RAY SIGORTA A.S.

REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES 2013

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1. Statement of Compliance with Corporate Governance Principles

Ray Sigorta A.S. has truly adopted the concepts of equality, transparency, accountability and responsibility of the Principles of Corporate Governance, and aims to ensure maximum compliance with those principles at all of its activities and operations. Accordingly, all except for the first three articles of our Articles of Association has been amended in accordance with the amended Turkish Commercial Code and the Capital Markets Law at the Extraordinary General Assembly Meeting held on July 5, 2013. Thus, compliance with all mandatory principles and some optional principles of corporate governance have been assured. Actions for ensuring compliance with optional principles are also in progress.

A Committee for Compliance with Corporate Governance Principles, composed of 7 members, has been formed to assist the Corporate Governance Committee of the Board of Directors in compliance matters; and such committee meets bimonthly. The committee communicates the observations about corporate compliance to the Management Board.

The details of implementation of the principles are provided below:

PART I - SHAREHOLDERS

2. Investor Relations Department

Investor Relations Department has been established. The said department is led by one of our staff members who holds the Capital Markets Advanced Level License and Corporate Governance Rating Expert License. You can contact this department by the following e-mail address and phone numbers.

Contact Person: Erhan Subasi

investor.relations@raysigorta.com.tr or Yatirimci.iliskileri@raysigorta.com.tr

Phone:+90 212 363 26 86

The primary roles of the Investor Relations Department are:

a) To ensure that the records of correspondences between the investors and the Company as well as other relevant information and documents are kept properly, securely and up to date.

b) To respond to thewritten requests, writing, for information of the shareholders of the Company.

c) To prepare the documents to be submitted to the shareholders for information and review with respect to the General Assembly Meeting; and to take the necessary actions to make sure that the general assembly meetings are held in accordance with the applicable legislation, articles of association and other internal regulations.

d) To supervise and monitor performance of any obligations arising from the capital markets legislation including any matters related to corporate governance and public disclosure.

e) To administer the sections "Investor Relations " and "Information Society Service" on the official website of the Company to ensure that the shareholders can access to material and current information about the Company.

11 individual shareholders have requested information from the Company in 2013, and they were provided with the necessary information on the following day at the latest.

3. 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 2013. It is 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. Also, the official website of our Company was renewed in 2013 with a special focus on the "Investor Relations" section. Material and current information regarding our Company have been published and made accessible to everyone in a fair and fast manner.

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, we have not received any request on this matter so far.

4. General Assembly Meetings

The Ordinary General Assembly of our Company for 2012 was held on March 29, 2013 during the said period. The invitation to the meeting was published on Milliyet, a nationwide daily newspaper, and the Trade Registry Gazette of Turkey in accordance with our Articles of Association. Also, the Board of Directors invited the registered shareholders to the General Assembly in due time in accordance with the applicable provisions of the Turkish Commercial Code. The documents drawn up in relation to our Ordinary General Assembly as well as the Annual Report 2012, auditor's reports and proposal by the Board of Directors for the operating profit of 2012 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.

Our shareholders submitted no proposals/inquiries at the Ordinary General Assembly Meeting. The agenda items were voted through open voting at the General Assembly. 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 with an attendance by 94% of the shareholders, 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. In addition, the shareholders were informed about the grants and charitable contributions of the Company in 2012. As our Articles of Association contain no

provisions regarding "Grants and Charitable Contributions", no "Grants and Charitable Contributions" were made by our Company in 2013.

An Extraordinary General Assembly Meeting was held on July 5, 2013 in the said period in order to amend the Articles of Association of the Company in line with the amended provisions of the Turkish Commercial Code and the Capital Markets Laws. The invitation to the meeting was published on Aksam, a nationwide daily newspaper, and the Trade Registry Gazette of Turkey in accordance with our Articles of Association. Also, the Board of Directors invited the registered shareholders to the General Assembly in due time in accordance with the applicable provisions of the Turkish Commercial Code.

All except the first three articles of our Articles of Association have been amended in accordance with the new Turkish Commercial Code and the Capital Markets Law pursuant to the permissions obtained from the the Capital Markets Board, the Directorate General of Insurance of the Undersecretariat of Treasury and the Ministry of Customs and Commerce of the Republic of Turkey. Accordingly, it has been resolved that Articles 4, 5, 6, 7, 8, 9, 10, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35 of the Articles of Association shall be amended; Articles 11, 12 and 13 shall be incorporated into the Articles of Association, and that Articles 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 and Provisional Articles 1 shall be repealed from the Articles of Association of our Company.

5. 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.

6. Right to Dividends

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 March 29, 2013.

Principles for the "Dividend Distribution Policy" as determined by our General Assembly are provided below:

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

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

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

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

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

Any amendments to such policy shall be subject to the approval by the General Assembly.

7. 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 person; and any acquisition of shares by any shareholder 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."

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

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

Our Disclosure Policy aims disclosure of any relevant financial and non-financial information and data to the public in a timely, accurate, complete and comprehensible manner, except for those regarded as trade secret and confidential.

The following persons are authorized and responsible for implementation of our Disclosure Policy;

Mehmet Levent Sismanoglu General Manager & Board Member

(212) 363 26 46 levent.sismanoglu@raysigorta.com.tr

Koray Erdogan Deputy General Manager –- Financial and Administration

(212) 363 25 24 koray.erdogan@raysigorta.com.tr

Eyüp Kemal Daldal Executive Director- Non-Motor Underwriting & Claims, Reinsurance

(212) 363 26 97 eyuphan.daldal@raysigorta.com.tr

Pursuant to applicable Communiques, material disclosures about the Company shall first be released on the Public Disclosure Platform (PDP). Our Company released 75 disclosures of various nature through PDP in 2013.

9. 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, the material dislosures submitted to the Public Disclosure Platform, and also the details about the Persons Authorized to Represent the Company. The website address is available on the Company headed papers. 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 provided 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.

10. Annual Report

Ray Sigorta has covered the details specified under Corporate Governance Principles in its Annual Report 2013.

PART III- STAKEHOLDERS

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

"Agencies" and "Brokers", being our most important distribution channels, may also receive information about Company practices, regulation and products on Company Portal. Also, technical and marketing meetings are conducted at regular intervals to receive their input for our regulations in line with their request.

12. Stakeholders' Participation to the Management

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

13. 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 specialities and competences. In line with such needs, we offer trainings that provide constant development opportunities for our employees and business partners.

Our Human Resources Department carries out these activities in accordance with the following HR 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.

14. 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.

PART IV- BOARD OF DIRECTORS

The Members of the Board of Directors of our Company.

Name	**Appointed on**	**Position – Committees**
Karl FINK	29.07.2009	**Chairman of the Board of Directors** **Member of Corporate Governance Committee** **Member of Early Identification of Risk Committee**

Resume :

Holds a degree in business administration

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

Name	**Appointed on**	**Position – Committees**
Dr. Martin SIMHANDL	**12.04.2011**	**Deputy Chairman of the Board of Directors** **Member of Corporate Governance Committee** **Member of Early Identification of Risk Committee**

Resume :

Holds a degree in Law.

2004 – present / Vienna Insurance Group AG / Member of the Managing Board, CFO

1985- 2004 / Vienna Insurance Group AG / Various Positions

Name	**Appointed on**	**Position – Committees**
Mehmet Levent SISMANOGLU	01.08.2010	Member and General Manager

Resume :

Holds a degree in Economics.

2007 – present / Ray Sigorta A.S.

2006 -2007 / Brian Tracy / Sales Organization Consultant and Trainer

2003 -2005 / Genel Sigorta ve Genel Yasam Sigorta 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

Name	**Appointed on**	**Position – Committees**
Dr. Ismail Hakki Ergener	18.09.**2012**	**Independent Member** **Chairman of the Audit Committee** **Chairman of the Corporate Governance Committee** **Chairman of the Early Identification of Risk Committee**

Resume :

Holds a degree in Economics.

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 Turkische 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

Name	**Appointed on**	**Position – Committees**
Dr. Josef AIGNER	29.03.2013	Member

Resume :

Holds a degree in Chemistry.

2007- Present / Vienna Insurance Group AG / Head of Corporate Business Department

2006 – 2007 / Wiener Staedtische Versicherun /, Head of Claims, Corporate Business Department

2000 – 2006 / Wiener Staedtische Versicherung / Assistant to the Managing Board

1999 – 2000 / Allianz Versicherung / Allianz, Risk Department

1995 – 1999 / Allianz Elementarversicherung / Risk Management Department / Risk Manager

Name	**Appointed on**	**Position – Committees**
Reinhard PICHLER	05.07.2013	**Independent Member** **Member of the Audit Committee**

Resume :

Holds a degree in business economics.

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

The Members of the Board of Directors Who Resigned During the Period

Vladimir MRAZ Member (Resigned on 29.03.2013.)

Hilmar KROAT-REDER Independent Member (Resigned on 05.07.2013.)

15. Structure and Composition 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.

Article 15 of our Articles of Association provides that the maximum term of office for our Members of the Board of Directors shall be 3 years and such Members shall be determined by the General Assembly every 3 years. 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 natural member 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.

One of our independent members of the Board of Directors resigned in 2013. Our Corporate Management Committee, which also serves as the Nomination Committee, nominated eligible candidates, who meet the independence criteria required under the Communique, on May 15, 2013, to our Board of Directors. Our Board of Directors nominated Mr. **Reinhard PICHLER** for such seat at its meeting on May 17, 2013; and our General Assembly elected such candidate as independent member at the Extraordinary General Assembly meeting on July 5, 2013. Our new Independent Member of the Board of Directors submitted his statement of independence on May 2, 2013 to our Corporate Governance Committee.

All members of the Board of Directors are non-executive members, except for the General Manager. (Pursuant to the Insurance Law, the General Manager of a Company is necessarily a natural member of the Board of Directors), assumption of 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.

16. 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.

Venue of the meeting shall be the principal office of the Company. As per the Turkish Commercial Code, where no member calls the board for a meeting, the resolutions of the board of directors may be adopted by affirmative votes of 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 Board of Directors may resolve to convene elsewhere. The items to be discussed during the meetings shall be served to the members through an agenda before the meeting.

As all resolutions have been adopted unanimously at the meetings of the Board of Directors so far, no reasons for voting were 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.

Any VIG Group companies, and its shareholders, subsidiaries and senior management are defined as affiliated companies in respect of these financial statements. 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.

No transactions of material nature as provided under Article 23 of the Capital Markets Law were effectuated.

17. Number, Organization and Independent Status of 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.

As per the Communiques of the CMB, members of the Audit Committee shall have the qualifications required by their roles; and they are selected among the independent members of our Board of Directors who do not have executive functions or the capacity of executive member. The Audit Committee is composed of two independent members.

The Audit 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.

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 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 provided that the Chairman of the Committee is an independent member. The committee consists of 3 members.

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 meets as required for effective performance of its duties.

The amendments in 2013 made formation of an Early Identification of Risk Committee mandatory. This committee is composed of three members at our Company subject to the condition that the 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." Thereby, it is intended to advise to the Board of Directors. The Committee meets bimonthly.

18. 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, 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.

19. Strategic Targets of the Company

Our mission is 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 vision is "to become a value creating company which leads the insurance business and,

To be one of the Top 5 companies of the non-life insurance industry by 2015."

Our Strategic Targets;

- To be value-creating company for our insurance customers, distribution channels, shareholders and employees through our strong and reliable capital structure and professional human resources, and to always be a preferred company thanks to added value we create.
- To constantly improve knowledge, product base, reliable service approach and human resources, which we have gained during our more than a half century long track record in the industry, with an innovative approach.
- To further increase our profitable and sustainable growth through our approach based on a balance portfolio distribution across motor and non-motor insurance services, risk-based pricing approach and productivity.
- To increase customer loyalty and brand awareness by offering customized solutions for the existing and future needs of our customers with our quality service approach, which combines experience and innovation.

Our strategic targets which are set by our managers in line with our corporate plans are submitted to our Board of Directors for assessment and approval.

Our Board of Directors assesses that whether our company has achieved such targets or not, and reviews our corporate performance and the results of our operations by reviewing detailed reports at its meetings.

20. 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 were submitted to the General Assembly for information; and are also included in the 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 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 may 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.