**15.997.013**

7. Investment properties

None (31 December 2011: None).

8. Intangible Assets

	1 January 2012	Additions	Disposals	31 December 2012
Cost:				
Rights	4.252.175	147.686	-	4.399.861
	4.252.175	**147.686**	**-**	**4.399.861**
Accumulated depreciation:				
Rights	(3.094.045)	(690.181)	-	(3.784.226)
	(3.094.045)	**(690.181)**	**-**	**(3.784.226)**
Net book value	**1.158.130**			**615.635**

8. Intangible Assets (Continued)

	1 January 2012	Additions	Disposals	31 December 2012
Cost:				
Rights	5.481.068	633.602	(1.862.495)	4.252.175
	5.481.068	**633.602**	**(1.862.495)**	**4.252.175**
Accumulated depreciation:				
Rights	(3.971.218)	(973.996)	1.851.169	(3.094.045)
	(3.971.218)	**(973.996)**	**1.851.169**	**(3.094.045)**
Net book value	**1.509.850**			**1.158.130**

9. Investments in Associates

In 7 June 2012, Risk Ekspert Risk ve Hasar Danışmanlık Hizmetleri Limited Company has been founded with 30% partnership of the company as it was registered in Trade Register Newspaper. As of 31 December 2012,the company's share amount is accounted with acquisition cost as it has been predicted in accordance with Consolidation communiqué.Since the mentioned affiliate's total asset amount is lower than 1% of the company's s total asset amount (31 December 2011: None) (Notes 2.1 and 45.2).

	31 December 2012	31 December 2011
Risk Ekspert	15.000	-
	15.000	**-**

10. Reinsurance Assets

	31 December 2012	31 December 2011
Reinsurers' share of unearned premium reserve (Note 17)	80.053.054	59.808.830
Reinsurers' share of outstanding claims provision (Note 17)	70.156.380	71.628.779
Reinsurers' share of unexpired risks reserves (Note 17)	676.327	759.157
Premium reserves received from insurance and reinsurance companies (Note 19)	(21.136)	(21.136)
Deferred reinsurance commission income (Notes 17 and 19)	(19.625.374)	(15.174.419)
Payables to reinsurance companies - net	(19.663.163)	(19.041.274)

10. Reinsurance Assets (Continued)

	1 January - 31 December 2012	1 January - 31 December 2011
Reinsurance Income/(Expenses)		
Reinsurers' share of paid claims	45.870.383	77.160.797
Commissions received from reinsurers (gross)	33.376.323	27.022.700
Reinsurers' share of change in unearned premiums reserve (SSI share excluded)	17.697.566	(439.885)
SSI share of change in unearned premiums reserve (Note 17)	2.546.658	1.857.051
Reinsurers' share of change in unexpired risks reserve (Note 17)	(82.830)	52.633
Reinsurers' share of change in outstanding claim reserves	(1.472.399)	(3.889.861)
Change in deferral of commissions received from reinsurers	(4.450.955)	(2.632.349)
Premiums ceded to SSI (Notes 2.14 and 24)	(5.319.405)	(2.578.918)
Ceded premiums to reinsurers (SSI share excluded)	(133.689.538)	(114.509.694)

Information about reinsurance agreements is disclosed in note 2.14.

11. Financial Assets

11.1 The Company's financial assets by measurement category:

	31 December 2012		
	Blocked	**Non-Blocked**	**Total**
Marketable Securities			
Financial assets held for trading			
Government bonds (*)	-	3.658.171	3.658.171
Share certificates (**)	-	288.190	288.190
Total	**-**	**3.946.361**	**3.946.361**

	31 December 2011		
	Blocked	**Non-Blocked**	**Total**
Marketable Securities			
Financial assets held for trading			
Government bonds (*)	-	1.798.836	1.798.836
Share certificates (**)	-	169.495	169.495
Total	**-**	**1.968.331**	**1.968.331**

(*) Interest rates of government bonds in the trading portfolio vary between 6,08% and 11,46% (31 December 2011: 4,2% and 10,8%).

(**) All share certificates included in the trading portfolio are quoted in İstanbul Stock Exchange Market.

Loans and Receivabless	31 December 2012	31 December 2011
Loans and receivables (Note 12.1)	107.270.660	109.753.890
Total	**107.270.660**	**109.753.890**

11.2. Marketable securities issued during the year other than share certificates: None (31 December 2011: None).

11.3. Debt securities issued during the year: None (31 December 2011: None).

11.4. Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets shown at market value:

Marketable Securities	31 December 2012		31 December 2011	
	Cost	Carrying value (Fair value)	Cost	Carrying value (Fair value)
Government bonds	3.580.631	3.658.171	1.965.455	1.798.836
Share certificates	264.744	288.190	229.928	169.495
Total	**3.845.375**	**3.946.361**	**2.195.383**	**1.968.331**

The detailed information about non-current financial assets is disclosed in Note 45.2.

11.5. Marketable securities under "Marketable Securities and Investment Securities" account group and issued by the Company's shareholders, investments or subsidiaries and the issuers: None (31 December 2011: None).

11.6. Value increase on financial assets in the last three years: None (31 December 2011: None).

11.7 - 11.9. Other information about financial assets:

The fair value income from financial assets held-for-trading is TL 129.779 (1 January - 31 December 2011: TL 28.251 fair value loss) accounted under investment income in the income statement.

Financial assets maturity analysis:

	31 December 2012						
	No Stated Maturity	0 - 3 months	3 - 6 months	6 months - to 1 year	1-3 years	More than 3 years	Total
Government bonds	-	105.559	389.042	1.791.352	1.372.218	-	3.658.171
Share certificates	288.190	-	-	-	-	-	288.190
Total	**288.190**	**105.559**	**389.042**	**1.791.352**	**1.372.218**	**-**	**3.946.361**

	31 December 2011						
	No Stated Maturity	0 - 3 months	3 - 6 months	6 months - to 1 year	1-3 years	More than 3 years	Total
Government bonds	-	-	-	1.692.807	-	106.029	1.798.836
Share certificates	169.495	-	-	-	-	-	169.495
Total	**169.495**	**-**	**-**	**1.692.807**	**-**	**106.029**	**1.968.331**

Financial assets are denominated in TL in both 31 December 2012 and 2011.

12. Loans and Receivables

12.1 Classification of the receivables as receivables from main customers, receivables from interested parties, receivables for the advance payment (short-term and long-term prepayment) and the others

	31 December 2012	31 December 2011
Receivables from intermediaries	75.407.201	68.029.730
Receivables from bank guaranteed credit card	16.574.592	10.127.207
Receivables from reinsurance companies	6.233.785	12.692.793
Claim recovery and salvage receivables - net	5.678.190	4.249.558
Receivables from policyholders	5.235.094	15.914.022
Due from insurance operations	**109.128.862**	**111.013.310**
Premium reserve from reinsurance and insurance companies	9.213	9.213
Receivables from reinsurance and insurance companies	**109.138.075**	**111.022.523**
Claim recovery receivables under legal follow-up - gross	22.430.315	21.163.153
Doubtful receivables from main operations - gross	10.500.440	11.192.952
Receivables from main operations - gross	**142.068.830**	**143.378.628**
Provision for receivables from insurance operations (*)	(640.631)	(508.705)
Provision for claim recovery and salvage receivables (*)	(1.226.784)	(759.928)
Provision for doubtful receivables from policyholders and intermediaries (**)	(10.500.440)	(11.192.952)
Provision for net claim recovery receivables under legal follow-up (**)	(22.430.315)	(21.163.153)
Provision for overdue and not overdue receivables	**(34.798.170)**	**(33.624.738)**
Receivables from main operations - net (Note 11.1)	**107.270.660**	**109.753.890**

(*) Disclosed under provision for receivables from insurance operations in the balance sheet.
(**) Disclosed under provision for doubtful receivables from main operations in the balance sheet.

12.2. Due from/due to shareholders, investments and subsidiaries: Balances and transactions with the related parties are disclosed in Note 45.

12.3. Total mortgages and collateral obtained for receivables: The details of guarantees and collaterals obtained are as follows:

	31 December 2012	31 December 2011
Real estate mortgages	24.179.797	24.343.447
Letters of guarantee	7.900.010	6.430.405
Collateral cheques	2.121.328	2.802.696
Other guarantees	1.595.800	2.308.725
Cash	822.020	845.020
Collateral bills	525.011	3.905.538
Public securities	104.577	115.379
Total	**37.248.543**	**40.751.210**

The Company has no real estate mortagage and letter of guarantees denominated in foreign currency as of 31 December 2012 and 2011.

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

Loans and Receivables:

	31 December 2012		
Currency Type	**Foreign Currency Amount**	**Exchange Rate**	**Amount TL**
USD	8.696.395	1,7826	15.502.194
EUR	6.458.254	2,3517	15.187.875
CHF	104.853	1,9430	203.729
JPY	1.158.468	0,0207	23.980
GBP	606	2,8708	1.739
DKK	109	0,3152	34
Total			**30.919.551**

	31 December 2011		
Currency Type	**Foreign Currency Amount**	**Exchange Rate**	**Amount TL**
USD	15.412.471	1,8889	29.112.616
Euro	3.624.964	2,4438	8.858.687
CHF	221.436	2,0062	444.245
JPY	4.532.699	0,0243	110.145
GBP	68.332	2,9170	199.324
DKK	9.496	0,3287	3.121
SEK	903	0,2722	246
Total			**38.728.384**

12.5 - 12.7. Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	31 December 2012	31 December 2011
Overdue	3.784.650	9.899.503
Up to 3 months	32.687.138	44.902.672
3 to 6 months	37.063.796	36.172.506
6 months to 1 year	29.723.137	16.970.571
Over 1 year (*)	5.870.141	3.068.058
Receivables from insurance operations - gross	**109.128.862**	**111.013.310**
Premium reserves from reinsurance and insurance companies (-) (**)	9.213	9.213
Provision for receivables from insurance operations	(640.631)	(508.705)
Premium Reserves from Claim recovery and salvage receivables (-) (**)	(1.226.784)	(759.928)
Receivables from insurance operations - net	**107.270.660**	**109.753.890**

(*) It is disclosed in current assets in the balance sheet.
(**) It is disclosed in premium reserves from receivables from insurance operations in the balance sheet.

The movement of provision for receivables from insurance operations is as follows:

	2012	2011
Opening balance - 1 January	508.705	1.296.861
Net change for the period (Note 47.5)	131.926	(788.156)
Closing balance - 31 December	**640.631**	**508.705**

The movement of provision for net claim recovery receivables under legal follow-up is as follows:

	2012	2011
Opening balance - 1 January	21.163.153	17.366.398
Net increase for the period (Note 47.5)	1.267.162	3.796.755
Closing balance - 31 December	**22.430.315**	**21.163.153**

The movement of provision for doubtful receivables from main operations is as follows:

	2012	2011
Opening balance - 1 January	11.192.952	9.364.002
Net increase for the period (Note 47.5)	(692.512)	1.828.950
Closing balance - 31 December	**10.500.440**	**11.192.952**

The aging of the overdue but not impaired receivables from policyholders and agencies are as follows:

	31 December 2012	31 December 2011
Up to 1 month	653.055	1.293.736
1-2 months	650.103	1.558.488
Over 2 months	1.840.861	6.538.574
Total	**3.144.019**	**9.390.798**

12.5 - 12.7. Other information about loans and receivables:

Total guarantee amounts received for receivables disclosed above are as follows:

	31 December 2012	31 December 2011
Real estate mortgage	5.327.100	9.452.462
Letters of guarantee	282.005	4.176.600
Other guarantees	187.920	62.488
Total	**5.797.025**	**13.691.550**

Considering the intermediaries from which collaterals received are higher than receivable amounts, utilisable collaterals for overdue receivables are calculated as TL 2.911.176 (31 December 2011: TL 4.759.853).

13. Derivative financial instruments

None (31 December 2011: None).

14. Cash and Cash Equivalents

Cash and cash equivalents that are included in the statements of cash flows for the periods 1 January - 31 December 2012 and 2011 are disclosed in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2012	31 December 2011
Cash	37.833	31.336
Cheques received	24.018	2.530
Bank deposits	117.631.652	119.443.638
Bank guaranteed and less than 3 months maturity credit card receivables	29.271.613	15.519.723
Total	**146.965.116**	**134.997.227**
Bank deposits in TL		
- demand deposits	3.258.171	7.604.576
- time deposits	109.798.049	101.557.509
	113.056.220	**109.162.085**
Foreign currency denominated bank deposits		
- demand deposits	287.456	1.189.321
- time deposits	4.287.976	9.092.232
	4.575.432	**10.281.553**
Total	**117.631.652**	**119.443.638**

The maturities of the Company's time deposits as of 31 December 2012 and 2011 are less than 3 months.

As of 31 December 2012, deposits amounting to TL 34.994.993 (31 December 2011: TL 32.038.653) and TL 1.115.819 (31 December 2011: TL 179.267) are blocked in favor of the Treasury and TARSİM, respectively (Notes 43 and 17).

Weighted average interest rates of time deposits:

	31 December 2012 (%)	31 December 2011 (%)
TL	8,32	11,56
USD	0,63	1,08
Euro	0,68	1,52

Foreign currency denominated time and demand deposits are as follows:

	31 December 2012			
	Foreign currency		TL	
	Time	Demand	Time	Demand
USD	785.905	76.859	1.400.954	137.009
Euro	1.227.632	63.974	2.887.022	150.447
Total			**4.287.976**	**287.456**

	31 December 2011			
	Foreign currency		TL	
	Time	Demand	Time	Demand
USD	3.430.075	273.350	6.479.068	516.330
Euro	1.069.303	177.992	2.613.164	434.977
CHF	-	68.590	-	137.604
JPY	-	3.425.618	-	83.380
GBP	-	5.838	-	17.030
Total			**9.092.232**	**1.189.321**

15. Capital

As of 31 December 2012, the Company's total amount of nominal shares is 16.306.985.600 which has all been paid. The face value of the Company's common stocks is Kr 1 each and the total nominal amount is TL163.069.856 (31 December 2011: TL163.069.856).

Movement of common stocks at opening balance and closing balance is as follows:

	1 January 2012		Issued Capital		Amortised		31 December 2012	
		Nominal		Nominal		Nominal		Nominal
	Unit	TL	Unit	TL	Unit	TL	Unit	TL
Paid	16.306.985.600	163.069.856	-	-	-	-	16.306.985.600	163.069.856
Total	**16.306.985.600**	**163.069.856**	**-**	**-**	**-**	**-**	**16.306.985.600**	**163.069.856**

	1 January 2011		Issued Capital		Amortised		31 December 2011	
		Nominal		Nominal		Nominal		Nominal
	Unit	TL	Unit	TL	Unit	TL	Unit	TL
Paid	13.706.985.600	137.069.856	2.600.000.000	26.000.000	-	-	16.306.985.600	163.069.856
Total	**13.706.985.600**	**137.069.856**	**2.600.000.000**	**26.000.000**	**-**	**-**	**16.306.985.600**	**163.069.856**

Disclosures related to the capital increase in the periods 1 January - 31 December 2012 and 2011 are included in Note 2.13.

Profit Reserves:

Details of the profit reserves are explained below:

	31 December 2012	31 December 2011
Revaluation fund	15.533.583	15.997.013
Earthquake provision transferred to profit reserve	9.265.403	9.265.403
Total	**24.798.986**	**25.262.416**

The movement of the revaluation fund is as follows:

	2012	2011
Beginning of the period - 1 January	15.997.013	7.677.359
Revaluation increase/decrease in property for operational use (net) (*)	(463.430)	8.319.654
End of period- 31 December	**15.533.583**	**15.997.013**

(*) In accordance with "TMS 16 - Tangible Assets", the Company accounts for property for operational use using the revaluation model. Increases in the carrying amounts arising on revaluation of properties, net of tax, are accounted for in "Other profit reserves" under shareholders' equity. At each accounting period, the difference between depreciation based on the revalued carrying amount of the asset (charged to the statement of income) and the depreciation based on the asset's original cost is transferred from "Other profit reserves" to retained earnings. In accordance with the current regulation, revaluation increases arising from the revaluation of property for operational use are not allowed to be used in capital increases (Note 6).

16. Other Reserves and Equity Component of Discretionary Participation Feature

Information about other reserves classified in share capital is explained in Note 15.

17. Insurance Liabilities and Reinsurance Assets

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

	31 December 2012	31 December 2011
Required guarantee amount to be provided for non-life branches (*)	28.331.244	26.138.361
Guarantees provided for non-life branches (Note 14)	34.994.993	32.038.653

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

17.2. Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status: None (1 January - 31 December 2011: None).

17.3. Guarantee amount to be provided for life branch: Disclosed in Note 4.

17.4. Unit prices of pension funds and savings founded by the Company: None (31 December 2011: None).

17.5. Units and amounts of share certificates in portfolio and in circulation: None (31 December 2011: None).

17.6. Numbers and portfolio amounts of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants): None
(1 January - 31 December 2011: None).

17.7. Valuation methods of profit share calculation for life insurance: None
(1 January - 31 December 2011: None).

17.8. Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants at the Company during the period: None
(1 January - 31 December 2011: None).

17.9. Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another company during the period: None
(1 January - 31 December 2011: None).

17.10. Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period: None (1 January - 31 December 2011: None).

17.11. Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another company or that left the Company but did not transfer to another company: None
(1 January - 31 December 2011: None).

17.12. Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period: None (1 January - 31 December 2011: None).

17.13. Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period: None
(1 January - 31 December 2011: None).

17.14. Profit share allocation rate to the life policyholders: None (1 January - 31 December 2011: None).

17.15 - 17.19. Other required information about liabilities from insurance agreements:

Outstanding claims provision:

	2012		
	Gross	**Reinsurer's Share**	**Net**
Opening reported outstanding claim provision - 1 January	129.550.516	(72.860.596)	56.689.920
Paid Claims	(44.057.846)	14.360.578	(29.697.268)
Increase			
- Current period outstanding claims	32.594.566	(14.164.283)	18.430.283
- Prior years outstanding claims	9.971.911	8.162.781	18.134.692
Closing reported outstanding claim provision - 31 December	**128.059.147**	**(64.501.520)**	**63.557.627**
Incurred but not reported claims (Note 2.24)	29.074.392	(12.899.810)	16.174.582
Claim adequacy provision (Note 2.24)	3.111.810	(3.006.458)	105.352
Deduction amount calculated in accordance with winning ratio (Note 2.24)	(17.115.234)	10.251.408	(6.863.826)
Total	**143.130.115**	**(70.156.380)**	**72.973.735**

17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

	2011		
	Gross	Reinsurer's Share	Net
Opening reported outstanding claim provision - 1 January	121.859.831	(64.377.254)	57.482.577
Outstanding claims provisions closed due to SSI Regulations (Notes 2.24 and 19)	(1.684.759)	-	(1.684.759)
Paid Claims	(36.087.773)	11.475.057	(24.612.716)
Increase			
- Current period outstanding claims	43.860.260	(19.060.170)	24.800.090
- Prior years outstanding claims	1.602.957	(898.229)	704.728
Closing reported outstanding claim provision - 31 December	**129.550.516**	**(72.860.596)**	**56.689.920**
Incurred but not reported claims (Note 2.24)	28.235.453	(6.541.561)	21.693.892
Claim adequacy provision (Note 2.24)	1.243.850	(1.194.822)	49.028
Deduction amount calculated in accordance with winning ratio (Note 2.24)	(10.783.665)	8.968.200	(1.815.465)
Total	**148.246.154**	**(71.628.779)**	**76.617.375**

Unearned Premium Reserve:

	2012		
	Gross	Reinsurer's Share	Net
Opening balance - 1 January	133.366.677	(59.808.830)	73.557.847
Net change (*)	35.254.656	(20.244.224)	15.010.432
Closing balance -31 December	**168.621.333**	**(80.053.054)**	**88.568.279**

	2011		
	Gross	Reinsurer's Share	Net
Opening balance - 1 January	131.609.825	(58.391.664)	73.218.161
Net change (*)	1.756.852	(1.417.166)	339.686
Closing balance -31 December	**133.366.677**	**(59.808.830)**	**73.557.847**

(*) As discussed in Note 2.14, reinsurance share of unearned premium reserve as of 31 December 2012 includes SSI share of unearned premium reserve amounting to TL 2.546.658 TL calculated on a daily basis over premiums ceded to SSI amounting to TL 1,857.051 (Note 19).

The deferred commission expense and deferred commission income amount to TL25.928.531 (31 December 2011: TL 19.819.033) and TL19.625.374 (31 December 2011: TL15.174.419) as of 31 December 2012 and classified under "Deferred Acquisition Expenses" and "Deferred Comissions Income", respectively (Note 19).

17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

Unexpired risks reserve:

	2012		
	Gross	**Reinsurer's Share**	**Net**
Opening balance - 1 January	2.819.076	(759.157)	2.059.919
Net change	(1.918.821)	82.830	(1.835.991)
Closing balance - 31 December	**900.255**	**(676.327)**	**223.928**

	2011		
	Brüt	**Reasürans payı**	**Net**
Opening balance - 1 January	4.328.840	(706.524)	3.622.316
Net change	(1.509.764)	(52.633)	(1.562.397)
Closing balance - 31 December	**2.819.076**	**(759.157)**	**2.059.919**

Dengeleme karşılığı (*):

	2012		
	Gross	**Reinsurer's Share**	**Net**
Opening balance - 1 January	2.944.270	-	2.944.270
Provision deducted (**)	(433.513)	-	(433.513)
Net change	832.353		832.353
Closing balance - 31 December	**3.343.110**	**-**	**3.343.110**

	2011		
	Gross	**Reinsurer's Share**	**Net**
Opening balance - 1 January	1.993.091	-	1.993.091
Net change	951.179	-	951.179
Closing balance - 31 December	**2.944.270**	**-**	**2.944.270**

(*) The reserve is calculated on a net basis as disclosed in Note 2.24.
(**) As of 31 December 2012,the company has deducted TL 433.513 amount of accrued earthquake claim from its equlisation reserve. TL 355.608 of the amount is form from paid claims and TL 77.905 is form from claims which exist in outstanding claim provision records as of 31 December 2012 (Note 2.24).

Foreign currency denominated claims provisions are as follows:

31 December 2012			
Foreign Currency Type	**Foreign currency amount**	**Foreign currency rate**	**Amount TL**
USD	283.504	1,7912	507.812
Euro	94.035	2,3630	222.205
Total			**730.017**

31 December 2011			
Foreign Currency Type	**Foreign currency amount**	**Foreign currency rate**	**Amount TL**
Euro	114.756	2,4556	281.795
USD	55.443	1,8980	105.231
Total			**387.026**

17.15 - 17.19 Other required information about liabilities from insurance agreements (Continued):

Claim recovery income:

The amounts of the net salvage and subrogation income which are collected and the accrued income amounts from salvage and subrogation receivables with respect to the claims paid by the Company are as follows:

	Claim Recovery Accrual					
	31 December 2012			31 December 2011		
	Gross	Reinsurers Share	Net	Gross	Reinsurers Share	Net
Fire and catasrophic losses	5.488.360	(4.643.649)	844.711	257.166	(160.862)	96.304
Motor own damage	3.905.546	-	3.905.546	3.337.635	(86.010)	3.251.625
Motor third party liability	769.071	-	769.071	745.614	(37.281)	708.333
Marine	542.041	(387.297)	154.744	200.143	(56.956)	143.187
General losses	9.103	(7.620)	1.483	170.881	(125.778)	45.103
General liability	8.781	(6.146)	2.635	-	-	-
Health/Illness	-	-	-	25.118	(20.112)	5.006
Total	**10.722.902**	**(5.044.712)**	**5.678.190**	**4.736.557**	**(486.999)**	**4.249.558**

	Claim Recovery Accrual					
	1 January - 31 December 2012			1 January - 31 December 2011		
	Gross	Reinsurers Share	Net	Gross	Reinsurers Share	Net
Motor own damage	24.381.886	(38.149)	24.343.737	22.876.912	(137.195)	22.739.717
Fire and catasrophic Losses	935.712	(575.953)	359.759	300.041	(96.468)	203.573
Motor third party liability	831.116	(19.499)	811.617	1.149.594	(47.749)	1.101.845
Marine	672.306	(339.814)	332.492	1.349.728	(843.785)	505.943
General losses	114.171	(96.164)	18.007	287.864	(263.039)	24.825
Breach of trust	37.795	(33.881)	3.914	3.740	(1.870)	1.870
Rail Vehicles	9.855	-	9.855	-	-	-
Non-Life Accident	5.340	(5.340)	-	-	-	-
Voluntary third party liability	5.300	-	5.300	-	-	-
General liability	950	(665)	285	10.800	(8.640)	2.160
Health/Illness	111	(89)	22	10.496	(10.470)	26
Total	**26.994.542**	**(1.109.554)**	**25.884.988**	**25.989.175**	**(1.409.216)**	**24.579.959**

Winning Rate Calculations Related to Outstanding Claims Under Legal Follow Up:

In accordance with the Communiqué numbered 2011/23, the Company has calculated a winning ratio as of 31 December 2012 by dividing the amounts of legal cases closed in favour of the Company to the total amount of legal claims opened against the Company and closed in the past 5 years on a sub-branch basis. In accordance with the article 6 of the Communiqué, when the calculated winning ratio is over 25%, 25% is used if there is a sufficient number of closed claim files whereas 15% is used if there is insufficient number of closed claim files to reduce the respective portion outstanding claims provision. The Company has reduced the outstanding claims provision using the rates calculated as 7% for bottled gas liability sub-branch, 13% for motor facultative liability sub-branch, 10% for construction sub-branch, 13% for motor third party liability sub-branch, 5% for personal accident sub-branch and 25% for the remaining sub-branches as of 31 December 2012.

17.15 - 17.19. Other required information about liabilities from insurance agreements (Continued):

The Company prepares the claim development table in accordance with the Regulation on Technical Reserves:

Claim development table on gross incurred claims basis as of 31 December 2012:

Accident year	1 January 2006 31 December 2006	1 January 2007 31 December 2007	1 January 2008 31 December 2008	1 January 2009 31 December 2009	1 January 2010 31 December 2010	1 January 2011 31 December 2011	1 January 2012 31 December 2012	Total Incurred Gross Claims
Claim incurred in the year of accident	162.898.998	138.215.114	141.998.047	147.668.459	134.849.736	113.869.259	127.101.497	966.601.110
1 year later	42.046.194	38.199.628	35.051.302	33.276.407	30.631.863	31.925.812	-	211.131.206
2 years later	8.918.589	8.334.246	6.203.874	9.056.844	10.121.922	-	-	42.635.475
3 years later	8.302.872	6.947.909	6.549.589	10.247.573	-	-	-	32.047.943
4 years later	8.128.050	6.592.703	5.456.611	-	-	-	-	20.177.364
5 years later	7.245.188	4.601.988	-	-	-	-	-	11.847.176
6 years later	6.837.842	-	-	-	-	-	-	6.837.842
Total incurred gross claims	**244.377.733**	**202.891.588**	**195.259.423**	**200.249.283**	**175.603.521**	**145.795.071**	**127.101.497**	**1.291.278.116**

Claim development table on gross incurred claims basis as of 31 December 2011:

Accident year	1 January 2006 31 December 2006	1 January 2007 31 December 2007	1 January 2008 31 December 2008	1 January 2009 31 December 2009	1 January 2010 31 December 2010	1 January 2011 31 December 2011	1 January 2012 31 December 2012	Total Incurred Gross Claims
Claim incurred in the year of accident	119.068.155	161.779.632	138.354.145	141.753.617	147.701.070	134.374.275	113.496.245	956.527.139
1 year later	30.255.991	41.424.134	37.574.738	34.689.657	32.723.718	30.476.859	-	207.145.097
2 years later	5.513.585	8.207.218	7.831.155	5.811.174	39.879.677	-	-	67.242.809
3 years later	4.590.659	7.698.460	6.959.121	6.422.143	-	-	-	25.670.383
4 years later	4.411.885	7.611.366	6.969.091	-	-	-	-	18.992.342
5 years later	3.807.443	7.164.304	-	-	-	-	-	10.971.747
6 years later	3.921.628	-	-	-	-	-	-	3.921.628
Total incurred gross claims	**171.569.346**	**233.885.114**	**197.688.250**	**188.676.591**	**220.304.465**	**164.851.134**	**113.496.245**	**1.290.471.145**

17.15 - 17.19. Other required information about liabilities from insurance agreements (Continued):

In accordance with the Communique, as of 31 December 2010, the Company selected the most appropriate method for the ACLM calculation for each branch considering the aspects of the related branch, the structure of portfolio of the Company and in accordance with the decision of the Actuary of the Company and the selected methods have been used for the calculations as of 31 December 2012 and 2011. The methods used in ACLM calculations as of 31 December 2012 and 2011 for each branch, additional gross and net provision amounts and amounts to be deducted when the results are negative are as follows:

		31 December 2012		31 December 2011	
Branch	**Applied Method**	**Gross Additional Provision (%100)(*)**	**Net Additional Provision (%100)**	**Gross Additional Provision (%100)**	**Net İlave Additional Provision (%100)**
Compulsory motor third party liability (**)	Standart	16.015.926	15.731.327	22.417.567	21.864.984
General liability	Cape Code	9.273.426	2.321.100	4.529.097	1.149.611
Accident	Standart	1.134.721	424.937	1.113.102	285.389
Voluntary Third Party Liability	Standart	891.674	864.379	911.534	852.077
Fire and Catasrophic Losses (***)	Standart	798.651	(739.865)	(216.728)	(105.334)
Water Vehicles	Standart	279.153	32.628	199.858	13.476
Marine (***)	Standart	(271.459)	(128.821)	283.614	95.210
Land vehicles (***)	Standart	(5.104.663)	(5.119.063)	(3.448.023)	(3.430.245)
General losses (***)	Standart	(11.763.022)	(1.771.132)	(484.088)	(71.295)
		11.254.407	**11.615.490**	**25.305.933**	**20.653.873**
Additional provision for compulsory motor third party liability (**)(****)		2.494.665	2.497.933	915.773	893.200
General losses (****)		14.649.526	2.030.687	-	-
Total		**28.398.598**	**16.144.110**	**26.221.706**	**21.547.073**

(*) As it is explained in note 2.24, as of 31 December 2012, as different from 2011,in AZMM calculations, accrued claim recovery and salvage income data in balance sheet is taking into account.

(**) As of 31 December 2012, according to the principles no:2012/13 Sector Anouncement, the data about legal follow-up claims in compulsory motor branch is taking in to account by revising past oriented ACLM calculations in accordance with the company's actuary judgement.If the revision about the mentioned claim files didn't happened as of 31 December 2012 net incurred bu not reported provision would be TL 1.825.012 higher than the actual amount.

(***) In accordance with the Communique dated 14 January 2011 numbered 2011/1, for the branches with negative ACLM calculation results, 50% of the negative result is deducted from outstanding claims provision of related branches.

(****) The Company evaluated the claim development in compulsory motor third party liability branch statistically with other actuarial methods and models and accounted for a net additional reserve amounting to TL 893.200 (31 December 2011: TL 1.305.917) as an addition to the incurred but not reported claim provision (Note 2.24).

As discussed in Note 2.24, the Company has used the results calculated in accordance with test of the adequacy of the results of ACLM calculations to determine the incurred but not reported claims provision for the branches without proper and adequate data as of 31 December 2012:

	31 December 2012	31 December 2011
Rail Vehicles	23.364	156.420
Health	4.223	923
Legal Protection	4.172	1.727
Financial Losses	3.548	241
Breach of Trust	(4.835)	(12.492)
Total	**30.472**	**146.819**

The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with in-force or related reinsurance agreements of the Company. The Company has used the rate of reinsurance share of paid claims for the last 12 months and period-end outstanding claims as the method to calculate the net amounts on a sub-branch basis.

The peak claims which are accepted as big claims are eliminated in a seperate calculation file by using prescribed statistical methods in the Circular to calculate ACLM with a more homogeneous set of data. Big claim limits used for determination of big claims eliminated in related calculations for each branch are as follows as of 31 December 2012 and 2011:

Branch	31 December 2012	31 December 2011
Motor Own Damage	5.284.032	3.729.557
Compulsory Motor Third Party Liability	558.494	493.708
Fire and Catasrophic Losses	258.203	201.612
General Losses	88.583	91.959

The box-plot elimination has not been performed for the branches other than described above during the ACLM calculations.

18. Investment Contract Liabilities

None (31 December 2011: None).

19. Trade and Other Payables, Deferred Income

	31 December 2012	31 December 2011
Payables to reinsurance companies	25.896.948	31.734.067
Other payables due to main operations	875.563	493.372
Premium reserves received from insurance and reinsurance companies (Note 10)	21.136	21.136
Payables due to main operations	**26.793.647**	**32.248.575**
Payables to suppliers	2.810.954	2.842.091
Payables to SSI regarding medical expenses (*)	8.473.635	2.790.966
Received deposits and guarantee letters	692.085	387.376
Received deposits and guarantee letters	241.023	131.200
Other	-	15.437
Other Payables	**12.217.697**	**6.167.070**
Deferred commission income (Note 17)	19.625.374	15.174.419
Other deferred income	-	22.854
Total short term payables	**58.636.718**	**53.612.918**
Payables to SSI regarding medical expenses (*)	-	4.131.808
Total long term payables	**-**	**4.131.808**
Total trade and other payables, deferred income	**58.636.718**	**57.744.726**

(*) Payables to SSI regarding to treatment expenses are as follows:

	2011
Opening Balance - 1 January	**-**
Closed incurred but not reported provison and Outstanding claims provision (1)	4.934.926
Premiums ceded to SSI (2) (**)	2.578.918
The difference between notified liabilities for the year 2011 and the amount calculated (3)	(387.295)
Premium payments to SSI	(203.775)
Closing Balance - 31 December	**6.922.774**

	2012
Openning Balance - 1 January	**6.922.774**
Premiums ceded to SSI (4) (**)	5.022.159
Correction notified in 2012 related to premium ceded to SSI between 25 February 2011 - 26 August 2011 (5) (**)	297.246
The difference between notified liabilities for the year 2012 and the amount calculated (6)	567.843
Notified correction for the period before regulation	12.723
Premium payments to SSI	(4.349.110)
Closing Balance - 31 December	**8.473.635**

(**) Ceded Premimums to SSI have been shown in the income statement.

(1) As disclosed in Notes 2.14 and 2.24, 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 31 March 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 1.684.759 and "incurred but not reported claims to be closed" calculated in accordance with the Communiqué numbered 2011/18 amounting to TL 3.250.167 totally amounting to TL 4.934.926 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 2011/17, 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" and charged to other technical income or expense account as of 31 December 2011.

(2) As disclosed in Note 2.14, 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 after 25 February 2011, 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 as TL 2.578.918.In accordance with the Communiqués numbered 2011/17 and 2011/18, the Company classified a certain portion of ceded premiums to SSI amounting to TL 1.739.666 to the account "Payables to SSI regarding medical expenses - short term" and deducted the payment amount realised until 31 December 2011. The remaining part of ceded premiums to SSI amounting to TL 839.252 is classified under the account "Payables to SSI regarding medical expenses - long term".

(3) In accordance with the Communiqué numbered 2011/17, the difference between the respective liability amount notified by Treasury to the companies and 1/3 of 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" and charged to other technical income or expense account. In this context, the Company has deducted TL 387.295 from the related liability account and recognized a corresponding amount of income in the income statement of 1 January - 31 December2011.

(4) As disclosed in Note 2.14, the Group is required to cede a certain amount of premiums to bedetermined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies written within the period of 1 January - 31 December 2012, regarding the expenses with respect to the traffic accident related medical care services provided. Based on the aforementioned regulations, the Company has recorded the amount of the premiums to be ceded to SSI as TL 5.022.159 as of 1 January - 31 December 2012 The amount of premiums ceded to SSI is classified under the account "Payables to SSI regarding treatment expenses - short term" and the payments made until 31 December 2012 are deducted from the account.

(5) In accordance with the Communique numbered 2012/3, the Company has recalculated the certain amount of premiums to be ceded to SSI in relation with the policies issued after 25 February 2011 and before the effective date of the regulation 26 August 2011 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches according to the fixed prices determined accordance to the vehicle types in the Communique numbered 2012/3. Based on the aforementioned regulations, the Group has recorded the additional amount of the premiums to be ceded to SSI as TL 297.246 as ceded premium to SSI as of 31 December 2012.

(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 Group has deducted TL 567.843 from the related liability account by considering the 1 January - 31 December 2012 liability and recognized the corresponding amount of income in the current period "Other Technical Expense". The provision calculated in accordance with the abovementioned principles with respect to the claims related to treatment expenses dated before the enforcement of the Law for the charges to be received in the subsequent years will be determined in accordance with the liability notifications by Treasury in 2013 and the difference between the calculated provision and finalised liability will be accounted for under the income statements of related periods.

The related party balances are explained at Note 45.

Amounts of foreign currency denominated payables are as follows:

Payables to reinsurance companies:

		31 December 2012	
Foreign currency Amount	**Foreign currency Amount**	**Foreign currency Rate**	**Amount TL**
USD	2.682.121	1,7826	4.781.149
Euro	1.404.794	2,3517	3.303.654
Total			**8.084.803**

		31 December 2011	
Foreign currency Amount	**Foreign currency Amount**	**Foreign currency Rate**	**Amount TL**
USD	9.064.241	1,8889	17.121.445
Euro	149.687	2,4438	365.805
Total			**17.487.250**

20. Borrowings

None (31 December 2011: None).

21. Deferred Income Tax

The Company calculates deferred income tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law.

The enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realised in the following periods under the liability method is 20%.

21. Deferred Income Tax (Continued)

As of 31 December 2012 and 2011 the temporary differences giving rise to deferred income tax assets and liabilities with using appropriate tax rates are as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Deferred income tax assets:				
Accumulated losses	11.410.574	-	2.282.115	-
Equalisation reserve	3.027.957	2.363.214	605.591	472.643
Incurred but not reported outsanding claims provision	2.494.665	11.150.153	498.933	2.230.031
Personnel bonus provision	2.140.150	1.200.000	428.030	240.000
Provision for employee termination benefit	1.234.974	1.059.816	246.995	211.963
Claim recovery receivables provision	1.226.784	759.928	245.357	151.986
Unused vacation provision	730.574	492.244	146.115	98.449
Premium recevable provision	640.631	508.705	128.126	101.741
Unexpired risk reserve	223.928	2.059.918	44.786	411.984
Provision for lawsuits	204.940	192.219	40.988	38.444
Other	877.814	-	175.563	-
Total deferred income tax assets			**4.842.599**	**3.957.241**
Deferred income tax liabilities:				
Fixed assets	(18.873.515)	(18.995.891)	(3.774.703)	(3.799.179)
Ertelenmiş üretim giderleri	(939.203)	(714.104)	(187.841)	(142.821)
Total deferred tax liabilities			**(3.962.544)**	**(3.942.000)**
Ertelenmiş vergi varlıkları - net (35 no'lu dipnot)			**880.055**	**15.241**

The movement of deferred tax assets in the period is as follows:

	2012	2011
Opening balance - 1 January	**15.241**	**3.053.815**
Deferred tax (expense)/income (Note 35)	864.814	(899.313)
Deferred tax expense accounted for in the equity associated with revaluation fund of property for operational use	-	(2.139.261)
Closing Balance - 31 December (Note 35)	**880.055**	**15.241**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax legislation that have been enacted at 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.

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. Accordingly, the Company, based on its best estimates, calculated a deferred tax asset based on the tax losses to be utilized with the budgeted profits. In this respect, as of 31 December 2012, the Company has calculated a deferred tax asset amounting to TL 2.282.115 (31 December 2011: None) over deductible tax losses amounting to TL 11.410.574 (31 December 2011: None). In addition, the Company has TL 40.782.995 (31 December 2011: TL 59.363.905) of tax losses, out of which the Company has not recognized a deferred tax asset amounting to TL 8.156.599 (31 December 2011: TL 11.872.781) as of 31 December 2012. The maturity analysis of the deductible tax losses out of which the deferred tax asset has not been recognized is as follows:

	31 December 2012	31 December 2011
2012	-	3.965.112
2014	26.189.376	40.805.174
2015	10.997.041	10.997.041
2016	3.596.578	3.596.578
Total	**40.782.995**	**59.363.905**

22. Retirement Benefit Obligations

	31 December 2012	31 December 2011
Provision for employee termination benefits	1.234.974	1.059.816
Total	**1.234.974**	**1.059.816**

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the changes made on 23 May 2002 in the legislation, some process of transition clauses related to the length of service before retirement have been omitted.

The amount payable consists of one month's salary limited to a maximum of TL 3,033.98 (31 December 2011: TL 2,731.85) for each year of service at 31 December 2012. Provision for employment termination benefits is not funded as there is no legal funding requirement.

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.

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

	31 December 2012	31 December 2011
Discount rate per annum (%)	2.50	4.66
Turnover rate to estimate the probability of retirement (%)	89	88

The principal assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 3,129.25 which is effective from 1 January 2012, has been taken into consideration in calculating the provision for employment termination benefits (31 December 2011: TL 2,805.04).

Movement in the provision for employment termination benefits is as follows:

	2012	2011
Opening balance - 1 January	1.059.816	1.412.059
Paid during the period (Note 33)	(903.431)	(641.346)
Change for the period	1.078.589	289.103
Closing balance - 31 December	**1.234.974**	**1.059.816**

23. Provisions for Other Liabilities and Charges

Commitments and contingent liabilities not recognised as liabilities are disclosed in Note 43.

Guarantees and pledges received are disclosed in Note 12.3.

The details of provisions that are classified under provisions for expense accruals in balance sheet are as follows:

		31 December 2012	31 December 2011
Personnel bonus provision		2.140.150	1.200.000
Provision for lawsuits		204.940	192.219
Total provision for expense accruals		**2.345.090**	**1.392.219**
Unused vacation provision (*)		730.574	492.244
Total	**3.075.664**	**1.884.463**	

(*) Classified under "Other Current Liabilities" account in balance sheet.

24. Net Insurance Premium Revenue

The distribution of premium income is as follows:

	1 January - 31 December 2012			1 January - 31 December 2011		
	Gross	Reinsurer's Share	Net	Gross	Reinsurer's Share	Net
Motor own damage	81.972.488	(13.347)	81.959.141	64.065.905	(43.123)	64.022.782
Fire and catastrophic Losses	74.664.242	(65.427.173)	9.237.069	59.072.886	(49.247.266)	9.825.620
Motor third party liability (*)	54.259.145	(5.322.021)	48.937.124	42.120.502	(2.629.308)	39.491.194
General Losses	45.863.455	(38.193.694)	7.669.761	41.308.027	(35.342.638)	5.965.389
Marine	14.373.013	(6.597.551)	7.775.462	15.229.326	(7.290.528)	7.938.798
General liability	10.084.551	(8.108.738)	1.975.813	8.548.476	(6.128.780)	2.419.696
Water vehicles	7.624.965	(6.847.731)	777.234	6.735.604	(6.351.554)	384.050
Accident	6.546.139	(1.977.666)	4.568.473	4.289.050	(974.545)	3.314.505
Health	4.689.419	(3.674.096)	1.015.323	4.785.475	(3.969.494)	815.981
Financial losses	1.590.491	(1.535.901)	54.590	1.004.823	(994.061)	10.762
Legal protection	1.077.993	(2)	1.077.991	809.738	-	809.738
Air vehicles liability	715.571	(715.571)	-	620.691	(620.691)	-
Breach of trust	420.168	(328.490)	91.678	245.327	(186.930)	58.397
Air vehicles	266.962	(266.962)	-	3.309.694	(3.309.694)	-
Rail vehicles	251.656	-	251.656	817.286	-	817.286
Total	**304.400.258**	**(139.008.943)**	**165.391.315**	**252.962.810**	**(117.088.612)**	**135.874.198**

(*) Reinsurance premiums for motor vehicles liability branch include premiums ceded to SSI amounting to TL 5.319.405 regarding the policies written through 1January - 31 December 2012 calculated in accordance with the Communiqué numbered 2011/17 (1 January - 31 December 2011: TL 2.578.918) (Notes 2.14 10 and 19).

25. Fee Income

None (1 January - 31 December 2011: None).

26. Investment Income

	1 January - 31 December 2012	1 January - 31 December 2011
Cash and cash equivalents		
Interest income	9.584.554	6.849.090
Held-for-trading financial assets		
Interest income and fair value changes (Note 11.7 - 11.9)	534.317	(16.506)
Total	**10.118.871**	**6.832.584**

27. Net Realised Gains on Financial Assets

Information about realised gains and losses on held-for-trading financial assets is disclosed in note 11.

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

Disclosed in notes 11 and 26.

29. Insurance Benefits and Claims

Disclosed in note 17.

30. Investment Contract Benefits

None (31 December 2011: None).

31. Other Expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Operating expenses classified under technical part	45.852.033	41.408.620
Total (Note 32)	**45.852.033**	**41.408.620**

32. Expenses by Nature

	1 January - 31 December 2012	1 January - 31 December 2011
Commission expenses	43.888.470	37.053.463
Personnel expenses (Note 33)	17.998.437	16.111.154
Communication and data processing expenses	3.615.227	3.116.136
Travel expenses	1.456.565	1.375.354
Marketing and sales expenses	1.390.085	1.397.168
Fee expenses	1.193.004	1.117.989
Office expenses	1.182.898	1.434.057
Advisory expenses	1.001.132	957.437
Rent expenses	715.177	710.559
Bank and notary expenses	504.479	494.875
Tax expenses	265.228	420.228
Advertisement and marketing expenses	202.671	123.078
Training expenses	190.248	162.045
Top management expenses	55.700	29.181
Reinsurance commission income	(28.925.368)	(24.390.351)
Other	1.118.080	1.296.247
Total (Note 31)	**45.852.033**	**41.408.620**

33. Employee Benefit Expense

	1 January - 31 December 2012	1 January - 31 December 2011
Salary payments	13.151.644	12.300.472
Employer share of social security premium	1.906.928	1.759.375
Bonus payments	1.543.191	1.093.292
Employment termination benefit payments (Note 22)	903.431	641.346
Private health insurance	463.793	277.205
Side benefits	29.101	28.667
Other	349	10.797
Total (Note 32)	**17.998.437**	**16.111.154**

Total salaries and benefits paid to the members of the Board of Directors, General Manager, General Coordinator, Assistant General Manager and other executive management are explained in Note 1.6.

34. Financial Costs

34.1 Total financial expenses for the period: TL 1.902.083 (1 January - 31 December 2011: TL 1.122.919).

34.1.1. Expenses related to production cost: None (1 January - 31 December 2011: None).

34.1.2. Expenses related to tangibles: None (1 January - 31 December 2011: None).

34.1.3. Direct expenses: TL 1.902.083 (1 January - 31 December 2012: TL 1.122.919).

34.2. Financial expenses related to shareholders, subsidiaries and investments (any amount exceeding 20% of total will be illustrated separately): None (1 January - 31 December 2011: None).

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

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

35. Income Taxes

Tax assets/liabilites and tax income/expenses belongs to the accounting years 1January - 31 December 2012 and 2011 are summarized below as of 31 December 2012 and 2011.

	1 January - 31 December 2012	1 January - 31 December 2011
Deferred tax (expense)/income (Note 21)	864.814	(899.313)
Total tax (expense)/income - net	**864.814**	**(899.313)**

	31 December 2012	31 December 2011
Prepaid tax and funds	1.634.232	1.335.694
Prepaid taxes - net	**1.634.232**	**1.335.694**
Deferred tax asset	4.842.599	3.957.241
Deferred tax liability (-)	(3.962.544)	(3.942.000)
Deferred tax asset - net (Note 21)	**880.055**	**15.241**

The reconciliation of the actual taxation charge is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Income/(loss) before current and deferred income tax	2.872.308	1.239.690
Enacted tax rate	%20	%20
Tax calculated by enacted tax rate	(574.462)	(247.938)
Effect of disallowable expenses	(79.594)	(65.703)
Effect of income not subject to tax	45.020	340.951
Effect of accumulated financial losse for deferred tax at current year	1.473.850	-
Effect of the accumulated financial losses for which tax asset is not calculated	-	(926.623)
Tax income/(expense) for current period (Note 21)	**864.814**	**(899.313)**

36. Net Foreign Exchange Gains

	1 January - 31 December 2012	1 January - 31 December 2011
Exchange gains related to deposits and accounts	(1.466.669)	6.322.582
Total	**(1.466.669)**	**6.322.582**

37. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average number of shares of the Company.

	1 January - 31 December 2012	1 January - 31 December 2011
Net profit for the period	3.737.122	340.377
Weighted average number of shares with nominal value of Kr 1 per share	16.306.985.600	14.868.081.490
Earnings per share (Kr)	**0,0229**	**0,0023**

38. Dividends per Share

None (31 December 2011: None).

39. Cash Generated from Operations

Disclosed in the statement of cash flows.

40. Convertible Bond

None (31 December 2011: None).

41. Redeemable Preference Shares

None (31 December 2011: None).

42. Contingencies

	31 December 2012	31 December 2011
Outstanding claims litigations against the Company - gross (*)	89.468.225	80.893.353
Lawsuits opened against the Company	204.940	192.219

(*) Related item is accounted for in outstanding claim provision and the movement table of outstanding claim provision is disclosed in Note 17. The retention amount for this provision is TL 42.716.422 (31 December 2011: TL 36.192.565). As disclosed in Notes 2.24 and 17.15, the Company made a deduction from the outstanding claim provision under legal follow up amounting to TL 17.115.234 on gross basis and TL 6.863.826 on net basis as of 31 December 2012 (31 December 2011: TL 10.783.665 on gross basis and TL 1.815.465 on net basis).

43. Commitments

	31 December 2012			
	USD	**Euro**	**TL**	**Total**
Letters of guarantee given	1.587.055	-	8.404.430	9.991.485
Total	**1.587.055**	**-**	**8.404.430**	**9.991.485**

	31 December 2011			
	USD	**Euro**	**TL**	**Total**
Letters of guarantee given	1.701.387	-	8.591.919	10.293.306
Total	**1.701.387**	**-**	**8.591.919**	**10.293.306**

Mortgages or restrictions on assets:

	31 December 2012	**31 December 2011**
Bank deposits (Note 2.12)	36.110.812	32.217.920
Total	**36.110.812**	**32.217.920**

44. Business Combinations

None (31 December 2011: None).

45. Related-party Transactions

VIG group companies; and the shareholders, investments and top management of the Company are considered as related parties in these financial statements.

	31 December 2012	**31 December 2011**
a) Receivables from reinsurance companies:		
VIG Holding	-	77.656
Total	**-**	**77.656**
b) Payables to insurance and reinsurance companies net:		
VIG Holding	5.636.738	274.743
VIG Re	728.649	5.237.193
Other	610.867	743.819
Total	**6.976.254**	**6.255.755**
c) Reinsurers' share on unearned premium reserve		
VIG Re	9.923.263	2.081.732
VIG Holding	2.457.721	784.262
Other	214.656	706.744
Total	**12.595.640**	**3.572.738**

45. Related-party Transactions (Continued)

	31 December 2012	31 December 2011
d) Reinsurers' share on outstanding claim reserve		
VIG Re	785.675	264.827
VIG Holding	492.399	1.751.500
Other	12.642	1.071.216
Total	**7.290.716**	**3.087.543**
e) Deferred commission income		
VIG Re	2.858.867	702.296
VIG Holding	671.320	264.120
Other	31.763	35.337
Total	**3.561.950**	**1.001.753**

	1 January - 31 December 2012	1 January - 31 December 2011
f) Ceded Premiums		
VIG Re	19.702.802	4.643.655
VIG Holding	6.237.109	2.453.658
Other	907.192	1.632.142
Total	**26.847.103**	**8.729.455**
g) Commissions received		
VIG Re	5.031.678	1.632.927
VIG Holding	1.413.964	626.975
Other	66.838	79.546
Total	**6.512.480**	**2.339.448**
h) Reinsurers' share on paid claims		
VIG Re	5.746.891	2.851.004
VIG Holding	788.685	645.188
Other	797	–
Total	**6.536.373**	**3.496.192**
i) Operational expenses		
VIG Holding	212.936	276.474
Total	**212.936**	**276.474**

45.1. Doubtful receivables from shareholders, investments, subsidiaries: None (31 December 2011: None).

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

31 December 2012

	%	Restated Cost	Book Value	Audit Opinion	Financial Statement Period	Total Asset	Total Liabilities	Net Sales	Net/ income
TARSİM	%4,16	125.125	125.125	-	31.12.2012	8.141.168	1.617.973	12.199.842	12.199.842
Risk Ekspert	%30	15.000	15.000	-	31.12.2012	18.670	10.117	21.060	743.049
		140.125	**140.125**	**-**	**-**	**8.159.838**	**1.628.090**	**12.220.902**	**701.602**

31 Aralık 2011

	%	Restated Cost	Book Value	Audit Opinion	Financial Statement Period	Total Asset	Total Liabilities	Net Sales	Net/ income
TARSİM	%4,16	125.125	125.125	-	31.12.2011	6.628.778	1.846.250	10.065.000	811.492
Risk Ekspert		**125.125**	**125.125**	**-**	**-**	**6.628.778**	**1.846.250**	**10.065.000**	**811.492**

(*) The foundation of Risk-Ekspert is declared in Trade Register Newspaper in7 July 2012 (Notes 2.1 and 9).

45.3. Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2011: None).

45.4. Rights on immovable and their value: None (31 December 2011: None).

45.5. Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2011: None).

46. Events after the balance sheet date

The employment termination benefits ceiling has increased to TL 3,129.25 effective from 1 January 2013 and will increase to TL 3,218.76 at 1 July 2013.

47. Other

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

	31 December 2012	31 December 2011
a) Other Cash and Cash Equivalents:		
Receivables from state-sponsored agricultural insurance	576.729	111.861
Receivables from compulsory earthquake insurance policies	212.570	835.990
Other	11.660	21.740
Total	**800.959**	**969.591**

	31 December 2012	31 December 2011
b) Other Receivables:		
Deferred acquisition costs	939.203	714.104
Prepaid expenses	70.466	610.790
Total	**1.009.669**	**1.324.894**
c) Other short term payable:		
Payables to suppliers	2.810.954	2.842.091
Payables to contractors	241.023	131.200
Other	-	15.437
Total	**3.051.977**	**2.988.728**
d) Other Short-term Liabilities:		
Other Short-term Liabilities:	730.574	492.244
Total	**730.574**	**492.244**
e) Other Long-term Technical Provisions:		
Equalisation reserve (Note 17)	3.343.110	2.944.270
Total	**3.343.110**	**2.944.270**
f) Equalisation reserve (Note 17)		
Receivables written off	626.393	-
Disallowable expenses	198.039	322.763
Other	136.378	281.705
Total	**960.810**	**604.468**

47.2. Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets: None (31 December 2011: None).

47.3. Receivables from claim recoveries followed under off-balance sheet items: None (31 December 2011: None).

47.4. Income and expenses related to prior periods and the amounts and sources of expenses and losses: The amount consists of reconciliation differences due to the reconciliations performed for the period 1 January - 31 December 2012 amounting to TL7.671 (1 January - 31 December 2011: TL1.320.540).

47.5. Other information required by Treasury to be presented:

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

	1 January - 31 December 2012	1 January - 31 December 2011
Other provisions expenses/(income)		
Net claim recovery receivables provision under legal follow-up (Note 12.5 - 12.7)	1.267.162	3.796.755
Provision for personnel bonuses	940.150	1.200.000
Provision for unused vacation	238.330	84.930
Provision for receivables from policyholders and intermediaries (Note12.5 - 12.7)	131.926	(788.156)
Provision for employment termination benefits	175.158	(352.243)
Lawsuit provision expenses	12.721	(42.480)
Provisions for doubtful receivables from main operations (Note 12. - 12.7)	(692.512)	1.828.950
Total	**2.072.935**	**5.727.756**

RAY SİGORTA A.Ş.

PROFIT DISTRIBUTION TABLES

	Dipnot	Current Period	Previous Period	
I.	**DISTRIBUTION OF PROFIT FOR THE PERIOD**			
1.1.	PROFIT FOR THE PERIOD		3.737.122	340.377
1.2	TAXES PAYABLE AND LEGAL LIABILITIES		-	-
1.2.1.	Corporation tax (Income tax)		-	-
1.2.2.	Income tax deduction		-	-
1.2.3.	Other taxes and legal liabilitiesr		-	-
A	**NET PROFIT FOR THE PERIOD (1.1 - 1.2)**		**3.737.122**	**340.377**
1.3.	PREVIOUS YEARS' LOSSES (-)		-	-
1.4	FIRST LEGAL RESERVE		-	-
1.5.	LEGAL RESERVES KEPT IN THE COMPANY(-)		-	-
B	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]**		**-**	**-**
1.6.	FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
	1.6.1. To common shareholders		-	-
	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 (-)		-	-
	1.10.1. To common shareholders		-	-
	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 (-)		-	-
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		-	-
3.2.	TO COMMON SHAREHOLDERS (%)		-	-
3.3.	TO PREFERRED SHAREHOLDERS		-	-
3.4.	TO PREFERRED SHAREHOLDERS (%)		-	-
IV.	**DIVIDENDS PER SHARE**		**-**	**-**
4.1.	TO COMMON SHAREHOLDERS		-	-
4.2.	TO COMMON SHAREHOLDERS (%)		-	-
4.3	TO PREFERRED SHAREHOLDERS		-	-
4.4.	TO PREFERRED SHAREHOLDERS (%)		-	-

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