RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF
STATUTORY FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2013 AND
THE INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT OF RAY SİGORTA A.Ş.
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013
(ORIGINALLY ISSUED IN TURKISH)

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

1. We have audited the accompanying balance sheet of Ray Sigorta A.Ş. (the "Company") as of 31 December 2013 and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ray Sigorta A.Ş as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards as set out in the insurance legislation (Note 2).

Additional Paragraph for Convenience Translation into English

5. As discussed in Note 2.25 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

Talar Gül, SMMM
Partner

Istanbul, 28 February 2014

RAY SİGORTA
VIENNA INSURANCE GROUP

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

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2013 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

Head Office of Ray Sigorta A.Ş.

İstanbul, 28 February 2014

M.Levent Şişmanoğlu	Koray ERDOĞAN	Özlem ÇAYDAŞI	Banu GÖNENÇ
Member of Board of Directors, General Manager	Member of Executive Board Vice General Manager	Finance Manager	Actuary

Ray Sigorta A.Ş. Genel Müdürlüğü
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RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013

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RAY SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

ASSETS

		Note	Audited 31 December 2013	Audited 31 December 2012
I-	**Current Assets**			
A-	**Cash and Cash Equivalents**	**14**	**180.930.170**	**146.965.116**
1-	Cash	2.12 and 14	34.501	37.833
2-	Cheques received	14	5.352	24.018
3-	Banks	2.12 and 14	146.374.111	117.631.652
4-	Cheques Given and Payment Orders (-)		-	-
5-	Bank Guaranteed Credit Card Receivables with Maturities less than Three Months	2.12 and 14	34.516.206	29.271.613
6-	Other Cash and Cash Equivalents		-	-
B-	**Financial Assets and Financial Investments at Insurees' Risk**	**2.8 and 11**	**15.243.061**	**3.946.361**
1-	Available for Sale Investments		-	-
2-	Held to Maturity Financial Assets	2.8 and 11	4.974.236	-
3-	Trading Investments	2.8 and 11	10.268.825	3.946.361
4-	Loans		-	-
5-	Provision for Loans (-)		-	-
6-	Financial Assets at Insuree's Risk		-	-
7-	Company's Shares		-	-
8-	Provision for Impairment of Financial Assets (-)		-	-
C-	**Receivables from Operations**	**2.8, 11.1 and 12.1**	**113.565.167**	**107.270.660**
1-	Due from Insurance Operations	12.1 and 12.5	114.728.694	109.128.862
2-	Provision for Due from Insurance Operations (-)	12.1 and 12.5	(1.172.740)	(1.867.415)
3-	Due from Reinsurance Operations		-	-
4-	Provision for Due from Reinsurance Operations (-)		-	-
5-	Premium Reserves	12.1 and 12.5	9.213	9.213
6-	Loans to Insurees		-	-
7-	Provision for Loans to Insurees (-)		-	-
8-	Due from Private Pension Fund Operations		-	-
9-	Doubtful Receivables from Main Operations	12.1	41.848.035	32.930.755
10	Provision for Doubtful Receivables from Main Operations (-)	12.1	(41.848.035)	(32.930.755)
D-	**Due from Related Parties**		**18.798**	**36.795**
1-	Due from Shareholders		-	-
2-	Due from Subsidiaries		-	-
3-	Due from Equity Investments		-	-
4-	Due from Joint-Ventures		-	-
5-	Due from Personnel		18.798	36.795
6-	Due from Other Related Parties		-	-
7-	Rediscount on Due from Related Parties (-)		-	-
8-	Doubtful Receivables from Related Parties		-	-
9-	Provision for Doubtful Receivables from Related Parties (-)		-	-
E-	**Other Receivables**		**749.928**	**1.014.337**
1-	Leasing Receivables		-	-
2-	Unearned Leasing Interest Income (-)		-	-
3-	Deposits and Guarantees Given		229.872	213.378
4-	Other Receivables	47.1	520.056	800.959
5-	Rediscount on Other Receivables (-)		-	-
6-	Other Doubtful Receivables		-	-
7-	Provision for Other Doubtful Receivables (-)		-	-
F-	**Deferred Expenses and Income Accruals**		**32.657.938**	**26.938.200**
1-	Deferred Acquisition Expenses	17.15 - 17.19	30.627.911	25.928.531
2-	Accrued Interest and Rent Income		-	-
3-	Deferred Income		-	-
4-	Other Deferred Expenses	47.1	2.030.027	1.009.669
G-	**Other Current Assets**		**1.542.120**	**1.634.232**
1-	Prepaid Office Supplies	-	-	
2-	Prepaid Taxes and Funds	2.18 and 35	1.542.120	1.634.232
3-	Deferred Tax Assets		-	-
4-	Job Advances		-	-
5-	Advances to Personnel		-	-
6-	Count Shortages		-	-
7-	Other Current Assets		-	-
8-	Provision for Other Current Assets (-)		-	-
I-	**Total Current Assets**		**344.707.182**	**287.805.701**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

ASSETS

		Note	Audited 31 December 2013	Audited 31 December 2012
II-	**Non-Current Assets**			
A-	**Receivables from Operations**		-	-
1-	Due from Insurance Operations		-	-
2-	Provision for Due from Insurance Operations (-)		-	-
3-	Due from Reinsurance Operations		-	-
4-	Provision for Due from Reinsurance Operations (-)		-	-
5-	Premium Reserves		-	-
6-	Loans to Insurees		-	-
7-	Provision for Loans to Insurees (-)		-	-
8-	Due from Private Pension Fund Operations		-	-
9-	Doubtful Receivables from Main Operations		-	-
10-	Provision for Doubtful Receivables from Main Operations (-)		-	-
B-	**Due from Related Parties**		-	-
1-	Due from Shareholders		-	-
2-	Due from Subsidiaries		-	-
3-	Due from Equity Investments		-	-
4-	Due from Joint-Ventures		-	-
5-	Due from Personnel		-	-
6-	Due from Other Related Parties		-	-
7-	Rediscount on Due from Related Parties (-)		-	-
8-	Doubtful Receivables from Related Parties		-	-
9-	Provision for Doubtful Receivables from Related Parties (-)		-	-
C-	**Other Receivables**		-	-
1-	Leasing Receivables		-	-
2-	Unearned Leasing Interest Income (-)		-	-
3-	Deposits and Guarantees Given		-	-
4-	Other Receivables		-	-
5-	Rediscount on Other Receivables (-)		-	-
6-	Other Doubtful Receivables		-	-
7-	Provision for Other Doubtful Receivables (-)		-	-
D-	**Financial Assets**	**45.2**	**140.125**	**140.125**
1-	Investment Securities	45.2	140.125	140.125
2-	Associates		-	-
3-	Associates Capital Commitments (-)		-	-
4-	Subsidiaries		-	-
5-	Subsidiaries Capital Commitments (-)		-	-
6-	Joint-Ventures		-	-
7-	Joint-Ventures Capital Commitments (-)		-	-
8-	Financial Assets and Financial Investments at Insurees' Risk		-	-
9-	Other Financial Assets		-	-
10-	Provision for Impairment of Financial Assets (-)		-	-
E-	**Tangible Assets**	**2.5 and 6**	**32.703.446**	**33.163.475**
1-	Investment Property		-	-
2-	Provision for Impairment in Value of Investment Property (-)		-	-
3-	Property for Operational Use	6	32.599.305	32.599.305
4-	Machinery and Equipment		-	-
5-	Furniture and Fixtures	6	2.993.294	3.107.617
6-	Motor Vehicles	6	1.871.888	989.757
7-	Other Tangible Assets (Including Leasehold Improvements)	6	2.281.345	2.281.345
8-	Leased Assets	6	914.348	1.425.981
9-	Accumulated Depreciation (-)	6	(7.956.734)	(7.240.530)
10-	Advances Given for Tangible Assets (Including Construction in Progress)		-	-
F-	**Intangible Assets**	**2.7 and 8**	**787.405**	**615.635**
1-	Rights	8	5.026.300	4.399.861
2-	Goodwill		-	-
3-	Start-up Costs		-	-
4-	Research and Development Expenses		-	-
5-	Other Intangible Assets		-	-
6-	Accumulated Amortization (-)	8	(4.238.895)	(3.784.226)
7-	Advances Given for Intangible Assets		-	-
G-	**Deferred Expenses and Income Accruals**		-	-
1-	Prepaid Expenses		-	-
2-	Income Accruals		-	-
3-	Other Prepaid Expenses and Income Accruals		-	-
H-	**Other Non-Current Assets**		**2.937.665**	**880.055**
1-	Effective Foreign Currency Accounts		-	-
2-	Foreign Currency Accounts		-	-
3-	Prepaid Office Supplies		-	-
4-	Prepaid Taxes and Funds		-	-
5-	Deferred Tax Assets	2.18, 21 and 35	2.937.665	880.055
6-	Other Non-Current Assets		-	-
7-	Other Non-Current Assets Depreciation (-)		-	-
8-	Provision for Other Non-Current Assets		-	-
II-	**Total Non-Current Assets**		**36.568.641**	**34.799.290**
TOTAL ASSETS (I+II)			**381.275.823**	**322.604.991**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

LIABILITIES

	Note	Audited 31 December 2013	Audited 31 December 2012
III- Current Liabilities			
A- Financial Liabilities		**55**	**12.485**
1- Due to Credit Institutions		-	-
2- Leasing Payables	2.22 and 4	353	12.688
3- Deferred Leasing Costs (-)	2.22	(298)	(203)
4- Short Term Installments of Long Term Borrowings		-	-
5- Issued Debt Securities		-	-
6- Other Issued Debt Securities		-	-
7- Value Differences of Other Issued Debt Securities (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Payables from Operations	**19**	**48.253.804**	**26.793.647**
1- Payables from Insurance Operations	19	1.391.654	875.563
2- Payables from Reinsurance Operations	19	46.631.492	25.896.948
3- Premium Reserves	4, 10 and 19	230.658	21.136
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		-	**19.492**
1- Due to Shareholders		-	6.975
2- Due to Subsidiaries		-	-
3- Due to Equity Investments		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	12.517
6- Due to Other Related Parties		-	-
D- Other Payables	**19**	**8.355.497**	**12.217.697**
1- Deposits and Guarantees Received	19	1.159.473	692.085
2- Payables to SSI regarding Medical Expenses	4 and 19	6.460.740	8.473.635
3- Other Payables	4 and 47.1	735.284	3.051.977
4- Rediscount on Other Payables (-)		-	-
E- Insurance Technical Provisions	**2.24**	**182.508.148**	**155.141.957**
1- Unearned Premium Reserve-Net	2.24, 4 and 17	90.059.002	81.944.294
2- Unexpired Risks Reserve-Net	2.24, 4 and 17	4.000.684	223.928
3- Life Mathematical Reserve-Net		-	-
4- Outstanding Claim Provision-Net	2.24, 4 and 17	88.448.462	72.973.735
5- Bonus Provision-Net		-	-
6- Other Technical Reserves-Net		-	-
F- Taxes and Other Fiscal Liabilities		**4.678.107**	**4.317.242**
1- Taxes and Funds Payable		4.377.943	4.043.438
2- Social Security Withholdings Payable		300.164	273.804
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
		-	-
4- Other Taxes and Fiscal Liabilities		-	-
5- Corporate Tax Provision and Other Fiscal Liabilities		-	-
6- Prepaid Corporate Tax and Other Fiscal Liabilities (-)		-	-
7- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		**1.890.639**	**2.345.090**
1- Provision for Employment Termination Benefits		-	-
2- Provision for Social Aid Fund Asset Shortage		-	-
3- Provision for Expense Accruals	2.20 and 23	1.890.639	2.345.090
H- Deferred Income and Expense Accruals		**23.744.612**	**19.625.374**
1- Deferred Comissions Income	17.15 - 17.19 and 19	23.744.612	19.625.374
2- Deferred Expenses		-	-
3- Other Deferred Income		-	-
I- Other Current Liabilities		**840.011**	**730.574**
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities	23 and 47.1	840.011	730.574
III -Total Current Liabilities		**270.270.873**	**221.203.558**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

LIABILITIES

	Note	Audited 31 December 2013	Audited 31 December 2012
IV- Long-term Liabilities			
A- Financial Liabilities		**-**	**1.141**
1- Due to Credit Institutions		-	-
2- Leasing Payables	2.22 and 4	-	1.474
3- Deferred Leasing Costs (-)	2.22	-	(333)
4- Issued Debt Securities		-	-
5- Other Issued Debt Securities		-	-
6- Value Differences of Other Issued Debt Securities (-)		-	-
7- Other Financial Payables		-	-
B- Payables from Operations		**-**	**-**
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Premium Reserves		-	-
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Subsidiaries		-	-
3- Due to Equity Investments		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		**-**	**-**
1- Deposits and Guarantees Received		-	-
2- Payables to SSI regarding Medical Expenses		-	-
3- Other Payables		-	-
4- Rediscount on Other Payables (-)		-	-
E- Insurance Technical Provisions	**2.24**	**11.203.677**	**9.967.095**
1- Unearned Premium Reserve-Net	2.24, 4 and 17	6.983.657	6.623.985
2- Unexpired Risks Reserve-Net		-	-
3- Life Mathematical Reserve-Net		-	-
4- Outstanding Claim Provision-Net		-	-
5- Bonus Provision-Net		-	-
6- Other Technical Reserves-Net	2.24, 4, 17 and 47.1	4.220.020	3.343.110
F- Other Liabilities and Related Provisions		**-**	**-**
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		**1.407.159**	**1.234.974**
1- Provision for Employee Termination Benefits	2.19 and 22	1.407.159	1.234.974
2- Provision for Social Aid Fund Asset Shortage		-	-
H- Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Non-Current Liabilities		**-**	**-**
1- Deferred Tax Liabilities		-	-
2- Other Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		**12.610.836**	**11.203.210**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

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

EQUITY

	Note	Audited 31 December 2013	Audited 31 December 2012
V- Equity			
A- Share Capital	**2.13**	**163.069.856**	**163.069.856**
1- (Nominal) Capital	2.13 and 15	163.069.856	163.069.856
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Registered Expected Capital		-	-
B- Capital Reserves		**2.070.152**	**2.070.152**
1- Share Premiums		2.070.152	2.070.152
2- Share Premiums of Cancelled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves	**15**	**23.967.502**	**24.798.986**
1- Legal Reserves		-	-
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Reserves		-	-
5- Valuation of Financial Assets		-	-
6- Other Profit Reserves	15	23.967.502	24.798.986
D- Retained Earnings		**-**	**-**
1- Retained Earnings		-	-
E- Accumulated Deficit (-)		**(99.278.825)**	**(103.477.893)**
1- Previous Years' Losses		(99.278.825)	(103.477.893)
F- Net Profit (Loss) for the Period		**8.565.429**	**3.737.122**
1- Net Profit for the Period		8.565.429	3.737.122
2- Net Loss for the Period (-)		-	-
3- Profit not subject to Distribution		-	-
V- Total Equity		**98.394.114**	**90.198.223**
TOTAL LIABILITIES AND EQUITY (III+IV+V)		**381.275.823**	**322.604.991**

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2013 AND 2012

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

I-TECHNICAL PART

		Note	Audited 01.01.2013 - 31.12.2013	Audited 01.01.2012 - 31.12.2012
A-	**Non-Life Technical Income**		**177.997.370**	**156.502.538**
1-	Earned Premiums – (Net of Reinsurers' Share)	5	167.707.643	152.216.874
	1.1- Written Premiums – (Net of Reinsurers' Share)	2.21, 5 and 24	179.958.779	165.391.315
	1.1.1- Gross Written Premiums (+)	24	354.298.992	304.400.258
	1.1.2 - Reinsurer's Share of Gross Written Premium (-)	10 and 24	(168.149.276)	(133.689.538)
	1.1.3 - Premiums Ceded to SSI (-)	2.14, 19 and 24	(6.190.937)	(5.319.405)
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share)(+/-)	5 and 17.15	(8.474.380)	(15.010.432)
	1.2.1- Unearned Premiums Reserve (+)	17.15	(31.139.510)	(35.254.656)
	1.2.2- Reinsurers' Share of Unearned Premiums Reserve (-)	10 and 17.15	19.693.479	17.697.566
	1.2.3- SSI Share of Unearned Premium Reserve (+/-)	17.15	2.971.651	2.546.658
	1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	5 and 17.15	(3.776.756)	1.835.991
	1.3.1- Unexpired Risks Reserve (-)	17.15	(19.058.839)	1.918.821
	1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)	10 and 17.15	15.282.083	(82.830)
2-	Investment Income Transferred from Non-Technical Part		7.541.540	8.324.843
3-	Other Technical Income - (Net of Reinsurers' Share)		(3.546.244)	(5.774.270)
	3.1- Gross Other Technical Income (+)		(3.546.244)	(5.774.270)
	3.2- Reinsurers' Share of Other Gross Technical Income (-)		-	-
4-	Claim Recovery and Salvage Income Accruals		6.294.431	1.735.091
B-	**Non-Life Technical Expense (-)**		**(165.298.490)**	**(146.854.599)**
1-	Incurred Losses - (Net of Reinsurers' Share)	5	(114.674.814)	(100.603.726)
	1.1- Paid Claims – (Net of Reinsurers' Share)	5	(99.200.087)	(104.247.366)
	1.1.1- Gross Paid Claims (-)		(138.253.792)	(150.117.749)
	1.1.2- Reinsurers' Share of Paid Claims (+)	10	39.053.705	45.870.383
	1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	5	(15.474.727)	3.643.640
	1.2.1- Outstanding Claims (-)		(44.465.856)	5.116.039
	1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10	28.991.129	(1.472.399)
2-	Change in Bonus Provision (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
	2.1- Bonus Provision (-)		-	-
	2.2- Reinsurers' Share of Bonus Provisions (+)		-	-
3-	Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	5 and 17.15	(876.910)	(398.840)
4-	Operating Expenses (-)	31 and 32	(49.746.766)	(45.852.033)
5-	Change in Mathematical Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
	5.1- Mathematical Reserve (-)		-	-
	5.2- Net of Reinsurer's Share and Reserves Carried Forward (+)		-	-
6-	Other Technical Expenses (-)		-	-
	6.1- Gross Other Technical Expenses (-)		-	-
	6.2- Reinsurer's Share of Other Gross Technical Expenses (+)		-	-
C-	**Net Technical Income- Non-Life (A - B)**		**12.698.880**	**9.647.939**
D-	**Life Technical Income**		-	-
1-	Earned Premiums - (Net of Reinsurers' Share)		-	-
	1.1- Written Premiums – (Net of Reinsurers' Share)		-	-
	1.1.1 - Gross Written Premiums (+)		-	-
	1.1.2 - Reinsurers' Share of Gross Written Premiums (-)		-	-
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	1.2.1 - Unearned Premiums Reserve (-)		-	-
	1.2.2 - Reinsurers' Share of Unearned Premiums Reserve (+)		-	-
	1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	1.3.1 - Unexpired Risks Reserve (-)		-	-
	1.3.2 - Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2-	Life Investment Income		-	-
3-	Unrealised Gain Generated from Investments		-	-
4-	Other Technical Income - Net of Reinsurers' Share		-	-
	4.1- Other Technical Income(-)		-	-
	4.2- Gross Other Technical Income Reinsurer's Share (+)		-	-
5-	Claim Recovery Income Accruals		-	-
E-	**Life Technical Expense**		-	-
1-	Incurred Losses - (Net of Reinsurers' Share)		-	-
	1.1- Paid Claims (Net of Reinsurers' Share)		-	-
	1.1.1- Gross Paid Claims (-)		-	-
	1.1.2- Reinsurers' Share of Gross Paid Claims (+)		-	-
	1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	1.2.1- Outstanding Claims Provision (-)		-	-
	1.2.2- Reinsurers' Share of Outstanding Claim Provisions (+)		-	-
2-	Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	2.1- Bonus and Rebate Provision (-)		-	-
	2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3-	Change in Life Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	3.1- Life Mathematical Reserves (-)		-	-
	3.1.1- Actuarial Mathematical Reserves (+/-)		-	-
	3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
	3.2- Reinsurers' Share of Life Mathematical Reserves (+)		-	-
	3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	-
	3.2.2- Reinsurer's Share of Profit Share Reserve(for Permanent Life Insurance Policies) (+)		-	-
4-	Change in other technical reserves - (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
5-	Operating Expenses (-)		-	-
6-	Investment Expenses (-)		-	-
7-	Unrealised Investment Expense (-)		-	-
8-	Investment Income Transferred to Non-Life Technical Part (-)		-	-
F-	**Net Technical Income - Life (D - E)**		-	-
G-	**Private Pension Technical Income**		-	-
1-	Fund Management Income		-	-
2-	Management Expense Charge		-	-
3-	Entrance Fee Income		-	-
4-	Management Expense Charge in case of Suspension		-	-
5-	Special Service Expense Charge		-	-
6-	Capital Allowance Value Increase Income		-	-
7-	Other Technical Income		-	-
H-	**Private Pension Technical Expense**		-	-
1-	Fund Management Expense (-)		-	-
2-	Capital Allowance Value Decrease Expense (-)		-	-
3-	Operating Expenses (-)		-	-
4-	Other Technical Expenses (-)		-	-
I-	**Net Technical Income - Private Pension (G - H)**		-	-

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2013 AND 2012

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

II- NON-TECHNICAL PART

		Note	Audited 01.01.2013 - 31.12.2013	Audited 01.01.2012 - 31.12.2012
C-	**Net Technical Income-Non-Life (A-B)**		**12.698.880**	**9.647.939**
F-	**Net Technical Income-Life (D-E)**		**-**	**-**
I-	**Net Technical Income-Pension Funds (G-H)**		**-**	**-**
J-	**Total Net Technical Income (C+F+I)**		**12.698.880**	**9.647.939**
K-	**Investment Income**		**15.260.388**	**10.789.917**
	1- Income from Financial Investments		9.826.181	10.482.416
	2- Income from Liquidation of Financial Investments		131.583	-
	3- Valuation of Financial Investments	11	-	129.779
	4- Foreign Exchange Gains	5 and 36	5.302.624	-
	5- Income from Subsidiaries		-	-
	6- Income from Equity Investments and Joint-Ventures		-	-
	7- Income from Property, Plant and Equipment		-	-
	8- Income from Derivatives		-	-
	9- Other Investments		-	177.722
	10- Investment Income Transferred from Life Technical Part		-	-
L-	**Investment Expense (-)**		**(12.461.872)**	**(14.624.255)**
	1- Investment Management Expenses -interest included (-)		(2.539.136)	(2.395.406)
	2- Impairment in Value of Investments (-)	11	(310.160)	-
	3- Loss from Realization of Financial Investments (-)		-	-
	4- Investment Income Transferred to Non-Life Technical Part (-)		(7.541.540)	(8.324.843)
	5- Loss from Derivatives (-)		-	-
	6- Foreign Exchange Losses (-)	5 and 36	-	(1.466.669)
	7- Depreciation Expenses (-)	5 and 6.1	(2.071.036)	(2.437.337)
	8- Other Investment Expenses (-)		-	-
M-	**Income and Expenses from Other Operations and Extraordinary Operations (+/-)**		**(6.931.967)**	**(2.076.479)**
	1- Provisions (+/-)	47.5	(8.088.378)	(2.072.935)
	2- Rediscounts (+/-)		-	-
	3- Special Insurance Account (+/-)		-	-
	4- Inflation Adjustment (+/-)		-	-
	5- Deferred Tax Assets (+/-)	21 and 35	1.965.225	864.814
	6- Deferred Tax Liabilities Expenses (-)		-	-
	7- Other Income		377.750	84.781
	8- Other Expenses and Losses (-)	47.1	(1.186.564)	(960.810)
	9- Prior Year's Income	47.4	-	7.671
	10- Prior Year's Expenses (-)		-	-
N-	**Net Profit/(Loss) for the Period**	**5 and 37**	**8.565.429**	**3.737.122**
	1- Profit/(Loss) for the Period		8.565.429	3.737.122
	2- Corporate Tax Provision and Other Fiscal Liabilities (-)		-	-
	3- Net Profit/(Loss) for the Period		8.565.429	3.737.122
	4- Inflation Adjustment		-	-

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2013 AND 2012

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

	Note	Audited 01.01.2013 - 31.12.2013	Audited 01.01.2012 - 31.12.2012
A- CASH GENERATED FROM MAIN OPERATIONS			
1- Cash flows from insurance operations		288.464.003	270.149.532
2- Cash flows from reinsurance operations		79.506.596	82.724.884
3- Cash flows from pension fund operations		-	-
4- Cash outflows from insurance operations (-)		(144.966.067)	(172.657.841)
5- Cash outflows from reinsurance operations (-)		(153.089.578)	(143.491.094)
6- Cash outflows from pension fund operations (-)		-	-
7- Net cash from main operations (A1+A2+A3-A4-A5-A6)		**69.914.954**	**36.725.481**
8- Interest payment (-)		-	-
9- Income tax payment (-)		-	-
10- Other cash inflows		-	-
11- Other cash outflows (-)		(29.048.355)	(36.326.202)
12- Net cash flows from operating activities		**40.866.599**	**399.279**
B- CASH FLOWS FROM INVESTING OPERATIONS			
1- Sale of tangible assets		298.796	177.722
2- Tangible asset acquisitions (-)		(1.820.766)	(880.441)
3- Financial asset acquisitions (-)		(11.606.860)	(1.978.030)
4- Sales of financial assets		-	-
5- Interest received		9.957.764	10.612.195
6- Dividends received		-	-
7- Other cash inflows		-	-
8- Other cash outflows (-)		-	-
9- Net cash from investing activities		**(3.171.066)**	**7.931.446**
C- CASH FLOWS FROM FINANCING OPERATIONS			
1- Issue of shares		-	-
2- Cash flows due to the borrowings		-	-
3- Leasing payments (-)		(13.571)	(64.815)
4- Dividends paid (-)		-	-
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Net cash generated from financing activities		**(13.571)**	**(64.815)**
D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**912.136**	**(399.831)**
E- Net increase/(decrease) in cash and cash equivalents		**38.594.098**	**7.866.079**
F- Cash and cash equivalents at the beginning of the period		**110.022.451**	**102.156.372**
G- Cash and cash equivalents at the end of the period (E+F)	**2.12**	**148.616.549**	**110.022.451**

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

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2013 AND 2012

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

	Statements of Changes in Equity – Audited (*)										
	Capital	**Own Shares of the Company (-)**	**Valuation Increase in Assets**	**Inflation Adjustment to Share Capital**	**Foreign Currency Translation Differences**	**Legal Reserves**	**Statutory Reserves**	**Other Reserves and Retained Profit**	**Net Income/ (Loss) for Period**	**Retained Earnings/ (Previous Years' Losses)**	**Total**
I - Balances at the Previous Period End (31/12/2011)	**163.069.856**	**-**	**15.997.013**	**-**	**-**	**-**	**-**	**11.335.555**	**340.377**	**(104.281.700)**	**86.461.101**
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Own shares of the Company	-	-	-		-	-	-	-	-	-	-
C- Gain and losses not included in the income statement	-	-	-	-	-	-	-	-	-	-	-
D- Value increase in the Assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other income and Losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net loss for the period (Note 37)	-	-	-	-	-	-	-	-	3.737.122	-	3.737.122
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	(463.430)	-	-	-	-	-	(340.377)	803.807	-
II- Balances at the Period End (31/12/2012) (I+ A+B+C+D+E+F+G+H+I+J)	**163.069.856**	**-**	**15.533.583**	**-**	**-**	**-**	**-**	**11.335.555**	**3.737.122**	**(103.477.893)**	**90.198.223**
I - Balances at the Previous Period End (31/12/2012)	**163.069.856**	**-**	**15.533.583**	**-**	**-**	**-**	**-**	**11.335.555**	**3.737.122**	**(103.477.893)**	**90.198.223**
A- Capital increase (A1 + A2)			-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Own shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement	-	-	-	-	-	-	-	(369.538)	-	-	(369.538)
D- Value increase in the assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other Income and Losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net income for the period (Note 37)	-	-	-	-	-	-	-	-	8.565.429	-	8.565.429
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	(461.946)	-	-	-	-	-	(3.737.122)	4.199.068	-
II- Balances at the Period End (31/12/2013) (I+ A+B+C+D+E+F+G+H+I+J)	**163.069.856**	**-**	**15.071.637**	**-**	**-**	**-**	**-**	**10.966.017**	**8.565.429**	**(99.278.825)**	**98.394.114**

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

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

1. General Information

1.1 Name of the parent company: The immediate parent of Ray Sigorta A.Ş. (the "Company") is TBIH Financial Services Group N.V. ("TBIH") and the ultimate parent is Vienna Insurance Group AG ("VIG") as of 31 December 2013 and 2012. 5,74% of the shares of the Company are quoted in Borsa Istanbul A.Ş. ("BIST").

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

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

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

1.5 Average number of employees during the period by category:

	31 December 2013	31 December 2012
Top and middle management	35	36
Other personnel	207	210
	242	**246**

1.6 Total salaries and benefits paid to the members of the Board of Directors, General Manager, General Coordinator, Assistant General Managers and other executive management during the current period: TL 3.326.083 (1 January - 31 December 2012: TL 2.776.344).

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

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

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

1.10 Events occurred after the balance sheet date: Financial statements for the period between 1 January 2013 and 31 December 2013 are authorized by Board of Directors on 28 February 2014 and signed by General Manager M. Levent Şişmanoğlu, Vice General Manager Koray Erdoğan and Finance Manager Özlem Çaydaşı on behalf of Board of Directors. Events occurred after the balance sheet date are explained in Note 46.

2. Summary of significant accounting policies

2.1 Basis of preparation

In accordance with Article 5 of Section VIII clause 136 of the Capital Markets Law, insurance companies are subject to their specific legislation in respect of establishment, surveillance, accounting and independent audit standards. Therefore, the Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury (the "Treasury").

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No: 25686) dated 30 December 2004 (Insurance Accounting System Communiqué No.1) and 27 December 2011 dated and 2011/14 numbered Notice regarding to the Opening of New Account Codes In Insurance Account Plan. Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 April 2008 and numbered 2012/7 and dated 31 May 2012 Notice regarding to the Presentation of the New Account Codes and Financial Statements.

The Company accounts and recognizes its insurance technical provisions in its unconsolidated financial statements as of 31 December 2013 in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ("Regulation on Technical Reserves") dated 28 July 2010 published in official gazette numbered 27655 and changes on this regulation on 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (Note 2.24).

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

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

It was announced with the article of the Treasury numbered 19387, dated 4 April 2005, insurance companies are required to restate their financial statements as of 31 December 2004 in accordance with "Financial Reporting in Hyperinflationary Economies" included in the regulations of Capital Markets Board (''CMB'') Communiqué XI No.25 (which came into force as published in the Official Gazette No:25290 dated 15 January 2003). In line with the decree of CMB dated 17 March 2005, the Treasury also announced that inflation accounting is not required effective from 1 January 2005. Based on the above mentioned notification of the Treasury, the Company has restated its financial statements as of 31 December 2004 in accordance with the regulations regarding "Financial Reporting in Hyperinflationary Economies" and not continued to apply TAS 29 "Financial Reporting in Hyperinflationary Economies".

2.1 Basis of Preparation (Continued)

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

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

Changes in Turkish Financial Reporting Standards:

Changes and interpretations in TAS/TFRS those are effective for the year starting from 1 January 2013 and not relevant for the financial statements of the Company:

- TAS 1 (revised), 'Financial statement presentation', regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012.
- TAS 19 (revised), 'Employee benefits'; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 10, 'Consolidated financial statements'; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 11, 'Joint arrangements'; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 10, 11 and 12 on transition guidance; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 13, 'Fair value measurement' ; is effective for annual periods beginning on or after 1 January 2013.
- TAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013.
- TAS 28 (revised 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 7 (revised), 'Financial instruments: Disclosures', on asset and liability offsetting,; is effective for annual periods beginning on or after 1 January 2013.
- TFRS 1 (revised), 'First time adoption', on government loans; ; is effective for annual periods beginning on or after 1 January 2013.
- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013.These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to: TFRS 1, 'First time adoption', TAS 1, 'Financial statement presentation', TAS 16, 'Property plant and equipment', TAS 32, 'Financial instruments; Presentation' and TAS 34, 'Interim financial reporting'.
- TFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013.

Changes and interpretations published as of 31 December 2013 and to be effective starting from 1 January 2014.

- TAS 32 (revised), 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014.
- TFRS 9 'Financial instruments' – classification and measurement; is effective for annual periods beginning on or after 1 January 2015.
- TAS 36 (revised), 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014.
- TAS 39 (revised) 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives is effective for annual periods beginning on or after 1 January 2014.
- TFRS 10, 11, 12 and TAS 27 (revised) on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014.
- TFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of IAS 37,
- Amendment to TAS 19 regarding defined benefit plans; ; is effective for annual periods beginning on or after 1 July 2014.

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

2.2 Consolidation

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

2.3 Segment Reporting

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

2.4 Foreign Currency Translation

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

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

Foreign exchange differences arising from the translation of non monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

2.5 Tangible Assets

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

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

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

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

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

2.6 Investment property

None (31 December 2012: None).

2.7 Intangible assets

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

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

2.8 Financial Assets

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

Loans and receivables (Receivables from main operations):

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

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

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

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

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

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

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

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

2.9 Impairment of Assets

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

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

2.10 Derivative Financial Instruments

None (31 December 2012: None).

2.11 Offsetting Financial Instruments

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

2.12 Cash and Cash Equivalents

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

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

	31 December 2013	31 December 2012
Cash (Note 14)	34.501	37.833
Banks Deposits (Note 14)	146.374.111	117.631.652
Bank guaranteed credit card receivables with maturities less than three months (Note 14)	34.516.206	29.271.613
Less: Interest accrual	(1.211.930)	(807.835)
Less: Restricted bank deposits (Note 43)	(31.096.339)	(36.110.812)
Total cash and cash equivalents	**148.616.549**	**110.022.451**

2.13 Capital

The composition of the Company's share capital at 31 December 2013 and 2012 is as follows:

	31 December 2013		31 December 2012	
Name of shareholders	**Share**	**Share amount**	**Share**	**Share amount**
TBIH	%81,59	133.048.627	%81,59	133.048.627
VIG	%12,67	20.663.528	%12,67	20.663.528
Publicly quoted shares	%5,74	9.357.701	%5,74	9.357.701
Total	**%100,00**	**163.069.856**	**%100,00**	**163.069.856**

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

2.13 Capital (Continued)

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

The upper limit of registered capital of the Company as of 31 December 2013 and 2012 is TL 200.000.000.

As of 31 December 2013 and 2012, no privileges are granted to any class of shares representing the share capital.

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

2.14 Insurance and Investment Contracts - Classification

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

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

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

Reinsurance Agreements

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

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

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

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

2.14 Insurance and Investment Contracts – classification (Continued)

Premiums Transferred to Social Security Institution

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

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 27 August 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 15 September 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated 17 October 2011 (the "Communiqué numbered 2011/18"), the regulation("2012/3 numbered notice) making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 16 March 2012 and numbered 2012/3 and the communique about changes related "the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 30 April 2012 and numbered 2012/6.(the "Communique numbered 2012/6").Within this framework, the Company is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of 25 February 2011,the notice numbered 2012/3 and the communiqué numbered 2012/6 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in 1 January - 31 December 2013 account period as TL 6,190,937 (31 December 2012: TL 5,319,045) under the account of "Premiums ceded to SSI" (Note 19.)

2.15 Insurance contracts and investment contracts with discretionary participation feature

None (31 December 2012: None).

2.16 Investment contracts without discretionary participation feature

None (31 December 2012: None).

2.17 Borrowings

None (31 December 2012: None).

2.18 Taxes on Income

Corporate Tax

Corporate tax for 2013 is payable at a rate of 20% in Turkey (2012: 20%). Corporate tax rate is applied on tax base which is the income of the Company adjusted for certain disallowable expenses, exempt income (such as dividend income) and other deductions in accordance with tax legislation. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

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

In accordance with Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law numbered 5024 ("Law No. 5024") published in the Official Gazette on 30 December 2003, effective from 1 January 2004 income and corporate taxpayers are required to adjust the financial statements for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10%, respectively (TÜİK TEFE increase rate). Since these conditions in question were not fulfilled in 2011 and 2012, no inflation adjustments were performed (Note 35).

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised (Note 21).

2.19 Employee benefits

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

According to the Turkish labour legislation, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in the Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in accordance with the Labour Law by considering determined actuarial estimates.

2.19 Employee benefits (Continued)

As a result of the revision in the TAS 19 which is effective for annual periods starting on or after 1 January 2013, actuarial gain and loss that occurs from calculation regarding the liability of employee benefits shall be directly accounted for under equity. Within this context, the services and interest costs regarding the calculations of provision for employment termination benefits that occurs in the interim accounting period of 1 January- 31 December 2013 are accounted for under income statements and the actuarial gain and loss are accounted for under equity as "Other Profit Reserves". The actuarial gain and loss generated as a result of the calculations regarding the provision for Employment Termination Benefits in the interim accounting period of 1 January- 31 December 2012, since they has no material effect to financial statements, no restatement is made in the prior year's financial statements and all services and interest costs and actuarial gain and loss related to the mentioned period have been accounted under income statement (Note 22).

2.20 Provisions

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as an asset if and only it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements (Note 23).

2.21 Accounting for revenues

Written Premiums

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

Reinsurance Commissions

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement. As disclosed in Note 2.24, reinsurance commission income is recognised in the financial statements on an accrual basis by allocating the deferred commission income over commissions received.

2.21 Accounting for revenues (Continued)

Claim recovery and Salvage Income

In accordance with "The Circular on Salvage and Subrogation Income" issued by the Treasury, dated 20 September 2010 and numbered 2010/13, in the financial statements prepared as of 31 December 2013 and 2012, the Company recognizes the subrogation receivables, as limited to the coverage amount of the debtor insurance company, provided that the claim payment has been performed, the acquittance or the statement of payment has been received from the policyholders; and related individuals or insurance companies have been notified. A provision is recorded for those receivables which are not collected from insurance companies after six months and from individuals after four months following the payment of claim. Accordingly, as of 31 December 2013, accrued subrogation receivables, net of reinsurance share, and the provision amount for such receivables are TL 5.102.432 (31 December 2012: TL 5.678.190) (Notes 12 and 17.15-17.19) and TL 1.726.261 (31 December 2012: TL 1.226.784), respectively (Note 12).

Interest income

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

Dividend Income

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

2.22 Leases

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

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

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

2.23 Dividend Distribution

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

2.24 Technical Provisions

Unearned Premium Reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written, except for marine premiums. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. In accordance with the Regulation on Technical Reserves, unearned premium reserve and the reinsurers' share of the unearned premium reserve for policies issued after 1 January 2008, are calculated and recorded as the deferred portion of the accrued premiums related to the policies in force and ceded premiums to reinsurers without deducting commissions or any other deduction, on a daily and gross basis. The Company has continued to deduct the commissions from the premiums for the calculation of unearned premium reserve regarding the policies issued before 1 January 2008. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months (Note 17).

2.24 Technical Provisions (Continued)

Deferred Commission Expense, Other Expense and Deferred Commission Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred commission expenses and deferred commission income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement (Note 17).

The Company has deferred TL 1.347.663 of the general expenses originating from premium production in the current period under other miscellaneous receivables account on the balance sheet as of 31 December 2013 as they relate to the future period (31 December 2012: TL 939.203) (Note 47.1).

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. With respect to the "Communiqué regarding the Change in the Calculation of Unexpired Risk Reserve" dated 13 December 2012 and numbered 2012/15 (the "Communiqué numbered 2012/15") published by Treasury, the mentioned expected loss ratio calculation is performed based on main branches as of 31 December 2013 and 2012. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

The Company has calculated and accounted for a net unexpired risk reserve amounting to TL 4.000.684 as of 31.December 2013 (31 December 2012: TL 223.928). (Note 17).

Outstanding Claims Provision

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

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

In accordance with the Communiqué which is effective from 30 September 2010, the insurance companies has to make the calculations on each branch based on actuarial chain ladder method ("ACLM") with using 5 methods which are mentioned in the Communiqué which are all based on incurred loss (total of outstanding and paid claims). The right of selecting one of the methods is given to the insurance companies which will determine the method for each branch as at 31 December 2010 by evaluating the best adequate method for the Company portfolio which shall not be changed for 3 years. According to Sector Announcement No. 2013/8 which is published by Treasury at 5 April 2013 ,For those the Companies which wants to change in accordance with Circular, instead of changing method end of 2013, imply these changes to prevent fluctuate between periods, after on 31 March 2013. Company, did not change ACLM Method as of 31 December 2013.

2.24 Technical Provisions (Continued)

The peak claims which are mentioned as big claims are eliminated in a separate file by using prescribed statistical methods in the Communiqué in order to make the ACLM calculations with a more homogeneous data set. Additionally, the ACLM calculations are performed on gross basis and the net amounts are determined according to in-force or related reinsurance treaties of the Company. The method which was selected by the Company for each branch for the ACLM, the results of related calculations as of 31 December 2013 and 2012, the methods to calculate net of reinsurance results and the limits which are used for the big claims eliminations are represented in Note 17.

In accordance with the "Communiqué on Calculation of the Incurred but not Reported (IBNR) Claim Provision" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), the data related to accrued claim recovery and salvage income in the balance sheet was included in the ACLM calculation performed as of 31 December 2013 and 2012. In addition, in accordance with the Communiqué numbered 2012/23, for the branches with a negative ACLM result, the incurred but not reported claim provision was calculated considering the total amount of the negative ACLM result.

As discussed in Note 2.14, in accordance with the Communiqué numbered 2011/18, since the Company does not have any liabilities for the medical care coverage for the policies in "Compulsory Transportation Liability", "Compulsory Traffic", "Compulsory Motor Personal Accident", outstanding claim files regarding the claims dated before the enforcement of the Law and the related incurred but not reported claims amount calculated are closed and has been classified under "Paid Claims". Besides, in accordance with the Communiqué numbered 2011/18, the paid and outstanding claims; and salvage and claim recovery income related to the treatment expenses in the context of the Law shall be excluded from the statistical data used in ACLM development triangles to calculate the incurred but not reported claim provision and the calculations performed to test the adequacy of this amount as of 31 December 2013 and 2012. Within this framework, the Company has excluded its paid claims, outstanding claims and accrued recovery, salvage and similar income related to medical treatment expenses, in the context of the Law from the statistical data for 2008 and the following years used in the calculation of incurred but not reported claim provision; however, the systematical elimination cannot be made for 2007 and the previous years for the related calculations. In accordance with "The Communiqué on the Use of Equalization Reserve and Additional Explanations Related to Some Communiqués", dated 13 February 2012 and numbered 2012/1 (the "Communiqué numbered 2012/1"), in the cases where a systematical split of the treatment expenses in the context of Law may not be performed, the companies which are able to make such a split in the paid claims; but not able to do so for outstanding claims, are allowed to use the implicit ratios realized in the paid claims for the split of outstanding claims. The companies which are not able to eliminate the treatment expenses also from the paid claims are allowed to calculate the share of treatment expenses using the data related to the incurred claims in March, June, September and December months of the year 2008 and use this rate calculated in the incurred but not reported claims provision related calculations. Within this context, the Company has eliminated the treatment expenses in the context of Law from the realized claims in March, June, September and December months of the year 2008 and as a result of this calculation, determined the share of treatment expenses rates for the compulsory motor liability branch, and used this rate for the split of the data related to 2007 and the previous years included in the calculation of incurred but not reported claims provision.

With respect to the Communique, 80% of result the incurred but not reported claim calculations may be taken into account for only year 2010 for the determination of the amount to be accounted for in the financial statements. The amounts will be taken into account at minimum 90% of the result of the new incurred but not reported claims for 2011, and all of the amount has to be taken into account in 2012. In this respect, the Company has taken 100% (31 December 2012: 100%) of the provision for claims incurred but not reported into account and has accounted for a net additional outstanding claim provision amounting to TL 14.354.221 at 31 December 2013 (31 December 2012: TL 11.615.490).

The Company evaluated the claim development in compulsory motor third party liability and general losses branches statistically with other actuarial methods and models as of 31 December 2013 and accounted for a net additional reserve amounting to TL 2.926.755 (31 December 2012: TL 2,497,933) for compulsory motor third party liability branch and TL 1.545.817 (31 December 2012: 2.030.687) for general lossess branch as an addition to the incurred but not reported claim provision.

2.24 Technical Provisions (Continued)

In accordance with the rules regarding the new branches, imposed by the Regulation on Technical Reserves and the Communiqué numbered 2011/16, for the new branches, during five years after the start of the operations, the incurred but not reported claims provision and claim adequacy provision are based on the calculations performed by the actuary of the Company. In accordance with the related regulations, for sickness/health, fidelity, legal protection, air vehicles, air vehicles liability and rail vehicles branches with insufficient data, the incurred but not reported claims provision is calculated by the Company actuary. For this calculation, incurred but not reported claims are considered as claims occurred before the date of the end of the period of last 12 months but reported after that date. In the calculation of incurred but reported claims amount, weighted average of the the rates calculated by dividing the claims occurred in the last 5 years, but notified after that date, deducted by related the salvage, subrogation and other similar collections; by the premium income of the respective years, are considered. In addition; Company has used sector average rate which is published at 30 June 2013for IBNR Calculation of financial losses branch cause of the avoid a requirement statistical data requirement .In this respect, for the mentioned branches, the Company accounted for an additional incurred but not reported claims provision amounting to TL 172.983 as of 31 December 2013 (31 December 2012: TL 30.472).

Besides, for the purpose of assessing the adequacy of outstanding claims provisions for branches in which operations have recently started, an outstanding claims provisions adequacy table is prepared on a branch basis at the end of each accounting year. While preparing the adequacy table and calculating the outstanding claims provision; outstanding claims accrued and realized and incurred but not reported claims provision as well as all expense charges are taken into account. Within this framework, the ratio of outstanding claims provision to the total of amounts of paid claims, including all expense charges with regards to the files, indicates the outstanding claims provisions adequacy ratio. In case the outstanding claims provisions adequacy ratio relating to these branches is lower than 100%, the difference between this rate and 100% is multiplied by outstanding claims provisions for the current period and the outstanding claims adequacy provision amount is determined. The final outstanding claims provision to be allocated in the current year is calculated after addition of the outstanding claims adequacy provision amount separately for each branch. As a result of the calculation of outstanding claims provision adequacy performed as of 31 December 2013, the Company allocated a net additional provision amounting to TL 84.257 for related branches with an outstanding claims provision adequacy rate of above 100% (31 December 2012: TL 105.352).

In accordance with "The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), insurance companies are allowed to calculate a winning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated winning ratio as of 31 December 2013 and 2012. The Company has calculated the winning ratio on a sub-branch basis by dividing the amount of the cases closed in favour of the Company to the total amount of the legal cases of which legal processes have been completed in the past 5 years time as of 31 December 2013 and 2012. The principal amounts have been taken into consideration and interest and other charges have been excluded from winning ratio calculations. In accordance with the Communiqué numbered 2011/23, the deduction from the outstanding claims under legal follow-up has been made using the ratio 25% for the branches with winning ratios over 25%. The Company has calculated win ratio over gross amounts and has determined reinsurance share of discount amount considering reinsurance share of related files. The net deduction amount from outstanding claim files using the winning ratios calculated on a sub-branch basis is TL 9.245.903 as of 31 December 2013 (31 December 2012: TL 6.863.836). Besides, in accordance with the Communiqué numbered 2011/23, claim amounts are taken into consideration without any deduction for all calculations performed to determine incurred but not reported claim provision (Note 17).

2.24 Technical Provisions (Continued)

Equalisation Reserve

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

The insurance companies are allowed to deduct claim payments and outstanding claims evidenced by expertise reports or official documents received from public institutions due to earthquake losses from the equalisation reserve, provided that no deduction has been made from current year charge to the reserve. In this respect, the Company has deducted TL 7.695 as of 31 December 2013 (31 December 2012: 433.513) of paid and outstanding claim from equalisation reserve. The Company accounted for an equalisation reserve amounting to TL 220.020 as of 31 December 2013 (31 December 2012: TL 3.343.110) (Notes 17 and 47.1).

2.25 Convenience translation into English

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

3. Critical accounting estimates and judgments

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

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

Income taxes

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

4. Management of insurance and financial risk

Insurance risk

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

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

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

4. Management of insurance and financial risk (Continued)

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

	31 December 2013	31 December 2012
Motor third party liability	554.774.765.342	510.521.416.769
Fire and catastrophic losses	47.572.133.002	39.277.560.732
General liability	27.299.226.892	23.602.512.855
General losses	25.917.457.406	20.574.251.940
Marine	15.782.780.029	78.504.005.684
Accident	12.964.060.255	15.958.438.685
Motor vehicles	3.317.372.799	3.135.658.307
Air vehicles liability	3.164.423.850	3.406.746.708
Financial losses	1.277.944.336	1.574.480.739
Water vehicles	1.089.962.126	789.406.242
Legal protection	954.095.226	866.323.662
Health/Sickness	267.435.300	167.828.661
Air vehicles	106.710.720	135.003.651
Breach of trust	104.091.356	84.548.751
Rail vehicles	-	50.290.084
Total	**694.592.458.639**	**698.648.473.470**

Sensitivity analysis

Financial risk

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

(a) Market Risk

i. Cash Flow and Market Interest Rate Risk

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

ii. Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities. These risks are monitored and limited by the analysis of the foreign currency position.

At 31 December 2013, if EUR appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would be higher/lower by TL 1.486.141 (31 December 2012: TL 1.470.380), as a result of foreign exchange gains/losses on the translation of Euro denominated assets and liabilities.

At 31 December 2013, if USD appreciated/depreciated by 10% against TL with all other variables held constant, profit before tax would be higher/lower by TL 1.984.372 (31 December 2012: TL 1.177.799) as a result of foreign exchange gains/losses on the translation of USD denominated assets and liabilities.

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

4. Management of insurance and financial risk (Continued)

iii. Price risk

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

At 31 December 2013, if the unit prices of the Company's common stocks which are classified as available for-sale financial assets increased/decreases by 5% with all other variables held constant, the net profit before tax would be higher/lower by TL 513.441 (31 December 2012: TL 197.318).

(b) Credit Risk

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

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

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

(c) Liquidity risk

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

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

	Contractual cash flows				
31 December 2013	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Payables to insurance and reinsurance companies	26.741.782	21.281.364	-	-	48.023.146
Payables to SSI regarding to medical expenses	1.927.382	4.533.358	-	-	6.460.740
Other Payables	735.284	-	-	-	735.284
Premium reserves	-	230.658	-	-	230.658
Payables from leasing operations	353	-	-	-	353
Total	**29.404.801**	**26.045.380**	**-**	**-**	**55.450.181**

	Expected cash flows				
31 December 2013	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Unearned premium reserve - net (*)	5.822.560	84.236.442	6.871.355	112.302	97.042.659
Outstanding claim provision - net (*)	43.694.080	25.344.962	15.320.348	4.089.072	88.448.462
Equalisation reserve - net	-	-	-	4.220.020	4.220.020
Unexpired risks reserve - net (*)	240.041	3.472.734	283.279	4.630	4.000.684
Total	**49.756.681**	**113.054.138**	**22.474.982**	**8.426.024**	**193.711.825**

4. Management of insurance and financial risk (Continued)

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

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

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

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

Fair value of the financial assets

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

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

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

Financial assets

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

Financial liabilities

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

4. Management of insurance and financial risk (Continued)

Capital Management

The Company's objectives when managing the capital are:

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

As of 31 December 2013, the minimum required shareholders' equity amount is calculated as TL 96.940.522 (31 December 2012: TL 84.993.733) within the framework of the related regulations on capital adequacy. Based on the regulation issued on 19 January 2009 related to the "Evaluation and Assessment of the Capital Adequacy of the Insurance, Reinsurance and Pension Companies", the shareholders' equity calculated as at 31 December 2013 is higher than the minimum required shareholders' equity by TL 5.673.614 (31 December 2012: TL 8.547.599 higher).

5. Segment information

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

Fire Insurance

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

Marine Insurance

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

Accident Insurance

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

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

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

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

5. Segment information (Continued)

Engineering Insurance

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

Other Lines of Businesses

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

5. Segment Information (Continued)

Segment results for the period 1 January - 31 December 2013:

	Accident	Fire	Engineering	Marine	Other	Unallocated	Total
NON-LIFE TECHNICAL INCOME	**148.660.601**	**18.496.583**	**18.809.754**	**10.267.199**	**3.687.920**	**-**	**199.922.057**
1- Earned Premiums (Net of Reinsurers' Share)	144.290.333	8.556.676	6.690.433	6.995.546	1.174.655	-	167.707.643
1.1- Written Premiums (Net of Reinsurers' Share)	152.208.879	10.430.510	9.144.444	6.986.905	1.188.041	-	179.958.779
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share)	(4.379.341)	(1.654.154)	(2.454.011)	26.512	(13.386)	-	(8.474.380)
1.3 - Unexpired Risks Reserve (Net of Reinsurers' Share)	(3.539.205)	(219.680)	-	(17.871)		-	(3.776.756)
2- Reinsurance Commissions Income (Note 32)	4.370.268	9.939.907	12.119.321	3.271.653	2.513.265	-	32.214.414
NON-LIFE TECHNICAL EXPENSE (-)	**(129.396.373)**	**(14.198.430)**	**(10.817.209)**	**(3.982.357)**	**(3.525.523)**	**-**	**(161.919.892)**
1- Incurred Losses (Net of Reinsurers' Share)	(102.962.297)	(5.846.921)	(4.011.652)	(1.232.363)	(621.581)	-	(114.674.814)
1.1- Paid Claims (Net of Reinsurers' Share)	(89.136.291)	(4.850.426)	(2.991.921)	(1.643.067)	(578.382)	-	(99.200.087)
1.2- Change in Outstanding Claims Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	(13.826.006)	(996.495)	(1.019.731)	410.704	(43.199)	-	(15.474.727)
2- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	(161.992)	(536.524)	(178.394)	-	-	-	(876.910)
3- Other Technical Expenses Net of Accrued Claim Recovery	890.672	2.059.150	(187.722)	840.677	(854.590)	-	2.748.187
4- Production Commission Expenses (Note 32)	(27.162.756)	(9.874.135)	(6.439.441)	(3.590.671)	(2.049.352)	-	(49.116.355)
TECHNICAL BALANCE– NON-LIFE	**19.264.228**	**4.298.153**	**7.992.545**	**6.284.842**	**162.397**	**-**	**38.002.165**
Personnel Expenses (Note 32)	-	-	-	-	-	(18.038.208)	(18.038.208)
Other Operating Expenses (-)	-	-	-	-	-	(14.806.617)	(14.806.617)
Investment Income (Note 26)	-	-	-	-	-	9.173.637	9.173.637
Investment Expenses (-) (Note 34)	-	-	-	-	-	(2.065.169)	(2.065.169)
Net Foreign Exchange Expenses (Note 36)	-	-	-	-	-	5.302.624	5.302.624
Depreciation Expenses (-) (Note 6.1)	-	-	-	-	-	(2.071.036)	(2.071.036)
Profits and Losses from Other Operations (+/-)	-	-	-	-	-	(6.931.967)	(6.931.967)
Net Income for the Period							**8.565.429**

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

5. Segment Information (Continued)

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

	Accident	Fire	Engineering	Marine	Other	Unallocated	Total
NON-LIFE TECHNICAL INCOME	**131.196.168**	**18.527.892**	**16.239.984**	**11.135.097**	**4.043.101**	**-**	**181.142.242**
1- Earned Premiums (Net of Reinsurers' Share)	127.770.120	9.485.018	5.565.686	8.431.496	964.554	-	152.216.874
1.1- Written Premiums (Net of Reinsurers' Share)	139.127.641	9.291.660	7.403.998	8.552.696	1.015.320	-	165.391.315
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share)	(13.193.512)	193.358	(1.838.312)	(121.200)	(50.766)	-	(15.010.432)
1.3 - Unexpired Risks Reserve (Net of Reinsurers' Share)	1.835.991	-	-	-	-	-	1.835.991
2- Reinsurance Commissions Income (Note 32)	3.426.048	9.042.874	10.674.298	2.703.601	3.078.547	-	28.925.368
NON-LIFE TECHNICAL EXPENSE (-)	**(117.905.683)**	**(15.236.528)**	**(7.900.993)**	**(5.372.989)**	**(2.514.022)**	**-**	**(148.930.215)**
1- Incurred Losses (Net of Reinsurers' Share)	(89.889.509)	(5.899.349)	(2.965.794)	(1.281.025)	(568.049)	-	(100.603.726)
1.1- Paid Claims (Net of Reinsurers' Share)	(92.361.135)	(7.386.286)	(2.780.264)	(1.073.261)	(646.420)	-	(104.247.366)
1.2- Change in Outstanding Claims Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	2.471.626	1.486.937	(185.530)	(207.764)	78.371	-	3.643.640
2- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	(177.495)	(68.555)	(152.790)	-	-	-	(398.840)
3- Other Technical Expenses Net of Accrued Claim Recovery	(4.712.946)	506.945	509.245	(179.244)	(163.179)	-	(4.039.179)
4- Production Commission Expenses (Note 32)	(23.125.733)	(9.775.569)	(5.291.654)	(3.912.720)	(1.782.794)	-	(43.888.470)
TECHNICAL BALANCE– NON-LIFE	**13.290.485**	**3.291.364**	**8.338.991**	**5.762.108**	**1.529.079**	**-**	**32.212.027**
Personnel Expenses (Note 32)	-	-	-	-	-	(17.998.437)	(17.998.437)
Other Operating Expenses (-)	-	-	-	-	-	(12.890.494)	(12.890.494)
Investment Income (Note 26)	-	-	-	-	-	10.071.812	10.071.812
Investment Expenses (-) (Note 34)	-	-	-	-	-	(1.855.024)	(1.855.024)
Net Foreign Exchange Expenses (Note 36)	-	-	-	-	-	(1.466.669)	(1.466.669)
Depreciation Expenses (-) (Note 6.1)	-	-	-	-	-	(2.437.337)	(2.437.337)
Profits and Losses from Other Operations (+/-)	-	-	-	-	-	(1.898.756)	(1.898.756)
Net Income for the Period							**3.737.122**

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

6. Tangible Assets

6.1 Depreciation and amortisation expenses for the period: TL 2.071.036 (1 January - 31 December 2012: TL 2.437.337).

6.1.1 Depreciation expense: TL 1.616.367 (1 January - 31 December 2012: TL 1.747.156).
6.1.2 Amortisation expense: TL 454.669 (1 January - 31 December 2012: TL 690.181).

6.2 Changes in depreciation calculation methods and effect of such changes on depreciation expenses for the year: None (1 January - 31 December 2012: None).

6.3 Movements of property and equipment in the current period:

6.3.1 Cost of property and equipment purchased: TL 1.194.327 (1 January - 31 December 2012: TL 732.755).
6.3.2 Cost of property and equipment sold or used as scrap: TL 938.152 (1 January - 31 December 2012: TL 353.463).
6.3.3 Revaluation increases in the current period:

6.3.3.1 Cost of fixed assets (+): None (1 January - 31 December 2012: None).
6.3.3.2 Accumulated depreciation (-): None (1 January - 31 December 2012: None).

6.3.4 Nature, amount, beginning and ending dates of construction-in-progress: None (31 December 2012: None).

Movement table of tangible assets is as follows:

	1 January 2013	Additions	Revaluation increase	Disposals	31 December 2013
Cost/Revalued Amount:					
Property for operational 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 (Leasehold improvements included)	2.281.345	-	-	-	2.281.345
Leased assets	1.425.981	-	-	(511.633)	914.348
Total Cost/Revalued Amount	**40.024.713**	**732.755**		**(353.463)**	**40.404.005**
Accumulated depreciation:					
Property for operational 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 (Leasehold improvements included)	(2.054.681)	(99.916)	-	-	(2.154.597)
Leased assets	(1.288.543)	(75.083)	-	475.882	(887.744)
Total Depreciation	**(7.240.530)**	**(1.616.367)**	**-**	**900.163**	**(7.956.734)**
Net book value	**33.163.475**				**32.703.446**

6. Tangible Assets (Continued)

Movement table of tangible assets is as follows: (Continued)

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

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

	31 December 2013	31 December 2012
Headquarter Building	31.450.000	31.450.000
İzmir Office	1.070.000	1.070.000
Other	79.305	79.305
Total	**32.599.305**	**32.599.305**

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

There is no valuation increase in properties for operational use for the period 1 January - 31 December 2013 (1 January -31 December 2012: None).

Cost and accumulated depreciation amounts of the buildings measured at revalued amounts before revaluation as of 31 December 2013 and 2012 are stated below:

	31 December 2013	31 December 2012
Cost	17.057.975	17.057.975
Accumulated depreciation (-)	(5.164.799)	(4.823.638)
Net book value	**11.893.176**	**12.234.337**

6. Tangible Assets (Continued)

The movement of the revaluation increases for the buildings accounted for using revaluation model, for the year ended 31 December 2013 and 2012, is as follows:

	31 December 2013	31 December 2012
Revalued amount	32.599.305	32.599.305
Accumulated depreciation (-)	(1.866.582)	(946.134)
Accumulated depreciation deducted revalued amount	**30.732.723**	**31.653.171**
Net book value calculated based on cost	(11.893.176)	(12.234.337)
Revaluation fund before tax	**18.839.547**	**19.418.834**
Calculated deferred tax liability (-)	(3.767.910)	(3.885.251)
Revaluation fund - net) (Note 15)	**15.071.637**	**15.533.583**

7. Investment properties

None (31 December 2012: None).

8. Intangible Assets

	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 depreciation:				
Rights	(3.784.226)	(454.669)	-	(4.238.895)
	(3.784.226)	**(454.669)**	**-**	**(4.238.895)**
Net book value	**615.635**			**787.405**

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

9. Investments in Associates

In 7 June 2012, Risk Ekspert Risk ve Hasar Danışmanlık Hizmetleri Limited Company has been founded with 30% partnership of the company as it was registered in Trade Register Newspaper. As of 31 December 2013 and 2012,the company's share amount is accounted with acquisition cost as it has been predicted in accordance with Consolidation communiqué. Since the mentioned affiliate's total asset amount is lower than 1% of the Company's total asset amount (Notes 2.1 and 45.2).

	31 December 2013	31 December 2012
Risk Ekspert	15.000	15.000
	15.000	**15.000**

10. Reinsurance Assets

	31 December 2013	31 December 2012
Reinsurers' share of unearned premium reserve (Note 17)	102.718.184	80.053.054
Reinsurers' share of outstanding claims provision (Note 17)	99.147.509	70.156.380
Reinsurers' share of unexpired risks reserves (Note 17)	15.958.410	676.327
Premium reserves received from insurance and reinsurance companies (Note 19)	(230.658)	(21.136)
Deferred reinsurance commission income (Notes 17 and 19)	(23.744.612)	(19.625.374)
Payables to reinsurance companies - net	(42.839.626)	(19.663.163)

Reinsurance Income/(Expenses)	1 January - 31 December 2013	1 January - 31 December 2012
Reinsurers' share of paid claims	39.053.705	45.870.383
Commissions received from reinsurers (gross)	36.333.654	33.376.323
Reinsurers' share of change in outstanding claim reserves	28.991.129	(1.472.399)
Reinsurers' share of change in unearned premiums reserve (SSI share excluded)	19.693.479	17.697.566
Reinsurers' share of change in unexpired risks reserve (Note 17)	15.282.083	(82.830)
SSI share of change in unearned premiums reserve (Note 17)	2.971.651	2.546.658
Change in deferral of commissions received from reinsurers	(4.119.240)	(4.450.955)
Premiums ceded to SSI (Notes 2.14 and 24)	(6.190.937)	(5.319.405)
Ceded premiums to reinsurers (SSI share excluded)	(168.149.276)	(133.689.538)

Information about reinsurance agreements is disclosed in note 2.14.

11. Financial assets

11.1 The Company's financial assets by measurement category:

	31 December 2013		
	Blocked(*)	**Non-Blocked**	**Total**
Marketable Securities			
Financial assets held for trading			
- Government bonds (**)	-	10.010.615	10.010.615
- Share certificates (***)	-	258.210	258.210
Held to Maturity Financial Assets			
- Government bonds (****)	4.974.236	-	4.974.236
Total	**4.974.236**	**10.268.825**	**15.243.061**

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

(*) This amounts have been blocked in favor of the Treasury.
(**) Interest rates of government bonds in the trading portfolio vary between 5,69% and 10,73% (31 December 2012: 6,08% and 11,46%).
(***) All share certificates included in the trading portfolio are quoted in İstanbul Stock Exchange Market.
(****) Interest rate of held to maturity financial assets is 9,30% (31 December 2012: None).

Loans and Receivables	**31 December 2013**	**31 December 2012**
Loans and receivables (Note 12.1)	113.565.167	107.270.660
Total	**113.565.167**	**107.270.660**

11.2 Marketable securities issued during the year other than share certificates: None (31 December 2012: None).

11.3 Debt securities issued during the year None (31 December 2012: None).

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

Marketable Securities	**31 December 2013**		**31 December 2012**	
	Cost	**Fair value**	**Cost**	**Fair value**
Government bonds	15.108.338	14.984.851	3.580.631	3.658.171
Share certificates	305.389	258.210	264.744	288.190
Total	**15.413.727**	**15.243.061**	**3.845.375**	**3.946.361**

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

11.5 Marketable securities under "Marketable Securities and Investment Securities" account group and issued by the Company's shareholders, investments or subsidiaries and the issuers: None (31 December 2012: None).

11.6 Value increase on financial assets in the last three years: None (31 December 2012: None).

11.7 - 11.9 Other information about financial assets:

The fair value loss from financial assets held-for-trading is TL 310.160 (1 January - 31 December 2012: TL 129.779 fair value income) accounted under investment expense in the income statement.

The income from saling of financial assets held for trading is TL 131.583 (1 January - 31 December 2012: None) accounted under investmen income in the income statement..

Financial assets maturity analysis:

	31 December 2013						
	No stated maturity	**0 - 3 months**	**3 - 6 months**	**6 months - to 1 year**	**1-3 years**	**More than 3 years**	**Total**
Government bonds	-	189.076	266.699	352.816	14.176.260	-	14.984.851
Share certificates	258.210	-	-	-	-	-	258.210
Total	**258.210**	**189.076**	**266.699**	**352.816**	**14.176.260**	**-**	**15.243.061**

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

Financial assets are denominated in TL in both 31 December 2013 and 2012.

12. Loans and receivables

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

	31 December 2013	**31 December 2012**
Receivables from intermediaries	82.190.848	75.407.201
Receivables from bank guaranteed credit card	18.694.551	16.574.592
Receivables from reinsurance companies	3.791.866	6.233.785
Receivables from policyholders	4.948.997	5.235.094
Claim recovery and salvage receivables - net	5.102.432	5.678.190
Due from insurance operations	**114.728.694**	**109.128.862**
Premium reserve from reinsurance and insurance companies	9.213	9.213
Receivables from reinsurance and insurance companies	**114.737.907**	**109.138.075**
Claim recovery receivables under legal follow-up - gross	31.453.921	22.430.315
Doubtful receivables from main operations - gross	10.394.114	10.500.440
Receivables from main operations - gross	**156.585.942**	**142.068.830**
Provision for receivables from insurance operations (*)	(446.479)	(640.631)
Provision for claim recovery and salvage receivables (*)	(726.261)	(1.226.784)
Provision for doubtful receivables from policyholders and intermediaries (**)	(10.394.114)	(10.500.440)
Provision for net claim recovery receivables under legal follow-up (**)	(31.453.921)	(22.430.315)
Provision for overdue and not overdue receivables	**(43.020.775)**	**(34.798.170)**
Receivables from main operations – net (Note 11.1)	**113.565.167**	**107.270.660**

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

12.2 Due from/due to shareholders, investments and subsidiaries:

Balances and transactions with the related parties are disclosed in Note 45.

12.3 Total mortgages and collateral obtained for receivables:

The details of guarantees and collaterals obtained are as follows:

	31 December 2013	31 December 2012
Real estate mortgages	21.589.508	24.179.797
Letters of guarantee	9.858.491	7.900.010
Collateral bills	3.771.497	525.011
Collateral cheques	1.799.296	2.121.328
Other guarantees	1.348.397	1.595.800
Cash	911.020	822.020
Public securities	70.977	104.577
Total	**39.349.186**	**37.248.543**

The Company has no real estate mortagage and letter of guarantees denominated in foreign currency as of 31 December 2013 and 2012.

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

Loans and Receivables:

31 December 2013

Currency Type	Foreign Currency Amount	Exchange Rate	Amount TL
USD	9.204.116	2,1343	19.644.345
EUR	5.671.373	2,9365	16.653.987
CHF	85.146	2,3899	203.490
JPY	336.136	0,0202	6.790
GBP	1.407	3,5114	4.941
SEK	535	0,3278	175
Total			**36.513.728**

31 December 2012

Currency Type	Foreign Currency Amount	Exchange Rate	Amount TL
USD	8.696.395	1,7826	15.502.194
EUR	6.458.254	2,3517	15.187.876
CHF	104.853	1,9430	203.729
JPY	1.158.468	0,0207	23.980
GBP	606	2,8708	1.740
DKK	109	0,3152	34
Total			**30.919.553**

12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	31 December 2013	31 December 2012
Overdue	3.633.781	3.784.650
Up to 3 months	34.782.044	32.687.138
3 to 6 months	44.807.982	37.063.796
6 months to 1 year	25.522.432	29.723.137
Over 1 year (*)	5.982.455	5.870.141
Receivables from insurance operations - gross	**114.728.694**	**109.128.862**
Premium reserves from reinsurance and insurance companies	9.213	9.213
Provision for receivables from insurance operations (**)	(446.479)	(640.631)
Premium reserves from claim recovery and salvage receivables (-) (**)	(726.261)	(1.226.784)
Receivables from insurance operations - net	**113.565.167**	**107.270.660**

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

12.5 - 12.7 Other information about loans and receivables (Continued):

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

	2013	2012
Opening balance - 1 January	640.631	508.705
Net change for the period (Note 47.5)	(194.152)	131.926
Closing balance - 31 December	**446.479**	**640.631**

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

	2013	2012
Opening balance - 1 January	22.430.315	21.163.153
Net change for the period (Note 47.5)	9.023.606	1.267.162
Closing balance - 31 December	**31.453.921**	**22.430.315**

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

	2013	2012
Opening balance - 1 January	10.500.440	11.192.952
Net change for the period (Note 47.5)	(106.326)	(692.512)
Closing balance - 31 December	**10.394.114**	**10.500.440**

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

	31 December 2013	31 December 2012
Up to 1 month	278.232	653.055
1-2 months	157.105	650.103
Over 2 months	2.751.965	1.840.861
Total	**3.187.302**	**3.144.019**

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

	31 December 2013	31 December 2012
Real estate mortgage	3.099.700	5.327.100
Letters of guarantee	418.000	282.005
Other guarantees	131.082	187.920
Total	**3.648.782**	**5.797.025**

Considering the intermediaries from which collaterals received are higher than receivable amounts, utilisable collaterals for overdue receivables are calculated as TL 1.089.174 (31 December 2012: TL 2.911.176).

13. Derivative financial instruments

None (31 December 2011: None).

14. Cash and Cash Equivalents

Cash and cash equivalents that are included in the statements of cash flows for the periods 1 January - 31 December 2013 and 2012 are disclosed in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2013	31 December 2012
Cash	34.501	37.833
Cheques received	5.352	24.018
Bank deposits	146.374.111	117.631.652
Bank guaranteed and less than 3 months maturity credit card receivables	34.516.206	29.271.613
Total	**180.930.170**	**146.965.116**

	31 December 2013	31 December 2012
Bank deposits in TL		
- demand deposits	2.494.645	3.258.171
- time deposits	132.811.479	109.798.049
	135.306.124	**113.056.220**
Foreign currency denominated bank deposits		
- demand deposits	3.432.080	287.456
- time deposits	7.635.907	4.287.976
	11.067.987	**4.575.432**
Total	**146.374.111**	**117.631.652**

The maturities of the Company's time deposits as of 31 December 2013 and 2012 are less than 3 months.

As of 31 December 2013, deposits amounting to TL 29.905.358 (31 December 2012: TL 34.994.993) and TL 1.190.981 (31 December 2012: TL 1.115.819) are blocked in favor of the Treasury and TARSİM, respectively (Notes 43 and 17).

Weighted average interest rates of time deposits:

	31 December 2013 (%)	31 December 2012 (%)
TL	9,24	8,32
USD	0,75	0,63
EUR	0,75	0,68

Foreign currency denominated time and demand deposits are as follows:

	31 December 2013			
	Foreign currency		TL	
	Time	Demand	Time	Demand
USD	1.221.240	209.490	2.606.492	447.115
EUR	1.713.249	982.064	5.029.415	2.883.832
CHF	-	19.940	-	47.714
GBP	-	10.222	-	35.895
JPY	-	869.175	-	17.584
Total			**7.635.907**	**3.432.080**

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

15. Capital

As of 31 December 2013, the Company's total amount of nominal shares is 16.306.985.600 which has all been paid. The face value of the Company's common stocks is Kr 1 each and the total nominal amount is TL163.069.856 (31 December 2012: TL163.069.856).

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

	1 January 2013		Issued Capital		Amortised		31 December 2013	
	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL
Paid	16.306.985.600	163.069.856	-	-	-	-	16.306.985.600	163.069.856
Total	**16.306.985.600**	**163.069.856**	**-**	**-**	**-**	**-**	**16.306.985.600**	**163.069.856**

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

Profit Reserves:

Details of the profit reserves are explained below:

	31 December 2013	31 December 2012
Revaluation fund (Note 6)	15.071.637	15.533.583
Earthquake provision transferred to profit reserve	9.265.403	9.265.403
Actuerial losses, net of tax effect (-)	(369.538)	-
Total	**23.967.502**	**24.798.986**

The movement of the revaluation fund is as follows:

	2013	2012
Beginning of the period - 1 January	15.533.583	15.997.013
Revaluation increase/decrease in property for operational use (net) (*)	(461.946)	(463.430)
End of period- 31 December	**15.071.637**	**15.533.583**

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

16. Other Reserves and Equity Component of Discretionary Participation Feature

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

17. Insurance Liabilities and Reinsurance Assets

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

	31 December 2013	31 December 2012
Required guarantee amount to be provided for non-life branches (*)	32.313.507	28.331.244
Guarantees provided for non-life branches (Notes 11 and 14)	34.879.594	34.994.993

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

17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status: None (1 January - 31 December 2012: None).

17.3 Guarantee amount to be provided for life branch:

Disclosed in Note 4.

17.4 Unit prices of pension funds and savings founded by the Company: None (31 December 2012: None).

17.5 Units and amounts of share certificates in portfolio and in circulation: None (31 December 2012: None).

17.6 Numbers and portfolio amounts of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants): None (1 January - 31 December 2012: None).

17.7 Valuation methods of profit share calculation for life insurance: None (1 January - 31 December 2012: None).

17.8 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants at the Company during the period: None (1 January - 31 December 2012: None).

17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another company during the period: None (1 January - 31 December 2012: None)

17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period None (1 January - 31 December 2012: None).

17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another company or that left the Company but did not transfer to another company: None (1 January - 31 December 2012: None).

17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period: None (1 January - 31 December 2012: None).

17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period: None (1 January - 31 December 2012: None).

17.14 Profit share allocation rate to the life policyholders: None (1 January - 31 December 2012: None).

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

Outstanding claims provision:

	2013		
	Gross	**Reinsurer's Share**	**Net**
Opening reported outstanding claim provision - 1 January	128.059.147	(64.501.520)	63.557.627
Paid Claims	(38.392.724)	11.780.672	(26.612.052)
Increase			
- Current period outstanding claims	54.130.780	(25.186.845)	28.943.935
- Prior years outstanding claims	15.446.773	(2.725.951)	12.720.822
Closing reported outstanding claim provision - 31 December	**159.243.976**	**(80.633.644)**	**78.610.332**
Incurred but not reported claims (Note 2.24)	46.745.562	(27.745.786)	18.999.776
Claim adequacy provision (Note 2.24)	2.464.362	(2.380.105)	84.257
Deduction amount calculated in accordance with winning ratio (Note 2.24)	(20.857.929)	11.612.026	(9.245.903)
Total	**187.595.971**	**(99.147.509)**	**88.448.462**

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

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

Unearned Premium Reserve:

	2013		
	Gross	**Reinsurer's share**	**Net**
Opening balance - 1 January	168.621.333	(80.053.054)	88.568.279
Net change (*)	31.139.510	(22.665.130)	8.474.380
Closing balance -31 December	**199.760.843**	**(102.718.184)**	**97.042.659**

	2012		
	Brüt	**Reasürans Payı**	**Net**
Opening balance - 1 January	133.366.677	(59.808.830)	73.557.847
Net change (*)	35.254.656	(20.244.224)	15.010.432
Closing balance -31 December	**168.621.333**	**(80.053.054)**	**88.568.279**

(*) As discussed in Note 2.14, reinsurance share of unearned premium reserve as of 31 December 2013 includes SSI share of unearned premium reserve amounting to TL 2.971.651(1 January - 31 December 2012: TL 2.546.658 calculated on a daily basis over premiums ceded to SSI

The deferred commission expense and deferred commission income amount to TL 30.627.911 (31 December 2012: TL 25.928.531) and TL 23.744.612 (31 December 2012: TL 19.625.374) as of 31 December 2013 and classified under "Deferred Acquisition Expenses" and "Deferred Comissions Income", respectively (Note 19).

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

Unexpired risks reserve:

	2013		
	Brüt	**Reasürans payı**	**Net**
Opening balance - 1 January	900.255	(676.327)	223.928
Net change	19.058.839	(15.282.083)	3.776.756
Closing balance -31 December	**19.959.094**	**(15.958.410)**	**4.000.684**

	2012		
	Brüt	**Reasürans payı**	**Net**
Opening balance - 1 January	2.819.076	(759.157)	2.059.919
Net change	(1.918.821)	82.830	(1.835.991)
Closing balance -31 December	**900.255**	**(676.327)**	**223.928**

Equalisation Reserve (*):

	2013		
	Brüt	**Reasürans payı**	**Net**
Opening balance - 1 January	3.343.110	-	3.343.110
Provision deducted (**)	(7.695)	-	(7.695)
Net change	884.605	-	884.605
Closing balance -31 December	**4.220.020**	**-**	**4.220.020**

	2012		
	Brüt	**Reasürans payı**	**Net**
Opening balance - 1 January	2.944.270	-	2.944.270
Provision deducted (**)	(433.513)	-	(433.513)
Net change	832.353	-	832.353
Closing balance -31 December	**3.343.110**	**-**	**3.343.110**

(*) The reserve is calculated on a net basis as disclosed in Note 2.24.

(**) As of 31 December 2013,the company has deducted TL 7.695 (31 December 2012: TL 433.513) amount of accrued earthquake claim from its equlisation reserve. TL 7.105 (31 December 2012: TL 355.608) of the amount is form from paid claims and TL 590 (31 December 2012: TL 77,905) is form from claims which exist in outstanding claim provision records as of 31 December 2013 (Note 2.24).

Foreign currency denominated claims provisions are as follows:

	31 December 2013		
Foreign Currency Type	**Foreign currency amount**	**Foreign currency rate**	**Amount TL**
EUR	87.267	2,9418	256.722
USD	76.029	2,1381	162.558
Total			**419.280**

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

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

Claim recovery income:

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

	Claim Recovery Accrual					
	31 December 2013			31 December 2012		
	Gross	Reinsurers Share	Net	Gross	Reinsurer's Share	Net
Motor own damage	3.933.002	-	3.933.002	3.905.546	-	3.905.546
Motor third party liability	483.370	-	483.370	769.071	-	769.071
Marine	488.084	(171.727)	316.357	542.041	(387.297)	154.744
Fire and catasrophic losses	204.093	(39.020)	165.073	5.488.360	(4.643.649)	844.711
General liability	118.790	-	118.790	8.781	(6.146)	2.635
General losses	637.254	(553.045)	84.209	9.103	(7.620)	1.483
Water Vehicles	19.000	(17.480)	1.520	-	-	-
Health/Illness	567	(456)	111	-	-	-
Total	**5.884.160**	**(781.728)**	**5.102.432**	**10.722.902**	**(5.044.712)**	**5.678.190**

	Claim Recovery Accrual					
	1 January - 31 December 2013			1 January - 31 December 2012		
	Gross	Reinsurer's Share	Net	Gross	Reinsurer's Share	Net
Motor own damage	25.036.681	(15.352)	25.021.329	24.381.886	(38.149)	24.343.737
Motor third party liability	963.469	(19.310)	944.159	831.116	(19.499)	811.617
Marine	694.285	(483.384)	210.901	672.306	(339.814)	332.492
Fire and catasrophic Losses	323.794	(157.229)	166.565	935.712	(575.953)	359.759
General losses	504.489	(416.708)	87.781	114.171	(96.164)	18.007
Rail Vehicles	20.660	-	20.660	9.855	-	9.855
General Liability	61.422	(48.594)	12.828	950	(665)	285
Breach of trust	-	-	-	37.795	(33.881)	3.914
Non-Life Accident	-	-	-	5.340	(5.340)	-
Voluntary third party liability	-	-	-	5.300	-	5.300
Health/Illness	-	-	-	111	(89)	22
Total	**27.604.800**	**(1.140.577)**	**26.464.223**	**26.994.542**	**(1.109.554)**	**25.884.988**

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

In accordance with the Communiqué numbered 2011/23, the Company has calculated a winning ratio as of 31 December 2013 and 2012 by dividing the amounts of legal cases closed in favour of the Company to the total amount of legal claims opened against the Company and closed in the past 5 years on a sub-branch basis. In accordance with the article 6 of the Communiqué, when the calculated winning ratio is over 25%, 25% is used if there is a sufficient number of closed claim files whereas 25% is used if there is insufficient number of closed claim files to reduce the respective portion outstanding claims provision. Winning rates as sub branches basis which have been calculated by the Company as 31 December 2013 and 2013 are described below:

Subbranch	31 December 2013 Winning Rate %	31 December 2012 Winning Rate %
Compulsory third party liability	7	7
Financial liability (traffic)	13	13
Construction	8	10
Compulsory Traffic	14	13
Personal Accident	18	5
Other	25	25

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

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

Claim development table on gross incurred claims basis as of 31 December 2013:

Accident year	1 January 2007 - 31 December 2007	1 January 2008 - 31 December 2008	1 January 2009 - 31 December 2009	1 January 2010 - 31 December 2010	1 January 2011 - 31 December 2011	1 January 2012 - 31 December 2012	1 January 2013 - 31 December 2013	Total Incurred Gross Claims
Claim incurred in the year of accident	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 incurred gross 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**

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

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

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

In accordance with the Communique, as of 31 December 2010, the Company selected the most appropriate method for the ACLM calculation for each branch considering the aspects of the related branch, the structure of portfolio of the Company and in accordance with the decision of the Actuary of the Company and the selected methods have been used for the calculations as of 31 December 2013 and 2012. The methods used in ACLM calculations as of 31 December 2013 and 2012 for each branch, additional gross and net provision amounts and amounts to be deducted when the results are negative are as follows:

		31 December 2013		31 December 2012	
Branch	**Applied Method**	**Gross Additional Provision (100%) (*)**	**Net Additional Provision (100%)**	**Gross Additional Provision (100%)**	**Net Additional Provision (100%)**
Compulsory motor third party liability (*)	Standart	10.771.781	10.655.344	16.015.926	15.731.327
General liability	Cape Code	30.549.909	7.649.212	9.273.426	2.321.100
Financial liability	Standart	1.556.265	1.524.061	891.674	864.379
Accident	Standart	1.014.853	497.778	1.134.721	424.937
Water vehicles	Standart	687.595	65.940	279.153	32.628
Fire and catasrophic losses	Standart	(1.475.596)	(507.540)	798.651	(739.865)
Marine	Standart	(1.417.703)	(757.783)	(271.459)	(128.821)
General losses	Standart	(7.619.364)	(1.107.792)	(11.763.022)	(1.771.132)
Motor vehicles	Standart	(3.674.271)	(3.664.999)	(5.104.663)	(5.119.063)
		30.393.469	**14.354.221**	**11.254.407**	**11.615.490**
Additional provision for compulsory motor third party liability (**)		2.958.738	2.926.755	2.494.665	2.497.933
Additional provision for general losses (**)		12.678.287	1.545.817	14.649.526	2.030.687
Total		**46.030.494**	**18.826.793**	**28.398.598**	**16.144.110**

(*) As of 31 December 2013 and 2012, according to the principles no:2012/13 Sector Anouncement, the data about legal follow-up claims in compulsory motor branch is taking into account by revising past oriented ACLM calculations in accordance with the company's actuary judgement.If the revision about the mentioned claim files didn't happened as of 31 December 2012 net incurred bu not reported provision would be TL 2.853.051 (31 December 2012: TL 1.825.012 TL) less than the actual amount..

(**) The Company evaluated the claim development in compulsory motor third party liability and general losses branches statistically with other actuarial methods and models and accounted for a net additional reserve amounting to TL 2.926.755 (31 December 2012: TL 2.497.933) for compulsory motor third party lisability and TL 1.545.817 (31 December 2012: TL 2.030.687) for general losses as an addition to the incurred but not reported claim provision (Note 2.24).

As discussed in Note 2.24, the Company has used the results calculated in accordance with test of the adequacy of the results of ACLM calculations to determine the incurred but not reported claims provision for the branches without proper and adequate data as of 31 December 2013 and 2012:

	31 December 2013	**31 December 2012**
Breach of Trust	143.850	(4.835)
Legal Protection	14.669	4.172
Financial Losses (***)	8.181	3.548
Health	6.283	4.223
Rail Vehicles	-	23.364
Total	**172.983**	**30.472**

(***) Company has used sector average rate which is published at 30 June 2013for IBNR Calculation of financial losses branch cause of the avoid a requirement statistical data requirement. In this respect, for the mentioned branches, the Company accounted for an additional incurred but not reported claims provision amounting to TL 8.181 as of 31 December 2103 (31 December 2012: TL 3.548).

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

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

The peak claims which are accepted as big claims are eliminated in a seperate calculation file by using prescribed statistical methods in the Circular to calculate ACLM with a more homogeneous set of data. Big claim limits used for determination of big claims eliminated in related calculations for each branch are as follows as of 31 December 2013 and 2012:

Branch	**31 December 2013**	**31 December 2012**
Fire and Catasrophic Losses	633.300	558.494
Compulsory Motor Third Party Liability	84.061	88.583
Motor Own Damage	-	258.203
General Losses	-	5.284.032

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

18. Investment Contract Liabilities

None (31 December 2012: None).

19. Trade and Other Payables, Deferred Income

	31 December 2013	**31 December 2012**
Payables to reinsurance companies	46.631.492	25.896.948
Other payables due to main operations	1.391.654	875.563
Premium reserves received from insurance and reinsurance companies (Note 10)	230.658	21.136
Payables due to main operations	**48.253.804**	**26.793.647**
Payables to SSI regarding medical expenses (*)	6.460.740	8.473.635
Received deposits and guarantee letters	1.159.473	692.085
Payables to suppliers	567.985	2.810.954
Payables to contractors	167.299	241.023
Other Payables	**8.355.497**	**12.217.697**
Deferred commission income (Note 17)	23.744.612	19.625.374
Total trade and other payables, deferred income	**80.353.913**	**58.636.718**

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

	2013	**2012**
Opening Balance - 1 January	**8.473.635**	**6.922.774**
Premiums ceded to SSI (1) (**)	6.190.937	5.022.159
Correction notified in 2012 related to premium ceded to SSI between 25 February 2011 - 26 August 2011 (1) (2) (**)	-	297.246
The difference between notified liabilities for the year 2012 and the amount calculated (3)	1.352.098	567.843
Notified correction for the period before regulation	252.874	12.723
Premium payments to SSI	(9.808.804)	(4.349.110)
Closing Balance - 31 December	**6.460.740**	**8.473.635**

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

19. Trade and Other Payables, Deferred Income (Continued)

(1) As disclosed in Note 2.14, the Group is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 and Sector Announcement numbered 2012/6 to SSI in relation to policies issued after 25 February 2011, regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI as TL 6.190.937 as 1 January - 31 December 2013 (1 January - 31 December 2012: TL 5.022.159) The remaining part of ceded premiums to SSI is classified under the account "Payables to SSI regarding medical expenses - short term",payments until the end of period has reduced from this account.

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

(3) In accordance with the Communiqué numbered 2011/17 and 2012/4, the difference between the respective liability amount notified by Treasury to the companies and the amount calculated as a result of the abovementioned calculations with respect to the related period is accounted for under "Payables to SSI regarding medical expenses" in balance sheet and charged to other technical income or expense account in income statement. In this context, the Group has deducted TL 1.352.098 (1 January - 31 December 2012: TL 567.843) from the related liability account by considering the 1 January - 31 December 2013 liability and recognized the corresponding amount of income in the current period "Other Technical Expense".

The related party balances are explained at Note 45.

Amounts of foreign currency denominated payables are as follows:

Payables to reinsurance companies:

	31 December 2013		
Foreign currency Amount	**Foreign currency Amount**	**Foreign currency rate**	**Amount TL**
EUR	3.305.205	2,9365	9.705.734
USD	1.337.294	2,1343	2.854.187
Total			**12.559.921**

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

20. Borrowings

None (31 December 2012: None).

21. Deferred Income Tax

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

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

21. Deferred Income Tax (Continued)

As of 31 December 2013 and 2012 the temporary differences giving rise to deferred income tax assets and liabilities with using appropriate tax rates are as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Deferred income tax assets:				
Accumulated losses	18.850.868	11.410.574	3.770.174	2.282.115
Unexpired risk reserve	4.000.684	223.928	800.137	44.786
Equalisation reserve	3.732.436	3.027.957	746.487	605.591
Incurred but not reported outsanding claims provision	2.926.755	2.494.665	585.351	498.933
Personnel bonus provision	1.740.150	2.140.150	348.030	428.030
Provision for employee … termination benefit	1.407.159	1.234.974	281.432	246.995
Unused vacation provision	840.011	730.574	168.002	146.115
Claim recovery receivables provision	726.261	1.226.784	145.252	245.357
Premium recevable provision	446.479	640.631	89.296	128.126
Other	149.560	1.082.754	29.912	216.551
Total deferred income tax assets			**6.964.073**	**4.842.599**
Deferred income tax liabilities:				
Fixed assets	(18.784.377)	(18.873.515)	(3.756.875)	(3.774.703)
Deferred acquisition costs	(1.347.663)	(939.203)	(269.533)	(187.841)
Total deferred tax liabilities			**(4.026.408)**	**(3.962.544)**
Deferred tax assets - net (Note 35)		**2.937.665**	**880.055**	

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

	2013	2012
Opening balance - 1 January	880.055	15.241
Deferred tax (expense)/income (Note 35)	1.965.225	864.814
Accounted for under equity deffered tax effect of actuarial losses	92.385	-
Closing Balance - 31 December (Note 35)	**2.937.665**	**880.055**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax legislation that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Accordingly, the Company, based on its best estimates, calculated a deferred tax asset based on the tax losses to be utilized with the budgeted profits.

In this respect, as of 31 December 2013, the Company has calculated a deferred tax asset amounting to TL 3.770.174 (31 December 2012: TL 2.282.115) over deductible tax losses amounting to TL 18.850.868 (31 December 2012: TL 11.410.574). In addition, the Company has TL 14.384.728 (31 December 2012: TL 40.782.995) of tax losses, out of which the Company has not recognized a deferred tax asset amounting to TL 2.876.946 (31 December 2012: TL 8.156.599) as of 31 December 2013. The maturity analysis of the deductible tax losses out of which the deferred tax asset has not been recognized is as follows:

	31 December 2013	31 December 2012
2014	-	26.189.376
2015	10.788.150	10.997.041
2016	3.596.578	3.596.578
Total	**14.384.728**	**40.782.995**

22. Retirement Benefit Obligations

	31 December 2013	31 December 2012
Provision for employee termination benefits	1.407.159	1.234.974
Total	**1.407.159**	**1.234.974**

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

The amount payable consists of one month's salary limited to a maximum of TL 3.254,44 (31 December 2012: TL 3.033,98) for each year of service at 31 December 2013.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

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

	31 December 2013	31 December 2012
Discount rate per annum (%)	3,74	2,50
Turnover rate to estimate the probability of retirement (%)	89	89

The principal assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 3.438,22 (1 December 2013: TL 3.129,25) which is effective from 1 January 2014, has been taken into consideration in calculating the provision for employment termination benefits.

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

	2013	2012
Opening balance - 1 January	1.234.974	1.059.816
Service and interest costs	17.719	1.078.589
Actuarial losses (*)	461.923	-
Payments	(307.457)	(903.431)
End of period- 31 December	**1.407.159**	**1.234.974**

(*) As of 31 December 2013, it has been account for under "Other Capital Reserve" as net of tax. The actuarial gain and loss generated as a result of the calculations regarding the provision for Employment Termination Benefits in the interim accounting period of 1 January - 31 December 2012, since they has no material effect to financial statements, no restatement is made in the prior year's financial statements and all services and interest costs and actuarial gain and loss related to the mentioned period have been accounted under income statement (Note 2.19 and 15)

23. Provisions for Other Liabilities and Charges

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

Guarantees and pledges received are disclosed in Note 12.3.

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

	31 December 2013	31 December 2012
Personnel bonus provision	1.740.150	2.140.150
Provision for lawsuits	150.489	204.940
Total provision for expense accruals	**1.890.639**	**2.345.090**
Unused vacation provision (**) (Note 47.1)	840.011	730.574
Total	**2.730.650**	**3.075.664**

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

24. Net Insurance Premium Revenue

The distribution of premium income is as follows:

	1 January – 31December 2013			1 January – 31 December 2012		
	Gross	Reinsurer's Share	Net	Gross	Reinsurer's Share	Net
Motor own damage	85.779.145	(3.941.410)	81.837.735	81.972.488	(13.347)	81.959.141
Fire and catastrophic Losses	81.805.560	(71.443.739)	10.361.821	74.664.242	(65.427.173)	9.237.069
General Losses	68.427.740	(58.360.040)	10.067.700	45.863.455	(38.193.694)	7.669.761
Motor third party liability (*)	66.672.297	(6.153.071)	60.519.226	54.259.145	(5.322.021)	48.937.124
General liability	14.567.327	(11.642.906)	2.924.421	10.084.551	(8.108.738)	1.975.813
Marine	13.125.606	(6.735.670)	6.389.936	14.373.013	(6.597.551)	7.775.462
Water vehicles	8.431.013	(7.834.044)	596.969	7.624.965	(6.847.731)	777.234
Accident	6.837.376	(2.104.607)	4.732.769	6.546.139	(1.977.666)	4.568.473
Health	5.033.399	(3.845.358)	1.188.041	4.689.419	(3.674.096)	1.015.323
Financial losses	1.380.663	(1.311.974)	68.689	1.590.491	(1.535.901)	54.590
Legal protection	1.125.727	(3)	1.125.724	1.077.993	(2)	1.077.991
Air vehicles	603.968	(603.968)	-	266.962	(266.962)	-
Breach of trust	379.794	(234.046)	145.748	420.168	(328.490)	91.678
Air vehicles liability	129.377	(129.377)	-	715.571	(715.571)	-
Rail vehicles	-	-	-	251.656	-	251.656
Total	**354.298.992**	**(174.340.213)**	**179.958.779**	**304.400.258**	**(139.008.943)**	**165.391.315**

(*) Reinsurance premiums for motor vehicles liability branch include premiums ceded to SSI amounting to TL 6.190.937 (1 January - 31 December 2013: TL 5.319.405)regarding the policies written through 1January - 31 December 2013 calculated in accordance with the Communiqué numbered 2011/17 (Notes 2.14 10 and 19).

25. Fee Income

None (1 January - 31 December 2012: None).

26. Investment Income

	1 January - 31 December 2013	1 January - 31 December 2012
Cash and cash equivalents		
Interest income	8.799.627	9.584.554
Held-for-trading financial assets		
Sales income and fair value changes	242.078	487.258
Held to maturity financial assets		
Interest income	131.932	-
Total	**9.173.637**	**10.071.812**

27. Net Realised Gains on Financial Assets

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

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

Disclosed in Notes 11 and 26.

29. Insurance Benefits and Claims

Disclosed in Note 17.

30. Investment Contract Benefits

None (31 December 2012: None).

31. Other Expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Operating expenses classified under technical part	49.746.766	45.852.033
Total (Note 32)	**49.746.766**	**45.852.033**

32. Expenses by Nature

	1 January - 31 December 2013	1 January - 31 December 2012
Commission expenses	49.116.355	43.888.470
Personnel expenses (Note 33)	18.038.208	17.998.437
Communication and data processing expenses	4.135.786	3.615.227
Advisory expenses	3.054.600	1.001.132
Marketing and sales expenses	2.162.260	1.390.085
Travel expenses	1.593.108	1.456.565
Fee expenses	1.462.817	1.193.004
Office expenses	1.152.603	1.182.898
Reinsurance commission income	(32.214.414)	(28.925.368)
Other	1.245.443	3.051.583
Total (Note 31)	**49.746.766**	**45.852.033**

33. Employee Benefit Expense

	1 January - 31 December 2013	1 January - 31 December 2012
Salary payments	13.557.841	13.151.644
Employer share of social security premium	2.018.013	1.906.928
Bonus payments	1.747.596	1.543.191
Private health insurance	232.537	463.793
Side benefits	27.334	29.101
Other	454.887	903.780
Total (Note 32)	**18.038.208**	**17.998.437**

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

34. Financial Costs

34.1 Total financial expenses for the period: TL 2.065.169 (1 January - 31 December 2012: TL 1.855.024).

34.1.1 Expenses related to production cost : None (1 January - 31 December 2012: None).
34.1.2 Expenses related to tangibles : None (1 January - 31 December 2012: None).
34.1.3 Direct expenses: TL 2.065.169 (1 January - 31 December 2012: TL 1.855.024).

34.2 Financial expenses related to shareholders, subsidiaries and investments (any amount exceeding 20% of total will be illustrated separately): None (1 January - 31 December 2012: None).

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

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

35. Income Taxes

Tax assets/liabilites and tax income/expenses belongs to the accounting years 1January - 31 December 2013 and 2012 are summarized below as of 31 December 2013 and 2012.

	1January - 31 December 2013	1 January - 31 December 2012
Deferred tax income (Note 21)	1.965.225	864.814
Total tax income	**1.965.225**	**864.814**

	31 December 2013	31 December 2012
Prepaid tax and funds	1.542.120	1.634.232
Prepaid tax and funds	**1.542.120**	**1.634.232**
Deferred tax asset	6.964.073	4.842.599
Deferred tax liability (-)	(4.026.408)	(3.962.544)
Deferred tax asset - net (Note 21)	**2.937.665**	**880.055**

The reconciliation of the actual taxation charge is as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Income before current and deferred income tax	6.600.204	2.872.308
Enacted tax rate	%20	%20
Tax calculated by enacted tax rate	(1.320.041)	(574.462)
Effect of disallowable expenses	(66.917)	(79.594)
Effect of income not subject to tax	-	45.020
Effect of accumulated financial losse for deferred tax at current year	3.352.183	1.473.850
Tax income for current period (Note 21)	**1.965.225**	**864.814**

36. Net Foreign Exchange Gains

	1 January - 31 December 2013	1 January - 31 December 2012
Related to deposits and accounts		
- Exchange gains	9.975.900	4.171.939
- Exchange losses	(4.673.276)	(5.638.608)
Total	**5.302.624**	**(1.466.669)**

37. Earnings per Share

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

	1 January - 31 December 2013	1 January - 31 December 2012
Net profit for the period	8.565.429	3.737.122
Weighted average number of shares with nominal value of Kr 1 per share	16.306.985.600	16.306.985.600
Earnings per share (Kr)	0,0525	0,0229

38. Dividends per Share

None (31 December 2012: None).

39. Cash Generated from Operations

Disclosed in the statement of cash flows.

40. Convertible Bond

None (31 December 2012: None).

41. Redeemable Preference Shares

None (31 December 2012: None).

42. Risks

	31 December 2013	31 December 2012
Outstanding claims litigations against the Company - gross (*)	112.929.395	88.070.112
Lawsuits opened against the Company	150.489	204.940

(*) Related item is accounted for in outstanding claim provision and the movement table of outstanding claim provision is disclosed in Note 17. The retention amount for this provision is TL 55.352.707 (31 December 2012: TL 42.716.422). As disclosed in Notes 2.24 and 17.15, the Company made a deduction from the outstanding claim provision under legal follow up amounting to TL 20.857.929 (31 December 2012: TL 17.115.234) on gross basis and TL, 9.245.903 on net basis as of 31 December 2013 (31 December 2012: TL 6.863.826) on net basis as of 31 December 2013.

43. Guarantees

	31 December 2013			
	USD	Euro	TL	Total
Letters of guarantee given	571.841	-	9.967.257	10.539.098
Total	**571.841**	**-**	**9.967.257**	**10.539.098**

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

Mortgages or restrictions on assets:

	31 December 2013	31 December 2012
Bank deposits (Note 14)	31.096.339	36.110.812
Government bonds (Note 11)	4.974.236	-
Total	**36.070.575**	**36.110.812**

44. Business Combinations

None (31 December 2012: None).

45. Related-party Transactions

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

	31 December 2013	31 December 2012
a) Payables to insurance and reinsurance companies net		
VIG Holding	8.991.965	5.636.738
VIG Re	3.418.337	728.649
Kooperativa	1.311.713	-
Other	195.701	610.867
Total	**13.917.716**	**6.976.254**
b) Reinsurers' share on unearned premium reserve		
VIG Holding	10.474.441	2.457.721
VIG Re	10.104.460	9.923.263
Kooperativa	1.341.622	-
Other	234.682	214.656
Total	**22.155.205**	**12.595.640**
c) Reinsurers' share on outstanding claim reserve		
VIG Re	6.666.855	6.785.675
VIG Holding	6.316.927	492.399
Other	250.914	12.642
Total	**13.234.696**	**7.290.716**
d) Deferred commission income		
VIG Re	2.918.857	2.858.867
VIG Holding	2.846.057	671.320
Other	102.213	31.763
Total	**5.867.127**	**3.561.950**

	1 January - 31 December 2013	1 January - 31 December 2012
e) Ceded Premiums		
VIG Holding	19.830.979	6.237.109
VIG Re	14.903.201	19.702.802
Other	761.972	907.192
Total	**35.496.152**	**26.847.103**
f) Commissions received		
VIG Holding	5.106.422	1.413.964
VIG Re	4.433.080	5.031.678
Other	61.517	66.838
Total	**9.601.019**	**6.512.480**
g) Reinsurers' share on paid claims		
VIG Re	5.893.583	5.746.891
VIG Holding	2.584.971	788.685
Other	23.869	797
Total	**8.502.423**	**6.536.373**
h) Operational expenses		
VIG Holding	182.963	212.936
Total	**182.963**	**212.936**

45.1 Doubtful receivables from shareholders, investments, subsidiaries: None (31 December 2012: None).

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

Financial non-current assets

	31 December 2013								
	(%)	Restated Cost	Book Value	Audit opinion	Financial statement period	Total asset	Total liabilities	Net sales	Net income / (loss)
TARSİM	4,16	125.125	125.125	-	31.12.2013	9.460.279	3.415.596	13.364.587	501.019
Risk Ekspert (*)	30	15.000	15.000	-	31.12.2013	30.108	36.188	181.729	(13.633)
		140.125	**140.125**	**-**		**9.490.387**	**3.451.784**	**13.546.316**	**487.386**

	31 December 2012								
	(%)	Restated Cost	Book Value	Audit opinion	Financial statement period	Total asset	Total liabilities	Net sales	Net income / (loss)
TARSİM	4,16	125.125	125.125	-	31.12.2012	8.141.168	1.617.973	12.199.842	743.049
Risk Ekspert (*)	30	15.000	15.000	-	31.12.2012	18.670	10.117	21.060	(41.447)
		140.125	**140.125**	**-**		**8.159.838**	**1.628.090**	**12.220.902**	**701.602**

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

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2012: None).

45.4 Rights on immovable and their value: None (31 December 2012: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2012: None).

46. Events after the balance sheet date

a) The period of registered capital ceiling of the Company as TL 200,000,000 has been protracted to 31 December 2018 by CMB Approval Letter No. 110.03.02-39-167 at 7 January 2014.

b) The employment termination benefits ceiling has increased to TL 3.438,22 effective from 1 January 2014.

47. Other

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

	31 December 2013	31 December 2012
a) Other Receivables:		
Receivables from state-sponsored agricultural insurance	448.096	576.729
Receivables from compulsory earthquake insurance policies	58.484	212.570
Other	13.476	11.660
Total	**520.056**	**800.959**
b) Other Prepaid Expenses:		
Deferred acquisition costs	1.347.663	939.203
Prepaid expenses	682.364	70.466
Total	**2.030.027**	**1.009.669**

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

	31 December 2013	31 December 2012
c) Other short term payable:		
Payables to suppliers	567.985	2.810.954
Payables to contractors	167.299	241.023
Total	**735.284**	**3.051.977**
d) Other Short-term Liabilities:		
Unused vacation provision (Note 23)	840.011	730.574
Total	**840.011**	**730.574**
e) Other Long-term Technical Provisions:		
Equalisation reserve (Note 17)	4.220.020	3.343.110
Total	**4.220.020**	**3.343.110**
f) Other Losses and Expenses:		
Receivables written off	797.122	626.393
Disallowable expenses	312.752	198.039
Other	76.690	136.378
Total	**1.186.564**	**960.810**

47.2 Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets: None (31 December 2012: None).

47.3 Receivables from claim recoveries followed under off-balance sheet items: None (31 December 2012: None).

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses: None (The amount consists of reconciliation differences due to the reconciliations performed for the period 1 January - 31 December 2012 amounting to TL 7.671).

47.5 Other information required by Treasury to be presented

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

	1 January - 31 December 2013	1 January - 31 December 2012
Provisions expenses/(income)		
Net claim recovery receivables provision under legal follow-up (Note 12.5-12.7)	9.023.606	1.267.162
Provision for unused vacation	109.437	238.330
Provisions for doubtful receivables from main operations (Note 12.5-12.7)	(106.326)	(692.512)
Provision for receivables from policyholders and intermediaries (Note12.5-12.7)	(194.152)	131.926
Provision for employment termination benefits	(289.738)	175.158
Provision for personnel bonuses	(400.000)	940.150
Other	(54.449)	12.721
Total	**8.088.378**	**2.072.935**

	Note	Current Period	Previous Period
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1.PROFIT FOR THE PERIOD		8.565.429	3.737.122
1.2 TAXES PAYABLE AND LEGAL LIABILITIES		-	-
1.2.1. Corporation tax (Income tax)		-	-
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and legal liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		**8.565.429**	**3.737.122**
1.3.PREVIOUS YEARS' LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVE		-	-
1.5.LEGAL RESERVES KEPT IN THE COMPANY(-)		-	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]		**-**	**-**
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To common shareholders		-	-
1.6.2. To preferred shareholders		-	-
1.6.3 To owners of participating redeemed shares		-	-
1.6.4 To owners of profit-sharing securities		-	-
1.6.5 To owners of profit and loss sharing securities		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10.SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.10.1. To common shareholders		-	-
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11.SECOND LEGAL RESERVE (-)		-	-
1.12.STATUTORY RESERVES (-)		-	-
1.13.EXTRAORDINARY RESERVES		-	-
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1.DISTRIBUTED RESERVES		-	-
2.2.SECOND LEGAL RESERVE (-)		-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2 To preferred shareholders		-	-
2.3.3.To owners of participating redeemed shares		-	-
2.3.4 To owners of profit-sharing securities		-	-
2.3.5 To owners of profit and loss sharing securities		-	-
2.4.DIVIDENDS TO EMPLOYEES (-)		-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III PROFIT PER SHARE		-	-
3.1.TO COMMON SHAREHOLDERS		-	-
3.2.TO COMMON SHAREHOLDERS (%)		-	-
3.3.TO PREFERRED SHAREHOLDERS		-	-
3.4.TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE		-	-
4.1.TO COMMON SHAREHOLDERS		-	-
4.2.TO COMMON SHAREHOLDERS (%)		-	-
4.3 TO PREFERRED SHAREHOLDERS		-	-
4.4.TO PREFERRED SHAREHOLDERS (%)		-	-

The authorised body of the Company for the distribution of the current period profit is the General Assembly. As of the date of the preparation of the financial statements, Ordinary General Assembly of the Company has not been held, yet; therefore only net profit for the period has been stated on the statement of profit distribution.

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