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RAY SİGORTA
ANNUAL REPORT

There are many reasons explaining why we are preferred...

RAY SİGORTA
VIENNA INSURANCE GROUP

RAY SİGORTA A.Ş.
01 JANUARY 2014 - 31 DECEMBER 2014
ANNUAL REPORT

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GENERAL INFORMATION

Mehmet Tertipli, Serkan Şentürk, Yasemin Yaman, Gürkan Gündoğdu, Aytekin Sağlamgül, Öznur Dönmez, Hülya Yavuz and Esra Sancaktutan

CORPORATE PROFILE

Leaving 56 years behind in the insurance industry, Ray Sigorta has generated premiums of TL 380.025.291.- during 2014, and it has ranked 1,67% among the companies operating at non-life segment, with a market share of 17.

By the end of 2014, Ray Sigorta is running its operations with 244 employees at 7 Regional Directorates, 1 Regional Representative Office and 1 Call Center.

As of 2014, Ray Sigorta serves through 1129 agencies, 77 ABank branches, 69 Fibabank branches, 61 Burgan Bank branches, 67 brokers and 6 leasing companies. Ray Sigorta has successfully sustained its vision of being a value-creating company in its industry by providing services through 778 contracted car services, 716 glazing service providers and 2800 contracted health-care institutions in 77 provinces in 2014.

Ray Sigorta has achieved all of its targets set for the year 2014 in respect of the Non-Motor segments. The results obtained in respect of the Motor Segments have underperformed. We, as Ray Sigorta, set all our strategies considering that our development is driven by a customer-oriented approach, and will continue to apply our productivity- and customer-focused insight in order to achieve further success in 2015; and we will sustain our efforts to enhance the brand awareness as well as the level of satisfaction of our customers.

General Information About Ray Sigorta:

Trade Name	: Ray Sigorta Anonim Sirketi
Trade Registration Number	: 297257 / Istanbul
Mersis Number (Central Registration System)	: 3984 - 5318 - 6248 - 4904
Electronic Mail Address	: info@raysigorta.com.tr
Web Site	: www.raysigorta.com.tr
Head Office / Principal Office Address	: Cumhuriyet Mahallesi Haydar Aliyev Cad. No: 28 Sariyer / Istanbul
Contact	: Ray Sigorta A.S. Head Office Cumhuriyet Mahallesi Haydar Aliyev Caddesi No: 28 34457 Sariyer / Istanbul
Telephone	: 0212 363 25 00 or 444 4 729
Fax	: 0212 299 48 49

Regional Directorates/Branches:

Istanbul Anatolian Side Regional Directorate
Sahrayicedid Mah. Halk Sokak No: 33 Golden Plaza Is Merkezi F Blok Kat: 1 Kozyatagi 34734 Kadikoy / Istanbul
Telephone : 0216 411 16 06
Fax : 0216 411 16 19

Istanbul European Side Regional Directorate
Istanbul Dunya Ticaret Merkezi (Istanbul World Trade Center) B - 1 Blok Kat: 9
No: 319 - 320 Yesilkoy / Istanbul
Telephone : 0212 465 40 45
Fax : 0212 465 04 75

Central Anatolia (Ankara) Regional Directorate
Farabi Sokak No: 40 / A 06690
Kavaklidere / Ankara
Telephone : 0312 428 50 00
Fax : 0312 428 50 49

Aegean (Izmir) Regional Directorate
Halit Ziya Bulvari No: 72 Taner Ishani A Blok Kat: 2 35210 Izmir
Telephone : 0232 483 72 46
Fax : 0232 489 86 05

Marmara (Bursa) Regional Directorate
Lefkosa Cad.A Blok Kat: 3 No: 34 - 36
Nilufer / Bursa
Telephone : 0224 211 28 27
Fax : 0224 211 28 37

Southeastern Anatolia (Adana) Regional Directorate
Cinarlı Mah. Ataturk Cad. No:15 Ideal Plaza Kat: 7 01120 Seyhan / Adana
Telephone : 0322 457 06 83
Fax : 0322 454 77 61

Mediterranean (Antalya) Regional Directorate
Konyaalti Cad. Antmarin Is Merkezi No: 24 Kat: 6 07050 Konyaalti / Antalya
Telephone : 0242 247 20 25
Fax : 0242 247 39 59

TRNC (TURKISH REPUBLIC OF NORTHERN CYPRUS) Branch
Bedrettin Demirel Cad.Arabacioglu - 7 Apt. No: 123 / 7
Nicosia / TRNC
Telephone : 0392 227 03 80 - 81 - 82
Fax : 0392 227 03 83

WE ARE STRONG TOGETHER,

WE SUCCEED TOGETHER

Thanks to its 244 staff members, 1129 agents serving almost at all regions of Turkey, as well as its bank and broker channels, Ray Sigorta is a large family which achieves powerful and flourishing business together.

OUR VISION;

To become a value creating company which leads the insurance business. To be one of the Top 5 companies of the non-life insurance segment by 2015.

OUR MISSION;

To enhance constantly our know-how, product base, reliable service approach and strong technology and human resources with an innovative perspective; and to become a preferred company for our customers, business partners, stakeholders and employees thanks to the value we create.

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

OUR VALUES;

As Ray Sigorta,

We are a family,

We are honest,

We respect ethical values,

We are fair,

We are transparent and collaborative,

We are strong together,

We are creative and productive,

We value people.

FROM THE PAST TO PRESENT AND FUTURE...

RAY SIGORTA BEFITS SUCCESS!

Thanks to its deep-rooted experience of 56 years, Ray Sigorta continues and will continue to work and serve from the past to the present and future.

RAY SIGORTA: FROM PAST TO PRESENT

- Established in 1958 by the common initiative of national transportation companies (Turkish Airlines, Turkish Maritime Transportation Company, Turkish State Railways, PTT (Turkish Mail Administration).

- Privatized in 1992 by Dogan Holding.

- Stocks of Ray Sigorta were listed on Istanbul Stock Exchange in 1997.

- TBIH Financial Services Group, a subsidiary of VIG, acquired 74.26% of the company shares in 2007.

- Ray Sigorta added the Vienna Insurance Group to its logo in 2008.

- The shareholding structure of the company in 2009: 84.26% owned by VIG, 10% owned by Dogan Group and 5.74% publicly offered to more than 4000 persons.

- The shareholding structure of the company in 2011: 81.59% owned by TBIH Services Group N.V, 12.67% owned by Vienna Insurance Group (VIG), 5.7% publicly offered.

- The total premium generation of Ray Sigorta in 2014:380.025.291.- TL

- The market share of Ray Sigorta among the other non-life insurance companies in 2014: 1,67%

- Ray Sigorta ranks 17 among the non-life insurance companies in 2014.

THE TOTAL PREMIUM GENERATION OF RAY SIGORTA IN 2014: 380.025.291.- TL

STATEMENT OF RESPONSIBILITY PURSUANT TO FINANCIAL REPORTING FOR THE PERIOD OF 01.01.2014 - 31.12.2014.

RESOLUTION OF THE BOARD OF DIRECTORS REGARDING APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORTS;
DATE OF THE RESOLUTION : 24.02.2015
MEETING NUMBER : 1471
RESOLUTION NUMBER : 6115 and 6116

Owner's Equity and Annual Report, including footnotes thereto, for the period 01.01.2014 – 31.12.2014, drawn up by our Company in accordance with the formats determined by Capital Markets Board and Turkish Accounting Standards/ Turkish Financial Reporting Standards and insurance legislation, and audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Musavirlik A.S (the Independent Auditing Firm), as per the "Communiqué on Principles Regarding Financial Reporting in Capital Markets, Serial II; No: 14.1, by the Capital Markets Board of Turkey;

a) have been examined by us;

b) the financial statements and the annual report of the board of directors do not contain any misrepresentation on material issues or any material deficiency as of the date on which such representation is made, which might cause the report to be misleading, to the best of our knowledge with respect to our duties and responsibilities in our Company;

c) the financial statements, drawn up in accordance with such Communique, reflect the truth with respect to the assets and liabilities of the enterprise as well as its financial standing and profits and losses, honestly and that the annual report of the board of directors truthfully reflects the course of progress and performance of the business of the enterprise as well as the financial standing of the enterprise, including significant risks and ambiguities encountered by the enterprise, to the best of our knowledge with respect to our duties and responsibilities in our Company; We hereby submit the foregoing for your kind information, and represent our responsibility for such statements.

Best Regards

RAY SIGORTA A.S.
HEAD OFFICE

İsmail Hakkı ERGENER	Stefan WALDNER	M. Levent ŞİŞMANOĞLU	Koray ERDOĞAN
Head of the Audit Committee	Member of the Audit Committee	Member of the Board and General Manager	Assistant General Manager (Financial Affairs)

INDEPENDENT AUDITOR'S OPINION ON COMPLIANCE OF THE ANNUAL REPORT TO BE PRESENTED TO THE SHAREHOLDERS' GENERAL ASSEMBLY

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

We have been assigned to audit the annual report drawn up to be presented to the Shareholders' General Assembly of Ray Sigorta A.S.(the "Company") as of 31 December 2014. The Company management is responsible for preparation of the annual report, which constitutes the subject matter of this 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, which constitute the subject matter of our independent audit report dated February 24.02. 2015.

We conducted our audit in accordance with the principles and procedures regarding the preparation and publication of annual reports, brought into effect pursuant to the Insurance Law numbered 5684. Such regulations require that the audit is conducted to obtain reasonable assurance whether the financial information included in the annual report is free from any material misstatements with respect to the financial statements, which have been subjected to independent audit. We believe that the audit, which has been performed, constitutes sufficient and appropriate basis in order to establish our compliance opinion.

In our opinion, the financial information included in the accompanying annual report complies, in all material respects, with the information included in the financial statements dated December 31, 2014, which have been subjected to independent audit by Ray Sigorta A.S..

Akis Bagimsiz Denetim ve Serbest
Muhasebeci Mali Musavirlik A.S.
A member of KPMG

Alper Güvenç
Responsible Partner, Lead Auditor
Istanbul, February 24.02. 2015

Martin Simhandl

Ray Sigorta
Chairman of the Board

Dear Sir / Madam,

We can look back on the past year 2014 positively: The favourable environment in Turkey - the economic growth in recent years, demographic development and the growing middle class - contributes to the solid business performance of Ray Sigorta. Even though the economy slightly slowed down last year and the consumption expenditure of households stagnated, the life and property insurance markets recorded significant growth. Rising incomes allow for a wider scope of provisions. The combination of underinsurance of the Turkish population and the low market penetration to date assure increasing demand for modern insurance solutions also in the future. The Turkish economy will continue to grow and open up opportunities for Ray Sigorta.

The legal framework in the field of motor vehicle insurance and private health insurance has become significantly clearer in recent years and this has resulted in enhanced trust of the people in insurance companies. As the number one in the insurance markets in Austria and CEE, the Vienna Insurance Group is an additional reliability and stability factor for Ray. These are positive signals for the future.

Thanks to the reliable management team and committed employees, Ray continued its successful course in the previous year. The team understands the needs of the customers and possesses a fine grasp of the market: The growing number of satisfied insurance holders makes the business profitable and lets the premiums grow. The strong performance of Ray Sigorta in Turkey encourages us to continue emphasizing the wide range in property insurance lines also in the future and to position ourselves as a competent partner with the best service for our customers. Moreover, the product range in health insurance was broadened with a new product in the third quarter.

Ray Sigorta takes its responsibilities seriously in other areas as well and is active beyond its core business. The company took part in the initiative "Social Active Day" for the first time; the employees of the companies within the Vienna Insurance Group are provided with a workday for this purpose. Ray dedicated this action day to the care of disabled children. I am glad that this social commitment was honoured with an award by VIG's main shareholder.

On behalf of the management of Vienna Insurance Group and as Chairman of Ray Sigorta I would like to thank all the employees. Their dedication to our customers day after day and their great enthusiasm are the cornerstones of our success.

I would especially like to express my gratitude to our customers for their loyalty and trust. I also would like to thank our successful sales agencies for their confidence in the reliability and performance of our company and for our cooperation.

Yours sincerely
Dr. Martin Simhandl
Chairman of the Board of Ray Sigorta

Levent Şişmanoğlu
Member of the Board
and General Manager

Dear Esteemed Shareholders;

Looking at 2014 Ray Sigorta has successfully left behind, I am glad to see that there are numerous things to share with you.

2014 became one of those years of our deep-rooted history we have passed through with accomplishment. During 2014, we observed delightedly that our strategies we have been implementing for 4 years with a stable consistency have turned into a business manner not only by our employees but also our business partners.

We exhibited a distinguished effort together with our head office and 7 regional directorates, 244 staff members and 1129 agencies and 67 brokers serving at 73 cities, and we closed the year with a premium generation of 380 million TL representing a growth of 7 percent.

Thanks to its competent staff, serving at all times with an innovative approach, its agencies and brokers prioritizing customer satisfaction, Ray Sigorta has covered a significant increase in respect of the number of the insured with a high level of satisfaction during 2014, and it has continued to rank among the value creating companies at its industry. Furthermore, the activities and projects for re-arrangement of the product portfolio in line with our strategy have been completed, and product activities have been carried out as aligned to the expectations and the needs of the customers, and also the activities for increasing the insurance penetration have been accomplished. And the positive outcomes of all such activities have been obtained upon completion of this year.

Despite the severe price-oriented competition experienced at the Turkish insurance industry for many years, we accomplished to pass through another calendar year not only consistently but also profitably thanks to our need-oriented product composition, business manner prioritizing the customer, and also our excellent service quality.

I would like to present my thanks to all of our staff members and our business partners, who have contributed to our positive outcomes obtained during 2014, and also to all our insured for the trust and loyalty they have had for us. Being aware of our public responsibilities, after we have launched out for doing better with each passing day, by being encouraged by each other, during the last 4 years, we all have seen that we had been awarded with the results accomplished for our such efforts. We will continue to raise our success rate always upwardly, and also to carry our social responsibility projects further during 2015.

Yours Respectfully,
Levent Şişmanoğlu

SUCCESS IS COMMON LANGUAGE

The staff members of Ray Sigorta continue to work for success that is the common goal shared with its distribution channels and in-network providers.

SHAREHOLDING STRUCTURE

As of 31.12.2014, the shareholding structure of Ray Sigorta A.S. is as follows;

Full Name	SHAREHOLDING	NUMBER OF SHARES	AMOUNT OF SHARES (TRY)
TBIH Financial Services Group N.V.(*)	81.59%	13.304.862.688	133.048.626.88
Vienna Insurance Group - (Wiener Staedtische Versicherung AG)	12.67%	2.066.352.811	20.663.528.11
LVP Holding GmbH (*)	0.70%	114.573.400	1.145.734.00
Other (Publicly-Traded) (**)	5.04%	821.196.701	8.211.967.01
TOTAL			**163.069.856.00**

(*) TBIH Financial Services Group NV and LVP Holding Gmbh are subsidiaries of Vienna Insurance Group A.G. The total share of the VIG Group within the Company is 94.96%.
(**) All of our publicly-traded shares are traded on Borsa Istanbul A.S.

Our company is in the context of Registered Capital System as per the Capital Market Legislation. The Capital Markets Board has granted permission to the upper limit of TRY 200.000.000 for the Registered Capital of our Company for the years 2014-2018. Detailed information is available under the section "Amendments to the Articles of Association".

As of December 31, 2014, the shares which represent the capital of the company do not include any redeemable preference shares.

The Chairman and members of the Board of Directors as well as the general manager and the assistant general managers of the Company do not have an interest in the company shares.

Capital Increase

The paid-up capital of our Company remained unchanged throughout 2014. The latest capital increase of our Company was in 2011. Our capital has been increased by TL 26.000.000 from TL 137.069.856.- to TL 163.069.856-,.to be fully paid in cash.

SUMMARIZED FINANCIAL INFORMATION

SUMMARIZED FINANCIAL INDICATORS	2014	2013
Total Assets	401.476.112	381.275.825
Paid-In Capital	163.069.856	163.069.856
Shareholders' Equity	109.646.602	98.394.116
Premiums Written	380.025.291	354.298.992
Premiums Earned - Net	171.339.626	167.707.643
Claims Incurred - Net	-113.047.819	-114.674.814
Other Technical Income / Expenses - Net	-11.670.129	2.748.187
Operating Expenses	-50.052.985	-49.746.766
Changes in Other Technical Reserves	-1.063.998	-876.910
Investment Income Transferred to Technical Division	12.762.126	7.541.540
Balance of Technical Division	8.266.820	12.698.880
Net Profit/Loss	**2.376.736**	**8.565.429**

(THOUSAND TL)	CLAIMS INCURRED (NET)		PREMIUMS EARNED (NET)		LOSS RATIO (NET)	
	2014	2013	2014	2013	2014	2013
FIRE	5.508	5.847	11.728	8.557	47.0%	68.3%
TCIP	0	0	0	0	0.0%	0.0%
MARINE	2.260	1.232	6.293	6.996	35.9%	17.6%
CASUALTY	97.850	102.962	142.766	144.290	68.5%	71.4%
ENGINEERING	6.607	4.012	8.678	6.690	76.1%	60.0%
AGRICULTURE	0	0	0	0	0.0%	0.0%
HEALTH	823	622	1.874	1.175	43.9%	52.9%
TOTAL	**113.048**	**114.675**	**171.340**	**167.708**	**66.0%**	**68.4%**

(THOUSAND TL)	BALANCE OF TECHNICAL DIVISION		TECHNICAL DIVISION / PREMIUMS WRITTEN	
	2014	2013	2014	2013
FIRE	1.631	-747	2.0%	-1.0%
TCIP	-479	-286	-4.9%	-3.4%
MARINE	4.421	5.514	25.0%	25.6%
CASUALTY	-518	4.661	-0.3%	2.6%
ENGINEERING	3.066	6.236	4.7%	10.1%
AGRICULTURE	-298	-13	-4.0%	-0.3%
HEALTH	443	-2.666	3.7%	-53.0%
TOTAL	**8.267**	**12.699**	**2.2%**	**3.6%**

(THOUSAND TL)	PREMIUMS WRITTEN		CHANGE %	SHARE %	
	2014	2013		2014	2013
FIRE	79.826	74.858	6.6%	21.0%	21.1%
TCIP	9.840	8.328	18.1%	2.6%	2.4%
MARINE	17.675	21.557	-18.0%	4.7%	6.1%
CASUALTY	188.381	178.059	5.8%	49.6%	50.3%
ENGINEERING	65.063	61.894	5.1%	17.1%	17.5%
AGRICULTURE	7.396	4.570	61.8%	1.9%	1.3%
HEALTH	11.844	5.033	135.3%	3.1%	1,4%
TOTAL	**380.025**	**354.299**	**7.3%**	**100.0%**	**100.0%**

(THOUSAND TL)	RETENTION PREMIUM		CHANGE %	RETENTION RATIO %	
	2014	2013		2014	2013
FIRE	11.964	10.431	14.7%	15.0%	13.9%
TCIP	0	0	0.0%	0.0%	0.0%
MARINE	6.452	6.987	-7.7%	36.5%	32.4%
CASUALTY	137.352	152.209	-9.8%	72.9%	85.5%
ENGINEERING	11.764	9.144	28.6%	18.1%	14.8%
AGRICULTURE	0	0	0.0%	0.0%	0.0%
HEALTH	2.529	1.188	112.9%	21.4%	23.6%
TOTAL	**170.061**	**179.959**	**-5.5%**	**44.7%**	**50.8%**

VIENNA INSURANCE GROUP COMPANY PROFILE

Approximately 23,000 Vienna Insurance Group (VIG) employees in around 50 Group companies in 25 countries generated around EUR 9.2 billion in premiums in 2014. This makes the Group one of the leading exchange - listed insurance groups in Austria and Central and Eastern Europe. As the number 1 in its core markets, VIG provides its customers an outstanding portfolio offering a wide range of property and casualty, life and health insurance products and services.

From Austria to Central and Eastern Europe
VIG's roots go all the way back to the year 1824 in Austria: 190 years of history in which the Company developed from a successful local insurer to a leading international insurance group. The story begins with Wiener Städtische, one of the first Western European companies in its industry to recognise the growth opportunities in Central and Eastern Europe, and to take a chance on entering the market in the former Czechoslovakia in 1990. Additional markets followed, with the Company expanding into Hungary in 1996, Poland in 1998, Croatia in 1999 and Romania in 2001, to mention only a few examples. Following its entry into the Moldovan market in 2014, Vienna Insurance Group now operates in 25 markets.

Number 1 in its core markets
VIG's core markets include Austria, the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia and Ukraine. With a market share of more than 19%, VIG is the clear number 1 insurer in these markets.

The VIG markets in Central and Eastern Europe generated more than half of the approximately EUR 9.2 billion in Group premiums in 2014 - a clear indication of the success of the CEE expansion strategy. VIG is convinced that the region will continue to converge economically, leading to further increases in the demand for insurance.

VIG RE, the reinsurance company that was established by VIG in 2008, has its registered office in the Czech Republic, thereby stressing the importance of the CEE region as a growth market for VIG.

Customer proximity - in 25 markets
Local entrepreneurship, and the customer proximity it brings, plays a key role in VIG's success and is reflected in the regional ties, multi - brand strategy and the wide variety of distribution channels used. The Group therefore intentionally relies on established regional brands united under the Vienna Insurance Group umbrella, because it is the individual strengths of these brands and local expertise that make VIG successful as a corporate group.

Success thanks to a focus on our core business and binding values
VIG is a progressive, highly risk-conscious insurer that focuses on its core business, the insurance business. It offers security in the form of reliability, trustworthiness and soundness - not only to its customers, but also in its dealings with business partners, employees and shareholders. All its business decisions in this regard are based on ethical values such as honesty, integrity, diversity, equal opportunity and customer orientation.

The effects of this fundamental approach are shown not only by its strategy of continuous sustainable growth, but also its excellent creditworthiness. In July 2014 the internationally recognised rating agency Standard & Poor's confirmed its A+ rating with a stable outlook. As a result, VIG continues to have the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

Two strong partners in the CEE region: VIG and the Erste Group
The Erste Group is one of the leading banking groups in Central and Eastern Europe, with strong ties to Austria. VIG and the Erste Group entered into a strategic partnership in 2008 that has benefited both of them. In markets where both groups are active, Erste Group branches market VIG insurance products and VIG Group companies offer Erste Group bank products in return.

Strong stock - exchange presence, long - term principal shareholder
VIG shares have been listed on the Vienna Stock Exchange since October 1994. At the end of 2014, slightly more than 20 years after its IPO, VIG was one of the top companies in the Prime Market of the Vienna Stock Exchange with a market capitalisation of around EUR 4.8 billion. While the ATX leading index fell by 15.2% in 2014, VIG shares once again proved their stability by achieving a price gain of around 2.4%. The Company's dividend policy is based on stability and continuity. VIG has paid a dividend every year since its IPO, the latest being EUR 1.30 per share in 2013.

VIG's secondary listing on the Prague Stock Exchange in February 2008 underscores the great importance of the Central and Eastern European region to the

Company. With a market capitalisation of around CZK 132.1 billion (approximately EUR 460 million), VIG was also one of the largest companies on the Prague Stock Exchange at the end of 2014.

Around 70% of VIG's shares are held by Wiener Städtische Versicherungsverein, a stable principal shareholder with a long-term orientation. The remaining shares are in free float.

Employer of choice

In addition to being first choice for insurance products, VIG also wants to be the first choice as an employer and to attract the most talented and intelligent employees. A wide array of measures, such as identifying and developing each employee's individual skills, are implemented by a modern People Management department. Diversity is seen as an opportunity and is part of day - to - day life at VIG. Importance is attached to creating the conditions needed to enable women to develop their full potential. This is because Vienna Insurance Group is aware that its success is based on people, and therefore on the dedication of its approximately 23,000 employees.

Further information on VIG is available at www.vig.com and in the VIG Group Annual Report.

Aytül Atar, Mihriban Karu and Özgür Şahinbaş

HUMAN RESOURCES' PRACTICES

The value, we attach to our employees, and the value, our employees add to our company, are in a cycle, which constantly reinforces and fosters one another. Our goal is to ensure effective planning, management, constant development and improvement of the human resources potential, which is directly related to the value created by the human resources within this cycle, environment, conditions, system and the potential of the system as well as to release and shape the potential energy to serve such goals.

In line with the mission, vision and goals of our company, we implement an objective and competence-oriented recruitment and placement process, which aims at placing the right person to the right position, within the framework of our fundamental values. In this respect, we organize orientation and development trainings to speed up the adaptation process of recently recruited employees to our corporate structure and to provide them with the background knowledge required for their profession.

Our "Performance Management" process, which helps the employees work in line with the corporate goals and focus on a common goal, consists of goal-setting, monitoring, evaluation and feedback stages. By such a performance management process, we aim to evaluate the employees objectively, and plan the outputs of the system such as promotion, wages, development and career planning in an effective and accurate way.

The ever changing and evolving needs of our employees and customers show us in which aspect we should improve our specialties and competences. In line with such needs, we offer trainings that provide constant development opportunities for our employees and business partners.

During the management of all these activities, the following points constitute our Human Resources policy:

- To bring up customer-oriented leaders, who can plan the present and future of our Company within the framework of our vision and fundamental values, in a strong and accurate manner,
- To act in compliance with the principle of equal opportunity, which eliminates racial, ethnic, national, religious and sexual discrimination,
- To provide a secure, transparent, participatory, flexible environment for our employees, which also allows for their constant development,
- To protect the rights and social security of our employees, and maintain the balance between professional and private lives,
- To raise productivity of our employees by means of an accurate career plan within an objective performance assessment system,
- To ensure the ultimate development of our employees through internal and external trainings in accordance with our vision and fundamental values,

Number Of Employees As Of 31.12.2014

	NUMBER
Head Office + Broker Sales Directorate	166
Alternative Distribution Channels Call Center	5
Istanbul Anatolian Side Regional Directorate	9
Istanbul European Side Regional Directorate	9
Ankara Regional Directorate	29
Izmir Regional Directorate	9
Antalya Regional Directorate	5
Adana Regional Directorate	7
Bursa Regional Directorate	4
Cyprus Branch	1
Total:	**244**

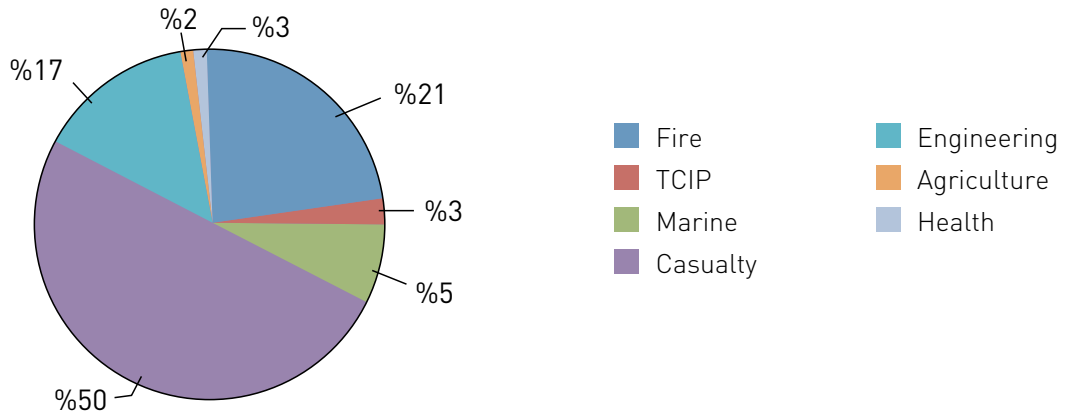
To bring up customer-oriented leaders, who can plan the present and future of our Company within the framework of our vision and fundamental values, in a strong and accurate manner.

Hande Gönül, İlknur Tanrıverdi, Murat Karadağ, Sevil Kanay, A. Necati Ülger, Gökay Ekinci, Burçin Şahin, Pervin Saraç and Emre Tekkuş

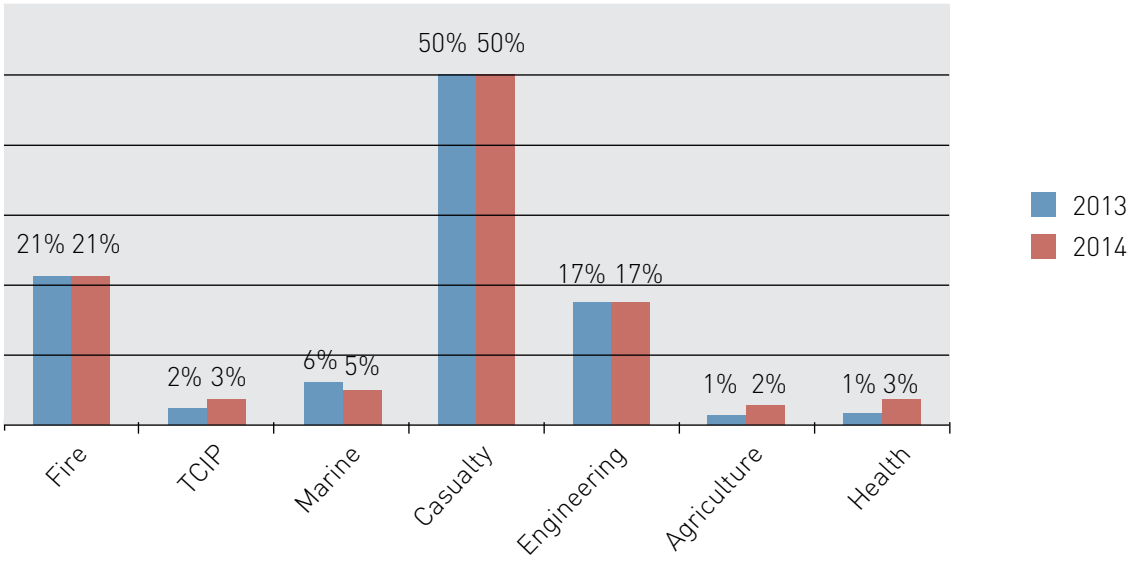
TECHNICAL RESULTS

Premium Generation:
The premiums generated by the Company have amounted to TL 380.025.291 in 2014. Thanks to such premium amount, Ray Sigorta has achieved to rank as the 17th with a market share of 1.67% among the companies operating at the non-life segments.

Percentage Breakdown of Premium Generation on Segment Basis in 2014



Percentage Breakdown of Premium Generation on Segment Basis in 2013 and 2014 - comparative



TECHNICAL PROFIT:

The Technical Profit, which has been recorded as TL 38.002.166 in 2013, amounted to TL 32.046.072 in 2014 by a decrease of 15.7%.

The breakdown of our premium generation as compared to the 2013 as per the segments, and the percentages of increase as well as the technical profit amounts are shown on the below table:

	2014		2013		
	PREMIUM	TECHNICAL PROFIT	PREMIUM	TECHNICAL PROFIT	CHANGE
FIRE	79.826.459	6.574.113	74.858.012	4.298.153	6,6%
TCIP	9.839.687	454.310	8.328.211	533.228	18,1%
MARINE	17.674.836	4.587.500	21.556.619	6.284.841	-18,0%
CASUALTY	188.380.820	13.201.256	178.059.147	19.264.229	5,8%
ENGINEERING	65.062.702	4.895.175	61.893.535	7.992.545	5,1%
AGRICULTURE	7.396.390	-78.743	4.570.070	181.011	61,8%
HEALTH	11.844.396	2.412.461	5.033.399	-551.841	135,3%
TOTAL	**380.025.291**	**32.046.072**	**354.298.992**	**38.002.166**	**7,3%**

Fire Insurance Segment
The premiums of the Company in the Fire Insurance Segment have amounted to TL 79.826.459 by an increase of 6.6% compared with the previous year. The technical profit earned at this segment, for which a total amount of TL 32.097.823 has been paid for the claims, corresponds to TL 6.574.113 at some 8.2% of the premiums. The portion of TL 76.542.049 of the outstanding claims amounting to TL 81.051.038 corresponds to the share of our reinsurers. The share of such amount at the total amount of the premiums generated is 21%, and the share of the same at the technical profit is 20.5%.

Casualty Insurance Segment
The premiums of the Company in the Casualty Insurance Segment have amounted to TL 188.380.820 by an increase of 5.8% compared with the previous year. The technical profit earned at this segment, for which a total amount of TL 101.990.502 has been paid for the claims, corresponds to TL 13.201.256 at some 7% of the premiums. The portion of TL 44.829.503 of the outstanding claims amounting to TL 133.915.744 corresponds to the share of our reinsurers. The share of such amount at the total amount of the premiums generated is 49.6%, and the share of the same at the technical profit is 41.2%. Thus, this segment stands as the one providing the major contribution to the technical profit.

Engineering Insurance Segment
The premiums of the Company in the Engineering Insurance Segment have amounted to TL 65.062.702 by an increase of 5.1% compared with the previous year. The technical profit earned at this segment, for which a total amount of TL 42.898.697 has been paid for the claims, corresponds to TL 4.895.175 at some 7.5% of the premiums. The portion of TL 19.354.414 of the outstanding claims amounting to TL 22.093.073 corresponds to the share of our reinsurers. The share of such amount at the total amount of the premiums generated is 17.1%, and the share of the same at the technical profit is 15.3%.

Marine Insurance Segment
The premiums of the Company in the Marine Insurance Segment have amounted to TL 17.674.836 by a decrease of 18% compared with the previous year. The technical profit earned at this segment, for which a total amount of TL 3.797.308 has been paid for the claims, corresponds to TL 4.587.500 at some 26% of the premiums. The portion of TL 16.177.492 of the outstanding claims amounting to TL 18.330.177 corresponds to the share of our reinsurers. The share of such amount at the total amount of the premiums generated is 4.7%, and the share of the same at the technical profit is 14.3%.

Health Insurance Segment
The premiums of the Company in the Health Insurance Segment have amounted to TL 11.844.396 by an increase of 18% compared with the previous year. The technical profit earned at this segment, for which a total amount of TL 3.739.844 has been paid for the claims, corresponds to TL 2.412.461 at some 20.4% of the premiums. The portion of TL 1.022.884 of the outstanding claims amounting to TL 1.226.640 corresponds to the share of our reinsurers. The share of such amount at the total amount of the premiums generated is 3.1%, and the share of the same at the technical profit is 7.5%.

Agriculture Insurance Segment
The premiums of the Company in the Agriculture Insurance Segment have amounted to TL 7.396.390 by an increase of 61.8% compared with the previous year. The premium generation achieved at the said segment constitutes 1.9% of the total premiums generated.

Result of the Technical Transactions
In 2014, Ray Sigorta;

• Has generated premiums amounting to TL 380.025.291, and has transferred TL 209.964.536 of such amount to the reinsurers. Considering the number of the policies, a growth of 22% has been accomplished; and a growth of 7.3% has been recorded considering the premiums written. Taking into account some various income and expense items, the technical profit before the operating income and expense has been recorded as TL 32.046.072.

• In return for such premiums generated, Ray Sigorta has paid a commission amount of TL 53.597.207, including the changes at the deferred commissions paid; and earned a commission amount of TL 40.085.599, including the changes at the deferred commissions receivable in return for the premiums transferred to the reinsurers.

• Ray Sigorta has paid claims amounting to TL 184.524.174 in total, and has recovered TL 81.718.403 of such amount as the share of the reinsurers. The provision/reserve for the outstanding claims has amounted to TL 256.616.854, and TL 157.926.342 has accrued to the share of the reinsurers.

• The technical profit, corresponding to TL 32.046.072 upon addition of the operating expenses and the financial revenue derived from the non-technical division, amounts to TL 8.266.819. While our Company has earned a technical profit amounting to TL 12.698.880 in 2013, such profit has been recorded as TL 8.266.819 by a decrease of 34.9%, in 2014.

• The investment income has been recorded as TL 21.345.895 in 2014, while it was TL 19.933.664 in 2013. Considering the investment income, income from the time deposits appears as the major income item with an amount of TL 15.147.585. A profit at the amount of TL 614.863 has been earned through liquidation of the financial investments, comprising of the government bonds and stock certificates purchased by our Company, and a profit at the amount of TL 458.860 has been earned by valuation of such investments.

• The major figure, other than the foreign exchange losses, among the investment costs, is the investment management costs with an amount of TL 3.139.242; and such costs principally comprise of the commissions and expenses incurred due to the transactions performed with the banks. On the other hand, the amounts of both the demand and the time deposits, of our Company, at the banks, have increased by 12% in line with the boost at the collection ratio.

Abdullah Özcan, Çağlar Baloş, Ayşegül Aydoğdu, Özgür Eken, Özlem Çelik, Özgür Değer, Pelin Bozalp, Burcu Saçkoparan and Esra İçim

SALES AND SALES SUPPORT, CUSTOMER SATISFACTION ACTIVITIES

As of the end of 2014, Ray Sigorta has maintained to offer services to its distribution channels and the insured through its sales and sales support staff members with a headcount of 88 in total, serving at 7 Regional Directorates (Istanbul European and the Anatolian Side Directorates, the Regional Directorates based in Ankara, Izmir, Adana, Bursa and Antalya), 3 Division Directorates (Agencies, Brokers, Bancassurance Division Directorate), Representation Office in Cyprus, as well as at the Call Center.

Widespread distribution Northern network offering services across Turkey;
The Sales and Sales Support Department of Ray Sigorta, which has acted as a business partner with 1129 agencies, 77 ABank, 69 Fibabank, 61 Burgan Bank branches, 67 brokers and 5 leasing companies in 73 cities in 2014, has been offering services thanks to its effective distribution channel all around Turkey.

Each portfolio manager, designated basing on the distribution channel types, offers one-to-one / direct service to the agencies-branches-brokers to which s / he is affiliated. Furthermore, the sales support personnel for each channel has been designated, and such designated personnel has been offering services to the agencies-brokers and branches in the form of teams upon being paired off with the portfolio managers. Such teams are responsible for carrying out their works in accordance with a schedule in line with the corporate strategies and objectives. Such objectives are comprised of the segments-products, premiums and figures at the fields as the company wishes to accomplish, and the sales and sales support personnel is being monitored by means of a performance monitoring model.

The Sales Department has maintained its works and projects in respect of improvement of the distribution network also during the course of 2014, and it has accomplished collaborations with some new agencies and banks. Having incorporated 214 new agencies to its distribution channel throughout Turkey, Ray Sigorta made a big break also in respect of the bank channel, and included Burganbank, Fibabank and Aktifbank to its distribution channel.

Basing on the Regions consisting of the cities with a grand potential of insurance, Ray Sigorta has continued to add new networks to its "on site service" practice, it has started to implement as of 2011, also during the course of 2014. The Company has carried on such practice, it has started with the city of Trabzon and kept on with the cities of Eskisehir, Kayseri and Konya, by adding the cities of Mugla and Aydin in 2014 by means of the "on site service" model; and it has been planned that the performance model of such practice shall continue increasingly within the Regional composition in the form of the sales and sales support team.

Advanced Distribution Channel / Satisfaction of the Insured
Ray Sigorta, which has been offering services basing on its mentality of "standing by the distribution channel at all times", is one of the companies that contact the most with its agencies in the insurance industry. The sales department teams, acting as the insurance advisors, consistently stand by their agencies on the site. The said department continues to carry out its activities and operations for the purpose of maximizing the satisfaction of the distribution channel not only by its business experience but also by on-site close monitoring.

Ray Sigorta maintains to be the company of the industry which delivers the best service to its distribution channel and the insured by means of its entire sales team in the fastest manner and creates value. The relevant sales and sales support personnel tries to resolve any and all kinds of problems of the agencies and the branches in relation to the Insurance business through immediate inquiries.

The Sales Call Center of the Company employs inbound and outbound teams, and such sales personnel tries to conclude any incoming and generated inquiries by means of the distance selling model. The results in respect of the Call Center, which operates with the motto of "100% Customer Satisfaction", have been maintained increasingly also in 2014.

Customer Satisfaction: The Customer Satisfaction Division, which has been established for the purpose of resolution of any complaints forwarded to the Company, examines any and all kinds of inquiries, which constitute the subject matter of such complaints, throughout the year; and brings together the parties involved in the issue for resolving any such problem, and maintains its activities so as to ensure 100% customer satisfaction by obtaining solution-oriented feedback within a period of maximum 24 hours.

Ray Sigorta's Business Performance for 2014:
By accomplishing its portfolio transition strategy it has started to implement as of 2010, Ray Sigorta has achieved the objectives set out for the non-motor segments during 2014, and it has recorded a premium generation of 214 million TL upon achieving a growth rate of 8 percent targeted for the non-motor segment. The most significant growth at the non-motor segment on yearly basis has been recorded at the Health and Travel insurances as well as the Aviation and Agriculture insurances due to the insurance liability for the foreign nationals.

In 2014, the Company has exhibited a growth at 7 percent at the motor segment where severe competition prevails, and it has closed the year with the premiums written approximately amounting to 165 million TL. Ray Sigorta, which has experienced a growth over the targeted figures in respect of the traffic insurances at such segment, has encountered a reduction when compared to the ratio experienced in the previous year in respect of the motor own damage insurance segment. In respect of all segments, Ray Sigorta has recorded a growth of 7 percent on yearly basis in total, and it has accomplished the year with the premiums written amounting to 380 million TL.

For the purpose of achieving further success also during 2015, Ray Sigorta will continue to apply its productivity- and customer-oriented insight; and it will sustain its efforts to enhance the brand awareness as well as the level of satisfaction.

Metin Uzun, Serdar Özkara, Çiğdem Umur, Özlem Yılmaz, Emre Asan, Erol Dalyan, Hüseyin Çınar and Merve Genç

ACTIVITIES BY THE MOTOR CLAIMS & RECOURSE DIVISION

For the purpose of increasing customer satisfaction, taking the claims costs under control and also increasing the quality of service, a project for improving the contracted services and extending the quick repair centers network has been carried out, and the agencies throughout the seven regions have been provided with a presentation in respect of such project in 2014.

In respect of the motor on-site inspection process, regional rotation has been conducted, and thereby it has been ensured that efficiency is increased.

The integration activities have been initiated for the purpose of ensuring that the process for going out to tender for the scrap becomes more effective.

Actions have been initiated for transition to paperless office, and the process works have been accomplished, and the infrastructural works for putting such process in practice in 2015 have been completed. Also, system infrastructure has been developed for a faster and more efficient reporting.

By minimizing the costs and shortening the processes in respect of the files for the bodily injuries; the files for the bodily injuries have been improved for the purpose of increasing the level of customer satisfaction.

Also, the actions for settlement regarding the pending files have been initiated for the purpose of making a contribution to the legal department.

Mustafa Nural, Selda Çamlıbel, Feridun Art, Seda Azmanoğlu, Ender İslamoğlu and Gökçen Cenk

CAMPAIGNS AND PROJECTS OF MARKETING DIVISION OF RAY SIGORTA

Ray Sigorta, serving with its 56-year experience in the insurance industry, continued its pioneering activities in the industry thanks to its pathbreaking and customer oriented approaches in 2014. The below listed research-development works and projects have been carried out within the organization of the marketing division of Ray Sigorta during 2014.

RAYPORTAL RENOVATION PROJECT

The internal communication portal of Ray Sigorta (www.rayportal.com.tr) has been renovated in line with the vision targets and the corporate culture of Ray Sigorta. A user-friendly portal has been created based on the principles of simplicity, easy access, transparency and innovation.

"Rayportal", the internal communication portal, has been made accessible through portable and desktop computers, tablet PCs and mobile devices (IOS and Android).

RAYPLUS CARD PROJECT AND CAMPAIGNS

"RAYPLUS", the loyalty card program designed for Ray Sigorta employees and insurance customers, who have been collaborating with Ray Sigorta for many years, has been offered to our insurance customers for the purpose of privileged service in 2014. The number of the participants for the said project, which has been initiated in 2013, has increased to 4246 individuals in 2014. Also, during April and September of 2014, some discount campaigns for the individual products have been organized so as to be dedicatedly to our insurance customers holding the RAYPLUS.

MEDIA COMMUNICATION ACTIVITIES

As part of the media communication activities, carried out for the purpose of providing contribution to the recognition and reputation of the Ray Sigorta brand, 460 news have been published/broadcasted on the national and industrial media during 2014.

RAYKONUT SERVICE

For the purpose of adding some new privileges to the already existing ones offered by it, Ray Sigorta has provided our insurance customers, who have taken out the Evimsaray Dwelling Insurance Policy, coded 102, as of May 1, 2014, with the opportunity to have their combi boilers and air-conditioners serviced free of charge for once a year which is available to be utilized during the term of such policy.

In the wake of the agreements, executed by and between our Company and the technical services serving for many brands in 40 provinces, our insurance customers have been provided with the opportunity to have their combi boilers and air-conditioners serviced free of charge for once a year during the terms of the policies at the provinces which are covered by the technical service network.

For the purpose of enabling easily and readily access to the RAYKONUT privileges by our insurance customers, a microsite has been created; and the insurance customers can readily view any information about the services and discounts and perform any booking processes by logging in by the policy number and the Republic of Turkey ID Number through the website which has been prepared dedicatedly for such purpose.

ON-LINE TRAINING ACTIVITIES

As part of the on-line training activities of Ray Sigorta; E-Trainings have been drawn up for the Sagligim Rayinda, Mediray, Supplemental Health Insurance, E-Agency User Guide, Motor Insurance, Traffic Insurance, Isler Rayinda and Isim Rahat products.

PRODUCT ACTIVITIES

Supplemental Health Insurance, Our New Product:

The activities in relation to the Supplemental Health Insurance, which has a significantly important position in the insurance industry during the recent years, have been conducted during 2014; and our product "Supplemental Health Insurance" has been launched as of October 1, 2014.

Thanks to the Supplemental Health Insurance; the additional charges (excluding any State share) to be paid by the insured in return for the services s / he will receive from the private health-care providers which are listed among the contracted providers of RAY SIGORTA A.S. and are also contracted SSI (Social Security Institution) providers, are covered in line with the special and the general terms and conditions of the policy.

The Supplemental Health Insurance imposes no waiting period either for the maternity benefit / coverage or for the diseases, which are subject to the waiting period, a requirement imposed under the private health insurances. The fact that the maternity benefit / coverage can be added by paying additional premium for any insured, who holds inpatient and inpatient + outpatient treatment benefit / coverage, stands as one of the significant advantages compared to those offered by the other products available at the industry.

Medical Products Revision:

• Our present medical products have been revised as of October 1, 2014, both in terms of their names and the coverage compositions, with a view to meet the expectations of the consumers better by means of product packages appropriate to any need and budget. The names of our products have been determined as per the contents of the coverage composition, and the generic name of the product has been amended to read as SAGLIGIM RAYINDA.

• As of 01.10.2014, 4 alternatives available only under our product, Ray C Extra coded 912, have been launched for the health insurance needs of any foreign nationals.

• In respect of our AURA Insurance Product, numbered 654, for which we have achieved a successful sales chart till the present; some changes have been made in terms of the price and the coverage limits. The said changes, which have been put into effect as of September 1, 2014, have been accomplished by taking into account the increases at the inflation rate.

EXPEDITIOUS PROPOSAL AND AUTOMATIC RENEWAL PROJECT

The works for the expeditious proposal screens and the automatic renewal project have been initiated within 2014.

T.O.B.B. (Union of Chambers and Commodity Exchanges of Turkey) SIGNBOARD REGISTRY PROJECT

In accordance with the provisions of the Insurance law and regulations, any marketing, information and sales processes in relation to the insurance products to be carried out by the agencies should be conducted only by the technical staff members of such agencies, and through the static IP (static Internet protocol address) numbers recorded on the signboard details in respect of the Internet service applications such agencies will establish with the insurers.

Basing on the foregoing, the record details whereby the agency signboard records of the agencies are being retained within the organization of the TOBB (Union of Chambers and Commodity Exchanges of Turkey) through the Internet are being compared on-line with the registration details of our Company. By means of such reporting, checks are being performed more expeditiously and soundly on systematical basis, and thus, compliance with the provisions of the insurance law and regulations is ensured.

RIO AND PHUKET/BANGKOK CAMPAIGN

Through the Rio Campaign, which has been effective between 01.10.2013 and 31.12.2013, our agencies which have well performed were hosted at Rio de Janeiro, the capital of entertainment.

With a view to provide support to the agencies of Ray Sigorta in respect of their premium generation at the motor and non-motor segments, a campaign with a prize of overseas trip to Phuket/Bangkok has been held between 01.10.2014 and 31.12.2014. Our agencies, which will prove to have well-performed upon completion of the said campaign, will be hosted at Phuket, the heaven of the Far East, within 2015.

SOCIAL RESPONSIBILITY ACTIVITIES OF RAY SIGORTA

We, at Ray Sigorta, have always been committed to carrying out all of our business processes with a focus on "human", and adding value to the lives of our employees, customers and all stakeholders since the day when our Company was founded; and we remain committed to our social responsibilities and maintain social responsibility projects in order to serve to the future of our country and the communities where we operate. Ray Sigorta measures success not only against financial outcomes achieved, but also against its vision of being a value-creating company.

We have rolled out the project "Gonulluyum Yanindayim (I Volunteer to Stand By You) in line with the principle of making a positive influence on people's lives. The "Gonulluyum Yanindayim" project of Ray Sigorta, developed as part of the "Social Active Day" project of our parent company Vienna Insurance Group (VIG), which is one of the most prominent insurance companies of the Central and Eastern Europe, is intended to contribute to the education of children with "Mental Disabilities", an important problem of our country, on a business day every year, on voluntary basis, making a positive contribution to the social development.

The project enables Ray Sigorta employees to contribute to the education of children with mental disabilities and to the development of their roles in social life as well as to provide solutions to social problems with common efforts and common sense. The said project has been granted with the third prize following judgment carried out by VIG.

PROJECTS BY THE INFORMATION TECHNOLOGIES DEPARTMENT

Ray Sigorta is one of the first companies that have switched to the National Address Database (NAD) configuration at our industry. By means of the mentioned project, our address configuration has switched to the functioning of the National Address Database (NAD) that has the ability to use the common data on province-quarter-village-borough basis through the Identity Sharing System (ISS) of the Directorate General of Population and Citizenship Affairs. Thereby, the NAD configuration obtained the competence to generate the Address Code specific to each address (for example, 2975201688) on flat basis by numbering each single address.

Through the Republic of Turkey ID Number / Republic of Turkey ID Number for Foreign Nationals, it has been ensured that the Address Code given for the address of domicile as recorded under the ISS is obtained.

By making use of the NAD, it has been targeted to shorten the process for entering the addresses at our screens used for entering the customers, updating the same, entering the proposals / endorsements, and to eliminate any uncertainty in respect of the addresses by preventing entry of any non-registered address, by ensuring that the addresses available in our system are standardized.

By matching the ISS configuration with the province - district - quarter - village - borough data generated by the Turkish Catastrophe Insurance Pool, it has been ensured that the probable definite Earthquake Regional Code is determined.

INFRASTRUCTURAL IMPROVEMENTS AND PROJECTS

Thanks to the software, generated by the Information Technologies Department in April 2014, the status of activity of the Agency and Terminal Servers has been monitored, and thereby it has been ensured that the servers remain online at all times, and business continuity has been maintained accordingly.

During May 2014, an additional protection measure has been taken against any virus, malware and any other malicious software, by having installed the Trend Micro product on the PCs / laptops of all staff members serving at the Secure area (behind the Firewall).

During May 2014, the mobile telephones have been changed to Samsung S4, and thereby the staff members serving in the field have been provided with the ease of working by making use of more intelligent telephones.

Our agencies (in Mart 2014) and staff members (in August 2014) have been provided with the opportunity to assign their own passwords in a secure manner by logging in through the rayportal in the event that they have forgotten or blocked their passwords at the Rayport system; and hierarchical configuration causing loss of time has been cleared away, and they have been provided with the opportunity to be assigned with passwords in a short time either during the weekdays or the weekends.

In March 2014, the Registered Electronic Mail (REM) service has been built up. Thus, a system, which would be used for us at all fields where we are required to share independent/individual official documents, and which would save more time for us, and would also ensure ease of monitoring, has been brought into service.

As of September 2014, the systems have been rendered to function at a higher performance through the transition of the Database Server (T5) and the Database Oracle 10g to the 11g. The tuning works required to be performed on the systems will be continued in 2015.

As of November 2014, the network equipment has been changed to Fortinet, which is one of the state of the art technology products, and a configuration with back-up feature has been started to be used. By making use of the SSL Vpn, the staff members have been provided with the opportunity to also work office remote, and thereby a significant advantage has been provided for the continuity of the flow of work. It is planned to be rolled-out during 2015.

The static IP identifications required for logging into the Rayport system by our agencies, used to be forwarded to the technology management by the business divisions, and thereupon our program agencies were being provided the opportunity to use the Rayport through the processes carried out by Kocsistem and Vodafone. In consequence of our analysis works, the opportunity to have a rapid identification of the IP has been provided by identification of the static IP log in through the BTPLATFORM interface by means of the software generated in December 2014.

Members of the Management Board: Anıl Rasih Gülcen, Koray Erdoğan, Levent Şişmanoğlu, Eyüphan Daldal and Fahrettin Turan

BOARD OF DIRECTORS

Dr. Martin Simhandl / Chairman of the Board of Directors / Member of the Corporate Governance Committee and Early Identification of Risk Committee

2004 - present / Vienna Insurance Group AG / Member of the Managing Board, CFO
1985 - 2004 / Vienna Insurance Group AG / Various Positions

Dr. İsmail Hakkı Ergener / Independent Member, Deputy Chairman of the Board of Directors / Chairman of the Corporate Governance Committee, Early Identification of Risk Committee and Audit Committee

2012 - 2013 / EurocityBank AG / CEO
2009 - present / SK Danube AG /General Manager
1997 - 2008 / DenizBank AG / CEO,
1995 - 2007 / Express Trade Bank / General Manager
1991 - 1995 / Deutsch Türkische Bank / Credit Marketing Manager
1989 - 1991 / Turkish Development Bank / Germany Representative
1987 - 1989 / Iktisat Bankasi / Branch Marketing Manager
1986 - 1987 / Cerrahgil A.S. / Export Manager
1984 - 1985 / Interbank / Credit Analyst

Dr. Josef Aigner / Member of the Board of Directors

2007 - present / Vienna Insurance Group AG / Head of Corporate Business Department
2006 - 2007 / Wiener Staedtische Versicherung / Head of Corporate Business Claims Department
2000 - 2006 / Wiener Staedtische Versicherung / Assistant to the Managing Board
1999 - 2000 / Allianz Versicherung / Allianz Risk Service
1995 - 1999 / Allianz Elementarversicherung / Risk Management Department, Risk Manager

Gerald Klemensich / Member of the Board of Directors, Member of the Corporate Governance Committee and Early Identification of Risk Committee

2007 - present / Wiener Re / Member of The Supervisory Board
2003 - 2007 / Wiener Staedtische Osiguranje A.D.O. Beograd / Member Of The Supervisory Board
2004 - present / Vienna Insurance Group / Lead Manager Reinsurance Division
2001 - 2004 / Wiener Staedtische Allgemeine Versicherung / Assistant Manager Reinsurance Division
1998 - 2000 / Wiener Staedtische Allgemeine Versicherung / Member of Reinsurnce Division
1995 - 1998 / Wiener Staedtische Allgemeine Versicherung / Assistant of The Management Board
1993 - 1994 / Ewig International Marine Corporation USA / Marine & Cargo Surveyor And Loss Adjuster
Before - 1993 / Studio Peritele Pino Rebulla, Italy / Marine & Cargo Surveyor And Loss Adjuster

Stefan Waldner / Independent Member of the Board of Directors and Member of the Audit Committee

2014 - present / OMV Petrol Ofisi A.Ş., Istanbul / CFO - Member of the Executive Committee
2011 - 2014 / OMV Petrol Ofisi A.Ş., Istanbul / Member of the Board of Directors
2014 - present / OMV Petrol Ofisi Holding A.Ş., Istanbul / Member of the Board of Directors
2014 - present / OMV Gaz ve Enerji Holding A.Ş., Istanbul / Member of the Board of Directors
2009 - 2014 / OMV Aktiengesellschaft, Viyana / Senior Vice President, Corporate Development
2005 - 2009 / OMV Aktiengesellschaft, Viyana / Head of Mergers & Acquisitions / Economics
2000 - 2005 / Merrill Lynch International, London / Investment Banking Analyst / Associate

Mehmet Levent Şişmanoğlu / Member of the Board of Directors and General Manager

2007 - present / Ray Sigorta A.S.
2006 - 2007 / Brian Tracy / Sales Organization Consultant and Instructor
2003 - 2005 / Genel Sigorta and Genel Yasam Insurance Agency
1997 - 2003 / Garanti Sigorta A.S. / Regional Manager
1996 - 1997 / Arpas Kuyumculuk / Sales Manager
1995 - 1996 / Polisan A.S. / Sales Manager
1994 - 1995 / Rotopas A.S. / Product Manager

Karl Fink (*) / Chairman of the Board of Directors / Member of the Corporate Governance Committee and Early Identification of Risk Committee

2012 - present / Wiener Staedtische Wechselseitiger Versicherungsverein - Vermögensverwaltung, Vienna Insurance Group AG / Member of the Managing Board
2009 - 2012 / Vienna Insurance Group AG / Member of the Extended Managing Board
2007 - 2009 / Vienna Insurance Group AG / Deputy General Manager
2004 - 2007/ Wiener Staedtische Allgemeine Versicherungs AG / Deputy General Manager
1987 - 2004 / Wiener Staedtische Allgemeine Versicherungs AG / Member of the Managing Board
1979 - 1987 / Interrisk Internationale Versicherungs Aktiengeselleschaft / Chairman of the Board of Directors
1975 - 1979 / Wiener Staedtische Wechselseitige Versicherungsanstalt / Industrial Risks
1971 - 1975 / Marubeni Corporation / Authorized Representative in Berlin

Reinhard Pichler (**) / Independent Member of the Board of Directors and Member of the Audit Committee

2011 - present / OMV POAS / Chief Financial Officer
2005 - 2010 / OMV SC PETROM SA, Representative/ Chief Financial Officer
2003 - 2004 / OMV Controlling / Corparate Controlling and Accounting Department / Senior Vice President
2000 - 2002 / OMV Service Network / Executive Director
1996 - 2000 / OMV Controlling / Deputy Head of Corparate Controlling
1991 - 1995 / OMV Controlling / Controller
1990 - 1991 / OMV IT / IT Department, System Engineer
1989 - 1990 / Ministry of Labor and Social Affairs/ Analyst
1986 - 1988 / NIXDORF Computer GMBH / IT Department / Programmer and Analyst

(*) Karl FINK Chairman (He withdrawn from his membership on 11.06.2014.)
(**) Reinhard PICHLER Independent Member (He withdrawn from his membership on 15.10.2014.)

MANAGEMENT BOARD & MANAGEMENT TEAM

Mehmet Levent Şişmanoğlu / Member of the Board of Directors - General Manager and Chairman of Management Board

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

Koray Erdoğan / Member of the Management Board, Deputy General Manager, Financial and Administrative Affairs

2011 - present / Ray Sigorta A.Ş.
2010 - present / Lecturer / Hacettepe University, Deputy General Manager / Financial and Administrative Affairs
2009 - 2011 / Deputy Chairman of the Board / Insurance Auditing Board of the Undersecretariat of Treasury
199 - 2009 / Insurance Auditing Specialist / Insurance Auditing Board of the Undersecretariat of Treasury

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

1993 - present / Ray Sigorta A.Ş.
1989 - 1993 / T. Halk Bank A.Ş. / Control Chief
1987 - 1989 / Anadolu Endustri Holding / Assistant Worksite Chief

Anıl Rasih Gülcen / Member of the Management Board, Sales Director

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

Fahrettin Turan / Member of the Management Board, Motor Technical and Claims and Subrogation, Director

2006 - present / Ray Sigorta A.Ş.
2003 - 2006 / Uzel A.Ş. / Purchasing Specialist
2000 - 2001 / Türk Ekonomi Bankası / Credit Specialist
1999 - 2000 / Ege Bank A.Ş. / Management Trainee

Feridun Art / Marketing Director

2011 - present / Ray Sigorta A.Ş.
2009 - 2010 / Ankara Sigorta A.Ş. / Deputy General Manager Responsible 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 (Rumeli Regional Manager & Agencies Manager)

Gil Shuchman / International Key Accounts Director

2011 - present / Ray Sigorta A.Ş.
2010 - 2011 / TBIH Financial Services Group N.V. / Insurance Analyses and Business Development Specialist
2007 - 2009 / Phoenix International Ltd. / Insurance Specialist - USA

Banu Şensöz / Internal Control and Risk Management Manager

2010 - present / Ray Sigorta A.Ş.
2007 - 2009 / Finans Emeklilik ve Hayat A.Ş. / Deputy Manager for Financial Control and Planning
2006 - 2007 / Moore Stephens Turkey / Senior Auditor
2005 - 2006 / Kiska Group Ltd. New York / Finance and Reporting Specialist
2000 - 2005 / Consulate General of Culture and Tourism of Turkey, New York / Accounting Expert

Mihriban Karu / 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 / Staff Management Expert

Derya Öztürk / Secretary General & Control and Planning

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

Metin Akgün (*) / Member of the Management Board - Deputy General Manager, Motor Technical and Claims and Subrogation

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. / İzmir Regional Manager
1982 - 1992 / Petrol Ofisi A.Ş. / Factories Manager
1972 - 1982 / Petrol Ofisi A.Ş. / İzmir Regional Directorate / Assistant Regional Manager

(*) Mr. Metin Akgun, our Deputy General Manager, has left his office on March 31, 2014.

INDEPENDENT AUDITING OF OUR COMPANY:

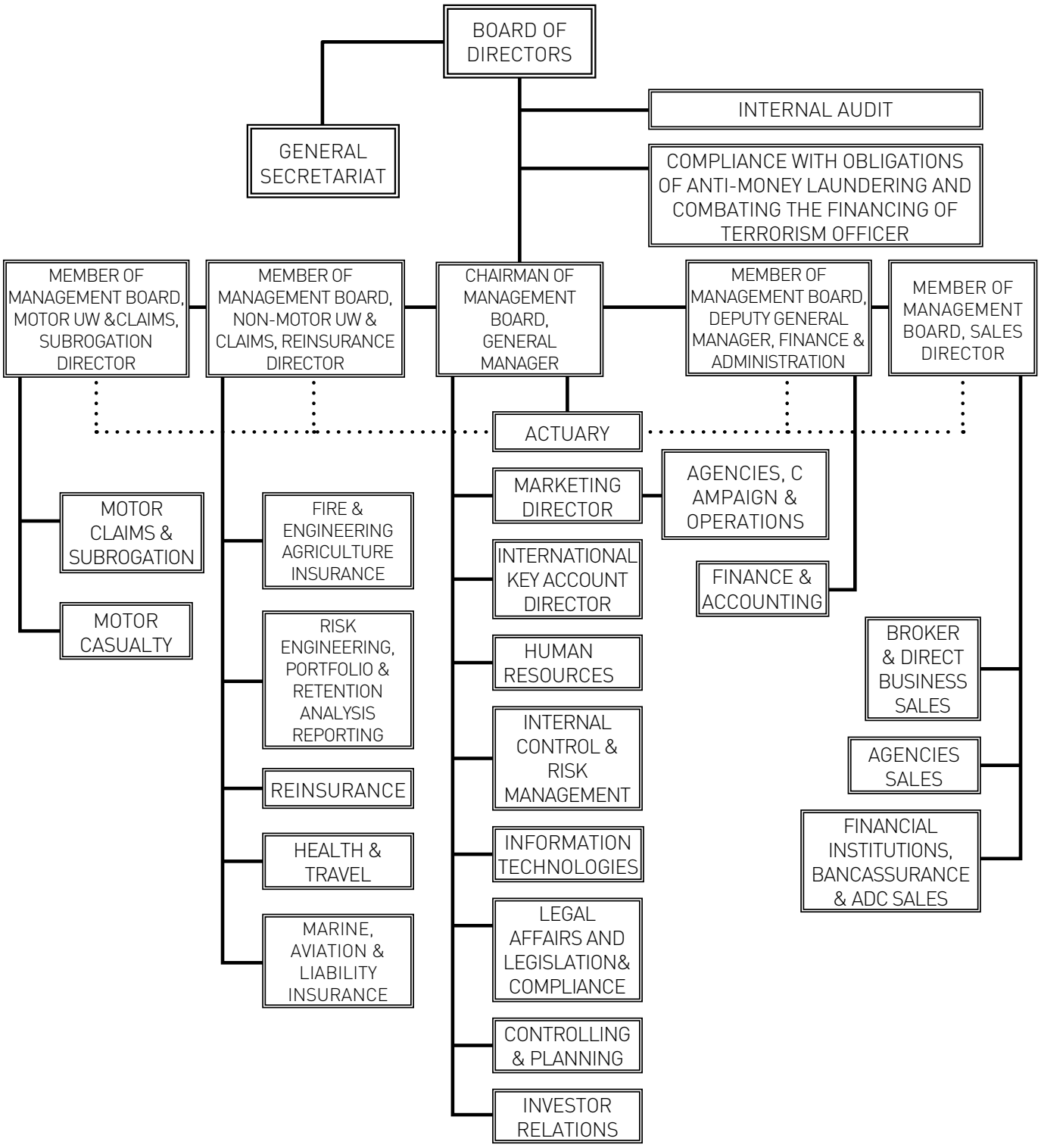
The firm, which will conduct an Independent Audit on the financial statements of our Company for 2014, has been determined at our Ordinary General Assembly Meeting held on March 31, 2014. Accordingly;

Period : 1/1/2014 - 12/31/2014
Trade Name : Akis Bağimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.Ş. (A member of KPMG International)
Trade Registration Number : 480474
Address : Kavacık Rüzgarlı Bahçe Mah. Kavak Sk. No: 29 Beykoz - ISTANBUL

INTERNAL AUDIT DIVISION

INTERNAL AUDIT DIVISION				
Name, Surname	**Position**	**Date of Start of Employment**	**Educational Background**	**Professional Experience**
Kubilay Bolayır CIA, CPA, CRMA	Internal Audit Manager	03.05.2005	Bachelor's Degree / Finance	2005 - present / Ray Sigorta A.Ş. 2002 - 2005 / Savings Deposits Insurance Fund / Commissioned Inspector 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



REPORT OF THE BOARD OF DIRECTORS

Our Board of Directors has been organized in accordance with the Corporate Governance Principles published by the CMB. The Board consists of 6 members, two of them being the independent members. Our Board of Directors comprises of non-executive members, except for the General Manager.

Pursuant to our Articles of Association, the Board of Directors of our Company must convene minimum 4 times in a calendar year. Our Board of Directors has convened 4 times in 2014, and all of the members have attended such meetings. Apart from the foregoing, in case of any emergencies, any required resolution may be adopted by obtaining the consent / approval of all members, without being required to attend a meeting. All of the resolutions have been adopted unanimously during the said year. No member has stated any unfavorable opinion in respect of any of the resolutions adopted.

The following committees have been formed at our Company to assist the Board of Directors in performance of its duties and obligations properly, in accordance with the applicable regulations of the CMB:

1) Audit Committee,
2) Corporate Governance Committee,
3) Early Identification of Risk Committee

1) Audit Committee:

The Audit Committee consists of our two independent members. The said committee has convened four times within this year. All of such meetings have been held before the financial reports have been disclosed; and the said committee has examined the financial statements, and it has submitted its opinion regarding the compliance to the Board of Directors. The Committee is responsible for supervision of the operation of accounting and financial reporting mechanisms, disclosure of financial information and reports, and effectiveness of the operation of independent audit and internal control systems. It is also responsible for preliminary selection of the Independent Audit Company and submission thereof to the Board of Directors for opinion. The Committee is also responsible for preliminary review of the quarterly disclosed financial statements, and for submitting the same to the Board of Directors for approval to disclose. The said committee has been serving and functioning highly effectively; and it invites the officials of the auditing firm at the periods when the independent auditing is carried out.

2) Corporate Governance Committee:

The Corporate Governance Committee consists of 4 members, the chairman being one of the Independent Members of the Board of Directors. Basing on the Corporate Governance communique, which has been promulgated during the said year, the "Investor Relations Manager" has been enrolled as the 4th person. It also serves as the Nomination Committee and the Remuneration Committee. The said Committee has convened two times during 2014. The Committee is responsible for monitoring compliance with the corporate governance principles across the Company, identifying potential risks that might arise due to non-compliance with applicable rules and providing recommendations to improve compliance with such rules. The committee reviews any progress experienced in relation to compliance with the corporate governance principles within the organization of the company throughout the year, and submits its report to the Board of Directors about the actions required to be taken. The said committee has carried out the necessary actions for nominating a candidate for the vacant seat of the independent member of the board of directors, who has resigned within this year, and it has submitted its report regarding the nominee proposed by it to the Board of Directors.

3) Early Identification of Risk Committee:

It consists of 3 members, the chairman being one of the Independent Members of the Board of Directors. The said committee has convened 6 times, as prescribed under its internal directive, within 2014. The committee is responsible for identification of any risks that might threaten "the existence, development and sustainability of the Company at an early stage, and taking necessary actions and managing risks in case of any such risks are identified." The committee obtains information from various internal functions about their fields of activity. It reports the results to our Board of Directors. The opinions specified under the report submitted by the said committee are delicately reviewed by our Board of Directors. Such opinions are disclosed to and exchanged with the executive departments; and the actions taken in relation to such opinions are monitored on continuous basis.

The following committees have been formed at our Company to assist the Board of Directors in performance of its duties and obligations properly, in accordance with the applicable regulations of the CMB:
1) Audit Committee,
2) Corporate Governance Committee,
3) Early Identification of Risk Committee.

RELATED PARTY REPORT

During the activity year of 2014; our Company has been identified as a subsidiary of the VIG Group, and any shareholders, subsidiaries and senior management thereof have been identified as the affiliated companies in respect of these financial statements in accordance with the applicable provisions of the Turkish Commercial Code (TCC).

Pursuant to Article 199 of the TCC (Turkish Commercial Code), the Board of Directors of our Company has made the following statement in the conclusion section of the commitment report issued on its relations with the controlling company and any affiliates thereof.

The primary transactions conducted with the affiliated companies comprise transfer of premiums as part of the insurance operations. We have quota-share and surplus reinsurance treaties in effect with the affiliated companies, and transfers of facultative reinsurance are also possible depending on market conditions. Besides the insurance operations, we receive consultancy service on IT, actuary, reinsurance areas where necessary, and such services are procured in consideration of the amount or price determined in accordance with the arm's length principle.

Such transactions are the required transactions due to the nature of the business of our Company; none of the following transactions are conducted between the VIG Group companies and shareholders, subsidiaries and senior management of the Company:

- Any transfer of receivables, debts or property assets,
- Any encumbering legal actions such as granting of surety, warranty or guarantee,
- Any legal actions, which may lead to the transfer of earnings.

Consequently, based on such report issued in accordance with Article 199 of the Turkish Commercial Code, we hereby represent that our Company has not incurred any losses with respect to the activity year of 2014, to our best knowledge, due to any transactions conducted with VIG Group companies, its shareholders, subsidiaries, and senior management in 2014 in accordance with the recognized terms and conditions.

The transactions conducted in 2014 with the risk group, in which our company is involved, are detailed and explained in the footnote no. 45 to our financial statements included in the annual report.

FINANCIAL AND OTHER BENEFITS PROVIDED TO THE MEMBERS OF THE MANAGEMENT BODY AND THE MANAGEMENT BOARD

Financial Benefits

The sum of the remuneration and similar benefits paid to the chairman and the members of the board of directors as well as to the general manager and the members of the management board during the accounting period which has ended on December 31, 2014 is TL 2.988.171,55-.

Detailed information is available under the relevant section of our financial footnote.

Other Benefits

The amount of the total expenses incurred as part of the other benefits provided to the chairman and the members of the board of directors as well as to the general manager and the members of the management board, including any representation and travel expenses, is TL 305.934,72.-

The primary transactions conducted with the VIG Group companies comprise transfer of premiums as part of the insurance operations.

ORDINARY GENERAL ASSEMBLY MEETING FOR 2013

The Ordinary General Assembly meeting of Ray Sigorta A.S. for 2013 has been held at 10:00 on 31.03.2014, Monday, at "Cumhuriyet Mahallesi, Haydar Aliyev Cad. No:28 34457 Sariyer/Istanbul" under the supervision of Orhan Karabey, the Representative of the Ministry, commissioned by the letter dated 28.03.2014, numbered 8497, of the Provincial Directorate of Customs and Commerce of Istanbul.

At the said meeting, the ordinary agenda was discussed according to the provisions of the Turkish Commercial Code and the Capital Market Law.

a) The financial statements and the annual report for 2013 have been approved.

b) The Members of the Board of Directors, who have served during 2013, have been severally acquitted.

c) It has been resolved that the net profit for the year, amounting to TL 8.565.429.-, which has occurred in consequence of the activities and operations carried out within 2013, shall not be distributed, but be set-off against the accumulated losses, in line with the proposal of the Board of Directors.

d) Election of the Members of the Board of Directors, whose term of office will expire within 2014, has been held. The present members have been elected for a further period of 3 years.

e) It has been resolved that Akis Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S. (a member of KPMG International) shall be assigned as the independent auditor for auditing of the interim and the annual financial statements and the annual report of our Company for 2014 in accordance with the provisions of the Turkish Commercial Code, the Insurance Regulations and the Capital Market Law as well as the other applicable regulations.

f) Due to the fact that the period, for which our Company has been in the Registered Capital System, has expired as of the end of 2013, Article 7 of the Articles of Association has been amended. Detailed information about this matter is given under the section "Amendments to the Articles of Association".

g) The "Profit Distribution Policy", which has been set out again due to the amended regulations, has been approved.

h) The General Assembly has been informed about the fact that the shareholders, holding the managerial control, the members of the board of directors, the senior executives and the spouses and the kinsmen and relatives by marriage up to second degree of such persons, have not entered into any significant business transactions with our Company that might lead to any conflict of interest, and also that such persons have not carried out any transaction which corresponds to the sphere of activity and business of our Company, either for their own account or for the account of any other persons, and also that such persons have not participated in any other company, which is engaged in any similar business activities, as an associated partner, in 2013. The General Assembly has been informed about the fact that no transaction, which corresponds to the scope prescribed under Articles 395 and 396 of the TCC (Turkish Commercial Code), has been performed and executed during 2013.

i) The remuneration to be paid to the members of the Board of Directors has been determined.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Our company is in the context of Registered Capital System as per the Capital Market Legislation. The Capital Markets Board has granted permission to the upper limit of TRY 200.000.000 for the Registered Capital of our Company for the years 2009-2013. Such permission expired by the end of 2013. Our Company filed a new application with the Capital Markets Board to extend the term of the upper limit of TRY 200.000.000, set for our Registered Capital for the years 2014-2018. The Capital Markets Board granted such permission on January 7, 2014. Such transaction requires amendment of Article 7 of the Articles of Association. For such purpose, the approvals required for amendment of the articles of association have been obtained from the Undersecretariat of Treasury and the Ministry of Customs and Commerce of the Republic of Turkey.

The amended Articles of Association have been adopted unanimously by the Ordinary General Assembly Meeting held on 31.03.2014. Thus, the period for which our Company will be in the Registered Capital System has been extended until the end of 2018.

No other article of the articles of association has been amended apart from the mentioned one.

The up-to-date version of the Articles of Association of our Company is available under the section "About Us / Investors Relations" of the website of our Company.

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 Independent Audit Report which were prepared for the year 2014,

3. Reading, discussing and approval of the Activity Report of the Board of Directors and the Financial Statements of the year 2014,

4. Release of each of the members of the Board of Directors from their liabilities with respect to the activities and accounts of 2014,

5. Discussing and resolving on the proposal of the Board of Directors pertaining to dividend distribution for the year 2014,

6. Appointment of the independent auditor for year 2015,

7. 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,

8. Amendment of the Articles of Association with respect to its Article 26 "Representation of the Company", to the General Assembly's approval,

9. 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 2014 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 2014, 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,

10. Determination of the remuneration to be paid to members of the Board of Directors in the year 2015,

11. 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 so long as the portion of the accumulated losses, if any, exceeding the total amount of (i) legal reserves including share premiums, (ii) retained earnings, and (iii) equity inflation adjustments excluding inflation adjustment to share capital, are not deducted from the net profit amount.

3) As a principle the Company distributes dividends. However, dividend distribution proposal to be submitted to the General Assembly shall be determined by taking into account financial conditions, liquidity, investment strategies, funding needs and net distributable profit amount of the Company and macro economic conditions and regulations affecting the dividend distribution. In the event that it is not proposed to conduct a dividend distribution, the reason behind shall be submitted to the information of shareholders at the General Assembly Meeting. In the event that a distribution is proposed to the General Assembly, the amount to be distributed shall not be less than 20 % of the net distributable profit amount.

4) Dividends may be distributed as cash or as bonus shares or as a combination of cash and bonus shares. In the event that the dividend is decided to be distributed as cash, it may be paid in instalments in accordance with the provisions of the Capital Markets Legislation

5) Dividend distribution dates shall be determined by the General Assembly in a manner to commence no later than the end of June of any given year in which the Company decides to distribute dividends.

6) Since there is no provision regarding the distribution of advance dividends in the Articles of Association, there won't be any advance dividend distribution.

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.

(*) "Profit Distribution Policy" has been approved at the Ordinary General Assembly Meeting held on 31.03.2014.

Serhan Hersekli, Banu Şensöz and Mert Dikmen

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The "Regulation on the Internal Systems of the Insurance, Reinsurance and Pension Companies", numbered 26913, dated June 21, 2008, and issued by the Undersecretariat of Treasury of the Republic of Turkey, sets out and regulates the procedures and principles for the operations and mechanism of the Internal Control, Risk Management and Internal Auditing systems to be created within the insurance and reinsurance companies, which are established in Turkey, as well as the local branches of foreign-based insurance and reinsurance companies and the pension companies. Pursuant to such regulation, the Companies are responsible for establishment, operation and improvement of adequate and effective internal systems in conformity with the scope of activities and structure thereof and with the changing conditions, in accordance with the principles and procedures set out by the regulations brought into effect by all regional directorates and departments, in order to ensure that any risks, to which they are exposed, are followed-up and controlled. The Internal Control and Risk Management Department carries out risk management activities, which ensure identification, measurement, follow-up and control of the risks incurred, by means of policies, implementation procedures and limitations set out for monitoring, controlling and changing, where necessary, the risk and income structure brought along with the internal control activities and future cash flows of the company and therefore, the nature and level of the activities, intended for the effective, adequate and proper functioning and development of the internal control system in accordance with the said regulation.

The risk management activities of our Company are conducted by the Risk Management and Internal Control Department in compliance with the statutory regulations.

RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

Pursuant to "the Regulation on the Internal Systems of the Insurance, Reinsurance and Pension Companies", a member, in charge of the Internal Systems, covering the Risk Management and Internal Control systems as well, has been appointed to serve at the Board of Directors of our Company.

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.

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 accomplishment of the 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 statutory regulations.

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

- To ensure the implementation of risk management policy 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 can be digitized, remain within the identified limits and to monitor the use of such limits,

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

- To ensure regular and timely reporting of the results of risk measurement and risk monitoring to the board of directors or to the relevant internal systems official 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 is tested by the Internal Control and Risk Management division as part of the risk management and internal control system in order to improve the current internal control systems and to run 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 the company management.

INFORMATION ON RISK TYPES AND RISK MANAGEMENT POLICIES IN PLACE

The risks assessed in the measurements and modeling used in the risk management process of our company are as follows:

1. Insurance Risk

The risks in connection with the insurance contracts are the inability to exactly know the possibility of occurrence of the event, being the subject matter of the insurance, as well as the amount of claim to result therefrom. By nature of the insurance contracts, the risk in question is incidental and therefore, it cannot be estimated exactly.

When considered on the basis of branches and / or segments, the most significant criteria for determining risks for the motor vehicle casualty insurance are the factors such as type and age of the vehicle, the intended use, service costs, profession, age and gender of the owner. In respect of other casualty insurances, we may speak of three areas. These are risks included in the scope of liability insurance, personal casualty and casualty insurances. The important aspects for determining the risks of liability are the scope of insurance, annual turnover, risk types, statistical information pertinent to the previous years, scope and similar factors specific to the region. The criteria that need to be taken into consideration before determining the risks for the cargo insurances include stocks and product/goods types, type of vessel or the carrier and information and details about from and to where the goods are transported. In respect of hull insurances, risks are generally determined and announced by the head office. The reason as to why this methodology is appropriate is that usages are few and risk determination is specific. Fire insurances may be assessed under two separate categories, namely the industrial and personal fire insurances. The insured physical loss and fire are secured and guaranteed against damages due to any lighting, explosion or any other reason covered by the policy. Insurance risk acceptance criteria are aligned with the contracted articles and market conditions. Engineering insurances are assessed as contracts covering permanent risks and such other risks of provisional nature that are not chronic. In the first group, the mechanic and electronic equipment and unexpected sudden losses are taken into consideration. As for the second group, the scope of the contract is limited with the warranty period. The insuring is aligned with market conditions, risk acceptance criteria and the clauses of the reinsurance agreements.

The most important risk for the Company in respect of insurance contracts is the possibility that paid claim and compensations realize more than the allocated reserves. Ray Sigorta determines the underwriting in line with the type of accepted insurance risks and claims incurred. The Company manages the said risks by the underwriting strategy embodied and reinsurance agreements, to which the company is a party considering all branches / segments.

2. Financial Risks

The primary components of financial risk are market risk (including the currency risk, market value, interest rate risk, cash flow risk and price risk), the credit risk and the liquidity risk. Financial risk management activities of the Company concentrate on the variability of the financial markets and minimizing possible negative impacts thereof on the financial performance of the Company. Financial risk management is handled by the Company management in line with the procedures and limits approved by the Board of Directors.

(a) Market Risk

i. Interest Rate Risk

The interest rate risk refers to the risk that may be faced as a result of any possible changes to occur in the interest rate; such risk may affect the expected return on any investment negatively or positively or may be influential on the borrowings by the company. The interest rate directly affects the cash flows to be gained at the end of the maturity date or to be exported. Ray Sigorta manages such interest rate risk in accordance with the procedures as approved by the Board of Directors through assessing the market conditions.

ii. Currency risk

Ray Sigorta incurs currency risk, which arises from the fluctuations at the foreign exchange rate due to the conversion of its receivables and debts in foreign currencies to Turkish Lira. Such risks are being monitored and limited by analyzing the foreign exchange exposure. Ray Sigorta manages such currency risk in accordance with the procedures as approved by the Board of Directors through assessing the market conditions.

iii. Price risk

Price risk refers to a negative change in the current market value of a security with a fixed interest depending on the changes in the market interest rates. Ray Sigorta manages such price risks in accordance with the procedures as approved by the Board of Directors through assessing the market conditions.

(b) Credit Risk

The ownership of financial assets bears the risk of default by the other party to fulfill the terms and conditions of the contract. The credit risk of Ray Sigorta arises from cash and cash equivalents and bank deposits, financial instruments, the reinsurance shares due from the insurance business liabilities, receivables from the reinsurance companies and the premium receivables due from the insured and the intermediary firms / agents.

Ray Sigorta follows and limits the credit risk of the financial assets that are classified as credits and receivables, and the receivables resulting from insurance activities (including reinsurance receivables) by the procedures implemented for the received guarantees and for selection of the counter party.

(c) Liquidity Risk

The liquidity risk is the risk of inability of a company to meet its funding needs.

Ray Sigorta manages the liquidity risk through performing a continuous follow-up on the sum and term inconsistencies between the liabilities and assets.

3- Strategic Risks

Strategic risk refers to the threat and the risk faced by the company in accomplishing its goals.

The Company manages its strategic risks at the level of the Board of Directors under the strategic planning and by aligning the risk management policies and procedures created within the company in accordance with the corporate goals.

4- Operational Risks

Operational risks refer to direct or indirect damages to be suffered, as may result from human, system, process and external factors. Our company manages its operational risks through considering risk-based process examination results and historical operational risk data as part of the internal control activities, and through developing effective controls throughout the company accordingly.

Kubilay Bolayır

INTERNAL AUDIT

The purpose, scope, standards, composition, duties, powers, responsibilities, activities and the principles of functioning of the Internal Audit Division of Ray Sigorta, which has become operational pursuant to the statutory regulations prescribed in 2004, have been set out under the Internal Auditing Regulation of Ray Sigorta A.S. Accordingly, the Internal Audit Division aims to assure that our operations are carried out in line with the laws and other applicable regulations as well as internal strategies, policies, principles and objectives; and to assess and improve the effectiveness of managerial, control and risk management processes.

The actions and processes within the organization of the Internal Audit Division, which has been maintaining its activities in accordance with the Internal Systems Regulation, which has come into effect in 2008, are being handled and dealt through an understanding which would contribute to increase the competitive power beyond the requirement to comply with the statutory regulations. In line with such purpose, the framework of the Internal Audit activities is being determined through a systematical, continuous and disciplined approach which is appropriate not only to the present statutory regulations but also the generally accepted international auditing standards.

Internal Audit Division aims to assure that our operations are carried out in line with the internal strategies, policies, principles and objectives; and to assess and improve the effectiveness of managerial, control and risk management processes.

The Internal Audit Division of Ray Sigorta A.S. possesses the internationally recognized and valid CIA and the CRMA certificates, which are among the professional competence indicators, as well as the CPA certificates. The trainings and information, which are provided by means of such certification, and which may be applied directly at any and all kinds of organizations or business, are combined with the professional experience obtained specific to the insurance industry; and it is ensured that the professional knowledge and skills are maintained and improved thereby.

As part of the Internal Audit Principles, issued within the organization of the VIG Holding, cooperation/ collaboration and coordination is carried out with the VIG Holding in respect of the internal audit activities such as risk assessment, planning, monitoring of findings, documentation, performance of joint audits, etc. In addition, corporate governance principles apply to any and all business of companies, and progress of such targets depend on effectiveness of internal control systems. In this respect, the Internal Audit Division of Ray Sigorta A.S. aims to provide assurance to the Board of Directors with regards to the effectiveness of the internal control and risk management system, and submit recommendations for early identification of risks. Thereby, the Audit Committee supervises functioning of internal control and risk management system together with the Internal Auditing function, embodying the understanding of corporate governance.

The Internal Audit activities at Ray Sigorta A.S. are carried out as part of the annual and the three-year Internal Audit Plans approved by the Board of Directors. The Internal Audit Division functions by reporting directly to our Board of Directors, and reports to the Audit Committee functioning within the organization of our Board of Directors. The audit reports issued in consequence of the activities performed in line with the risk-based audit plan are submitted to the Board of Directors and senior management, and thereupon, to the Undersecretariat of Treasury.

With respect to the opinions and recommendations submitted on the Internal Audit reports, any actions that are deemed necessary by our Company are regularly followed up by the Internal Audit Department. We thereby try to adopt a systematic approach to assess and improve the effectiveness of our Internal Control and Risk Management system. The activity results and findings of the Internal Audit are being assessed by the Board of Directors of our Company and also by the VIG Holding by means of the annual internal audit activity report and the findings monitoring checklist.

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

The principles for ensuring implementation of the provisions prescribed under the "Law on Prevention of Laundering of Proceeds of Crime", dated 11/10/2006 and numbered 5549, as well as the "Regulation on Measures Regarding Prevention of Laundering of Proceeds of Crime and Financing of Terrorism", which has been promulgated as part of execution of the said Law, have been set out by the Financial Crimes Investigation Board.

Our Corporate Policy has been drawn up in line with such principles, and has been updated and revised during the activity period.

By observing the "Know Your Customer" principle, the due diligence obligation in respect of the insured / policy owner/ beneficiaries has been fulfilled.

In case of existence of any information, doubt or any matter requiring any doubt regarding the fact that the assets, constituting the subject matter of any transaction, which has been performed and executed or attempted to be performed and executed by our Company or through the agency of our business partners, have been acquired illegally or are used for illegal purposes, then any such transaction has been considered as a "suspicious transaction", and reported in accordance with the internal processes set out for such purpose.

In order for performance of the risk analysis, activities and actions have been carried out in coordination with the technical divisions and the Information Processing Division.

REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PART I

Statement of Compliance with Corporate Governance Principles

Ray Sigorta A.S. pays utmost attention and care for compliance with the Corporate Governance Principles. Ray Sigorta A.S. fully complies with the principles prescribed under the Corporate Governance Communique, numbered II-17.1, which are of compulsory nature. Compliance with a major part of the non-compulsory principles has been ensured. Actions for ensuring compliance with the principles, which have not been implemented yet, are also in progress. No conflict of interest due to any of the non-compulsory or non-implemented principles has arisen till the present. Internal regulations and arrangements are being drawn up for preventing occurrence of any conflict of interest.

In respect of the compliance issues, a committee, comprising of the staff members of the Company, has been established for the purpose of providing assistance to the Management Board; and the said committee communicates its observations regarding the compliance issues to the Management Board.

PART II- SHAREHOLDERS

2.1. Investor Relations Department

Our Company has an Investors Relations Department. Basing on the Communique, numbered II-17.1, promulgated on January 3, 2014, the said Department has undergone through an organizational change within the year. Any and all requirements prescribed under Article 11 of the Communique have been fulfilled. The Investors Relations Department carries out and fulfills all duties and tasks specified under the said communique within its own organization, and it has not delegated any duties or tasks to any other department. Accordingly;

a) The Investors Relations Department serves and functions by reporting directly to Mr. Mehmet Levent Sismanoglu, the General Manager of the Company.

b) The Investors Relations Department is accessible through the telephone number (+90) (212) 363 26 86 and the electronic mail addresses yatirimci.iliskileri@raysigorta.com.tr or investor.relations@raysigorta.com.tr.

c) The manager of the said Department is Mr. Erhan Subasi. He holds "Capital Market Activities Level - 3 License (License Number:206099) and Corporate Governance Rating License (License Number: 700859).

d) Mr. Serkan Gencer, one of the staff members of the Company, also serves at the said department.

e) The manager of the said department is a member of the "Corporate Governance Committee" which functions by reporting directly to the Board of Directors.

f) The Investors Relations Department has submitted its report regarding the activities carried out in 2014 to the Chairman of the Board of Directors on December 30, 2014.

g) The said department has primarily organized the General Assembly Meeting of the Company, and it has replied the inquiries received from the investors, and it has managed the obligations of the Company arising from the capital market regulations, and it has announced any and all information as required through the Public Disclosure Platform.

h) 24 inquiries have been received from the investors during 2014, and all of such questions have been replied in a short span of time.

i) Also, the said Department manages the "Information Society Services" and "Investor Relations" sections of the website of the Company, and ensures that the mentioned sections are kept up-to-date.

2.2. Exercise of the Right to Information by the Shareholders

The requests for information received by our company from the shareholders were responded on the following day at the latest in 2014. It has been ensured through the Material Event Disclosures made to the Public Disclosure Platform in accordance with the Communique by the Capital Markets Board (CMB) that the shareholders are informed about the Company. All information, required to be made available pursuant to the regulations, is available on the website of the Company.

Although the request for assignment of a dedicated auditor is not regulated as a right under the Articles of Association, such right may be exercised by the shareholders who hold minimum 5% of the company shares pursuant to the provisions of the Turkish Commercial Code. However, no request/inquiry in relation to such matter has been received by our Company during 2014.

2.3. General Assembly Meetings

The Ordinary General Assembly Meeting of our Company for 2013 has been held on March 31, 2014 at its principal office during 2014. The call for the meeting has been announced on the KAP (PDP-Public Disclosure Platform) on February 28, 2014, and such

announcement has been issued on the Trade Registry Gazette of Turkey dated March 6, 2014. The documents drawn up in relation to our Ordinary General Assembly as well as the Annual Report 2013, auditor's reports and proposal by the Board of Directors for the operating profit of 2013 were made available to our shareholders for review twenty one days prior to the date of the General Assembly. No proposals/requests were submitted by the shareholders in respect of the agenda before the General Assembly.

During the Ordinary General Assembly Meeting, an inquiry/question has been raised by our shareholders, and such inquiry/question has been replied by Mr. Mehmet Levent Sismanoglu, who is one of the members of the Board of Directors, and the General Manager of our Company, and who has served as the chairman of the council during the said meeting.

The meeting quorum for the resolutions adopted at the General Assembly is subject to the provisions of the Turkish Commercial Code, and such quorum was achieved upon attendance of 94% of the shareholders, and open ballot has been held, and the resolutions were adopted unanimously. The minutes of the General Assembly were announced on the Public Disclosure Platform on the same day, and were released on our Official Corporate Website on the following business day.

The Articles of Association of the Company do not prescribe adoption of resolutions regarding demerger or sales, acquisition or lease of considerable amount of assets of the Company by the general assembly. Also, as the Articles of Association of our Company contain no provisions regarding "Grants and Charitable Contributions", no grants and charitable contributions were made by our Company in 2013. Basing on the foregoing, there was no agenda item regarding such matter during the General Assembly meeting.

The General Assembly has been informed about the fact that the shareholders, holding the managerial control, the members of the board of directors, the senior executives and the spouses and the kinsmen and relatives by marriage up to second degree of such persons, have not entered into any significant business transactions with our Company that might lead to any conflict of interest, and also that such persons have not carried out any transaction which corresponds to the sphere of activity and business of our Company, either for their own account or for the account of any other persons, and also that such persons have not participated in any other company, which is engaged in any similar business activities, as an associated partner, in 2013

2.4. Voting Rights and Minority Rights

There are no privileges granted on any shares of the Company whatsoever. Our shareholders have made no requests with regard to representation of their minority shares in the management. There is no cumulative voting practice.

2.5. Dividend Rights

There are no privileges granted in respect of participation in the profits of our Company.

The principles for distribution of dividends as prescribed by the Articles of Association of our Company have been released to public with our "Dividend Distribution Policy" approved by our General Assembly on Monday, March 31, 2014.

The "Profit Distribution Policy" of our Company is available under the Annual Report and on the Corporate Website, and is readily accessible by the shareholders.

The profit gained from the activities and operations carried out during 2013 has been deducted from the accumulated losses, and no profit has been distributed.

2.6. Transfer of Shares

Our articles of association read: "Acquisition of shares corresponding to 10% or more of the Company's capital by any real or legal persons; and any acquisition of shares by any shareholders so that the shareholding of such shareholder exceeds 10%, 20%, 33% or 50% of the Company's capital and any transfer of shares, which will cause the shareholding of any shareholder to decrease below the said percentages, shall be subject to permission by the Undersecretariat of Treasury. Any entries to the share register contrary to the provisions herein shall be null and void. The provisions of the foregoing paragraph shall also apply to the entitlement to the usufruct right and the right to vote". Such provision has been specified under the articles of association as per the Insurance Law numbered 5684.

Apart from such statutory obligations, the articles of association prescribe no limitations with regards to the transfer of shares.

PART III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Contents

The official website of our Company is available on www.raysigorta.com.tr The "Investor Relations" section on the website of our Company contains the Basic Company Information which also covers the Shareholding

Structure of our Company, and details about the Articles of Association and the General Assembly Meetings, as well as the details about the Members of the Board of Directors and the Committees affiliated thereto, our Annual Reports, Financial Statements and Independent Auditor's Reports, Codes of Conduct, Company Policies, Report on Compliance with the Corporate Governance Principles, the material disclosures submitted to the Public Disclosure Platform, and also the details about the Persons Authorized to Represent the Company. Pursuant to Article 1524 of the Turkish Commercial Code, our website is accessible by anyone, and serves in accordance with the statutory obligations. Allocation to information society services in respect of our Company information has been conducted by the Central Registry Agency in accordance with the "Regulation on Websites" published by the Ministry of Customs and Commerce of the Republic of Turkey. The Company information retained by the Central Registry Agency can be accessed by visiting "Information Society Service" on our website. All information available on our website is also provided in English.

3.2. Annual Report

The entire information prescribed under the Corporate Governance Principles is covered by the Annual Report of the Company.

PART IV- STAKEHOLDERS

4.1. Disclosure to Stakeholders

Our shareholders, investors, financial institutions, agencies and other suppliers, who all together constitute the stakeholders of Company have access to information and details about the Company through our web site in addition to public disclosures, statutory regulations and material event disclosures. Any mechanisms needed for communication by stakeholders of any non-compliant or unethical actions and transactions to the Corporate Governance Committee and Audit Committee of the Board of Directors are in place.

The employees of the Company have access to information about the company and industry, regulations and training activities through the Company Portal.

"Agencies" and "Brokers", being our most important distribution channels, may also receive information about the Company practices, regulations and products through the Company Portal. Also, our technical divisions and the marketing departments hold meetings within certain time intervals, and thus their contribution to the arrangements is ensured in line with the requests of the same.

4.2. Stakeholders' Participation to Management

The Articles of Association do not contain any provisions requiring shareholder's participation to the management of the company.

However, the opinions regarding such matter are obtained at the meetings held with the Company's Employees and the Agencies and Brokers, which are our business partners, and thereby an exchange of opinions is achieved. The results of such meetings, as well as any proposals and requests, are reviewed and assessed at the Board of Directors and the Management Board of the Company.

4.3. Human Resources Policy

Our goal is to ensure effective planning, management, constant development and improvement of the human resources potential as well as to release and drive the potential energy to serve such goals.

For this purpose, in line with the mission, vision and goals of our Company, we implement an objective and competence-oriented recruitment and placement process, which aims at placing the right person to the right position, within the framework of our fundamental values. In this respect, we organize orientation and development trainings to speed up the adaptation process of recently recruited employees to our corporate structure and to provide them with the background knowledge required for their profession.

We help our employees work in line with the corporate goals, and focus on a common goal through our Goal-Oriented and Competency-Based "Performance Management" process. This process, which is announced to our employees through "Performance Management Regulation", comprises the stages of goal-setting, monitoring, evaluation and feedback. By such a performance management process, we aim to evaluate the employees objectively, and plan the outputs of the system such as promotion, wages, development and career planning in an effective and accurate way.

Our corporate strategies as well as the changing and evolving needs of our employees and customers show us in which aspect we should improve our specialties and competences. In line with such needs, we offer trainings that provide constant development opportunities for our employees and business partners.

The Human Resources Department of our Company carries out such activities in accordance with the below given Human Resources policies.

- Any racial, ethnic, national, religious and sexual discrimination is against our HR policy; we provide equal opportunities to people with equal conditions; our compensation and promotion processes are based on performance and efficiency, and open door policy is applied across the company.

- The employees, who hold the professional qualifications, required for performance of the assigned duties, are selected for managerial positions.

- A safe and healthy working environment and career development opportunities are provided to the employees.

The details of our human resources policy are also provided under our codes of conduct/ethics disclosure to the public.

There is no practice of appointing a representative to manage employee relations. The Human Resources Department manages the relationship between the Company officials and employees, and ensures that all employees work in an environment of open and transparent communication with their managers and Company officials. The roles and responsibilities of all employees are determined with job descriptions and communicated to employees.

No complaints of discrimination have been filed by any employees.

4.4. Codes of Conduct / Ethics and Social Responsibility

Our Codes of Conduct/Ethics have been announced on our website.

Ray Sigorta summaries its fundamental values as follows:
As Ray Sigorta,
We are a family,
We are honest,
We respect ethical values,
We are fair,
We are transparent and collaborative,
We are strong together,
We are creative and productive,
We value people.

Our managers and employees observe these fundamental values in everything we do, and pay their best efforts to optimize the reputation of our company and shareholders. As part of our corporate governance policy, we operate with organizational models which support management of our individual and corporate risks with a constantly increasing level of efficiency.

All employees of the company perform their duties in accordance with the codes of conduct/ethics approved by our Board of Directors. Our codes of conduct/ethics are provided below; implementation of such codes of conduct/ethics approved by our Board of Directors is supervised, reviewed and assessed constantly by our Ethics Committee in accordance with the rules designated under the corporate Regulation of the Ethics Committee.

Our Codes of Conduct / Ethics:

- Our operations are carried out on the basis of the applicable statutory legislation, the articles of association, internal regulations and policies set by the Company.

- Any off-the-record transactions are strictly forbidden; it is essential to keep business records in an accurate and consistent manner.

- Any company information of confidential nature as well as trade secrets and customer information shall be kept confidential.

- We provide employee personal rights in a complete and proper manner; and aim to offer a healthy, safe and productive working environment to our employees.

- We are committed to initiatives for protection of democracy, human rights and environment, and try to take part in appropriate initiatives.

- We provide timely, accurate and complete information about our strategies, investments, risk profile and financial statements to our shareholders and in our public disclosures.

- We treat fairly and respect our business partners, suppliers and other persons and organizations with whom we are engaged in business relationship; we pay due care to perform our obligations in a timely fashion.

- We aim to establish a long-term and steady collaboration with the persons and organizations we do business with and pay attention to protect their confidential information.

- We avoid unfair competition, and compete only within a legal and ethical framework.

Our Company supervise fulfillment of our responsibilities in relation to protection of environmental pollution and

conservation of natural resources during the course of its operations.

No actions have been filed against our Company due to any damage to environment within the said period.

We, at Ray Sigorta, have always been committed to carrying out all of our business processes with a focus on "human", and adding value to the lives of our employees, customers and all stakeholders since the day when our Company was founded; and we remain committed to our social responsibilities and maintain social responsibility projects in order to serve to the future of our country and the communities where we operate. Ray Sigorta measures success not only against financial outcomes achieved, but also against its vision of being a value-creating company.

We have rolled out the project "Gonulluyum Yanindayim (I Volunteer to Stand By You) in line with the principle of making a positive influence on people's lives. The "Gonulluyum Yanindayim" (I Volunteer to Stand By You) project of Ray Sigorta, developed as part of the "Social Active Day" project of our parent company Vienna Insurance Group (VIG), which is one of the most prominent insurance companies of the Central and Eastern Europe, is intended to contribute to the education of children with "Mental Disabilities", an important problem of our country, on a business day every year, on voluntary basis, making a positive contribution to the social development.

The project enables Ray Sigorta employees to contribute to the education of children with mental disabilities and to the development of their roles in social life as well as to provide solutions to social problems with common efforts and common sense.

PART V- BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

The Company and its business are managed and carried out by the Board of Directors, which consists of six members elected by the General Assembly as prescribed by the applicable provisions of the Turkish Commercial Code and the Capital Markets Law.

The Insurance Law numbered 5684 reads "Boards of Directors of Insurance and Reinsurance Companies may not have less than five members, including the General Manager; the General Manager is a board member as of right." Accordingly, the General Manager of the Company serves as a member of the Board of Directors.

The Office of Chairman of the Board of Directors and the Office of General Manager are held by different persons in our Company.

The Members of the Board of Directors of our Company, their resumes and positions are given as follows:

Full Name	Appointed on	Position	Committee
Martin Simhandl	12.04.2011	Chairman of the Board of Directors	Member of Corporate Governance Committee Member of Early Identification of Risk Committee
Holds a degree in Law. He has held various offices within the organization of Vienna Insurance Group AG between 1985 and 2004. He has been serving as the Member of the Managing Board, CFO of Vienna Insurance Group AG since 2004. He has no executive duties or responsibilities at the Company.			

Full Name	Appointed on	Position	Committee
İsmail Hakkı Ergener	18.09.2012	Deputy Chairman of the Board of Directors Independent Member	Chairman of the Audit Committee Chairman of the Corporate Governance Committee Chairman of the Early Identification of Risk Committee
Holds a degree in economics. He has served at various banks in Turkey and Europe since 1984. He has worked at Express Trade Bank between 1995 and 2007, and at Denizbank AG between 1997 and 2008, and at Eurocity Bank AG between 2012 and 2013, as CEO and General Manager. As of 2009, he has been serving as the CEO at SK Danube AG.			

Full Name	Appointed on	Position	Committee
Josef Aigner	29.03.2013	Member	No Membership In Any Committees
Holds a degree in Chemistry. He has served at the Allianz Insurance Group between 1995 and 1999, and at Vienna Insurance Group AG between 2000-2007. He has been serving as the Head of Corporate Business Department of Vienna Insurance Group AG since 2007. He has no executive duties or responsibilities at the Company.			

Full Name	Appointed on	Position	Committee
Gerald Klemensich	11.06.2014	Member	Member of the Corporate Governance Committee Member of the Early Identification of Risk Committee
He has served as Shipping Surveyor and Claims Examiner at various insurance companies between 1993 and 1995. He has held various offices within the organization of Vienna Insurance Group AG between 1995 and 2004. Since 2007, he has been serving as a Senior Executive in Reinsurance Department of Vienna Insurance Group AG, and a member of the board of directors of Wiener RE. He has no executive duties or responsibilities at the Company.			

Full Name	Appointed on	Position	Committee
Stefan Waldner	15.10.2014	Independent Member	Member of the Audit Committee
He holds degrees in Economics and Business Administration. He holds a master's degree on Social Economic Sciences. Between 2000 and 2005, he has served as Investment Banking Analyst and associate at Merrill Lynch International, London. He has served as a senior executive at OMV Aktiengesellschaft, Vienna between 2005 and 2014. Since 2011, he has been serving as a Member of the Board of Directors of OMV Petrol Ofisi A.S. He has been serving as the CFO and the Member of the Executive Board at OMV Petrol Ofisi A.S. as of 2014.			

Full Name	Appointed on	Position	Committee
Mehmet Levent Şişmanoğlu	01.08.2010	Member and General Manager	No Membership In Any Committees
Holds a degree in Economics. He has served as a sales manager at various companies between 1994 and 1996. Between 1997 and 2003, he has served as the Regional Director at Garanti Sigorta A.S. He has continued his career as an insurance agent and instructor between 2003 and 2007. He has started to serve as a Director at Ray Sigorta A.S. in 2007, and he has been appointed as the General Manager in 2010			

The Members of the Board of Directors Who Withdrawn During the Period:

Karl FINK	Chairman	(He withdrawn from his membership on 11.06.2014.)
Reinhard PICHLER	Independent Member	(He withdrawn from his membership on 15.10.2014)

One of our independent members of the Board of Directors withdrawn from the membership in 2014. Pursuant to the communiques promulgated by the CMB, our Corporate Governance Committee, which also serves as the Nomination Committee, has submitted the report, whereby it has proposed the nominee independent member meeting the independence criteria as required under the relevant communique, to our Board of Directors on October 14, 2014. At its meeting, dated October 15, 2014, our Board of Directors has appointed Mr. Stefan WALDNER as the independent member to be submitted to the approval by the General Assembly at the immediate General Assembly Meeting. Our new Independent Member of the Board of Directors submitted his statement of independence on Monday, October 13, 2014 to our Corporate Governance Committee.

All members of the Board of Directors are non-executive members, except for the General Manager. Assumption of any other roles by the members of the Board of Directors externally is not subject to any regulations, and non-executive members of the Board of Directors have external roles in the other companies of the group.

Between 2011 and 2012, a female member of the Board of Directors has served. She has resigned in 2012. Our Board of Directors is looking for a female member who would create added value for our Company and be acquainted with the industry. If any such eligible member is found and any seat of the Board of Directors becomes vacant, then such person shall be nominated as the member of the board of directors at the General Assembly meeting.

5.2. Principles of Operation of the Board of Directors

Article 18 of our Articles of Association prescribes that the Board of Directors must convene minimum 4 times in a year. Furthermore, where no member calls the board for a meeting, the resolutions of the board of directors may be adopted by affirmative votes of the minimum majority of all members for a letter of proposal written in the form of a resolution, by one of the board of members on a certain matter, without holding a meeting physically.

The items to be discussed during the meetings shall be determined by the Chairman of the Board of Directors through an agenda before the meeting. However, any inquiries/requests received from the members shall also be taken into account while determining the agenda. The agenda shall be served in writing to the members at least 15 days in advance of the date of meeting.

During 2014, our Board of Directors has convened for 4 times. The meetings of the Board of Directors have been held upon attendance of all members of the same. There has been no absentee member. The resolutions have been adopted unanimously by the attendees at the meetings of the Board of Directors so far, and no reasons for voting have been expressed for different opinions on the issues discussed at the meeting. Also, no inquiries, which should be recorded, were made by the members, who constantly exchange opinions with each other.

No member of the Board of Directors is granted with the right to weighted vote or veto power.

No insurance has been caused to be made for any damage and / or loss which may arise from any negligence of the members of the Board of Directors during performance of their duties.

5.3. Number, Organization and Independent Status of the Committees of the Board of Directors

The Audit Committee, Corporate Governance Committee and Early Identification of Risk Committee have been formed at our Company to assist the Board of Directors in performance of its duties and obligations properly, in accordance with the applicable regulation of the CMB.

1) Audit Committee:

a)	Ismail Hakki Ergener	Chairman
b)	Stefan Waldner	Member

As per the communiques of the CMB, members of the Audit Committee are the persons holding the qualifications required by their roles, and have been selected among the independent members of our Board of Directors who do not have executive functions.

As per its Internal Directive, the Audit Committee is responsible for supervising operation of accounting and financial reporting mechanisms, disclosure of financial information and reports, and effectiveness of the operation of independent audit and internal control systems. It is also responsible for preliminary selection of the Independent Audit Company and submission of such company to opinion of the Board of Directors.

The Audit Committee carries out its operations in accordance with the "Directive for Audit Committee" which sets out the procedures and principles for its operations; it convenes 4 times a year on minimum

basis and submits its meeting resolutions to the Board of Directors in writing.

The said Committee has convened 4 times during 2014. The new independent audit company has been determined and submitted to the opinion of the Board of Directors before the General Assembly. The said Committee has conducted the preliminary review of the quarterly disclosed financial statements, and it has submitted the same to the Board of Directors for approval to disclose.

2) Corporate Governance Committee:

a)	Ismail Hakki Ergener	Chairman
b)	Martin Simhandl	Member
c)	Gerald Klemensich	Member
d)	Erhan Subasi (Investor Relations Manager)	Member

The members of the Corporate Governance Committee are appointed by the resolution of the Board of Directors among its non-executive members in accordance with the regulations of the Capital Markets Board and the Investors Relations Manager, provided that the Head of the Committee shall be an independent member. The committee consists of 4 members. As per its Internal Directive, the said Committee is not subject to any quorum for meeting, but it may convene upon the times so required.

The Corporate Governance Committee is responsible for supervising the compliance with the "Corporate Governance Principles" published by the Capital Markets Board and determining the reason for any non-compliance, if any, as well as for identification of any possible risks that might arise from and/or in connection with any non-compliance with such principles by the Company, including the risk of conflict of interests, for submitting recommendations to improve compliance with such principles and any practices in relation thereto, and for carrying out the functions of the Nomination Committee and Remuneration Committee governed by the Corporate Governance Principles published by the CMB, in accordance with the operating procedures and principles set out by the Directive for Corporate Governance Committee.

The Corporate Governance Committee has convened 2 times during 2014. During such meetings, compliance of the Company with the Corporate Governance Principles has been reviewed, and the Board of Directors has been informed accordingly. Also, at one of its meetings, the said Committee has carried out some actions in respect of determination of a new independent member in lieu of the independent member of the board of directors who has resigned; and it has submitted its report in relation to the new member determined by the same to the opinion of the Board of Directors.

3) Early Identification of Risk Committe:

a)	Ismail Hakki Ergener	Chairman
b)	Martin Simhandl	Member
c)	Gerald Klemensich	Member

Early Identification of Risk Committee has been composed of three members on condition that its chairman is an independent member. The duties of such Committee are set out under its respective directive. The committee is responsible for "identification of any risks that might threaten the existence, development and sustainability of the Company at an early stage, and taking necessary actions and managing risks in case that any such risks are identified." For such purpose, it has been intended to ensure that the said Committee submits proposals to the Board of Directors. The Committee meets bimonthly.

The said Committee has convened 6 times during 2014. The reports, drawn up by the Internal Control and Risk Management, and Internal Audit divisions within the organization of the Company, have been discussed; and the Board of Directors and the Executive Divisions of the Company have been informed about the opinions of the said Committee in respect of any risks which have either occurred or are probable to occur. The actions taken have been reviewed at the next meeting.

Excluding the Investors Relations Department Manager, the members serving at such three committees have been designated among the non-executive members of the Board of Directors. Due to the fact that the number of the non-executive members of the Board of Directors is five, a member becomes obliged to serve as a member at multiple committees; and serving at multiple committees does not create any unfavorable circumstance in respect of performance of the activities and operations.

5.4. Risk Management and Internal Control Mechanism

The "Regulation on the Internal Systems of the Insurance, Reinsurance and Pension Companies", numbered 26913, dated June 21, 2008, promulgated by the Undersecretariat of Treasury of the Republic

of Turkey, sets out the procedures and principles for functioning and operation of the Internal Control, Risk Management and Internal Audit systems to be established within the organization of any insurance and reinsurance companies established in Turkey, any insurance and reinsurance companies at any foreign countries, as well as the branches, situated in Turkey, of any insurance and reinsurance companies established at foreign countries, and any pension companies. Pursuant to such regulation, the Companies are responsible for establishment, operation and improvement of adequate and effective internal systems in conformity with the scope of activities and structure thereof and with the changing conditions, in accordance with the principles and procedures set out by the regulations brought into effect by all regional directorates and departments, in order to ensure that any risks, to which they are exposed, are followed-up and controlled.

In accordance with the said regulation, the Internal Control mechanism of our Company has been designed from a perspective recognizing that the internal control activities form a part of all routine activities and operations of the Company.

The risk management activities of our Company are intended to integrate the Risk Management system into the existing functions and processes of our 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 risk 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.

5.5. Strategic Targets of the Company

The Company's Budget-Planning Department draws up the budget figures together with the sales, marketing, technical divisions and reinsurance, claims, human resources, information technologies and administrative affairs, in line with the economic developments for a period of 3 years. Such budget figures undergo the preliminary approval of the Managemet Board. For the purpose of determining the strategic targets of the Company, the Board of Director convenes once a year. The division managers, who are considered to be requisite, shall also attend such meeting, in addition to the members of the management board. The strategic targets determined at such meeting are revised on the basis of the budget figures for 3 years, and the final targets and figures are approved at the next meeting of the Board of Directors. At a meeting of the board of directors, to be held within the first half of the new year, the activities and operations for the past year, as well as the performance of any such activities and operations are reviewed. The level of accomplishment of the strategic targets is scrutinized. Also, the board of directors definitely holds discussions quarterly in relation to the performance in the past period. The Budget and Planning division within the organization of the Company stands as the major assistant of the Board of Directors. The Company's overall performance is reported on monthly basis by such division.

5.6. Financial Benefits

As provided under the articles of association of the Company, the remuneration and other allowances paid to the members of the Board of Directors due to their such capacity are determined by the General Assembly. Remuneration amounts for previous years have been submitted to the General Assembly for information; and are also included in the annual report. Besides, there is a "Remuneration Policy" set out by our Board of Directors. The said policy is available on our Corporate Website. Any and all financial benefits granted to the members of the Board of Directors and the senior executives are mentioned in our annual report.

Overall performance of the company is taken into account in determination of the financial benefits provided to the Board of Directors.

No stock options or performance-based payment plans are being used for remuneration of the Independent Members of the Board of Directors. Remuneration of the independent members is based on the criterion of protection of independent status.

The Company does not lend or extend loans to any Member of the Board of Directors.

The Members of the Board of Directors may not receive any cash or non-cash loans from the Company directly or indirectly, and no guarantees such as surety, etc. are provided by the Company in favor of the members.

The remuneration and bonuses paid to the Senior Managers/Executives by the Company are determined by the Board of Directors. Overall performance of the company is taken into account in determination of the financial benefits provided to the Senior Managers/ Executives of the Company.

THE FINANCIAL STATEMENTS and THE INDEPENDENT AUDIT REPORT FOR THE ACCOUNTING PERIOD OF JANUARY 1, 2014 - DECEMBER 31, 2014

Actuary, Budget Control and Financial Affairs Department

Özge Yücel, Ersun Ersiper, Mustafa Önder, Sevil Şener, Sedat Yüksel ve Nuran Şahin

RAY SİGORTA ANONİM ŞİRKETİ

31 DECEMBER 2014
FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT THEREON

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi
24 Şubat 2015

This report includes 2 page of
independent auditors' report and
78 pages of financial information
together with their explanatory notes

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ray Sigorta Anonim Şirketi

Introduction

We have audited the accompanying balance sheet of Ray Sigorta Anonim Şirketi ("the Company") as at 31 December 2014 and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the accounting principles and standards, in force as per 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 misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with audit standards in force as per Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the insurance legislation. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider internal systems relevant to the entity'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 entity's internal system. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, nothing has come to our attention that causes us to believe that the accompanying financial statements give a true and fair view of the financial position of Ray Sigorta A.Ş. as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards (see Note 2) in force as per the insurance legislation.

Other Matter

For the period ended 31 December 2013, the Company's financial statements was audited by another independent audit firm. The related independent audit firm expressed an unqualified opinion to the financial statements of the Company, in its audit report dated on 28 February 2014.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 24 February 2015.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities, financial statements and group's financial statements for the period 1 January - 31 December 2014 are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

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

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG
International Cooperative

Alper Güvenç, SMMM
Partner

24 February 2015
İstanbul, Türkiye

Additional paragraph for convenience translation to English: As explained in Note 2.1.1, the accompanying interim financial statements are not intended to present the financial position and results of operations of the Company in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

RAY SİGORTA ANONİM ŞİRKETİ FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

We confirm that the financial statements and related disclosures and footnotes as at 31 December 2014 which were prepared in accordance with the accounting principles and standards in force as per the regulations of T.C. Başbakanlık Hazine Müsteşarlığı are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies" and the financial records of our Company

İstanbul, 24 February 2015

M. Levent ŞİŞMANOĞLU	Koray ERDOĞAN	Mustafa ÖNDER	Banu GÖNENÇ
Member of Board of Directors, General Menager	Member of Executive Board Assistant General Menager	Finance Manager	Actuary

RAY SİGORTA A.Ş.

BALANCE SHEET AS AT 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

ASSETS			
I- Current Assets	**Note**	**Audited Current Period 31 December 2014**	**Audited Prior Period 31 December 2013**
A- Cash and Cash Equivalents	**14**	**202.151.622**	**180.930.170**
1- Cash	14	39.326	34.501
2- Cheques Received	14	12	5.352
3- Banks	14	164.107.105	146.374.111
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	14	38.005.179	34.516.206
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders	**11**	**19.893.909**	**15.243.061**
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments	11	5.015.524	4.974.236
3- Financial Assets Held for Trading	11	14.878.385	10.268.825
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations	**12**	**95.964.545**	**113.565.167**
1- Receivables from Insurance Operations	12	95.447.702	113.418.369
2- Provision for Receivables from Insurance Operations	12	(637.611)	(1.172.740)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies	12	9.213	9.213
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	46.248.752	43.158.360
10- Provision for Doubtful Receivables from Main Operations	12	(45.103.511)	(41.848.035)
D- Due from Related Parties	**12**	**34.047**	**18.798**
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		34.047	18.798
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
E- Other Receivables	**12**	**569.730**	**749.928**
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		438.553	229.872
4- Other Miscellaneous Receivables		131.177	520.056
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals	**17**	**35.061.502**	**32.657.938**
1- Deferred Acquisition Costs		33.648.322	30.627.911
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	17	1.413.180	2.030.027
G- Other Current Assets		**2.312.725**	**1.542.120**
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	19	2.312.725	1.542.120
3- Deferred Tax Assets		-	-
4- Job Advances		-	-
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
I- Total Current Assets		**355.988.080**	**344.707.182**

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

RAY SİGORTA A.Ş.

BALANCE SHEET AS AT 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

ASSETS			
II- Non-Current Assets	**Note**	**Audited Current Period 31 December 2014**	**Audited Prior Period 31 December 2013**
A- Receivables from Main Operations		**-**	**-**
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		**-**	**-**
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables		**-**	**-**
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets	**9**	**226.320**	**140.125**
1- Investments in Equity Shares	9	226.320	140.125
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets	**6**	**44.215.009**	**32.703.446**
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property	6	41.950.701	32.599.305
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	3.480.497	2.993.294
6- Motor Vehicles	6	2.258.611	1.871.888
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.281.345	2.281.345
8- Tangible Assets Acquired Through Finance Leases	6	841.069	914.348
9- Accumulated Depreciation	6	(6.597.214)	(7.956.734)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets	**8**	**1.010.115**	**787.405**
1- Rights	8	5.856.146	5.026.300
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs	8	-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(4.846.031)	(4.238.895)
7- Advances Paid for Intangible Assets		-	-

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

BALANCE SHEET AS AT 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

ASSETS			
II- Non-Current Assets	**Note**	**Audited Current Period 31 December 2014**	**Audited Prior Period 31 December 2013**
G- Prepaid Expenses and Income Accruals	**17**	**36.586**	**-**
1- Prepaid Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals	17	36.586	-
H- Other Non-Current Assets	**21**	**-**	**2.937.665**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	-	2.937.665
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		**45.488.030**	**36.568.641**
TOTAL ASSETS		**401.476.110**	**381.275.823**

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

RAY SİGORTA A.Ş.

BALANCE SHEET AS AT 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

LIABILITIES			
III- Short-Term Liabilities	**Note**	**Audited Current Period 31 December 2014**	**Audited Prior Period 31 December 2013**
A- Financial Liabilities	**20**	**-**	**55**
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	353
3- Deferred Leasing Costs		-	(298)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
B- Payables Arising from Main Operations	**19**	**44.378.688**	**48.253.804**
1- Payables Arising from Insurance Operations	19	24.659.903	48.023.146
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies	19	19.718.785	230.658
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables	**19**	**7.508.125**	**8.355.497**
1- Deposits and Guarantees Received		1.577.303	1.159.473
2- Payables to Social Security Institution		4.715.133	6.460.740
3- Other Miscellaneous Payables		1.215.689	735.284
4- Discount on Other Miscellaneous Payables		-	-
E- Insurance Technical Provisions	**17**	**187.898.603**	**182.508.148**
1- Reserve for Unearned Premiums - Net	17	87.098.965	90.059.002
2- Reserve for Unexpired Risks- Net	2.25,17	2.109.126	4.000.684
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	98.690.512	88.448.462
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations	**19**	**4.951.287**	**4.678.107**
1- Taxes and Funds Payable		4.620.144	4.377.943
2- Social Security Premiums Payable		331.143	300.164
3- Overdue. Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable		-	-
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit		-	
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	**23**	**2.163.248**	**2.730.650**
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	2.163.248	2.730.650
H- Deferred Income and Expense Accruals	**19**	**26.430.820**	**23.744.612**
1- Deferred Commission Income	19	26.430.820	23.744.612
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		**-**	**-**
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short Term Liabilities		-	-
III- Total Short-Term Liabilities		**273.330.771**	**270.270.873**

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

BALANCE SHEET AS AT 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

LIABILITIES			
IV- Long-Term Liabilities	**Note**	**Audited Current Period 31 December 2014**	**Audited Prior Period 31 December 2013**
A- Financial Liabilities		**-**	**-**
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Main Operations		**-**	**-**
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		**-**	**-**
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
E- Insurance Technical Provisions	**17**	**15.840.398**	**11.203.677**
1- Reserve for Unearned Premiums - Net	17	10.556.380	6.983.657
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	17	5.284.018	4.220.020
F- Other Liabilities and Relevant Accruals		**-**	**-**
1- Other Liabilities		-	-
2- Overdue. Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	**23**	**2.205.630**	**1.407.159**
1- Provisions for Employment Termination Benefits	23	2.205.630	1.407.159
2- Provisions for Employee Pension Funds Deficits		-	-
H- Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities	**21**	**452.709**	**-**
1- Deferred Tax Liabilities	21	452.709	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		**18.498.737**	**12.610.836**

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

RAY SİGORTA A.Ş.

BALANCE SHEET AS AT 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

EQUITY			
V- Equity	**Note**	**Audited Current Period 31 December 2014**	**Audited Prior Period 31 December 2013**
A- Paid in Capital		**163.069.856**	**163.069.856**
1- (Nominal) Capital	2.13,15	163.069.856	163.069.856
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
5- Unregistered Capital		-	-
B- Capital Reserves	**15**	**2.070.152**	**2.070.152**
1- Share Premium	15	2.070.152	2.070.152
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves	**15**	**32.354.364**	**23.967.502**
1- Legal Reserves		-	-
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets		-	-
6- Other Profit Reserves	15	32.354.364	23.967.502
D- Retained Earnings		**-**	**-**
1- Retained Earnings		-	-
E- Accumulated Losses		**(90.224.506)**	**(99.278.825)**
1- Accumulated Losses		(90.224.506)	(99.278.825)
F- Net Profit/(Loss) for the Period		**2.376.736**	**8.565.429**
1- Net Profit for the Year		2.376.736	8.565.429
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		**109.646.602**	**98.394.114**
TOTAL EQUITY AND LIABILITIES		**401.476.110**	**381.275.823**

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

RAY SİGORTA A.Ş.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

I - TECHNICAL SECTION	Note	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
A- Non-Life Technical Income		**172.431.624**	**177.997.370**
1- Earned Premiums (Net of Reinsurer Share)		171.339.627	167.707.643
1.1- Written Premiums (Net of Reinsurer Share)	17	170.060.755	179.958.779
1.1.1- Written Premiums. gross	17	380.025.291	354.298.992
1.1.2- Written Premiums. ceded	10,17	(202.200.215)	(168.149.276)
1.1.3- Premiums Transferred to Social Security Institutions	17	(7.764.321)	(6.190.937)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(612.686)	(8.474.380)
1.2.1- Reserve for Unearned Premiums. gross	17	(16.157.601)	(31.139.510)
1.2.2- Reserve for Unearned Premiums. ceded	17	14.259.694	22.240.137
1.2.3- Reserve for Unearned Premiums, Social Security Institution Share		1.285.221	424.990
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	1.891.558	(3.776.756)
1.3.1- Reserve for Unexpired Risks. gross		14.787.935	(19.058.839)
1.3.2- Reserve for Unexpired Risks. ceded		(12.896.377)	15.282.083
2- Investment Income - Transferred from Non-Technical Section		12.762.126	7.541.540
3- Other Technical Income (Net of Reinsurer Share)		(11.364.095)	(3.546.244)
3.1- Other Technical Income. gross		(11.364.095)	(3.546.244)
3.2- Other Technical Income. ceded		-	-
4- Accrued Salvage and Subrogation Income		(306.034)	6.294.431
B- Non-Life Technical Expense		**(164.164.805)**	**(165.298.490)**
1- Incurred Losses (Net of Reinsurer Share)	17	(113.047.821)	(114.674.814)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(102.805.771)	(99.200.087)
1.1.1- Claims Paid. gross	17	(184.524.174)	(138.253.792)
1.1.2- Claims Paid. ceded	10,17	81.718.403	39.053.705
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(10.242.050)	(15.474.727)
1.2.1- Change in Provisions for Outstanding Claims. gross	17	(69.020.883)	(44.465.856)
1.2.2- Change in Provisions for Outstanding Claims. ceded	17	58.778.833	28.991.129
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts. gross		-	-
2.2- Provision for Bonus and Discounts. ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(1.063.998)	(876.910)
4- Operating Expenses	32	(50.052.986)	(49.746.766)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Change in Mathematical Provisions, gross		-	-
5.2- Change in Mathematical Provisions, ceded		-	-
6- Change in Other Technical Provisions (Net of Reinsurer and Less the Amounts Carried Forward)		-	-
6.1- Change in Other Technical Provisions, gross		-	-
6.2- Change in Other Technical Provisions, ceded		-	-
C- Net Technical Income-Non-Life (A - B)		**8.266.819**	**12.698.880**
D- Life Technical Income		**-**	**-**
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums. gross		-	-
1.1.2- Written Premiums. ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums. gross		-	-
1.2.2- Reserve for Unearned Premiums. ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks. gross		-	-
1.3.2- Reserve for Unexpired Risks. ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Income. gross		-	-
4.2- Other Technical Income. ceded		-	-
5- Accrued Salvage and Subrogation Income	17	-	-

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

RAY SİGORTA A.Ş.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

I - TECHNICAL SECTION	Note	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
E- Life Technical Expense		**-**	**-**
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid. gross		-	-
1.1.2- Claims Paid. ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims. gross		-	-
1.2.2- Change in Provisions for Outstanding Claims. ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts. gross		-	-
2.2- Provision for Bonus and Discounts. ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Mathematical Provisions. gross		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Change in Profit Share Provisions (Provision for Financial Investments with Risks on Saving Life Policyholders), gross		-	-
3.2- Change in Mathematical Provisions. ceded		-	-
3.2.1- Change in Actuarial Mathematical Provisions, ceded		-	-
3.2.2- Change in Profit Share Provisions (Provision for Financial Investments with Risks on Saving Life Policyholders). ceded		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
F- Net Technical Income- Life (D - E)		**-**	**-**
G- Pension Business Technical Income		**-**	**-**
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Private Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense		**-**	**-**
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		**-**	**-**

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

RAY SİGORTA A.Ş.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

I-	NON-TECHNICAL SECTION	Note	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
C-	**Net Technical Income - Non-Life (A-B)**		**8.266.819**	**12.698.880**
F-	**Net Technical Income - Life (D-E)**		**-**	**-**
I -	**Net Technical Income - Pension Business (G-H)**		**-**	**-**
J-	**Total Net Technical Income (C+F+I)**		**8.266.819**	**12.698.880**
K-	**Investment Income**		**21.345.895**	**19.933.664**
1-	Income from Financial Assets	4,2	15.147.585	9.826.181
2-	Income from Disposal of Financial Assets	4,2	614.863	131.583
3-	Valuation of Financial Assets	4,2	458.860	-
4-	Foreign Exchange Gains	4,2	5.124.587	9.975.900
5-	Income from Associates		-	-
6-	Income from Subsidiaries and Joint Ventures		-	-
7-	Income from Property. Plant and Equipment		-	-
8-	Income from Derivative Transactions		-	-
9-	Other Investments		-	-
10-	Income Transferred from Life Section		-	-
L-	**Investment Expense**		**(23.633.211)**	**(17.135.148)**
1-	Investment Management Expenses (inc. interest)	4,2	(3.139.242)	(2.539.136)
2-	Diminution in Value of Investments		-	(310.160)
3-	Loss from Disposal of Financial Assets		-	-
4-	Investment Income Transferred to Non-Life Technical Section		(12.762.126)	(7.541.540)
5-	Loss from Derivative Transactions		-	-
6-	Foreign Exchange Losses	4,2	(5.401.691)	(4.673.276)
7-	Depreciation and Amortization Expenses	6,8	(2.330.152)	(2.071.036)
8-	Other Investment Expenses		-	-
M-	**Income and Expenses From Other and Extraordinary Operations**		**(3.602.767)**	**(6.931.967)**
1-	Provisions	47	(2.194.615)	(8.088.378)
2-	Rediscounts		-	-
3-	Specified Insurance Accounts		-	-
4-	Monetary Gains and Losses		-	-
5-	Deferred Taxation (Deferred Tax Assets)	35	-	1.965.225
6-	Deferred Taxation (Deferred Tax Liabilities)	35	(1.171.436)	-
7-	Other Income		265.410	377.750
8-	Other Expenses and Losses		(502.126)	(1.186.564)
9-	Prior Year's Income		-	-
10-	Prior Year's Expenses and Losses		-	-
N-	**Net Profit for the Period**		**2.376.736**	**8.565.429**
1-	Profit for the Period		2.376.736	8.565.429
2-	Corporate Tax Provision and Other Fiscal Liabilities		-	-
3-	Net Profit for the Period		2.376.736	8.565.429
4-	Monetary Gains and Losses		-	-

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

RAY SİGORTA A.Ş.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
A- CASH FLOWS FROM OPERATING ACTIVITIES			
1- Cash Provided From Insurance Activities		393.850.169	288.464.003
2- Cash Provided From Reinsurance Activities		32.910.132	79.506.596
3- Cash Provided From Individual Pension Business		-	-
4- Cash Used In Insurance Activities		(218.751.253)	(144.966.067)
5- Cash Used In Reinsurance Activities		(106.670.253)	(153.089.578)
6- Cash Used In Pension Business		-	-
7- Cash Provided By Operating Activities		101.338.795	69.914.954
8- Interest Paid		-	-
9- Income Taxes Paid		(770.605)	-
10- Other Cash Inflows		-	-
11- Other Cash Outflows		(86.685.589)	(29.048.355)
12- Net Cash Provided By Operating Activities		13.882.601	40.866.599
B- CASH FLOWS FROM INVESTING ACTIVITIES			
1- Proceeds From Disposal Of Tangible Assets		201.520	298.796
2- Acquisition Of Tangible Assets	6,8	(1.962.661)	(1.820.766)
3- Acquisition Of Financial Assets	11	(135.595.928)	(43.327.943)
4- Proceeds From Disposal Of Financial Assets	11	131.403.940	31.721.083
5- Interests Received		11.134.984	9.957.764
6- Dividends Received		-	-
7- Other Cash Inflows		-	-
8- Other Cash Outflows		-	-
9- Net Cash Provided By Investing Activities		5.181.855	(3.171.066)
C- CASH USED IN FINANCING ACTIVITIES			
1- Equity Shares Issued		-	-
2- Cash Provided From Loans And Borrowings		-	-
3- Finance Lease Payments	20	(55)	(13.571)
4- Dividends Paid		-	-
5- Other Cash Inflows		-	-
6- Other Cash Outflows		-	-
7- Net Cash Used In Financing Activities	20	(55)	(13.571)
D- EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS		**(105.354)**	**912.136**
E- NET INCREASE IN CASH AND CASH EQUIVALENTS		**18.959.047**	**38.594.098**
F- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**14**	**148.616.549**	**110.022.451**
G- CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**14**	**167.575.596**	**148.616.549**

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

Shareholder's Equity - 31 December 2013 - Audited												
	Note	Share Capital	Treasury Shares	Value Increase in Assets	Inflation Adjustments	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period	Retained Earnings /Previous Years' Losses	Total
I- Balance at 31 December 2012		**163.069.856**	**-**	**15.533.583**	**-**	**-**	**-**	**-**	**11.335.555**	**3.737.122**	**(103.477.893)**	**90.198.223**
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In Cash		-	-	-	-	-	-	-	-	-	-	-
2- From Reserves		-	-	-	-	-	-	-	-	-	-	-
B- Treasury Shares		-	-	-	-	-	-	-	-	-	-	-
C- Gain and Losses Not Recognized in the Statement of Income		-	-	-	-	-	-	-	(369.538)	-	-	(369.538)
D- Change in the Value of Financial Assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency Translation Adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other Gains or Losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation Adjustment Differences		-	-	-	-	-	-	-	-	-	-	-
H- Net Profit for the Period		-	-	-	-	-	-	-	-	8.565.429	-	8.565.429
I- Other Reserves and Transfers from Retained Earnings		-	-	-	-	-	-	-	-	-	-	-
J- Transfers	15	-	-	(461.946)	-	-	-	-	-	(3.737.122)	4.199.068	-
II- Balance at 31 December 2013		**163.069.856**	**-**	**15.071.637**	**-**	**-**	**-**	**-**	**10.966.017**	**8.565.429**	**(99.278.825)**	**98.394.114**

Shareholder's Equity - 31 December 2014 - Audited												
	Note	Share Capital	Treasury Shares	Value Increase in Assets	Inflation Adjustments	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period	Retained Yıllar /Previous Years' Losses	Total
I- Balance at 31 December 2013		**163.069.856**	**-**	**15.071.637**	**-**	**-**	**-**	**-**	**10.966.017**	**8.565.429**	**(99.278.825)**	**98.394.114**
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In Cash		-	-	-	-	-	-	-	-	-	-	-
2- From Reserves		-	-	-	-	-	-	-	-	-	-	-
B- Treasury Shares		-	-	-	-	-	-	-	-	-	-	-
C- Gain and Losses Not Recognized in the Statement of Income		-	-	-	-	-	-	-	(821.608)	-	-	(821.608)
D- Change in the Value of Financial Assets	15	-	-	9.697.360	-	-	-	-	-	-	-	9.697.360
E- Currency Translation Adjustments	6	-	-	-	-	-	-	-	-	-	-	-
F- Other Gains or Losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation Adjustment Differences		-	-	-	-	-	-	-	-	-	-	-
H- Net Profit for the Period		-	-	-	-	-	-	-	-	2.376.736	-	2.376.736
I - Other Reserves and Transfers from Retained Earnings		-	-	-	-	-	-	-	-	-	-	-
J- Transfers	15	-	-	(488.890)	-	-	-	-	-	(8.565.429)	9.054.319	-
II- Balance at 31 December 2014		**163.069.856**	**-**	**24.280.107**	**-**	**-**	**-**	**-**	**10.144.409**	**2.376.736**	**(90.224.506)**	**109.646.602**

RAY SİGORTA A.Ş.

STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: Turkish Lira (TL))

	Note	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT(*)		2.376.736	8.565.429
1.2. TAX AND FUNDS PAYABLE		--	--
1.2.1. Corporate Income Tax(Income Tax)		--	--
1.2.2. Income tax deduction		--	--
1.2.3. Other taxes and Duties		--	--
A NET PROFIT(1.1 – 1.2)		**2.376.736**	**8.565.429**
1.3. PREVIOUS PERIOD LOSSES (-)		--	(8.565.429)
1.4. FIRST LEGAL RESERVE		--	--
1.5. STATUTORY FUND (-)		--	--
B NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		**--**	**--**
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		--	--
1.6.1. Holders of shares		--	--
1.6.2. Holders of Preferred shares		--	--
1.6.3 Holders of Redeemed shares		--	--
1.6.4 Holders of Participation Bond		--	--
1.6.5 Holders of Profit and Loss sharing certificate		--	--
1.7. DIVIDEND TO PERSONNEL (-)		--	--
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)		--	--
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		--	--
1.9.1. Holders of shares		--	--
1.9.2. Holders of Preferred shares		--	--
1.9.3. Holders of Redeemed shares		--	--
1.9.4. Holders of Participation Bond		--	--
1.9.5. Holders of Profit and Loss sharing certificate		--	--
1.10. SECOND LEGAL RESERVE (-)		--	--
1.11. STATUTORY RESERVES (-)		--	--
1.12. EXTRAORDINARY RESERVES		--	--
1.13. OTHER RESERVES		--	--
1.14. SPECIAL FUNDS		--	--
1.14- ÖZEL FONLAR		--	--
II. DISTRIBUTION OF RESERVES		**--**	**--**
2.1. DISTRIBUTION OF RESERVES		--	--
2.2. SECOND LEGAL RESERVES (-)		--	--
2.3. COMMON SHARES (-)		--	--
2.3.1. Holders of shares		--	--
2.3.2 Holders of Preferred shares		--	--
2.3.3. Holders of Redeemed shares		--	--
2.3.4 Holders of Participation Bond		--	--
2.3.5 Holders of Profit and Loss sharing certificate		--	--
2.4. DIVIDENDS TO PERSONNEL (-)		--	--
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		--	--
III. PROFIT PER SHARE		**--**	**--**
3.1. HOLDERS OF SHARES		--	--
3.2. HOLDERS OF SHARES (%)		--	--
3.3. HOLDERS OF PREFERRED SHARES		--	--
3.4. HOLDERS OF PREFERRED SHARES (%)		--	--
IV. DIVIDEND PER SHARE		**--**	**--**
4.1. HOLDERS OF SHARES		--	--
4.2. HOLDERS OF SHARES (%)		--	--
4.3. HOLDERS OF PREFERRED SHARES		--	--
4.4. HOLDERS OF PREFERRED SHARES (%)		--	--

İlişikteki dipnotlar, bu finansal tabloların tamamlayıcı parçalarıdır.

1- General Information

1.1- Name of the Company and the ultimate owner of the group

The shareholding structure of Ray Sigorta Anonim Şirketi ("the Company") is presented below. As at 31 December 2014, the shareholder having direct control over the shares of Ray Sigorta Anonim Şirketi ("the Company") is TBIH Financial Services Group N.V ("TBIH") and the ultimate parent company is Vienna Insurance Group AG'dir ("VIG"). %5,04 of shares are being traded at Borsa İstanbul A.Ş. ("BIST").

	31 December 2014		31 December 2013	
Name	**Shareholding Amount (TL)**	**Shareholding Rate (%)**	**Shareholding Amount (TL)**	**Shareholding Rate (%)**
TBIH Financial Services Group N.V.	133.048.627	81,59	133.048.627	81,59
Vienna Insurance Group	20.663.528	12,67	20.663.528	12,67
LVP Holding Gmbh	1.145.734	0,70	-	-
Other	8.211.967	5,04	9.357.701	5,74
Paid in Capital	**163.069.856**	**100,00**	**163.069.856**	**100,00**

1.2- Domicile and the legal structure of the Company, country and the address of the registered office (address of the operating centre if it is different from the registered office)

The Company was registered in Turkey and has the status of 'Incorporated Company'. The Company's address is "Cumhuriyet Mahallesi Haydar Aliyev Caddesi No:28 Tarabya-İstanbul" and the Company has seven regional offices; two of them established in İstanbul and others established in Antalya, İzmir, Adana, Ankara and Bursa, and a branch in Turkish Republic of Northern Cyprus.

1.3- Business of the Company

The Company operates in almost all non-life insurance branches consisting of mainly accident, health, motor vehicles, air vehicles, water vehicles, transportation, fire and natural disasters, general loss, credit, financial losses, and legal protection.

As at 31 December 2014, the Company serves through, 1.129 authorized agencies and 71 Alternatif Bank branches, 69 Fibabanka branches, 61 Burganbank branches, 60 broker, 6 leasing (31 December 2013: 980 authorized agencies and 71 Alternatif Bank branches, 67 broker, 6 leasing) of which, 1.409 agencies (31 December 2013: 1.123 authorized).

1.4- Description of the main operations of the Company

The Company conducts its operations in accordance with the Insurance Law No.5684 (the "Insurance Law") issued in 14 June 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by the Turkish Treasury based on the Insurance Law. The Company operates in insurance branches as mentioned above Note 1.3 Business of the Company.

The Company's shares have been listed on the Istanbul Stock Exchange ("ISE"). The company operates in their own specific laws and regulations for the matters of establishment, auditing, supervision/oversight, accounting and financial reporting in accordance Capital Market Law No:6362, part of VIII and paragraph of 5 of Article 136.

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

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

	31 December 2014	31 December 2013
Senior and middle level manager	37	35
Other	206	207
Total	**243**	**242**

1.6- Wages and similar benefits provided to the senior management

For the year ended 31 December 2014, wages and similar benefits provided to the senior and middle level management

including chairman is amounting to TL 3.664.768 (31 December 2013: TL 3.664.768).

1.7- Keys used in the distribution of investment income and operating expenses (personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses) in the financial statements

Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the 4 January 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Turkish Treasury.

In accordance with the above mentioned Communiqué, insurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Turkish Treasury or by the Company itself. Methods determined by the Company should be approved by the Turkish Treasury, Known and exactly distinguishable operating expenses are distributed to related branches directly, while operating expenses are distributed to the sub-branches in accordance with the average of 3 ratios calculated by dividing "number of the policies produced within the last three years", "gross premium written within the last three years", and "number of the claims reported within the last three years" to the "total number of the policies", "total gross written premiums" and the "total number of the claims reported", respectively.

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

1.8- Information on the financial statements as to whether they comprise an individual company or a group of companies

The accompanying financial statements comprise only the financial information of the Company.

1.9- Name or other identity information about the reporting entity and the changes in this information after previous reporting date

Trade name of the Company	:	Ray Sigorta Anonim Şirketi
Registered address of the head office	:	Haydar Aliyev Caddesi No: 28 Tarabya 34457 Sarıyer / İstanbul
The web page of the Company	:	www.raysigorta.com.tr

The information presented above has not any change since the end of the previous reporting period.

1.10- Events after the reporting date

There haven't been any change at services of the company, recording of this services and company policies after accounting date..

2- Summary Of Significant Accounting Policies

2.1- Basis Of Preparation

2.1.1- Information about the principles and the specific accounting policies used in the preparation of the financial statements

In accordance with Article 136(5) in Section VIII of the Capital Markets Law, numbered 6362 insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" as promulgated by the Turkish Treasury based on Article 18 of the Insurance Law and Article 11 of the 4632 numbered Individual Pension Savings and Investment System Law (''Individual Retirement Law'').

Although the 4th standard of the Turkish Accounting Standards Board ("TASB") for the 'Insurance contracts' became effective on 25 March 2006 for the accounting periods that begin on or after 31 December 2005, it is stated that TFRS 4 will not be implemented at this stage since the second phase of the International Accounting Standards Board project about

the insurance contracts has not been completed yet. In this context, "Communiqué on Technical Reserves for Insurance, Reinsurance and Individual Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") is published in the Official Gazette dated 7 August 2007, numbered 26606 and became effective on 1 January 2008. Subsequent to the publication of the Communiqué on Technical Reserves, some other circulars and sector announcements which contain explanations and regulations related to application of the Communiqué on Technical Reserves are published. Accounting policies applied for the insurance contracts based on these communiqué, circulars and other sector announcements are summarized on their own captions in the following sections.

Additional paragraph for convenience translation to English

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

2.1.2- Other accounting policies appropriate for the understanding of the financial statements

Accounting in hyperinflationary countries

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on "TAS 29 – Financial Reporting in Hyperinflationary Economies" as at 31 December 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms.

With respect to the declaration of the Turkish Treasury with the article dated 4 April 2005 and numbered 19387, financial statements as of 31 December 2004 are adjusted for the opening balances of 2005 in accordance with the section with respect to inflation accounting of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated 15 January 2003 and numbered 25290. Inflation accounting is no longer applied starting from 1 January 2005, in accordance with the same declaration of the Turkish Treasury. Accordingly, as at 31 December 2014, non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded before 31 December 2004 in order to reflect inflation adjustments. Non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded after 1 January 2005 are measured at their nominal values

Other accounting policies

Information regarding other accounting polices is disclosed above in "Note 2.1.1 - Information about the principles and the specific accounting policies used in the preparation of the financial statements" and each under its own caption in the following sections of this report.

2.1.3- Valid and presentation currency

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

2.1.4- Rounding scale of the amounts presented in the financial statements

Financial information presented in TL, has been rounded to the nearest TL values.

2.1.5- Basis of measurement used in the preparation of the financial statements

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2004, except for the financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments and associates which are measured at their fair values unless reliable measures are available.

2.1.6- Accounting policies, changes in accounting estimates and errors

There is not any change in accounting estimates or determined errors in current year. Critical accounting judgements used in applying the Company's accounting policies are explained in Note 3 – Critical accounting estimates and judgments in applying accounting policies.

2.2- Consolidation

The Company has not any associate or subsidiary to be consolidated as of the reporting period,so consolidated financial statements have not been prepared.

2.3- Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented. A business segment reporting of the Company is presented in Note 5 in accordance with TFRS 8- Operating Segments standard.

2.4- Foreign Currency Transactions

Transactions are recorded in TL, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates ruling at the reporting date and foreign currency exchange differences are offset and all exchange differences are recognized in the statement of income

2.5- Tangible Assets

Except for buildings in use, tangible assets of the Company are recorded at their historical costs that have been adjusted for the effects of inflation until the end of 31 December 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs restated for the effects of inflation until 31 December 2004. Tangible assets that have been purchased after 1 January 2005 have been recorded at their costs after deducting any exchange rate differences and finance expenses.

As of 31 December 2013, fair value of property for own use is appraised by independent appraisal experts authorized by Capital Markets Board of Turkey using sales comparison method.

Revaluation surplus arising from fair value measurement in buildings is recorded in "Other Capital Reserves" under equity by taking into account the effects of deferred tax. Decreases after revaluation arising from fair value measurement in buildings is subtracted from related assets "Other Capital Reserves" under Shareholders' Equity by comparing on the basis of account. Decreases after revaluation of the assets with no balances in "Other Capital Reserves" under Shareholders' Equity is associated with profit / loss accounts.

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

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.
There are no pledges, mortgages and other encumbrances on tangible fixed assets.

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (Years)	Depreciation Rates (%)
Buildings	50	2,0
Machinery and equipments	3 – 16	6,3 – 33,3
Furniture and fixtures	4 – 16	6,3 – 25,0
Vehicles	5	20,0
Other tangible assets (including leasehold improvements)	5 – 10	10,0 – 20,0
Leased tangible assets	4 – 10	10,0 – 25,0

2.6- Investment Properties

Investment properties are held either to earn rentals and/or for capital appreciation or for both.

Investment properties are measured initially at cost including transaction costs.

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

The company does not have investment properties as of the reporting period (31 December 2013: None).

2.7- Intangible Assets

The Company's intangible assets consist of computer software, goodwill and advances paid for tangible assets.

Intangible assets are recorded at cost in compliance with "TAS 38 – Accounting for intangible assets". The cost of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs.

Amortization is charged on a straight-line basis over their estimated useful lives over the cost of the asset.

Intangible assets' useful lifes are 3 and 5 years.

2.8- Financial Assets

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

Financial assets are classified in three categories; as financial assets fair value through profit or loss, held to maturity financial assets, and loans and receivables.

Financial assets at fair value through profit or loss are presented as financial assets held for trading in the accompanying financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets is recorded in profit / loss. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. Accounting policies of derivatives are detailed in note 2.10 – Derivative financial instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no

intention of trading the receivable. Loans and receivables those are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

Held to maturity financial assets are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Company has no financial assets that are not allowed to be classified as held to maturity financial assets for two years due to the tainting rules applied for the breach of classification rules.

Securities are recognized and derecognized at the date of settlement.

Associates; Associates are classified as available-for-sale financial assets in the financial statements and are recorded at their fair values since those shares are traded in an active market.

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

2.9- Impairment On Assets

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

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

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

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

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

Rediscount and provision expenses of the period are detailed in Note 47.

2.10- Derivative Financial Instruments

As of the reporting date, the Company does not have any derivative financial instruments. Derivative instruments are treated as held for trading financial assets in compliance with the standard TAS 39 – Financial Instruments: Recognition and measurement.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "financial assets held for trading" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. All unrealized gains and losses on these instruments are included in the statement of income.

2.11- Offsetting Of Financial Assets

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

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

2.12- Cash And Cash Equivalents

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

2.13- Share Capital

Şirket'in sermayesinde dolaylı hakimiyeti söz konusu olan sermaye grubu Vienna Insurance Group'tur. 31 December 2014 ve 31 December 2013 tarihleri itibarıyla, Şirket'in sermaye ve ortaklık yapısı aşağıdaki gibidir:

	31 December 2014		31 December 2013	
Name	**Shareholding Amount (TL)**	**Shareholding Rate (%)**	**Shareholding Amount (TL)**	**Shareholding Rate (%)**
TBIH Financial Services Group N.V.	133.048.627	81,59	133.048.627	81,59
Vienna Insurance Group	20.663.528	12,67	20.663.528	12,67
LVP Holding Gmbh	1.145.734	0,70	-	-
Other	8.211.967	5,04	9.357.701	5,74
Paid in Capital	**163.069.856**	**100,00**	**163.069.856**	**100,00**

Sources of capital increases during the period

The company has not performed capital increase as at 31 December 2014. (31 December 2013: None).

Privileges on common shares representing share capital

As at 31 December 2014, the issued share capital of the Company is TL 163.069.856 (31 December 2013: TL 163.069.856) and the share capital of the Company consists of 16,306,985,600 (31 December 2013: 16,306,985,600 shares) issued shares with TL 0.01 nominal value each.

Registered capital system in the company

The Company has accepted the registered capital system. As of 31 December 2014, the Company's registered capital is TL 200.000.000 (31 December 2013: TL 200.000.000).

Repurchased own shares by the company

None.

2.14- Insurance And Investments Contracts – Classification

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

Investment contracts are those contracts which transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

As of the reporting date, the Company does not have a contract which is classified as an investment contract.

2.15- Insurance Contracts And Investment Contracts With Discretionary Participation Feature

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

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

As at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

2.16- Investment Contracts Without DPF

As of the reporting date, the Company does not have any insurance contracts and investment contracts without DPF.

2.17- Liabilities

Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities of the Company are measured at their discounted values. A financial liability is derecognized when it is extinguished.

2.18- Income Taxes

Corporate tax
Statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be

deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. The company has deductible tax losses amounting to TL 14.593.619 as of 31 December 2014. (31 December 2013: TL 33.235.595).

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

Deferred taxes
In accordance with TAS 12 – Income taxes, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.
In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

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

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

2.19- Employee Benefits

Employee termination benefits
In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2014 is TL 3.541 (31 December 2013: TL 3.254).

In Accordance IAS 19 which published by Public Company Accounting Oversight Board (PCAOB) dated March 12,2013 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31,2012 net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The company started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The Company accounted for employee severance indemnities using actuarial method in compliance with the **TAS 19 – Employee Benefits**, The major actuarial assumptions used in the calculation of the total liability as at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Discount rate	%3,81	%3,74
Expected retirement turnover rate	%93	%89

Expected rate of salary/limit increase above was determined according to the government's annual inflation forecasts.

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

2.20- Provisions

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

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

2.21- Revenue Recognition

Written premiums and claims paid
Written premiums represent premiums on policies written during the period net of taxes, premiums of the cancelled policies which were produced in prior periods and premium ceded to reinsurance companies,. Premiums ceded to reinsurance companies are accounted as "written premiums, ceded" in the statement of income.

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

Subrogation, salvage and quasi income
According to the Circular 2010/13 dated 20 September 2010; the Company may account for income accrual for subrogation receivables without any voucher after the completion of the claim payments made to the insure. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance Company, the provision is provided after four months. As at the reporting date, in accordance with the related circular the Company provided TL 3.728.324 TL (31 December 2013: TL 4.732.260) subrogation receivables and recorded TL 3.728.324 (31 December 2013: TL 5.102.432) (Note 12) net subrogation and salvage receivables under receivables from main operations. The Company provided allowance for uncollected subrogation receivables amounting to TL 456.051 (31 December 2013: TL 726.261) (Note 12) in accordance with circular.

For the years ended 31 December 2014 and 2013, salvage and subrogation collected are as follows:

	31 December 2014	31 December 2013
Motor Vehicles	19.661.270	25.021.329
Third Party liability for motor vehicles (MTPL)	1.168.713	944.159
Fire and natural disaster	291.383	166.565
Transportation	210.989	210.901
General Losses	22.905	87.781
General Responsibility	22.679	12.828
Health	317	-
Water Vehicles	182	-
Rail Vehicles	-	20.660
Total	**21.378.438**	**26.464.223**

As at 31 December 2014 and 31 December 2013, accrued subrogation and salvage income per branches is as follows:

	31 December 2014	31 December 2013
Motor Vehicles	2.627.297	3.933.002
Third Party liability for motor vehicles (MTPL)	611.597	483.370
Fire and natural disaster	203.890	165.073
Breach of Trust	125.090	-
General Losses	100.109	84.209
Transportation	59.528	316.357
General Responsibility	812	118.790
Water Vehicles	1	1.520
Health	-	111
Total	**3.728.324**	**5.102.432**

Commission income and expense

As further disclosed in Note 2.24 - Reserve for unearned premiums, commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

Interest income and expense

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

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

Trading income/expense

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

Dividends

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

2.22- Leasing Transactions

The maximum period of the lease contracts is 10 years. Tangible assets acquired by way of finance leases are recorded in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the financial statements. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

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

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease.

2.23- Dividend Distribution

Based on the guidelines and principals issued by the CMB dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2009, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota. Furthermore, it has been agreed upon to let public entities perform dividend distributions.

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

The company did not perform dividend distribution in 2013 and 2014.

2.24- Reserve For Unearned Premiums

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long term insurance contracts.

Since the Communiqué on Technical Reserves was effective from 1 January 2008, the Turkish Treasury issued 4 July 2007 dated and 2007/3 numbered "Circular to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No,5684" ("Compliance Circular") to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Circular, it is stated that companies should consider earthquake premiums written after 14 June 2007 in the calculation of the reserve for unearned premiums while earthquake premiums were deducted in the calculation of the reserve for unearned premiums before. Accordingly, the Company has started to calculate reserve for unearned premiums for the earthquake premiums written after 14 June 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before 14 June 2007.

According to the 2009/9 Numbered Circular Related to Application of Technical Reserves issued on 27 March 2009 reserve for unearned premiums is calculated by taking into account that all polices become active at 12:00 at noon

and end at 12:00 at noon.
According to the Communiqué on Technical Reserves, for the calculation of unearned premium reserves of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank will be considered, unless there is a specified exchange rate in the agreement.

As at the reporting date, the Company has provided reserve for unearned premiums amounting to TL 215.918.488 (31 December 2013: TL 199.760.887) and reinsurer share in reserve for unearned premiums amounting TL 114.006.271 (31 December 2013: TL : 99.746.577). Furthermore, reserve for unearned premiums includes Social Security Instutition ("SSI") share amounting to TL 4.256.872 (31 December 2013: TL 2.971.651) as at 31 December 2014.

2.25- Reserve For Unexpired Risks

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

In accordance with Treasury circular numbered 2012/15, unexpired risk reserve started to be calculated over main branches as of December 31, 2012. The test is performed on branch basis and in case where the expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the reserve for unearned premiums of that specific branch is added to the reserves of that branch. Accordingly, as at the reporting date, the Company has provided net reserve for unexpired risk amounting to TL 5.171.159 (31 December 2013: TL 19.959.094) and unexpired risk amounting of reassurance to TL 3.062.033 (31 December 2013: TL: 15.958.410) in the accompanying unconsolidated financial statements.

As at 31 December 2014, reserve for unexpired risks at the beginning of the period is revised according to calculation method used in the current period in order to determine consistent claims / premium ratio.

According to the Circular numbered 2011/18, the Company excluded both the premiums transferred to SSI and claims related to treatment costs from calculation of reserve for unexpired risks in motor third party liability, compulsory transportation financial liability and compulsory personal accident for bus transportation branches.

2.26- Provision For Outstanding Claims

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Provision for outstanding claims represents the estimate of the total reported costs of notified claims on an individual case basis at the reporting date as well as the corresponding handling costs.

Claims incurred before the accounting periods but reported subsequent to those dates are considered as incurred but not reported ("IBNR") claims.

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated 28 July 2010 and "Communiqué on Technical Reserves and Circular on Actuarial Chain Ladder Method" dated 20 September 2010 and numbered 2010/12, it is stated that the difference between the result of the actuarial chain ladder method and reported but not settled (IBNR calculation by ACLM method) is compared to test IBNR claims and greater amount is recorded to financial statements are accepted as IBNR claims. Requirement on test IBNR calculation is removed per Communiqué on Amendments to Aforementioned Communiqué is published in Official Gazette no 28356 17 July 2013 dated. It is stated that amount, content and implementation

principals of incurred but not reported claims should be determined according to IBNR calculation by ACLM method specified by Turkish Treasury or other methods determined by Turkish Treasury.

As at 1 January 2012, 100% of the calculated negative IBNR balances per each insurance branch are taken into calculation in accordance with the Circular issued by the Turkish Treasury dated 26 December 2011 and numbered 2011/23. Accrued salvage, subrogation and similar income is taken into calculation with collections in ACLM method. The Company recorded the IBNR calculated by ACLM method with additional provision explained below amounting to TL 40.897.912 (31 December 2013: TL 46.745.562) to the unconsolidated financial statements as IBNR and TL 23.778.883 (31 December 2013: TL 27.745.786) as reinsurer's share of IBNR.

In Accordance with the Circular issued by the Turkish Treasury dated 2010/12 and 2010/16, the Company eliminated severe damages by using Box-Plot method to make more homogeneous calculation in ACML. Also, according to Circular Article 7 issued in 2010/12, total number of files contained in the main branch, excluding the health branch of the total number of files no more than one thousand of damage or major damage under 300 remaining branches can be done by actuary. Company used IBNR method for branches that have insufficent files with evaluation of Company's Aktuary, there is no damage elemination for these branches.

According to Treasury Circular 2010/16, the amounts with ACML determined the minimum amount of provision. If Amounts which are determined the company's other tools or actuarial studies shows the company's statu better than methods recommended by the Treasury, the company reflect amount of provision which provided higher than Treasury to financial statements. In accordance with these judgments, as a result of actuarial studies, the Company made IBNR provision amounts to total TL 3.321.334 (31 December 2013: TL 2.926.755). The Company did not need to calculate additional IBNR provision for General Losses Branch (31 December 2013: TL 1.545.817).

In accordance with "Circular Related to Information on Calculation of Incurred But Not Reported Claims Reserve" numbered 2011/23 and dated 26 November 2011, companies may decrease their outstanding claims reserve balances based on the winning ratio of the sub-branches calculated from the last five years claims. Winning ratio used for decrease in provision for outstanding claims could not exceed 25% (15% for the new sub-branches which do not have five year data). Based on the aforementioned regulation, the Company calculated winning ratio from the last five year data set and TL 26.213.913 (31 December 2013: TL 20.857.929) as IBNR and 14.495.325 TL (31 December 2013: TL 11.612.026) as reinsurer's share of IBNR is excluded from outstanding claims reserve balance.

The calculated winning ratio of the Company as at 31 December 2014 is within 3% - 25% range (31 December 2013:%6-%25), Winning ratios used in and amounts decreased from provision for outstanding claims are as follows:

31 December 2014 **Branch**	**Winning Ratio** **Used**	**Gross Amount** **Decreased**	**Net Amount** **Decreased**
Third party liability for motor vehicles (MTPL)	%15-%25	9.235.715	8.716.762
Fire and natural disasters	%25	8.481.528	1.075.724
General Losses	%25	2.939.813	212.310
General Responsibility	%3-%25	2.183.150	436.820
Water Vehicles	%25	1.219.289	223.610
Motor Vehicles	%25	859.929	829.711
Accident	%18-%25	79.520	46.988
Rail Vehicles	%25	29.916	29.916
Aircraft	%25	388.567	0
Transportation	%25	796.486	146.747
Total		**26.213.913**	**11.718.588**

31 December 2013 Branch	Winning Ratio Used	Gross Amount Decreased	Net Amount Decreased
Third party liability for motor vehicles (MTPL)	%13-%25	6.614.810	6.333.609
Motor Vehicles	%25	879.771	840.056
Accident	%18-%25	34.479	27.820
Water Vehicles	%25	284.559	130.687
General Losses	%8-%25	908.844	106.201
Rail Vehicles	%25	27.660	27.660
General Responsibility	%6-%25	2.751.516	493.472
Aircraft Liability	%25	371.634	-
Fire and natural disasters	%25	8.234.219	1.120.697
Transportation	%25	750.437	165.701
Total		**20.857.929**	**9.245.903**

ACLM to be used is announced with "Communiqué on Technical Reserves" which is issued by the Turkish Treasury on 20 September 2010, Insurance and reinsurance companies are allowed to use five different methods which are "Standard Chain, Claim/Premium, Cape Code, Frequency/Volume and Munich Chain Ladder" to make ACLM calculations. The Company's method selections for each branch are presented below.

In accordance with the Circular of the Turkish Treasury No: 2013/8 dated 5 April 2013 "Circular on Actuarial Chain Ladder Method", according to the Circular numbered 2010/12, the ACLM calculation methods start to be changed at the end of 2013 that can be started as of first quarter of 2013 if minimal fluctuation between the periods is wanted. Accordingly, in General Responsibilty branch, for the purpose of additional IBNR need to be aimed to determine actuarial forecast works by the Company actuary for compatible with the branch's ACML calculation method has been changed as of 30 June 2014 and "Cape Code" method was disused to "Claim/Premium" method was started to carry out. General liability branch selected at the end of 2010, "Cape Cod" method and show many fluctuation as the IBNR results of the periods obtained in this branch of the nature of the damage in different amounts due to make major changes to the company leads in the experience of the differences are not compatible in the relevant branch of the results of the financial statements. In retrospective studies and stress test results, Claim/Premium method of the method has been found to be the most stable, and has also concluded that more consistent results can be achieved with the development of related industries. IBNR could not be calculated by reason of data could not be find enough in 2013, and for the Financial Losses branche so in 30 September 2014, the Company started to use 'Test IBNR' with calculating datas in 2014. General loss branch standard chain is too low and actuarial evaluation of the method is not considered to reflect the fact that the result of this calculation as IBNR calculation method at the end of 2013 test method was adopted for the industry. However, in 2014, the standard chain method result of the show extreme decline in 2013 and that general damages observed to draw conclusions reflect the results of the branch was reverted to standard chain method, legally liable owned ACML calculation method.

	31 December 2014	31 December 2013
Motor Vehicles	Standard Chain Ladder	Standard Chain Ladder
Water Vehicles	Standard Chain Ladder	Standard Chain Ladder
Third party liability for motor vehicles (MTPL)	Standard Chain Ladder	Standard Chain Ladder
Third party liability	Standard Chain Ladder	Standard Chain Ladder
Third party liability for air vehicles	Test IBNR	Test IBNR
Fire and natural disasters	Standard Chain Ladder	Standard Chain Ladder
Air crafts	Test IBNR	Test IBNR
Accident	Standard Chain Ladder	Standard Chain Ladder
General losses	Standard Chain Ladder	Test IBNR
Financial losses	Test IBNR	Sector Average
Health Test IBNR	Test IBNR	
Transportation	Standard Chain Ladder	Standard Chain Ladder
General Liability	Claim/Premium	Cape Cod
Legal Protection	Test IBNR	Test IBNR
Breach of Trust	Test IBNR	Test IBNR

Company made elamination with Box-Plot Method. Based on each branch, calculation amount of Net IBNR; reinsurance agreements' effect in force was to be reflected based on actual reinsurance rate.

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 andrealized and incurred butnot reported claims provision as well asall expense chargesare taken ito account Within this framework, the ratio of outstandingclaims provision to the total of amounts of paid claims, including all expense charges withregards to the files, indicates the outstanding claims provisions adequacy retio. In case the outstanding claims provisions adequacy ratio relatin to these branches is lower than 100%, the difference between this rate and 100% is multiplied by outstanding claims provisions fort he current period and the outstanding claims adewuacy 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 seprately for each branch. As a result of the calculation of outstanding claims provision adequacy performed as of 31 December 2014 , the Company allocated a net additional provision amounting to TL 157.633 for related branches with an outstanding claims provision adequacy rate above 100% (31 December 2013: TL 84.257).

New Regulations on Treatment Costs Resulted from Traffic Accidents in Accordance with the Circular Numbered 2011/18 "Circular Related to the Accounting of Payments Related to Payment of Treatment Costs Resulted from Traffic Accidents and New Accounts in the Insurance Chart of Accounts"

58th and 59th articles and 1st and 2nd provisional articles of the Law no 6111 on "Restructuring of certain receivables and amendment to the law of social insurance and general health insurance and certain other laws and decree laws" published in the Official Gazette numbered 27857 and has come into effect on 25 February 2011.

According to the Article 59 of the aforementioned law, starting from 25 February 2011, premiums written under compulsory motor third party liability insurance contracts providing health assurance will be transferred to SSI by the rate up to 15% which will be later defined by Turkish Treasury. By this premium transfer, all liabilities related to body injuries resulted from traffic accidents will be compensated by SSI.

According to the Provisional Article 1 and Article 59 of the Law, up to 20% of the transferred premium amount defined by the Turkish Treasury will also be transferred to SSI and treatment costs resulted from traffic accidents occurred before 25 February 2011 will also be compensated by SSI. As part of the aforementioned law, "Communiqué on Payment of Treatment Costs Resulted from Traffic Accidents" which was issued in Official Gazette numbered 28038 and dated 27 August 2011 has become effective. On 17 October 2011, the Turkish Treasury issued circular numbered 2011/18 "Circular Related to the Accounting of Payments Related to Payment of Treatment Costs Resulted from Traffic Accidents and New Accounts in the Insurance Chart of Accounts". In accordance with the related circular, the Company recognited outstanding claims reserve amounting to TL 7.764.321 (1 Jantuary – 31 December 2013: 6.190.937 TL) as "Premium Transferred to SSI"(Note 2.14).

Total debt for treatment costs to pay to SSI;

	31 December 2014	31 December 2013
Opening Balance	6.460.740	8.473.635
Premiums Transfferred to SSI(*) (**)	7.764.321	6.190.937
Difference with current period and calculation(***)	483.361	1.352.098
Adjusment before regulation	-	252.874
Premium Paid to SSI	(9.993.289)	(9.808.804)
Closing Balance	**4.715.133**	**6.460.740**

(*) In statement of income, it is named Premiums Transfferred to SSI.

(**) As described in Note 2.14, as part of the aforementioned law, "Communiqué on Payment of Treatment Costs Resulted from Traffic Accidents" which was issued in Official Gazette numbered 28038 and dated 27 August 2011 has become effective. On 17 October 2011, the Turkish Treasury issued circular numbered 2011/17 "Circular Related to the Accounting of Payments Related to Payment of Treatment Costs Resulted from Traffic Accidents and New Accounts in the Insurance Chart of Accounts". In accordance with the related circular, the Company recognited outstanding claims reserve amounting to TL 7.764.321 (1 January – 31 December 2013: 6.190.937 TL), as "Debt for treartment cost to pay SSI- Short Term" account, payments are

decreased till the end of period.

(***) In the event of differences between 2011/17 and 2012/4 Circular No. of provisions within the framework of companies reported liabilities and the portion corresponding to the relevant period, the amount found as a result of calculation stated, regarding the difference in the balance sheet as "SSI debt on treatment expenses" account in the income statement other technical income expenses or income statement. In this respect, the Company January 1 - December 31, taking into account the liability reported for the 2014 fiscal year TL 483.361 (1 January - 31 December 2013: TL 252,874) of debt in the amount of "SSI debt on treatment costs" whether additional account, "Other technical expenses" has registered account.

2.27- Equalization Provision

In accordance with the Communiqué on Technical Reserves put into effect starting from 1 January 2008, the companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization provision, started to be provided in 2008, is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for un-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization provision up to reaching 150% of the highest premium amount written in a year within the last five years.

In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization provisions. Claims payments are deducted from first year's equalization provisions by first in first out method. Equalization provisions are presented under "other technical reserves" in the accompanying financial statements. As at the reporting date, the Company provided equalization provision amounting to TL 5.284.018 in the accompanying unconsolidated financial statements (31 December 2013: TL 4.220.020)

Net losses (after reinsurance) resulted from earthquake occurred in several cities amounting to TL 11.522 (31 December 2013: TL 7.695) are decreased from prior periods' equalization provision .

2.28- Related Parties

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company;

(b) The party is an associate of the Company;
(c) The party is a joint venture in which the Company is a venturer;
(d) The party is member of the key management personnel of the Company and its parent;
(e) The party is a close member of the family of any individual referred to in (a) or (d);
(f) The party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or
(g) The party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

A number of transactions are entered into with related parties in the normal course of business.

2.29- Earnings Per Share

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Company. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares.

2.30- Events After The Reporting Date

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

2.31- New Standards And Interpretations Not Yet Adopted

There are a number of new standards, updates related to the existing standards and interpretations which are not adopted in the preparation of the accompanying financial statements and have not yet entered into force for the accounting period 31 December 2014. TFRS 9 – Financial instruments, is published by International Accounting Standards Board in November 2009 as a part of a wider project that aims to bring new regulations to replace TAS 39 – Financial Instruments: Recognition and Measurement published by the Turkish Accounting Standards Board on Official Gazette dated 27 April 2010 and numbered 27564.

Developing a new standard for the financial reporting of financial assets that is principle-based and less complex is aimed by this project. The objective of TFRS 9, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity's future cash flows. With TFRS 9 an entity shall classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in TAS 39 on impairment of financial assets and hedge accounting continues to apply.

An entity shall apply TFRS 9 for annually years beginning on or after 1 January 2018. An earlier application is permitted. If an entity adopts this TFRS in its financial statements for a period beginning before 1 January 2012, then prior periods are not needed to be restated.

3 Critical Accounting Estimates And Judgments In Applying Accounting Policies

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

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

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

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

Note 4.1 – Management of insurance risk
Note 4.2 – Financial risk management
Note 10 – Reinsurance assets/liabilities
Note 11 – Financial assets
Note 12 – Loans and receivables
Note 17 – Insurance liabilities and reinsurance assets
Note 17 – Deferred acquisition costs
Note 19 – Trade and other payables, deferred income
Note 21 – Deferred income taxes
Note 23 – Provisions for other liabilities and charges

4- Management Of Insurance And Financial Risk

4.1- Management Of İnsurance Risk

Insurance risk is defined as coverage for exposures that exhibit a possibility of financial loss due to applying inappropriate and insufficient insurance techniques. Main reasons of insurance risk exposure result from the risk selection and inaccurate calculation of insurance coverage, policy terms and fee or inaccurate calculation of coverage portion kept within the company and coverage portion transfers to policyholders and transfer conditions.

Objective of managing risks arising from insurance contracts and policies used to minimize such risks
FPotential risks that may be exposed in transactions are managed based on the requirements set out in the Company's "Risk Management Policies" issued by the approval of the Board of Directors. The main objective of risk management policies is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Company's asset quality and limitations allowed by the insurance standards together with the Company's risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective.

Risk tolerance is determined by the Company's Board of Directors by considering the Company's long-term strategies, equity resources, potential returns and economical expectations, and it is presented by risk limitations. Authorization limitations during policy issuing include authorizations for risk acceptances granted based on geographical regions in relation to unacceptable special risks or pre-approved acceptable special risks, insurance coverage to agencies, district offices, technical offices, assistant general managers and top management in the policy issuance period and authorizations for claim payment granted to district offices, claim management administration, automobile claims administration and Claim Committee established by the managing director and assistant managing director in the claim payment period.

Whatsoever, risk acceptance is based on technical income expectations under the precautionary principle. In determining insurance coverage, policy terms and fee, these expectations are based accordingly

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Company can tolerate from the related insurance transactions. On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or coinsurers and considering the terms of the insurance policy.

In order to avoid destructive losses over company's financial structure, company transfers the exceeding portion of risks assumed over the Company's risk tolerance and equity resources through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies. Insurance coverage and policy terms of reinsurance are determined by assessing the nature of each insurance branch.

Sensitivity to insurance risk
Insurance risks do not generally have significant unrecoverable losses in the course of ordinary transactions, except for risks associated with earthquake and other catastrophic risks. Therefore, there is a high sensitivity to earthquake and catastrophic risks.

The case of potential claims' arising from earthquake and other catastrophic risks exceeding the maximum limit of the excess of loss agreements, such risks are treated as the primary insurance risks and are managed based on the precautionary principle. Maximum limit of excess of loss agreements is determined based on the worst case scenario on the possibility of an earthquake that Istanbul might be exposed to in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models. The total amount of protection for catastrophic risks of the company is indentified taking into the compensation amount for an earthquake will occur in a 1000 years.

Insurance risk concentration

The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

Total Claims Liability 31 December 2014	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability (MTPL)	81.221.452	(7.903.973)	73.317.479
Motor vehicles	5.931.099	(86.404)	5.844.695
Accident	3.192.443	(1.667.799)	1.524.644
Legal Protection	77.199	-	77.199
Water Vehicles	15.747.809	(14.108.901)	1.638.908
Transportation	2.582.367	(2.068.591)	513.776
General Losses	22.610.064	(19.571.397)	3.038.667
Breach of Trust	648.658	(480.264)	168.394
Rail Vehicles	89.748	-	89.748
General Liability	34.692.377	(26.928.120)	7.764.257
Aircrafts	1.155.558	(1.155.558)	-
Aircrafts Liability	6.390.401	(6.390.401)	-
Financial Losses	9.194.511	(8.667.148)	527.363
Fire And Natural Disasters	71.856.527	(67.874.901)	3.981.626
Health	1.226.641	(1.022.885)	203.756
Total	**256.616.854**	**(157.926.342)**	**98.690.512**

Total Claims Liability 31 December 2013	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor Vehicles Liability (MTPL)	61.462.822	(1.900.207)	59.562.615
Motor Vehicles	7.551.364	(109.874)	7.441.490
Accident	1.872.421	(987.673)	884.748
Legal Protection	79.024	-	79.024
Water Vehicles	4.088.020	(3.407.481)	680.539
Transportation	2.264.193	(1.819.851)	444.342
General Losses	24.523.501	(21.642.440)	2.881.061
Breach of Trust	1.025.538	(698.364)	327.174
Rail Vehicles	90.347	-	90.347
General Liability	44.342.179	(33.318.713)	11.023.466
Aircrafts	1.629.869	(1.629.869)	-
Aircrafts Liability	2.975.788	(2.975.788)	-
Financial Losses	5.447.809	(5.010.565)	437.244
Fire And Natural Disasters	29.712.344	(25.219.448)	4.492.896
Health	530.751	(427.235)	103.516
Total	**187.595.971**	**(99.147.509)**	**88.448.462**

Given insurance collateral amounts in respect to branches

	31December 2014	31 December 2013
Motor Vehicles Liability (MTPL)	769.050.859.823	554.774.765.342
Fire and Natural Disasters	46.333.455.885	47.572.133.002
Health	637.412.519	267.435.300
General Liability	19.971.920.746	27.299.226.892
General Losses	28.742.965.802	25.917.457.406
Accident	6.501.286.479	12.964.060.255
Motor Vehicles	3.482.069.366	3.317.372.799
Transportation	15.862.848.668	15.782.780.029
Water Vehicles	763.751.404	1.089.962.126
Aircrafts	183.985.128	106.710.720
Breach of Trust	78.507.807	104.091.356
Financial Losses	1.222.681.775	1.277.944.336
Aircrafts Liabilty	3.855.089.761	3.164.423.850
Legal Protection	922.870.000	954.095.226
Total	**897.609.705.163**	**694.592.458.639**

4.2- Management of Financial Risk

Introduction and overview

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

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Duties and responsibilities of the Risk Management and Internal Control Department include design and implementation of risk management system and identification and implementation of risk management policies. It is also responsible for ensuring that the Company implements all necessary risk management techniques. Activities of the Risk Management and Internal Control Department are managed directly by General Manager. The Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

Risk management policies and guidelines are set by the Board of Directors and applied by the top management. These policies include organisation and scope of the risk management function, risk measurement and assessment methods, duties and responsibilities of the Board of Directors, top management and all of the employees, procedures followed in the case of limit extension and compulsory approval and confirmation processes for certain situations.

Credit Risk

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The balance sheet items that the Company is exposed to credit risks are as follows:

- Cash at banks
- Other cash and cash equivalents
- Available for sale financial assets (except equity-shares)
- Financial assets held for trading (except equity-shares)
- Held to maturity financial asset
- Premium receivables from policyholders
- Receivables from intermediaries (agencies)
- Receivables from reinsurance companies related to commissions and claims paid
- Reinsurance shares of insurance liability
- Receivables from related parties
- Other receivables

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

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

	31 December 2014	31 December 2013
Cash and cash equivalents (Note 14)(*)	202.112.296	180.895.669
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	157.926.342	99.147.509
Receivables from main operations (Note 12)	95.964.545	113.565.167
Other prepaid expenses (Not 17)	35.098.088	32.657.938
Financial assets (Not 11)(**)	19.197.245	14.984.851
Prepaid taxes and funds (Not 12)	2.312.725	1.542.120
Other receivables (Not 12)	131.177	520.056
Due from related parties (Not 12)	34.047	18.798
Total	**512.776.465**	**443.332.108**

(*) Cash balance amounting to TL 39.326 are not included (31 December 2013:TL 34.501).

(**) Equity shares amounting to TL 696.664 are not included (31 December 2013: TL 258.210).

As at 31 December 2014 and 31 December 2013, the aging of the receivables from main operations is as follows:

	31 December 2014		31 December 2013	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	75.916.612	-	90.822.593	-
Past due 0-30 days	11.682.732	-	5.615.456	-
Past due 31-60 days	4.676.514	-	4.995.504	-
Past due 61-90 days	49.429.809	45.741.122	55.152.389	43.020.775
Total	**141.705.667**	**45.741.122**	**156.585.942**	**43.020.775**

The movements of the allowances for impairment losses for receivables from main operations during the period are as follows:

	31 December 2014	31 December 2013
Provision for receivables from insurance operations at the beginning of the period	43.020.775	34.798.170
Impairment losses provided for subrogation – salvage receivables during the period (Note 47)	2.720.347	8.222.605
Provision for receivables from insurance operations at the end of the period	**45.741.122**	**43.020.775**

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

Management of the liquidity risk

The Company considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

Maturity distribution of monetary assets and liabilities:

31 December 2014	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated
Cash and cash equivalents	202.151.622	95.584.911	19.305.783	87.260.928	-	-	-
Financial assets	19.893.909	-	14.878.385	5.015.524	-	-	-
Receivables from main operations	95.964.545	9.621.711	15.974.585	35.609.721	11.324.969	3.385.626	20.047.933
Due from related parties	34.047	34.047	-	-	-	-	-
Other receivables and current assets	2.443.902	131.177	-	2.312.725	-	-	-
Income accruals	1.449.766	-	-	-	1.413.180	36.586	-
Total monetary assets	**321.937.791**	**105.371.846**	**50.158.753**	**130.198.898**	**12.738.149**	**3.422.212**	**20.047.933**
Insurance technical provisions (*)	98.690.512	-	48.753.715	28.279.827	17.094.395	4.562.575	-
Payables arising from main operations	44.378.688	5.515.586	3.724.983	12.862.139	22.275.980	-	-
Other liabilities	7.508.125	3.546.236	1.593.696	2.368.193	-	-	-
Provisions for taxes and other similar obligations	4.951.287	4.951.287	-	-	-	-	-
Provisions for other risks and expense accruals	4.368.878	-	-	1.921.531	241.717	2.205.630	-
Total monetary liabilities	**159.897.490**	**14.013.109**	**54.072.394**	**45.431.690**	**39.612.092**	**6.768.205**	

(*) Provision for outstanding claims is presented as short term liabilities in the accompanying financial statements whereas maturity distribution is presented according to projected payment dated in the above table.

31 December 2013	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated
Cash and cash equivalents	180.930.170	5.966.579	34.516.206	140.447.385	-	-	-
Financial assets	15.243.061	-	15.243.061	-	-	-	-
Receivables from main operations	113.565.167	13.295.141	34.374.299	37.001.202	16.061.484	3.385.608	9.447.433
Due from related parties	18.798	18.798	-	-	-	-	-
Other receivables and current assets	2.062.176	520.056	-	-	1.542.120	-	-
Income accruals	2.030.027	-	1.347.663	-	682.364	-	-
Total monetary assets	**313.849.399**	**19.800.574**	**85.481.229**	**177.448.587**	**18.285.968**	**3.385.608**	**9.447.433**
Insurance technical provisions (*)	88.448.462	-	43.694.080	25.344.962	15.320.348	4.089.072	-
Payables arising from main operations	48.253.804	-	26.972.440	-	21.281.363	-	-
Other liabilities	8.355.497	3.693.810	-	-	4.661.687	-	-
Provisions for taxes and other similar obligations	4.678.107	4.678.107	-	-	-	-	-
Provisions for other risks and expense accruals	4.492.804	-	1.285.078	-	881.077	2.326.649	-
Total monetary liabilities	**154.228.674**	**8.371.917**	**71.951.598**	**25.344.962**	**42.144.475**	**6.415.721**	**-**

(*) Provision for outstanding claims is presented as short term liabilities in the accompanying financial statements whereas maturity distribution is presented according to projected payment dated in the above table.

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

The Company is exposed to currency risk through insurance and reinsurance transactions in foreign currencies.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

The Company's exposure to foreign currency risk is as follows:

31 December 2014	US Dollar	Euro	Other currencies	Total
Receivables from main operations	14.068.755	12.699.867	163.261	26.931.883
Cash and cash equivalents	1.392.393	3.645.830	128.711	5.166.934
Total foreign currency assets	**15.461.148**	**16.345.697**	**291.972**	**32.098.817**
Insurance technical provisions	603.781	359.387	-	963.168
Payables arising from main operations	3.235.722	658.299	2.394	3.896.415
Total foreign currency liabilities	**3.839.503**	**1.017.686**	**2.394**	**4.859.583**
Net financial position	**11.621.645**	**15.328.011**	**289.578**	**27.239.234**

31 December 2013	US Dollar	Euro	Other currencies	Total
Receivables from main operations	19.644.345	16.653.987	215.396	36.513.728
Cash and cash equivalents	3.053.607	7.913.247	101.133	11.067.987
Total foreign currency assets	**22.697.952**	**24.567.234**	**316.529**	**47.581.715**
Insurance technical provisions	162.558	256.722	-	419.280
Payables arising from main operations	2.854.187	9.705.734	-	12.559.921
Total foreign currency liabilities	**3.016.745**	**9.962.456**	**-**	**12.979.201**
Net financial position	**19.681.207**	**14.604.778**	**316.529**	**34.602.514**

TL equivalents of the related monetary amounts denominated in foreign currencies are presented in the above table.

If technical provision denominated in any currency not specified, ıt is evaluated are evaluated by the Central Bank of the Republic of Turkey's spot sales rates as at 31 December 2014 and Foreign currency transactions are recorded at the foreign exchange rates ruling at the dates of the transactions and foreign currency denominated monetary items are evaluated by the Central Bank of the Republic of Turkey's spot purchase rates as at 31 December 2014.

Exposure to currency risk

Foreign currency rates used for the translation of foreign currency denominated assets and liabilities as at 31 December 2014 and 31 December 2013 are as follows:

	US Dollar	Euro
31 December 2014	2,3189	2,8207
31 December 2013	2,1343	2,9365

A 10 percent depreciation of the TL against the following currencies as at 31 December 2014 and 31 December 2013 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent appreciation of the TL against the following currencies, the effect will be in opposite direction.

	31 December 2014		31 December 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
ABD Doları	1.162.165	1.162.165	1.968.121	1.968.121
Avro	1.532.801	1.532.801	1.460.478	1.460.478
Diğer	28.958	28.958	31.653	31.653
Total, Net	**2.723.924**	**2.723.924**	**3.460.252**	**3.460.252**

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

Exposure to interest risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

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

	31 December 2014	31 December 2013
Financial assets with fixed interest rates:		
Cash at banks (Note 14)	159.447.210	140.447.386
Available for sale financial assets – Government bonds (Note 11)	14.181.721	10.010.615
Held to maturity investments – Government bonds (Note 11)	5.015.524	4.974.236
Financial assets with variable interest rates:	None.	None.

Interest rate sensitivity of the financial instruments

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income for the periods ended 31 December 2014 and 2013 of the floating rate non-trading financial assets and financial liabilities held at 31 December 2014 and 2013. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The table below demonstrating the effect of changes in interest rates on statement of income and equity excludes tax effects on related loss or income.

	Profit or loss		Equity (*)	
31 December 2014	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial assets held for trading	(141.817)	141.817	(141.817)	141.817
Total, Net	**(141.817)**	**141.817**	**(141.817)**	**141.817**

(*) Equity effect also includes profit or loss effect.

	Profit or loss		Equity (*)	
31 December 2013	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial assets held for trading	(100.106)	100.106	(100.106)	100.106
Total, Net	**(100.106)**	**100.106**	**(100.106)**	**100.106**

(*) Equity effect also includes profit or loss effect.

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where they exist, appropriate valuation methodologies.

The Company has classified its financial assets as held for trading, available for sale or held to maturity. As at the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying unconsolidated financial statements. Equity shares not traded in active markets are measured at cost less impairment losses if any. Held to maturity investments with a carrying amount of TL 5.015.524 (31 December 2013: TL : 4.974.236) are measured at amortised cost and their fair value amounting to TL 5.243.367 (31 December 2013: TL 4.990.075) as at 31 December 2014. The fair value of financial assets held to maturity are shown in the first level.

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

Fair value sensitivity of the equities

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

The effect on income as a result of 10% change in the fair value of equity instruments held as held for trading financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (excluding tax effect):

	31 December 2014		31 December 2013	
	Profit or loss	**Equity (*)**	**Profit or loss**	**Equity (*)**
Financial assets held for trading	(69.666)	(69.666)	(25.821)	(25.821)
Total, Net	**(69.666)**	**(69.666)**	**(25.821)**	**(25.821)**

(*) Equity impact includes impact of change of conjectural interest rates on income statement

Classification of fair value measurements

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets held for trading (Note 11)	14.878.385	-	-	**14.878.385**
Property for own use (Note 6)	-	41.950.701	-	**41.950.701**
Total financial assets	**14.878.385**	**41.950.701**	**-**	**56.829.086**

	31 December 2013			
	1. Seviye	**2. Seviye**	**3. Seviye**	**Total**
Financial assets:				
Financial assets held for trading (Note 11)	10.268.825	-	-	**10.268.825**
Total financial assets	**10.268.825**	**-**	**-**	**10.268.825**

Gains and losses from financial assets

Gains and losses recognized in the statement of income:	31 December 2014	31 December 2013
Interest income from time deposits	14.225.833	9.572.266
Foreign exchange gains	5.124.587	9.975.900
Income from debt securities classified as held to maturity financial instruments	289.628	131.932
Income from equity shares classified as trading financial assets	119.107	1.470
Income from debt securities classified as held for trading financial assets	1.586.740	252.096
Investment income	**21.345.895**	**19.932.194**
Foreign exchange losses	(5.401.691)	(4.673.276)
Investment expenses – including interest	(3.139.242)	(2.539.136)
Investment expenses	**(8.540.933)**	**(7.212.412)**
Financial gains and losses recognized in the statement of income, net	**12.804.962**	**12.721.252**

Capital Management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Turkish Treasury
- To safeguard the Company's ability to continue as a going concern

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Turkish Treasury on 19 January 2008 dated and 26761 numbered; the Company measured its minimum capital requirement as TL 91.772.888 as at 31 December 2014. As at 31 December 2014, the capital amount of the Company presented in financial statements are above the minimum capital requirement amounts calculated according to the communiqué.

5- Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segment
A business segment reporting of the Company is presented in accordance with TFRS 8 – **Operating Segments** standard in this section.

Insurance Fire and Natural Disaster
Insurance on fire and natural disasters covers material damages occurred due to fire, lightining, explotion or smoke, steam and temperature resulted from fire, lightning and explosion up to insurance policy limits.

Motor Third Party Liability Insurance
According to the Motorway Traffic Code numbered 2918, Motor Third Party Liability Insurance is covers vehicle owner's legal liability for all bodily damages to third persons and financial damages to other vehicles.

Damages caused by the trailer or semi-trailers (included light trailers) or the vehicles pulled is covered by the insurance of the trailer. However, the trailers used for transportion of people should be included in an additional liability insurance in order to obtain coverage.

In order to reduce and prevent the damage in the accident happened, reasonable and neccessary expenses of the policyholder is compensated by the Company. This insurance also covers unfair claims against the policyholders.

Motor Vehicles

Insurance on motor vehicles covers the following dangers related with vehicles. It is possible to widen policy scope for accessories or audio, display and communication devices which are not included in standard version of the vehicle by specifying on the insurance policy.

- Accident with the motorized or non-motorized vehicles which used in high-ways,
- Crash with fixed or moving items without desire of the driver or accidents due to crash, capsize, fall or tumble
- The actions of third parties resulted from bad intention or mischief,
- Burn,
- Theft or attempted theft.

Health

Insurance on health compensates treatment costs of illnesses or accidental injuries during the period of insurance and, if any, daily allowances in this general framework with special conditions up to the amount written in the policy. Geographical limits of the insurance are stated in the policy.

Geographical segment

The main geographical segment which the Company operates is Turkey. Hence, the Company has not disclosed report on geographical segments.

	Fire	Transportation	Accident	Engineering	Other	Unallocated	Total
1 January - 31 December 2014							
1- Earned Premiums (Net of Reinsurer Share)	11.727.944	6.293.193	142.766.498	8.677.526	1.874.466	--	171.339.627
1.1- Written Premiums (Net of Reinsurer Share)	11.963.655	6.452.219	137.351.825	11.764.213	2.528.843	--	170.060.755
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	(455.391)	124.570	3.459.199	(3.086.687)	(654.377)	--	(612.686)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	219.680	(283.596)	1.955.474	--	--	--	1.891.558
2- Other Technical Income (Net of Reinsurer Share)	521.942	589.804	(12.415.739)	297.380	-663.516	--	(11.670.129)
Technical Income (*)	**12.249.886**	**6.882.997**	**130.350.759**	**8.974.906**	**1.210.950**		**159.669.498**
1- Incurred Losses (Net of Reinsurer Share)	(5.508.080)	(2.259.734)	(97.850.494)	(6.606.972)	(822.541)	--	(113.047.821)
1.1- Claims Paid (Net of Reinsurer Share)	(5.929.230)	(1.231.930)	(88.272.198)	(6.650.108)	(722.305)	--	(102.805.771)
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	421.150	(1.027.804)	(9.578.296)	43.136	(100.236)	--	(10.242.050)
2- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	(167.694)	(35.762)	(19.299.009)	2.527.239	2.399.619	--	(14.575.608)
Technical Expense	**(5.675.774)**	**(2.295.496)**	**(117.149.503)**	**(4.079.733)**	**1.577.078**		**(127.623.428)**
Investment Income	--	--	--	--	--	21.345.895	21.345.895
Personnel Expenses	--	--	--	--	--	(19.809.482)	(19.809.482)
Administrative Expense	--	--	--	--	--	(16.731.896)	(16.731.896)
Other and Investment Expense (*)	--	--	--	--	--	(14.473.851)	(14.473.851)
Net loss							**2.376.736**

(*) Investment income transferred to non-technical section from technical section amounting to TL 12.762.126 is not included.

	Fire	Transportation	Accident	Engineering	Other	Unallocated	Total
1 January - 31 December 2013							
1- Earned Premiums (Net of Reinsurer Share)	8.556.676	6.995.546	144.290.333	6.690.433	1.174.656	--	167.707.643
1.1-Written Premiums (Net of Reinsurer Share)	10.430.510	6.986.905	152.208.879	9.144.444	1.188.041	--	179.958.779
1.2-Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	(1.654.154)	26.512	(4.379.341)	(2.454.011)	(13.386)	--	(8.474.380)
1.3-Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	(219.680)	(17.871)	(3.539.205)	--	--	--	(3.776.756)
2- Other Technical Income (Net of Reinsurer Share)	2.059.150	840.677	890.672	(187.722)	(854.590)	--	2.748.187
Technical Income (*)	**10.615.825**	**7.836.223**	**145.181.005**	**6.502.711**	**320.065**		**- 170.455.830**
1- Incurred Losses (Net of Reinsurer Share)	(5.846.921)	(1.232.363)	(102.962.296)	(4.011.652)	(621.582)	--	(114.674.814)
1.1-Claims Paid (Net of Reinsurer Share)	(4.850.426)	(1.643.067)	(89.136.291)	(2.991.921)	(578.382)	--	(99.200.087)
1.2-Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	(996.495)	410.704	(13.826.005)	(1.019.731)	(43.200)	--	(15.474.727)
2- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	(470.752)	(319.018)	(22.954.480)	5.501.486	463.913	--	(17.778.851)
Technical Expense	**(6.317.673)**	**(1.551.382)**	**(125.916.776)**	**1.489.834(**	**157.668)**		**-- (132.453.665)**
Investment Income	--	--	--	--	--	19.933.664	19.933.664
Personnel Expenses	--	--	--	--	--	(18.038.208)	(18.038.208)
Administrative Expense	--	--	--	--	--	(14.806.617)	(14.806.617)
Other and Investment Expense (*)	--	--	--	--	--	(16.525.575)	(16.525.575)
Net loss							**8.565.429**

(*) Investment income transferred to non-technical section from technical section amounting to TL 7.542.540 TL is not included.

6- Tangible Assets

Movements in tangible assets in the period from 1 January to 31 December 2014 are presented below:

	1 January 2014	Addition	Revaluation Difference	Disposals	31 December 2014
Cost:					
Buildings for own use	32.599.305	-	9.351.396	-	41.950.701
Furniture and fixtures	2.993.294	692.075	-	(204.872)	3.480.497
Motor Vehicles	1.871.888	440.740	-	(54.017)	2.258.611
Other tangible assets (including leasehold improvements)	2.281.345	-	-	-	2.281.345
Leased tangible assets	914.348	-	-	(73.279)	841.069
	40.660.180	**1.132.815**	**9.351.396**	**(332.168)**	**50.812.223**
Accumulated depreciation:					
Buildings for operational use	(1.866.582)	(952.269)	2.770.301	-	(48.550)
Furniture and fixtures	(2.556.813)	(259.040)	-	200.244	(2.615.609)
Motor vehicles	(490.998)	(434.778)	-	38.712	(887.064)
Other tangible assets (including leasehold improvements)	(2.154.597)	(53.699)	-	-	(2.208.296)
Leased tangible assets	(887.744)	(23.230)	-	73.279	(837.695)
	(7.956.734)	**(1.723.016)**	**2.770.301**	**312.235**	**(6.597.214)**
Carrying amounts	**32.703.446**				**44.215.009**

The Company's buildings for own use are revalued. "Headquarter Building" located in İstanbul and İzmir Office" buildings are presented in financial statements at the amounts determined in the expertise report dated 1 December 2014, is appraised by independent appraisal experts authorized by Capital Markets Board of Turkey using sales comparison method. The Company's buildings for own use are designated as "Level 2" as fair value.

	31 December 2014 Net Book Value	31 December 2013 Net Book Value
Headquarter Building	40.700.000	31.450.000
İzmir Office	1.160.000	1.070.000
Other buildings	88.845	79.305
Lend	1.856	-
Depreciation	(48.550)	(1.866.582)
Net book value after increasing in value	**41.902.151**	**30.732.723**

Revaluation surplus arising from fair value measurement in buildings is recorded in "Other Capital Reserves" under equity by taking into account the effects of deferred tax. Decreases after revaluation arising from fair value measurement in buildings is subtracted from related assets "Other Capital Reserves" under Shareholders' Equity by comparing on the basis of account. Decreases after revaluation of the assets with no balances in "Other Capital Reserves" under Shareholders' Equity is associated with profit / loss accounts.

Revaluation movement of property for own use in accordance with fair value method as of 31 December 2014 and 2013;

	31 December 2014	31 December 2013
Valuation increase at the begining of period (Note 15)	15.071.637	15.533.583
Fair value increase due to revaluation (Note 15)	12.121.697	-
Tax effect	(2.424.337)	-
Current year depreciation depreciation	(488.890)	(461.946)
Revaluation increase at the end of period (Note 15)	**24.280.107**	**15.071.637**

Movements in tangible assets in the period from 1 January to 31 December 2013 are presented below:

	1 January 2013	Additions	Disposals	31 December 2013
Cost:				
Buildings for own use	32.599.305	--	--	32.599.305
Furniture and fixtures	3.107.617	264.202	(378.525)	2.993.294
Motor Vehicles	989.757	930.125	(47.994)	1.871.888
Other tangible assets (including leasehold improvements)	2.281.345	--	--	2.281.345
Leased tangible assets	1.425.981	--	(511.633)	914.348
	40.404.005	**1.194.327**	**(938.152)**	**40.660.180**
Accumulated depreciation:				
Buildings for own use	(946.134)	(920.448)	--	(1.866.582)
Furniture and fixtures	(2.717.313)	(215.787)	376.287	(2.556.813)
Motor vehicles	(233.859)	(305.133)	47.994	(490.998)
Other tangible assets (including leasehold improvements)	(2.054.681)	(99.916)	--	(2.154.597)
Leased tangible assets	(1.288.543)	(75.083)	475.882	(887.744)
	(7.240.530)	**(1.616.367)**	**900.163**	**(7.956.734)**
Carrying amounts	**33.163.475**			**32.703.446**

There is not any change in depreciation method in the current period.

There is not any mortgage over tangible assets of the Company as at 31 December 2014 and 31 December 2013.

7- Investment Properties

There is no investment property.

8- Intangible Assets

Movements in intangible assets in the period from 1 January to 31 December 2014 are presented below:

	1 January 2014	Additions	Disposals	31 December 2014
Cost:				
Rights	5.026.300	829.846	-	5.856.146
	5.026.300	**829.846**	**-**	**5.856.146**
Accumulated amortization:				
Rights	(4.238.895)	(607.136)	-	(4.846.031)
	(4.238.895)	**(607.136)**	**-**	**(4.846.031)**
Carrying amounts	**787.405**			**1.010.115**

Movements in intangible assets in the period from 1 January to 31 December 2013 are presented below:

	1 January 2013	Additions	Disposals	31 December 2013
Cost:				
Rights	4.399.861	626.439	--	5.026.300
	4.399.861	**626.439**	**--**	**5.026.300**
Accumulated amortization:				
Rights	(3.784.226)	(454.669)	--	(4.238.895)
	(3.784.226)	**(454.669)**	**--**	**(4.238.895)**
Carrying amounts	**615.635**			**787.405**

9- Investments in Associates

In 7 June 2012, Risk Ekspert Risk Danışmanlık Hizmetleri Limited Company has been founded with 30% partnership of the company as it was registered in "Ticari Sicil Gazetesi". As of 31 December 2014 and 2013, the Company's share amount is accounted with acquisition cost as it has been predicted in accordance with Consolidation Communique. Since the mentioned affiliate's total asset amount is lower than 1% of the Company's total asset amount.

	31 December 2014		31 December 2013	
	Carrying value	Participation rate	Carrying value	Participation rate
Tarım Sigortaları Havuz İşlt. AŞ	211.320	%4,00	125.125	%4,17
Risk Expert Risk ve Hasar Danışmanlığı Ltd. Şti.	15.000	%30,00	15.000	%30,00
Investments in Associates, Net	**226.320**		**140.125**	

	Total assets	Share-holders' equity	Retained earnings	Profit for the period	Audited or not	Period
Tarım Sigortaları Havuz İşlt. AŞ	10.285.518	7.179.018	-	1.134.334	Not	31 December 2014
Risk Expert Risk ve Hasar Danışmanlığı Ltd. Şti.	106.706	63.989	(41.046)	55.034	Not	31 December 2014

10- Reinsurance Assets and Liabilities

As at 31 December 2014 and 31 December 2013, reinsurance assets and liabilities of the Company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	**31 December 2014**	**31 December 2013**
Reserve for unearned premiums, ceded (Note 17)	114.006.271	99.746.577
Provision for outstanding claims, ceded (Note 17)	157.926.342	99.147.509
Commission income accrual from reinsurers and receivables due to paid claims (Note 12)	3.481.940	3.791.866
Total	**275.414.553**	**202.685.952**

There is no value decrease for reinsuarance assets.

Reasuarance Liabilities	**31 December 2014**	**31 December 2013**
Commission debts related to written premiums to reinsurance companies (Note 19)	23.032.916	46.631.492
Depository from reasurance company (Note 19)	19.718.785	230.658
Total	**42.751.701**	**46.862.150**

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

	31 December 2014	**31 December 2013**
Premiums ceded during the period (Note 17)	(202.200.215)	(168.149.276)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(99.746.577)	(77.506.441)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	114.006.271	99.746.577
Premiums earned, ceded (Note 17)	**(187.940.521)**	**(145.909.140)**
Claims paid, ceded during the period (Note 17)	81.718.403	39.053.705
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(99.147.509)	(70.156.380)
Provision for outstanding claims, ceded at the end of the period (Note 17)	157.926.342	99.147.509
Claims incurred, ceded (Note 17)	**140.497.236**	**68.044.834**
Commission income accrued from reinsurers during the period (Note 32)	42.771.807	36.333.653
Deferred commission income at the beginning of the period (Note 19)	23.744.612	19.625.374
Deferred commission income at the end of the period (Note 19)	(26.430.820)	(23.744.613)
Commission income earned from reinsurers (Note 32)	**40.085.599**	**32.214.414**
Total, Net	**(7.357.686)**	**(45.649.892)**

11- Financial Assets

As at 31 December 2014 and 31 December 2013, the Company's financial assets are as follows:

	31 December 2014	31 December 2013
Held to maturity financial assets	5.015.524	4.974.236
Financial assets held for trading	14.878.385	10.268.825
Total	**19.893.909**	**15.243.061**

As at 31 December 2014 and 31 December 2013, the Company's financial assets held for trading are as follows:

	31 December 2014			
	Face Value	Cost	Fair Value	Carrying Value
Debt instruments:				
Government bonds – TL	13.600.000	8.409.481	14.181.721	14.181.721
	13.600.000	**8.409.481**	**14.181.721**	**14.181.721**
Other non-fixed income financial assets:				
Equity shares	92.126	631.975	696.664	696.664
	92.126	**631.975**	**696.664**	**696.664**
Total financial assets held for trading (Note 4.2)	**13.692.126**	**9.041.456**	**14.878.385**	**14.878.385**

	31 December 2013			
	Face Value	Cost	Fair Value	Carrying Value
Debt instruments:				
Government bonds – TL	10.200.000	10.104.146	10.010.615	10.010.615
	10.200.000	**10.104.146**	**10.010.615**	**10.010.615**
Other non-fixed income financial assets:				
Equity shares	54.456	316.583	258.210	258.210
	54.456	**316.583**	**258.210**	**258.210**
Total financial assets held for trading (Note 4.2)	**10.254.456**	**10.420.729**	**10.268.825**	**10.268.825**

As at 31 December 2014 and 31 December 2013, the Company's financial assets held to maturity are as follows:

	31 December 2014			
	Face Value	Cost	Fair Value	Carrying Value
Debt instruments:				
Government bonds – TL	5.277.268	5.000.000	5.243.367	5.015.524
Total financial assets held to maturity	**5.277.268**	**5.000.000**	**5.243.367**	**5.015.524**

	31 December 2013			
	Face Value	Cost	Fair Value	Carrying Value
Debt instruments:				
Government bonds – TL	5.277.268	5.000.000	4.990.075	4.974.236
Total financial assets held to maturity	**5.277.268**	**5.000.000**	**4.990.075**	**4.974.236**

All debt instruments (financial assets held to maturity) presented above are publicly traded in active markets and the fair value of financial assets.

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

There is no financial asset that is overdue but not impaired among the Company's financial investments portfolio.

Movements of the financial assets during the period are presented below:

	31 December 2014		
	Trading	Held to maturity	Total
Balance at the beginning of the period	**10.268.825**	**4.974.236**	**15.243.061**
Acquisitions during the period	135.595.928	-	135.595.928
Disposals (sale and redemption)	(131.403.940)	-	(131.403.940)
Change in the fair value of financial assets	417.572	41.288	458.860
Balance at the end of the period	**14.878.385**	**5.015.524**	**19.893.909**

	31 December 2013		
	Trading	Held to maturity	Total
Balance at the beginning of the period	**3.845.375**	**-**	**3.845.375**
Acquisitions during the period	38.327.943	5.000.000	43.327.943
Disposals (sale and redemption)	(31.721.083)	-	(31.721.083)
Change in the fair value of financial assets	(183.410)	(25.764)	(209.174)
Balance at the end of the period	**10.268.825**	**4.974.234**	**15.243.061**

Financial assets blocked in favour of the Turkish Treasury as a guarantee for the insurance activities are as follows.

	31 December 2014			
	Face Value	Cost	Fair Value	Carrying Value
Held to maturity financial assets (Note 17)	5.277.268	5.000.000	5.243.367	5.015.524
Total	**5.277.268**	**5.000.000**	**5.243.367**	**5.015.524**

	31 December 2013			
	Face Value	Cost	Fair Value	Carrying Value
Available for sale financial assets (Note 17)	5.277.268	5.000.000	4.990.075	4.974.236
Total	**5.277.268**	**5.000.000**	**4.990.075**	**4.974.236**

12- Loans and Receivables

	31 December 2014	31 December 2013
Receivables from main operations (Note 4.2)	95.964.545	113.565.167
Other current assets (Note 4.2)	2.312.725	1.542.120
Other receivables (Note 4.2)	131.177	520.056
Receivables from related parties (Note 4.2)	34.047	18.798
Total	**98.442.494**	**115.646.141**

As at 31 December 2014 and 31 December 2013, the details of the receivables from main operations are as follows:

	31 December 2014	31 December 2013
Receivables from agencies, brokers and intermediaries	65.854.502	82.190.012
Receivebles from guaranteed credit card	17.391.906	18.694.550
Receivebles from policyholders	4.991.030	4.949.833
Salvage and subrogation receivables	3.728.324	5.102.433
Receivables from reinsurance companies (Note 10)	3.481.940	3.791.866
Other receivebles	9.213	9.213
Doubtful receivables from insurance operations – subrogation receivables(Note 4.2)	(637.611)	(1.172.740)
Total receivables from insurance operations, net	**94.819.304**	**113.565.167**
Doubtful receivables from main operations – premium receivables	46.248.752	41.848.035
Provisions for doubtful receivables from main operations – premium receivables (Note 4.2)	(45.103.511)	(41.848.035)
Esas faaliyetlerden alacaklar	**95.964.545**	**113.565.167**

As at 31 December 2014 and 31 December 2013, the details of mortgages and other guarantees for the Company's receivables are presented below:

	31 December 2014	31 December 2013
Mortgage notes	21.246.208	21.589.508
Letters of guarantees	10.784.760	9.858.491
Public securities	72.272	70.977
Cash	793.888	911.020
Colleteral Cheques	1.785.165	1.799.296
Colleteral bills	2.790.363	3.771.497
Other guarentees	1.106.116	1.348.397
Total	**38.578.772**	**39.349.186**

Provisions for overdue receivables and receivables not due yet

a) Receivables under legal or administrative follow up (due): TL 10.279.566 (31 December 2013: TL 10.394.114).
b) Provision for subrogation receivables under legal or administrative follow up: TL 34.823.945 (31 December 2013: TL 31.453.921).
c) Doubtful receivables from insurance operations – subrogation receivables; TL 637.611 (31 December 2013: TL 1.172.740)

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in note 45 – Related party transactions.

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in Note 4.2– Financial risk management.

13- Derivative Financial Instruments

As at 31 December 2014, the Company does not have derivative financial instruments (31 December 2013: None).

14- Cash and Cash Equivalents

As at 31 December 2014 and 31 December 2013, cash and cash equivalents are as follows:

	31 December 2014		31 December 2013	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	39.326	34.501	34.501	37.833
Cheques received	12	5.352	5.352	24.018
Banks	164.107.105	146.374.111	146.374.111	117.631.652
Other	38.005.179	34.516.206	34.516.206	29.271.613
Cash and cash equivalents in the balance sheet	**202.151.622**	**180.930.170**	**180.930.170**	**146.965.116**
Interest accruals on banks deposits	(1.603.103)	(1.211.930)	(1.211.930)	(831.853)
Bank deposits – blocked (*) (Note 17)	(32.972.923)	(31.101.691)	(31.101.691)	(36.110.812)
Cash and cash equivalents in the statement of cash flows	**167.575.596**	**148.616.549**	**148.616.549**	**110.022.451**

(*) As at 31 December 2014 and 31 December 2013 cash collateral kept in favour of the Turkish Treasury and TARSİM as a guarantee for the insurance activities.

As at 31 December 2014 and 31 December 2013, bank deposits are further analyzed as follows:

	31 December 2014	31 December 2013
Foreign currency denominated bank deposits		
- demand deposits	1.129.919	3.432.080
- time deposits	4.037.015	7.635.907
Bank deposits in Turkish Lira		
- demand deposits	3.529.976	2.494.645
- time deposits	155.410.195	132.811.479
Bank deposits	**164.107.105**	**146.374.111**

15- Equity

Paid in capital

The shareholder having direct or indirect control over the shares of the Vienna Insurance Group.

The Company does not increase its share capital in the current period.

As at 31 December 2014, the issued share capital of the Company is TL 163.069.856 (31 December 2013: TL 163.069.856) and The Company unregistered Group A shares as of 11 April 2013 in which approved in Main Article of the Company dated in 11 April 2013. The share capital of the Company consists of 16.306.985.600 (31 December 2013: 16.306.985.600 shares) issued shares with TL 0.01 nominal value each.

Other capital reserves

In accordance with "TAS 16 – Tangible Assets", the Company accounts for property for operational use using the revaluation model. Increases in the carrying amounts arising on revaluation pf 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 ravalued carrying amount of the asset (charged to the statement of income) and the depreciation based on the asset's origial cost is transferred revaluation increases arising from the revaluation of property for operational use are not allowed to be used in capital increases.

In accordance with the 4 July 2007 dated and 2007/3 numbered Compliance Circular issued by the Turkish Treasury, it was stated that the companies would not further provide earthquake provision for the year 2007. However, it was also stated that earthquake provisions provided in previous periods (earthquake provision in the financial statements as at 31 December 2006) should be transferred to the reserve accounts under equity in accordance with the 5th Temporary Article of the Insurance Law. The companies had to transfer total amount of provisions, including earthquake provisions reserved as at 31 December 2006 and related gains obtained from investment of these amounts, to the account called as "549.01 – transferred earthquake provisions" which would be opened as at 1 September 2007 within Uniform Chart of Account and the reserves amount should not be subject to dividend distribution or should not be transferred to other accounts.

Other capital reserves distrubution is presented below;

	31 December 2014	31 December 2013
Revaluation fund	24.280.107	15.071.637
Earthquake provision transferred to profit reserve	9.265.403	9.265.403
Actuarial losses, net of tax effect (-)	(1.191.146)	(369.538)
Other capital reserves at the end of the period	**32.354.364**	**23.967.502**

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

16- Other Reserves And Equity Component Of DPF

As at 31 December 2014 and 31 December 2013, change in fair values of available-for-sale financial assets which is presented as "valuation of financial assets" and earthquake provisions provided in the previous years presented under "other profit reserves" are explained in detail in Note 15 – Equity above. As at 31 December 2014 and 31 December 2013, the Company does not hold any insurance or investment contracts which contain a DPF.

17- Insurance Contract Liabilities and Reinsurance Assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in **Note 2 – Summary of significant accounting policie.**

As at 31 December 2014 and 31 December 2013, technical reserves of the Company are as follows:

	31 December 2014	31 December 2013
Reserve for unearned premiums, gross	215.918.488	199.760.887
Reserve for unearned premiums, ceded (Note 10)	(114.006.271)	(99.746.577)
Reserve for unearned premiums, SSI share	(4.256.872)	(2.971.651)
Reserves for unearned premiums, net	**97.655.345**	**97.042.659**
Provision for outstanding claims, gross	256.616.854	187.595.971
Provision for outstanding claims, ceded (Note 10)	(157.926.342)	(99.147.509)
Provision for outstanding claims, net	**98.690.512**	**88.448.462**
Equalization provision, net	5.284.018	4.220.020
Provision unexpired risk reserve, net	2.109.126	4.000.684
Other technical provisions, net	**7.393.144**	**8.220.704**
Total technical provisions, net	**203.739.001**	**193.711.825**
Short-term	187.898.603	182.508.148
Medium and long-term	15.840.398	11.203.677
Total technical provisions, net	**203.739.001**	**193.711.825**

As at 31 December 2014 and 31 December 2013, movements of the insurance liabilities and related reinsurance assets are presented below:

Reserve for unearned premiums	**31 December 2014**			
	Gross	**Reasuror share**	**SSI share**	**Net**
Reserve for unearned premiums at the beginning of the period	199.760.887	(99.746.577)	(2.971.651)	97.042.659
Premiums written during the period	380.025.291	(202.200.215)	(7.764.321)	170.060.755
Premiums earned during the period	(363.867.690)	187.940.521	6.479.100	(169.448.069)
Reserve for unearned premiums at the end of the period	**215.918.488**	**(114.006.271)**	**(4.256.872)**	**97.655.345**

Reserve for unearned premiums	**31 December 2013**			
	Gross	**Reasuror share**	**SSI share**	**Net**
Reserve for unearned premiums at the beginning of the period	133.366.677	(59.808.832)	2.546.658	76.104.503
Premiums written during the period	354.298.992	(168.149.276)	(6.190.937)	179.958.779
Premiums earned during the period	(287.904.782)	128.211.530	672.629	(159.020.623)
Reserve for unearned premiums at the end of the period	**199.760.887**	**(99.746.577)**	**(2.971.651)**	**97.042.659**

	31 December 2014		
Provision for outstanding claims	**Gross**	**Ceded**	**Net**
Provision for outstanding claims at the beginning of the period	187.595.971	(99.147.509)	88.448.462
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	253.545.057	(140.497.236)	113.047.821
Claims paid during the period	(184.524.174)	81.718.403	(102.805.771)
Provision for outstanding claims at the end of the period	**256.616.854**	**(157.926.342)**	**98.690.512**

	31 December 2013		
Provision for outstanding claims	**Gross**	**Ceded**	**Net**
Provision for outstanding claims at the beginning of the period	128.059.147	(64.501.520)	63.557.627
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	197.790.616	(73.699.694)	124.090.922
Claims paid during the period	(138.253.792)	39.053.705	(99.200.087)
Provision for outstanding claims at the end of the period	**187.595.971**	**(99.147.509)**	**88.448.462**

Claim development tables

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

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

31 December 2014

Claim year	**2008**							
Claim year	144.110.646	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
1 year later	54.747.640	163.778.390	137.771.162	140.321.021	136.643.044	132.333.394	225.840.918	1.080.798.575
2 years later	27.344.201	38.731.528	34.161.108	35.456.718	41.112.935	45.085.065	--	249.294.994
3 years later	27.327.187	43.387.323	15.790.881	20.282.534	25.005.288	--	--	131.810.226
4 years later	26.864.436	15.626.929	12.959.415	20.899.066	--	--	--	76.812.597
5 years later	28.191.933	11.379.653	18.124.780	--	--	--	--	56.368.869
6 years later	29.989.055	11.828.244	--	--	--	--	--	40.020.177
Total gross incurred claims	**338.575.098**	--	--	--	--	--	--	29.989.055
		284.732.067	**218.807.346**	**216.959.339**	**202.761.267**	**177.418.459**	**225.840.918**	**1.665.094.493**

31 December 2013

Claim year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**
Claim year	138.441.003	141.758.178	148.059.817	134.647.786	113.665.455	126.589.649	129.681.901	932.843.789
1 year later	38.018.999	34.774.727	32.999.306	30.284.400	31.096.882	33.028.130	--	200.202.444
2 years later	8.234.576	6.055.568	39.206.794	9.587.090	16.159.233	--	--	79.243.261
3 years later	6.834.723	6.548.076	11.718.153	8.873.279	--	--	--	33.974.231
4 years later	6.481.451	5.142.370	7.077.475	--	--	--	--	18.701.296
5 years later	4.506.057	5.439.901	--	--	--	--	--	9.945.958
6 years later	4.534.847	--	--	--	--	--	--	4.534.847
Total gross incurred claims	**207.051.656**	**199.718.820**	**239.061.545**	**183.392.555**	**160.921.570**	**159.617.779**	**129.681.901**	**1.279.445.826**

Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

	31 December 2014		
	Should be placed (**)	**Placed (*)**	**Carrying amount**
Non-life:			
Bank deposits (Note 14)		31.675.647	31.675.647
Financial assets (*) (Note 11)		5.015.524	5.015.524
Total	**30.590.963**	**36.691.171**	**36.691.171**

	31 December 2013		
	Should be placed (**)	**Placed (*)**	**Carrying amount**
Non-life:			
Bank deposits (Note 14)		29.905.358	29.905.358
Financial assets (*) (Note 11)		4.974.236	4.974.236
Total	**32.313.507**	**34.879.594**	**34.879.594**

(*) "As at 31 December 2014 and 31 December 2013, government bonds and treasury bills are measured at daily official prices announced by the Central Bank of Turkey in accordance with the 6th Article of "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies.

(**) "According to the 7th article of the "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies" which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to "Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies", companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Turkish Treasury Department within two months. Since the amounts that should be placed as of 31 December 2014 (31 December 2013) will be through the calculated amounts as of 31 December 2014 (31 December 2013), the settled amounts as of June is presented as "should be placed" amounts.

Company's number of life insurance policies, additions, disposals during the period and the related mathematical reserves

None.

Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None.

Distribution of mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period

None.

Deferred commission expenses

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As at 31 December 2014, short-term prepaid expenses amounting to TL 35.098.088 (31 December 2013: TL 32.657.938) consist of deferred commission expenses amounting to TL 33.648.322 (31 December 2013: TL 30.627.911) and other prepaid expenses amounting to TL 1.449.766 TL (31 December 2013: TL 2.030.027 TL).

As at 31 December 2014 and 31 December 2013, the movements of deferred commission expenses are presented below:

	31 December 2014	**31 December 2013**
Deferred commission expenses at the beginning of the period	30.627.911	25.255.949
Commissions accrued during the period	56.617.618	53.815.735
Commissions expensed during the period (Note 32)	(53.597.207)	(49.116.355)
Deferred commission expenses at the end of the period	**33.648.322**	**30.627.911**

Individual pension funds
None.

18- Investment Contract Liabilities

None.

19- Trade And Other Payables And Deferred Income

	31 December 2014	31 December 2013
Payables from main operations	44.378.688	48.253.804
Short-term deferred income (Note 10)	26.430.820	23.744.612
Taxes and funds payable and other similar obligations	4.951.287	4.678.107
Other payables	2.792.992	1.894.757
Payables to SSI	4.715.133	6.460.740
Total	**83.268.920**	**85.032.020**
Short-term liabilities	83.268.920	85.032.020
Long-term liabilities	-	-
Total	**83.268.920**	**85.032.020**

Payables arising from main operations of the Company as at 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
Payables to reinsurance companies (Note 10)	23.032.916	46.631.492
Payables to agencies, brokers and intermediaries	1.626.987	1.391.654
Total payables arising from insurance operations	**24.659.903**	**48.023.146**
Cash deposited by insurance and reinsurance companies (Note 10)	19.718.785	230.658
Payables arising from main operations	**44.378.688**	**48.253.804**

Total amount of investment incentives which will be benefited in current and forthcoming periods
None.

20- Financial Liabilities

The Company has no financial liabilities as at 31 December 2014 (31 December 2013: TL 55).

21- Deferred Tax

As at 31 December 2014 and 31 December 2013, deferred tax assets and liabilities are attributable to the following:

	31 December 2014	31 December 2013
	Deferred tax assets /(liabilities)	Deferred tax assets /(liabilities)
Deferred tax effect of previous periods tax losses (Note 2.18)	2.918.724	3.770.174
Equalization provision	917.826	746.487
Reserve for unexpired risks	421.825	800.137
Provisions for employee termination benefits and unused vacations	659.432	449.434
Provision for subrogation receivables	91.210	145.252
Difference in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(6.094.184)	(3.756.875)
Doubtful receivables provision	36.312	89.296
Chain difference	664.267	585.165
Lawsuit provision	48.343	30.098
Other provisions	(116.464)	78.497
Deferred tax assets, net	**(452.709)**	**2.937.665**

Deferred income tax assets are recognised to the extent that it is probable that future taxableprofit 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 utilitized with budgeted profits. In the respect, as of 31 December 2014, the Company has calculated a deferred tax asset amounting to TL 14.593.619 (31 December 2013: TL 18.850.868) over deductible tax losses amounting to TL 2.918.724 (31 December 2013: TL 3.770.174). In addition Company has not reconized a deferred tax asset amountin to TL 14.593.619 (31 December 2013: TL 33.235.595) as of 31 December 2014. The maturity analysis of the deductabletax losses out of which the deferred tax asset has not been recognized is as follow:

Expiration date	31 December 2014	31 December 2013
31 December 2014		18.641.976
31 December 2015	10.997.041	10.997.041
31 December 2016	3.596.578	3.596.578
Total	**14.593.619**	**33.235.595**

22- Retirement Benefit Obligations

None.

23- Other Liabilities And Provisions

As at 31 December 2014 and 31 December 2013; the details of the provisions for expense accruals are as follows:

	31 December 2014	31 December 2013
Provision for unused vacation pay liability	1.091.531	840.011
Personnel bonus provision	830.000	1.740.150
Provision for lawsuits	241.717	150.489
Provision for expense accruals	**2.163.248**	**2.730.650**

Movements of provision for employee termination benefits during the period are presented below:

	31 December 2014	31 December 2013
Provision at the beginning of the period	1.407.159	1.234.974
Interest and service cost (Note 47)	299.570	17.719
Payments made during the period (Note 47)	(528.109)	(307.457)
Actuarial difference (Note 15)	1.027.010	461.923
Provision at the end of the period	**2.205.630**	**1.407.159**

24- Net Insurance Premium

Net insurance premium revenue is presented in detailed in the accompanying statement of income.

25- Fee Revenue

None.

26- Investment Income

Investment income is presented in "Note 4.2 – **Financial Risk Management**.

27- Net Income Accrual On Financial Assets

Net realized gains on financial assets are presented in "Note 4.2 – **Financial Risk Management**.

28- Assets Held At Fair Value Through Profit Or Loss

Presented in "Note 4.2 – **Financial Risk Management**".

29- Insurance Rights And Claims

	31 December 2014	31 December 2013
Claims paid, net off reinsurers' share	(102.805.771)	(99.200.087)
Changes in reserve for unearned premiums, net off reinsurers' share	(612.686)	(38.253.792)
Changes in provision for outstanding claims, net off reinsurers' share	(10.242.050)	39.053.705
Change in equalization provisions	(1.063.998)	(15.474.727)
Changes in reserve for unexpired risks, net off reinsurers' share	1.891.558	(44.465.856)
Total	**(112.832.947)**	**(158.340.757)**

30- Investment Contract Benefits

None.

31- Other Expenses

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

32- Operating Expenses

The operating expenses are disclosed as follows:

	31 December 2014	31 December 2013
Commission expenses (Note 17)	53.597.207	49.116.355
Employee benefit expenses (Note 33)	19.809.482	18.038.208
Commission income from reinsurers (Note 10)	(40.085.599)	(32.214.414)
Administration expenses	3.319.494	2.676.086
Advertising and marketing expenses	2.002.837	2.177.136
Communication and information technologies expenses	5.013.706	4.023.648
Other expenses	6.395.859	5.929.747
Total	**50.052.986**	**49.746.766**

33- Employee Benefits Expenses

	31 December 2014	31 December 2013
Wages and salaries	14.761.591	13.557.841
Employer's share of social security premium	2.268.101	2.018.013
Bonus payments	1.686.712	1.747.596
Severance and notice payments	602.733	441.491
Social Benefits	490.345	273.267
Total	**19.809.482**	**18.038.208**

34- Financial Costs

Finance costs of the period are presented in "Note 4.2 – **Financial Risk Management**" above. There are no finance costs classified in production costs or capitalized on tangible assets. All financial costs are directly recognised as expense in the statement of income.

35- Income Tax

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

	31 December 2014	31December 2013
Deferred taxes:		
Origination and reversal of temporary differences	(1.171.436)	1.965.225
Total income tax expense recognised in profit or loss	**(1.171.436)**	**1.965.225**

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	31 December 2014		31 December 2013	
		Tax rate		Tax rate
Profit before tax	**3.548.172**	**%**	**6.600.204**	**%**
Taxes on income per statutory tax rate	(709.634)	(20,00)	(1.320.041)	(20,00)
Other	(461.802)	(13,02)	3.285.266	49,78
Total tax income recognized in profit or loss	**(1.171.436)**	**(33,02)**	**1.965.225**	**29,78**

36- Net Foreign Exchange Gains

Net foreign exchange gains are presented in "Note 4.2 – **Financial Risk Management**" above.

37- Earnings Per Share

Earnings per share are calculated by dividing net profit of the period to the weighted average number of shares.

	31 December 2014	31 December 2013
Net profit / (loss) for the period	2.376.736	8.565.429
Weighted average number of shares	16.306.985.600	16.306.985.600
Earing per share (TL)	0,0146	0,0525

38- Dividends Per Share

The company did not perform profit distribution in years of 2013 and 2014.

39- Cash Generated From Operations

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

40- Convertible Bonds

None.

41- Redeemable Preference Shares

None.

42- Risks

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

As at 31 December 2014, total amount of the claims that the Company face is TL 134.077.619 in gross (31 December 2013: TL 113.079.884). The Company provided provision for outstanding claims in the financial statements by considering collateral amounts.

As at 31 December 2014, ongoing law suits prosecuted by the Company against the third parties amounting TL 46.248.752 (31 December 2013: TL 43.158.360).

As a result of investigation conducted by the Ministry of Finance Tax Audit Board, tax penalty, which is amounting to TL 4.216.511, is announced by reason to tax salvage operations not subject to the Banking and Insurance Transactions Tax for 2009-2010-2011-2012 . The Company has not made any provision for this tax penalty because of thinking that the Company's operations are in line with the local regulations.

43- Commitments

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

	31 December 2014	31 December 2013
Within one year	724.990	875.514
Between one to five years	104.940	-
Total of minimum lease payments	**829.930**	**875.514**

44- Business Combinations

None.

45- Related Party Transactions

The ultimate controlling party of the Company is VIG Group and the affiliates and associates of VIG Group are defined as related parties of the Company.

The related party balances as of 31 December 2014 and 31 December 2013 are as follows:

	31 December 2014	31 December 2013
VIG Holding	3.119.048	8.991.965
VIG Re	1.840.585	3.418.337
Kooperativa	-	1.311.713
Other	629.861	195.701
Payables from main operations	**5.589.494**	**13.917.716**
VIG Re	32.076.519	16.771.315
VIG Holding	28.954.461	16.791.368
Kooperativa	834.053	1.341.622
Other	4.813.994	485.596
Technical Provisions	**66.679.027**	**35.389.901**
VIG Re	4.649.758	2.918.857
VIG Holding	3.926.616	2.846.057
Other	52.732	102.213
Deferred Commission Income	**8.629.106**	**5.867.127**

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables from shareholders, subsidiaries and joint ventures.

No guarantees, commitments, guarantee letters, advances and endorsements given in favour of shareholders, associates and subsidiaries.

The transactions with related parties during the year ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
VIG Re	31.122.107	14.903.201
VIG Holding	29.908.966	19.830.979
Other	3.077.791	761.972
Premiums written, ceded	**64.108.864**	**35.496.152**
VIG Re	7.210.944	4.433.080
VIG Holding	6.626.918	5.106.422
Other	154.759	61.517
Commissions Received	**13.992.621**	**9.601.019**
VIG Re	12.152.123	5.893.583
VIG Holding	12.016.012	2.584.971
Other	1.577.418	23.869
Reinsurers' share on paid claims	**25.745.553**	**8.502.423**
VIG Holding	180.781	182.963
Operaitonal Expense	**180.781**	**182.963**

46- Events After The Reporting Date

Subsequent events are disclosed in Note 1.10 **Events after the reporting date**.

47- Others

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet
They are presented in the related notes above.

"Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets
None.

Subrogation recorded in "Off-Balance Sheet Accounts"
None.

Real rights on immovable and their values
None.

Explanatory note for the amounts and nature of previous years' income and losses
None.

For the years ended 31 December 2014 and 2013, details of discount and provision expenses are as follows:

	1 Janruary - 31 December 2014	1 Janruary - 31 December 2013
Subrogation receivables provision under legal follow-up	3.370.024	9.023.606
Provision for unused vacation	251.520	109.437
Provision for dubtful receivables from main operations	(114.548)	(106.326)
Provision for receivables from policyholder and intermediaries	(264.920)	(194.152)
Provision for employment termination benefits	(228.539)	(289.738)
Provision for personnel bonuses	(910.150)	(400.000)
Lawsuits provision	91.228	(54.449)
Total	**2.194.615**	**8.088.378**

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