IN THE INSURANCE INDUSTRY

55 years

WITH FULL OF PRIDE

ANNUAL REPORT 2015

Anything is possible as long as you want it!
You are free to succeed. You are free to move forward.
Enjoying life, loving abundantly, giving as much as you want...
It’s all in your hands. As long as you trust yourself, believe in yourself.

Keep a positive outlook on life. Put your worries aside.
Don’t waste your time with self-doubts, or what-ifs.
Have more energy to realize your dreams.

When you look at the world, see what you stand to gain,
not what you stand to lose.
Focus on your goals, not the obstacles.

We will always be beside you so you can live your life to the fullest,
together with your family and loved ones.
We are ready to remove the obstacles
while you realize your dreams.
Just leave the hard part to us.
We work day and night so that you can easily move forward
on your path to tomorrow.

Do not accept anything less than the best.
Have confidence in the future. Hold on to your passions.
Every day, every moment...

Think well, live well!

AKSigorta

Anything is possible as long as we want it!
We are free to succeed. We are free to move forward.
Enjoying success, sharing in success...
It's all in our hands.

We trust ourselves and we believe in ourselves.
We keep a positive outlook on life.

We have the energy to realize our dreams.

We focus on our goals, not the obstacles.
We are always beside our customers so that they can live life to the fullest, away from worries. We deal with the difficult parts and we work day and night.

We have confidence in the future, as we have had over the last 55 years.
Every day, every moment... We think positively, we experience success!

WE STARTED OFF 1960

Aksigorta was established 55 years ago, in **1960** to serve Sabancı Group companies. At the time, Aksigorta had four employees.

FIRST INSURANCE POLICY

Having laid the foundation for Turkey's insurance industry, Aksigorta issued its first policy in **1961**.

55 YEARS OF SUCCESS

FOR THE LAST 55 YEARS, AKSİGORTA HAS SERVED INDIVIDUAL AND CORPORATE CLIENTS ACROSS TURKEY WITH 700 EMPLOYEES, 16 REGIONAL DIRECTORATES, MORE THAN 2,000 INDEPENDENT AGENCIES, 900 AKBANK BRANCHES, 69 BROKERS, AND 3,600 CONTRACTED INSTITUTIONS.

FIRST INSURANCE POLICY ISSUED ONLINE

For the first time in Turkey, Aksigorta issued an insurance policy online via the bancassurance channel in **1983**.

MORE THAN 15 MILLION CUSTOMERS

Over the last 55 years, Aksigorta has provided coverage to more than **15 million** customers across Turkey with some 44 million insurance policies, covering health to travel, motor to compulsory earthquake insurance, business package to liability insurance.

55 YEARS OF PRIDE

HAVING PROVIDED MANY INSURANCE PRODUCTS, FROM HEALTH TO TRAVEL, MOTOR TO COMPULSORT EARTHQUAKE, BUSINESS PACKAGE TO LIABILITY, TO MORE THAN 15 MILLION CUSTOMERS OVER THE LAST 55 YEARS, AKSİGORTA CONTINUES TO MOVE FORWARD ON ITS JOURNEY TO SUCCESS, WHICH HAS SPANNED OVER A HALF-CENTURY THUS FAR, WITH IMMENSE PRIDE.

FIVE CUSTOMERS INSURED EVERY MINUTE

Today, Aksigorta insures **five customers every minute** on average, by issuing seven policies.

1.3 MILLION POLICIES

About 2.8 million customers insured by Aksigorta hold a total of **1.3 million policies**.

9 MILLION CLAIMS SETTLED

Over the last 55 years, Aksigorta has paid out **TL 14 billion** in 9 million total claims.

PREMIUM PRODUCTION AMOUNTING TO TL 21 BILLION

Over the last 55 years, Aksigorta's premium production has climbed to **TL 21 billion**, in present day value.

UNIQUE PRODUCTS

2015 Highlights

We continued to make a difference in the market with new products.

Aksigorta was the first insurance company to launch a new product under the “Compulsory Personal Accident Insurance for Mine Workers” Regulation, which came into effect after Turkey’s mining disasters.

With our unique Pati Insurance product, we began offering affordable health coverage for customers’ pets.

Aksigorta’s new, competitively priced Practical MOD provides comprehensive auto coverage to policyholders.

NEW PARTNERSHIPS FOR ADDED BENEFITS

2015 Highlights

2015 was a very productive year for Aksigorta in terms of major collaborations.

The Company aims to sell 600 thousand new insurance policies under a new partnership with Türk Telekom and subsidiaries TTNET and Avea. Under the cooperation, Aksigorta provides insurance coverage to Türk Telekom customers who subscribe to “Business Advantage,” “Special for Merchants” or “Special for Professional” tariffs, and TTNET corporate subscribers under its “Business Insurance” or “Home Insurance” products. Avea’s individually billed merchant subscribers who sign 12-month contracts also are covered under Aksigorta’s “Business Insurance” or “Home Insurance” products.

NEW ERA OF CLAIMS CONSULTING

2015
Highlights

We speeded up claims processing and undertook efforts to improve customer satisfaction.

Aksigorta Personal Claims Consulting Model helps eliminate some common problems customers experience during the claims process, such as having difficulties in reaching the appropriate contact at the Company, repeating the same problem to different representatives over and over, and not receiving adequate information.

We invest in advanced methodologies and software solutions to reduce fraud, and we evaluate high-return investment instruments to better manage our financial income.

Thanks to the optimization efforts we have effectively undertaken since 2013, our policyholders can get their cars repaired at fully equipped, certified service centers that have much better facilities and that are staffed by well-trained personnel.

EFFECTIVE USE OF SOCIAL MEDIA

Our various social media campaigns during the year generated significant buzz.

We launched a new social media initiative – "My Happy Family" – to engage Aksigorta's big, happy family of about 2.5 million customers.

Between May 25 and June 29, customers uploaded photos of their happiest moments to Aksigorta's social media accounts with the hashtag #BenimMutluAilem.

Every week, a panel of judges selected and awarded the winning entries.

In addition, every day 100 women won a mini check-up package as part of a social media contest held March 1-8.

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AGENDA FOR THE ANNUAL GENERAL MEETING

AKSİGORTA ANONİM ŞİRKETİ BOARD OF DIRECTORS RESOLUTION

DATE OF MEETING: 19.02.2016
NUMBER DECISION: 08

RESOLUTION

It has been decided that the Ordinary General Assembly Meeting of the Company for 2015 to convene on March 24, 2016 at 14:00 at the address of Istanbul, Beşiktaş, 4. Levent, Sabancı Center with the below agenda.

Agenda

1. Opening and formation of Meeting Chairmanship,
2. Reading and discussion of the Board of Directors' Annual Report for 2015,
3. Reading of the Auditors' Reports for 2015,
4. Review and approval of Financial Statements for 2015,
5. For the year 2015, of the profit/loss of use of the shape determination
6. Approval of the General Assembly, who is appointed in 2015 by the Board of Directors for the vacant membership for the remaining duty period,
7. Release of the Board of Directors regarding their activities in 2015,
8. Informing the General Assembly regarding the Donations made in 2015,
9. Determination of donation limits of the company for the year 2016,
10. Election of the Auditors for the Financial Statements of the year 2016 in accordance with the Turkish Commercial code numbered 6102 and Capital Markets Law numbered 6362 and Insurance legislation.
11. Approval of General Assembly amendment of the articles of 8 of our Main Articles of Association in accordance with the text to be approved by the Capital Markets Board, the Republic of Turkey, Undersecretariat of Treasury, and the Republic of Turkey, the Ministry of Customs and Trade.
12. Granting permission to the Chairman and members of the Board of Directors to carry out the transactions written in Articles 395 and 396 of Turkish Commercial Code.

Aksigorta A.Ş. Board of Directors

16
REGIONAL DIRECTORATES

MORE THAN
2,000
INDEPENDENT AGENCIES

900
AKBANK BRANCHES

69
BROKERS

3,600
CONTRACTED INSTUTIONS

A MODERN AND SUSTAINABLE APPROACH TO INSURANCE

With modern, sustainable steps, Aksigorta has worked towards an innovative, customer oriented vision since its establishment in 1960.

Following its partnership with Sabancı Holding and the Belgian Ageas, Aksigorta continued to build upon its strong brand recognition and high market value, providing service to individual and corporate clients across Turkey through 16 regional directorates, more than 2,000 independent agencies, 900 Akbank branches, 69 brokers and 3,600 contracted institutions.

Ranked 42nd in the "Turkey's Most Valuable 100 Brands" survey conducted by the British consultancy firm, Brand Finance, for Capital Magazine in 2015, Aksigorta aims to increase its market share while contributing to the development of the sector and the national economy, and at the same time continuing its growth.

Aksigorta focuses on providing an exponential contribution to the growth and development of the insurance sector in Turkey, improving public insurance awareness in every way possible, rendering insurance products and services accessible to every segment of society, and becoming the insurance company of the masses.

Taking firm steps forward, Aksigorta is a brand that is constantly developing to achieve the best. Aksigorta utilizes its experience, knowledge and resources to provide the right solutions to customers and ensure that they have a positive experience and, together with their families, look to the future with confidence.

The major shareholders of Aksigorta, whose shares are publicly traded on the BIST National Market under the AKGRT ticker, are H.Ö. Sabancı Holding (with a 36% stake) and Ageas Insurance International N.V. (also with a 36% stake). According to the independent audit of 31 December 2015 unconsolidated financial statements, Aksigorta's asset volume reached TL 1,880 million.

1,622
TL MILLION
GROSS WRITTEN PREMIUMS

1,032
TL MILLION
INCURRED CLAIMS

349
TL MILLION
SHAREHOLDERS' EQUITY

1,880
TL MILLION
TOTAL ASSETS

FINANCIAL HIGHLIGHTS

STEADY GROWTH THANKS TO A ROBUST FINANCIAL STRUCTURE

FINANCIAL INDICATORS (TL MILLION)	2014	2015
Gross Written Premiums	1,714	1,622
Incurred Claims	863	1,032
Technical Results	42	-149
Profit Before Tax	38	-136
Net Income	31	-136
Paid in Capital	306	306
Shareholders' Equity	508	349
Total Assets	1,641	1,880
CAPITAL SOLVENCY RATIOS	**2014**	**2015**
Gross Written Premiums / Shareholders' Equity	337%	465%
Shareholders' Equity / Total Assets	31%	19%
Solvency Ratio	146%	117%
OPERATIONAL RATIOS (NON-LIFE)	**2014**	**2015**
Retention Ratio	71%	68%
Loss Ratio (Net)	73%	89%
Combined Ratio (Net)	103%	122%
PROFITABILITY RATIOS	**2014**	**2015**
Technical Results / Gross Written Premiums	2%	-9%
Profit Before Tax / Gross Written Premiums	2%	-8%
Net Income / Gross Written Premiums	2%	-8%
Return On Equity (ROE)	6%	-32%

WELL-ESTABLISHED VALUES SPANNING 55 YEARS!

OUR VISION

To make insurance easy, understandable and accessible for everyone.

OUR MISSION

We provide a unique insurance experience for our customers to support the continuity and ease of life while creating value for all stakeholders.

OUR VALUES

RESPECTFUL

We are a trusted company where respect is key.

SOLUTIONS DRIVEN

We are always ready to provide appropriate solutions to make people happier.

SUCCESS DRIVEN

We develop ourselves continuously to achieve the best in everything we do.

PEOPLE FOCUSED

We understand the needs of people and provide the right product with understandable services and up to date technology.

OUR STRATEGIES AND CUSTOMER RELATIONS POLICY

638
EMPLOYEES

Our Strategies

- Achieve and maintain a balanced product portfolio that is attentive to profitability,
- Grow faster in profitable channels while improving productivity in all channels,
- Increase productivity and effectiveness by achieving operational excellence in all claims processes,
- Improve the corporate performance management system by further improving human resources practices,
- Improve the IT infrastructure and complete the IT transformation process,
- Support the promotion of a culture of innovation in the Company to achieve service excellence,
- Understand agents and customers better and increase customer loyalty, thus distinguishing ourselves in the sector with high-quality service.

Our Customer Relations Policy

- Transparency
- Accessibility
- Responsiveness
- Objectivity
- Fee-Free
- Confidentiality
- Customer Focus
- Accountability
- Ongoing Improvement
- Fast and Effective Solutions
- Professionalism

1965
FIRST INSURANCE AGENCY

1980
FIRST BANCASSURANCE

1996
FIRST WEBSITE

1998
FIRST ONLINE POLICY

AN ADVENTURE THAT DATES BACK TO 1960...

A COMPANY THAT MAKES LIFE MORE SECURE WITH ITS PROGRESSIVE STEPS

1960s

First policy

The first policy was issued by Aksigorta in 1961.

First insurance agency

Lami Teymen opened the first Aksigorta agency in Adana.

1980s

Beginning of bancassurance

Aksigorta brought the bancassurance concept to insurance literature in the early 1980s. Aksigorta issued the first insurance policy through an online connection in 1983. In a short period of time, all regional directorates started to work online. By 1989, the Company has started to provide faster services through utilizing technological platforms.

1990s

Public offering of Aksigorta

Aksigorta shares were offered to the public in 1994, and the shareholder base of the Company was broadened. Aksigorta moved its headquarters from the historic Minerva Han building in Karaköy to a new building located in Fındıklı, Istanbul in 1995.

Opening of the Fire and Earthquake Training Center

In 1996, Aksigorta signed up for a unique project and opened the Fire and Earthquake Training Center, which was built entirely with technological infrastructure developed in Turkey. The project proved its success, making an impression worldwide.

Aksigorta gradually restructured its regional directorates across the country in 1996. During the same year, the Company initiated the implementation of the Human Resources project, through which the transition to the performance management and career planning system was completed, paving the way for a more deeply rooted and solid corporate foundation. Furthermore, Aksigorta's first website was launched in line with its objective of serving customers more rapidly and effectively.

First online policy in Turkey's bancassurance business

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

Considering quality systems to be very significant, Aksigorta established the quality assurance system modeled on ISO 9001:1994 standards, and was also awarded BS EN 9001:1994 Quality Standard Certification.

2000s

Awarded the certificate of authorization in the health branch

Aiming to increase diversity in its service portfolio, Aksigorta obtained a certificate of authorization for the health branch and began to issue health insurance policies in 2002, extending its line of business.

Opening of the Aksigorta Service Center

Also in 2002, in an effort to be more efficient for its customers and to communicate more actively with its agencies, the Aksigorta Service Center was opened, providing services for a complete range of fields from claim file notices to other insurance procedures on a 24/7 basis.

New restructuring concept

The Company undertook a restructuring process in 2004 to improve its customer service quality with its growing and developing portfolio. The Istanbul region was restructured under four regional directorates - Istanbul 1, Istanbul 2, Istanbul 3 and Corporate Regional Directorates. Operational and sales transactions were transferred to these directorates.

Transition to regional management

Renewing itself constantly in line with market conditions and demand, Aksigorta shifted its management strategy from central management to regional management in 2006 through revising its business and decision making processes. Aksigorta created a widespread regional organization by strengthening the competency and capacity of the regional directorates, given that they are the Company's initial contact points with customers and agencies.

2009
AKSIGORTA WAS CHOSEN "MOST RELIABLE INSURANCE COMPANY"

2012
JOINED FORCES WITH AGEAS

2014
AKSIGORTA MOVED INTO ITS NEW OFFICE

2015
AKSIGORTA CELEBRATES ITS 55TH ANNIVERSARY

Merger between Ak Emeklilik and Aviva Hayat ve Emeklilik

Ak Emeklilik A.Ş., a subsidiary of Aksigorta, merged with Aviva Hayat ve Emeklilik A.Ş. in 2007 and carried out its operations under the name AvivaSA Emeklilik ve Hayat A.Ş. following the merger.

Harmonization with new legislation

In 2008, Aksigorta rapidly completed its efforts to bring itself in line with the newly implemented insurance business laws and regulations in Turkey. Renowned for its efforts to comply with new legislation, Aksigorta became the leading company on KalDer's Turkish Customer Satisfaction List and in the same year was named by Tüketici Dergisi (Consumer Magazine) as the "Most Reliable Insurance Company for Quality" for four years in a row.

"Most Reliable Insurance Company"

As a testament to its success, Aksigorta was chosen by consumers as the "Most Reliable Insurance Company" in a research study conducted by AC Nielsen in 2009.

In a bid to achieve capital optimization and unlock the hidden value of its core insurance business, Aksigorta entered a spinoff process and transferred its participation portfolio to Sabancı Holding in 2010. Following the revisions to the Turkish Commercial Code, the transfer of Aksigorta's participations to Sabancı Holding was initiated and the process completed as of 14 January 2010 following the Extraordinary General Meeting held on 4 January 2010.

50th Anniversary

Hosted by the Chairman of the Board of Directors, Güler Sabancı, and managers at Sabancı Holding, Aksigorta celebrated its 50-year anniversary with an event attended by members of leading circles in business and society. At this event, artists who contributed to Aksigorta's "Risk and Trust"-themed art project were presented their awards and the "Keep Living Turkey" project, initiated in cooperation with AKUT to raise awareness about natural disasters such as earthquakes, floods or fires across Turkey among 5 million people in five years, was also introduced.

Joining forces with Ageas

Ageas, a Belgium based international insurance company, became a strategic shareholder of Aksigorta in July 2011 as Sabancı Holding, which held a 62% stake in Aksigorta at the time, sold 31% of the shares to Ageas for USD 220 million to forge a strategic alliance for Aksigorta. The company has reinforced its strengths by including a global dimension, thanks to its new ownership structure.

Ageas is an international insurance group with a heritage spanning 190 years. Ranked among the top 20 insurance companies in Europe, Ageas has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. These are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia and served through a combination of wholly owned subsidiaries and partnerships with strong financial institutions and key distributors around the world. Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Hong Kong and the UK.

Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading Non-Life player through AG Insurance. In the UK, Ageas is the sixth largest Non-Life insurer with a number three position in cars insured and has a strong presence in the over 50s market. Ageas employs more than 13,000 people in the consolidated entities and over 30,000 in the non-consolidated partnerships, and has annual inflows of more than EUR 23 billion.

New regional structure

Aksigorta made changes in the regional structure to decrease the operational load and responsibility of agency sales teams and to help them focus more on sales. With the new structuring and organization, the existing nine regional directorates and two representative offices became 16 in total, with the Denizli and Trabzon Representative offices turning into regional directorates and with the opening of regional directorates in Kocaeli, Çorlu, Gaziantep, Kayseri and Eskişehir.

Aksigorta's new office

Having decided to relocate in consideration of the expanding staff and technological infrastructure, Aksigorta left its headquarters in Fındıklı, Istanbul, in use since 1995; as of October 20, 2014, Aksigorta continues its operations at a new office, Buyaka Ofis Kuleleri, located in Ümraniye Tepeüstü.

55th Anniversary

Celebrating its 55th anniversary in 2015, Aksigorta insures five customers, issuing seven policies every minute. Over the last 55 years, the Company paid TL 14 billion on a total of 9 million claims. Approximately 2.8 million of the customers insured by Aksigorta hold 1.3 policies on average. Aksigorta celebrated its 55th anniversary with its employees and managers, who have significantly contributed to the Company's success, at a cocktail reception held at its Headquarters building.

Managing all of its business processes with a focus on customer satisfaction, Aksigorta maintained its leadership position in 2015 according to data from the "Customer Experience Index".

TAKING SOLID STEPS FORWARD, AKSİGORTA RECEIVED MANY AWARDS IN 2015

Having won the best project award in the "Corporate Responsibility - Education" category at the Altın Pusula Ödülleri 2011 (Golden Compass Awards) held by Türkiye Halkla İlişkiler Derneği (Turkish Public Relations Association) with its project "Keep Living Turkey," Aksigorta was also awarded one of the sector's most prestigious distinctions: the European SABRE Award in 2013. In addition, Aksigorta won the "Bronze Award" at the Stevie 2013 International Business Awards. In 2014, the "Keep Living Turkey" project received the Golden Award at the International CSR Excellence Awards, in the International-General category.

Within the scope of "Keep Living Turkey," Project, the "Survey on Disaster Awareness," within the project received the Silver Award in the "Social Owl" category at the Owl Awards organized by the Turkish Researchers' Association.

Aksigorta, the leader company of the sector with its human resources practices, was selected as one of "The 12 Best Employers in Turkey" at The Best Employers 2013 Competition organized by Great Places to Work®. Aksigorta was also granted the "Success in Talent Management Award" at the PERYÖN Human Management Awards 2013. Aksigorta Academy, established with the mission of developing employees and stakeholders who will create a difference in the workplace and constantly improve, won the "Success Award" at the Human Management Awards 2014 organized by PERYÖN, in the "Education and Development" category.

Sabancı Golden Collar Awards, organized by the Sabancı Group to recognize the achievements of Sabancı Group companies and employees and encourage mutual sharing of best practices, at the 6th Sabancı Golden Collar Awards, Aksigorta won first prize in the Synergy category. This prize is awarded when a team in the company or society, under its own initiative, contributes to each other's success or to the achievement of a third party through collaboration, regardless of their job description or without instruction or guidance. Aksigorta's project, competing in the category of Synergy, is a first-of-its-kind in Turkey, enabling customers to easily obtain their compulsory DASK insurance policies at Aksigorta sales desks when they visit Enerjisa customer service centers. Thanks to this collaboration, Aksigorta and Enerjisa are able to provide on-the-spot service to their customers, further enhancing their customer focus.

In addition to these achievements, Aksigorta won numerous awards for many other projects.

The Aksigorta 2013 Annual Report won the Bronze Award at the LACP Vision Awards, organized by the League of American Communications Professionals (LACP) and considered one of the most prominent annual report competitions in the world.

Aksigorta was chosen as the most valuable brand in the insurance sector in QUDAL - Quality medal research conducted by the Switzerland-based International Certification Association GmbH (ICERTIAS) to assess the experiences, opinions and perceptions of Turkish consumers regarding the best service and product providers in the market.

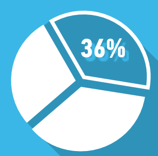
Declaring 2014 as the "Year of the Customer," Aksigorta also received a very significant honor at the A.L.F.A. Awards. In the survey conducted by Marketing Turkey Magazine in collaboration with the Marketing Management Institute, Sikayetvar.com and Method Research Company, Aksigorta was chosen as the "Best Company in Online Complaint Management" within the insurance sector.

Managing all of its business processes with a focus on customer satisfaction, Aksigorta maintained its leadership position in 2015 according to data from the "Customer Experience Index", which enables the Company to conduct a comparative analysis of the customer complaints submitted to sikayetvar.com. Aksigorta places as much importance on improving customer satisfaction as on achieving financial goals. Accordingly, since 2014, the Company has been developing an index for measuring customer satisfaction at 22 customer contact points. Entitled "Positive Customer Satisfaction Index", this index measures customer service provided at contact points within one week after the provision of such service.

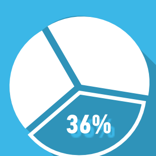
AKSİGORTA PARTNERSHIP STRUCTURE

A ROBUST INFRASTRUCTURE THANKS TO POWERFUL PARTNERS

HACI ÖMER SABANCI HOLDING A.Ş.



AGEAS INSURANCE INTERNATIONAL N.V.



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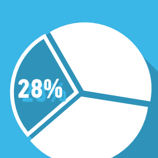


Registered Capital

Aksigorta A.Ş. changed to the registered (authorized) capital system pursuant to the provisions of Turkey's Capital Market Law (Statute 2499) as of 9 March 1995 and holds license number 301 from the Capital Markets Board. The Company's authorized capital ceiling is TL 500 million, and its paid-in capital is TL 306 million.

Capital Structure

No material changes have taken place in the capital structure of Aksigorta A.Ş., as shown in the table below. Both of the Company's major shareholders have purchased the same volume of Aksigorta shares traded on the Borsa Istanbul; as a result, their stake in the Company increased from 33.11% to 36.00%. There are no privileged shares holding special rights.

Neither Board members nor senior executives hold any stake in the Company.

Management Methodology

Sabancı Holding and Ageas Insurance International N.V. retain control of the Company management on an equal basis.

Shareholders that control more than a 10% stake in the Company's issued capital

The names and shareholding interests of shareholders who hold more than a 10% stake in the Company's issued capital are shown in the following chart.

Shareholders Name	Shareholding Ratio Share (%)	Amount (TL)
Hacı Ömer Sabancı Holding A.Ş.	36	110,160,000
Ageas Insurance International N.V.	36	110,160,000
Free Float	28	85,680,000

MANAGEMENT'S ASSESSMENT

As a key player in the Turkish insurance sector, Aksigorta has effectively assessed all risks and opportunities during fiscal year 2015, and devised a unique roadmap.

To the Shareholders, Business Partners and Stakeholders of Aksigorta,

While expectations about the Federal Reserve's interest rate policy prevailed in global financial markets, Turkey, in addition, felt the effects of general elections held in 2015. The Fed's announcement that it would move gradually in raising rates, in consideration of the global market's vulnerabilities, reduced the perceived risk of emerging markets. However, with the exception of the USA, which distinguished itself with positive employment and growth rates, the world economy was generally confronted with the problem of a lack of demand.

Turkey maintained fiscal discipline

The two general elections, held on June 7 and November 1, largely shaped Turkey's political agenda in 2015; however, all market players positively acknowledged that macro-economic stability and public fiscal discipline were nonetheless successfully maintained. In the coming period, it is expected that political tensions, which continued in the Middle East throughout 2015, could negatively impact the Turkish economy, and particularly foreign trade. And yet, despite worldwide political and economic vulnerabilities, Turkey posted 3% growth in 2015, demonstrating its strong financial foundation. The Turkish economy is expected to maintain its growth momentum in the coming period as well.

15% growth in the insurance industry

As the 18th largest economy in the world, Turkey presents high growth potential for the insurance industry, particularly with an urbanization rate reaching 80%. Compared with a stagnant global insurance industry, the Turkish insurance industry grew by 15% in 2015. An increase in total vehicle sales, leading to an overall increase in Motor Own Damage and Motor Third Liability Damage premium production, was key to this growth. On the other hand, the business volume growth was not reflected in profit rates and, while product prices did not increase significantly, the cost of inflation due to rising exchange rates created a downward pressure on profits. Moreover, new arrangements introduced in the industry, including the IBNR Memorandum, General Conditions of Motor Third Party Liability Insurance and Price Floor for Motor Third Party Liability Insurance, imposed new costs on the market players, who, in return, took steps toward diversifying their product portfolios by adding more profitable products. Accordingly, new insurance products were launched, such as Compulsory Personal Accident Insurance for Mine Workers, Construction Completion Insurance, and Surety Insurance. Parallel to growth in the insurance industry, new companies entered the sector and co-operative businesses took their places in the sector as the newest market players.

Aksigorta's unique roadmap

As a key player in the Turkish insurance sector, Aksigorta has effectively assessed all risks and opportunities during fiscal year 2015, and devised a unique roadmap. Aksigorta continued its well-balanced product and channel strategy, recording a premium production of TL 1,622 million in 2015.

Innovative products and corporate partnerships

In light of declining profit margins in highly competitive segments like health and motor third party liability, our Company launched new, innovative products such as the Compulsory Personal Accident Insurance for Mine Workers, "Pati" Pet Insurance and Practical MOD insurance. We have also achieved significant improvement in certain processes such as network optimization, prevention of fraud and personal claims consulting.

Corporate partnership was another area where we focused our business development efforts. To that end, we aimed to issue 600 thousand new insurance policies under our collaboration with TTNET, Turkey's leading Internet service provider, and the network operator Avea. Accordingly, we insured Türk Telekom subscribers to the Business Advantage, Special for Merchants or Special for Professional plans, along with TTNET's corporate subscribers, under our Business Insurance or Home Insurance products. The individually billed subscribers of Avea (merchants who have signed 12-month contracts) were also insured under our Business Insurance or Home Insurance products.

A "first' in private health insurance

In line with its growth targets in the health branch, Aksigorta and Acıbadem Sigorta established a new business partnership in 2016. This new business model is already being implemented in developed insurance markets, but it is a "first" in Turkey. The purpose is to offer a competitive benefit to private health insurance customers by leveraging both Aksigorta's sales strength and extensive distribution network, and Acıbadem Sigorta's expertise in health insurance and its advanced infrastructure. With this partnership, we expect to further strengthen our position in the private health insurance branch.

We are measuring customer satisfaction...
Having declared 2014 as the "Year of the Customer", Aksigorta undertook significant efforts in 2015 as well to achieve "unconditional customer satisfaction". In collaboration with a professional research firm, our Company began to measure customer experience at 22 customer contact points and created the "Positive Customer Experience Index". According to the 2015 second-quarter results, the satisfaction scores of Aksigorta's customers in home insurance, motor third party liability insurance and health insurance branches exceeded 81%. Our Company initiated efforts to further improve some of the areas.

Aksigorta aims to maintain its strong market position in the coming period. To that end, our Company will continue to develop new products while adding on the positive experiences of our customers. We believe our employees will be our strongest supporters in this pursuit.

I would like to extend my sincerest thanks to all our shareholders, and especially our majority shareholders Sabancı Holding and Ageas, for their continued support to our operations in 2015. I am looking forward to celebrating continued success with all of you in the coming period.

Best regards,

Haluk Dinçer
Chairman of the Board of Directors

Uğur Gülen
General Manager and Member of the Board of Directors

3.1%

THE GLOBAL ECONOMY RECORDED 3.1% GROWTH IN 2015.

CONFIDENCE IN THE TURKISH INSURANCE SECTOR IS GROWING

In 2015, the European Central Bank launched a bond-buying program to invigorate internal demand, boost growth and bring the inflation rate back to its target level.

THE GLOBAL ECONOMY

In 2015, global economic growth stood at 3.1%, remaining below its potential level. Among developed countries, only the U.S. economy picked up speed; the Eurozone and Japan continued to record weak growth rates, leading to a decline in export demand. Weak growth and declining commodity/energy prices negatively impacted commodity-manufacturing countries. Meanwhile, in developing countries, and especially China, economic growth slowed down. In China, the world's second-largest economy, growth fell below 7%. In order to support its economy, China's Central Bank lowered its one-year lending and deposit rates by 25 basis points, and it also reduced reserve requirements (RRR) by 50 basis points. Weak economic data from Japan, on the other hand, revived concerns that its economy needs more support. However, it is observed that policymakers are moving cautiously with regard to signaling new incentives.

As the U.S. economy is now recovering, the Fed is expected to raise interest rates. However, the assumption is that the Fed will not raise interest rates continuously, and it will eventually slow down. Nevertheless, the Fed's interest rate hike reduced capital inflows to developing countries.

Meanwhile, Europe's economy showed signs of recovery but economic growth remained weak, at a rate of 1.5% with low inflation rates. In 2015, the economic growth rate in the Eurozone rose to 1.5% from 0.9% in 2014. Germany, Europe's largest economy, and Spain stood out positively while France, the second largest economy in Europe, posted moderate economic growth.

In 2015, the European Central Bank launched a bond-buying program to invigorate internal demand, boost growth and bring the inflation rate back to its target level; however, the annual inflation rate remained negative. Because the economy did not reach the desired level of recovery, the European Central Bank signaled it would extend its quantitative easing program beyond September 2016. There are fears that Europe might be on the brink of a deflation/ recession spiral similar to that of Japan. The delayed economic recovery in Europe negatively affects Turkey's exports because Turkey has close economic ties with the EU.

USD
32.2
BILLION
AS OF YEAR-END 2015, THE CURRENT ACCOUNT DEFICIT DROPPED 26% TO USD 32.2 BILLION.

Considered among the world's emerging economies, Turkey posted 3% growth as of year-end 2015.

THE TURKISH ECONOMY

Considered among the world's emerging economies, Turkey posted 3% growth as of year-end 2015. As an energy-importing country, Turkey can benefit from this environment. In 2015, the Turkish economy grew more quickly than other developing economies, albeit slower than its potential. Declining energy prices and weak growth help reduce the current account deficit, a major issue for Turkey. As of year-end 2015, the current account deficit dropped 26% to USD 32.2 billion, mainly due to falling prices of oil and natural gas, the two major imported inputs. The Economic Transformation Program, implemented to boost Turkey's GDP up to USD 1.3 trillion by 2018, helped reduce the current account deficit and increase the country's competitive power in international markets.

In September, exports dropped by 14.2% (y-o-y) to USD 11.7 billion; during the same period, imports also declined, by 25.2% down to USD 15.4 billion. As a result, the current account deficit fell 46.6% (y-o-y) in September. In 2015, Turkey's exports to Europe, its biggest export market, also fell in line with the drop in the EUR/USD exchange rate. Between January and September, Turkish exports to European countries shrank by 12.4% (y-o-y) in US dollar terms. However, in Euro terms, exports to these countries rose by 4.3% in September (y-o-y), and by 6.5% between January and September (y-o-y).

Even with two general elections in 2015, Turkey maintained fiscal discipline, which was a significant advantage. Upholding public fiscal discipline during the election period was key to keeping the credit rating at investment-grade level. Despite high devaluation, the inflation rate remains at a reasonable level; however, with inflation still exceeding the target, the Central Bank maintains its tight monetary policy stance. Moving forward, it is expected to adapt its monetary policy to the Fed's. The Central Bank may raise interest rates slightly, but it is likely to loosen its macro prudential measures due to downward pressure on economic growth.

After the announcement of the official election results, political uncertainty – a major factor in a weakened perception of Turkey in 2015 - began to fade and Turkey is now attracting more foreign investment than any other developing country. Now that the general elections are over, it is expected that the necessary steps will be taken to implement the structural reforms described in the 10th Development Plan. The implementation of these reforms should be accelerated and the Turkish economy should regain its momentum.

9.7%

IN 2015, REAL GROWTH IN THE INSURANCE INDUSTRY WAS 9.7%.

An important development in the insurance industry in 2015 was the introduction of the new General Conditions of Motor Third Party Liability Insurance, which came into effect in June.

THE INSURANCE SECTOR

In 2015, real growth in the insurance industry was 9,7%; while technical profit amounted to TL 385 million in the third half of the year, balance sheet profit stood at TL 605 million. Loss totaled TL 66 million in non-life branches, and TL 26 million in the pension branch. However, the overall industry posted positive technical profit, due to total profit of TL 478 million in the life branch. Total premium production increased to TL 31 billion in December 2015 from TL 17.2 billion in December 2011, up 81% in five years. In 2015, the insurance sector paid TL 3.6 billion in claims in non-motor branches, and TL 1.1 billion in the life insurance branch.

The fact that the share of foreign capital in the industry has reached 70% demonstrates increasing confidence in the Turkish insurance sector. The global insurance industry paid out 23% of the claims following major natural and other events in the world, such as Hurricane Katrina, the 9/11 attacks and the 2011 earthquake in Japan. Private insurance companies in Turkey, as well, paid out 15% of insurance claims following the Van and Kocaeli earthquakes. In the last five years, the Turkish insurance industry paid out TL 1.6 billion in the government-subsidized agricultural insurance segment, TL 141 million in the compulsory earthquake insurance segment, and TL 8.1 billion in the health insurance segment.

On March 17, 2015, the Undersecretariat of Treasury introduced a new procedure concerning IBNR accounts, specifically regarding situations when the total amount of reserves held in the IBNR account exceeds the total amount held in the last three months. The new arrangement, which will be valid for another three years, had a significant impact on the sector's first-quarter technical results. With the introduction of the IBNR arrangement, it is expected that many companies will have to set aside additional provisions and increase their capital. Although it is difficult to estimate the precise amount of additional provisions the insurance sector will need to set aside, it is expected that the sector will require about TL 3.5 billion for additional provisions in the motor third party liability insurance segment. Considering that shareholders' equity in all non-life insurance companies in Turkey totaled TL 8.1 billion at the end of 2014, should this prospect become reality, half the sector's shareholder equity will disappear.

An important development in the insurance industry in 2015 was the introduction of the new General Terms and Conditions of Motor Third Party Liability (MTPL) Insurance, which came into effect in June. The new terms and conditions include a revised set of standards for resolving the most common conflicts between insurance companies, policyholders and aggrieved parties, and facilitating processes, as well as many additional details on topics from coverage to damages and claims processes. Offering a standard method, the new terms

56%
INSURANCE SECTOR PREMIUM PRODUCTION INCREASED 56% IN THE LAST FOUR YEARS.

As of September 2015, the number of participants in the Private Pension System (PPS) exceeded 5.7 million, while the total amount of funds reached TL 43.6 billion.

and conditions satisfy the expectations of the insurance sector. Through the standardization of accounting methods, aggrieved parties and their families or relatives can directly apply to insurance companies without an intermediary, and receive the entire claims payment without paying commissions to intermediaries. Given these new terms and conditions, it is expected that a need for revisions in insurance claim monitoring and payment systems will arise.

Parallel to the new legislation changes, in 2015, price ceilings were set for six vehicle categories in the MTPL segment. According to Insurance Information and Monitoring Center data, these six vehicle categories constitute 23.58% of the 15,372,936 insurance policies paid out during the ten months between January and October 2015. In the first nine months of 2015, premium production increased by 20.2% compared to the same period last year. Non-life premium production of the entire sector increased by 15.7% during the same period while the share of MTPL insurance in total market rose one point to 26.2%.

Key Developments in 2015

- In 2015, the share of vehicles with MTPL insurance in traffic rose to 82.3%, which corresponds to 15,692,557 vehicles. Meanwhile, only 5,290,561 vehicles were covered by Motor Own Damage insurance.
- Following the introduction of government support to the Private Pension System (PPS) in 2013, the system experienced exponential growth and, as of September 2015, the number of participants in the Private Pension System (PPS) exceeded 5.7 million while the total amount of funds reached TL 43.6 billion.
- In 2015, total funds in the insurance and private pension sector amounted to TL 76 billion. The insurance sector invested TL 33.5 billion in public debt securities, TL 7 billion in capital market instruments, and TL 1.4 billion in private sector debt securities.
- The insurance industry's total assets rose by 10% to TL 87 billion in the first half of 2015 from TL 79 billion at the end of 2014. Equity-to-asset ratio stood at 13.5% at the end of June.
- It is expected that in 2016 insurance sales through digital channels will amount to EUR 25 million. In 2015, the insurance sector adapted itself to the digital world and expanded the digital service network with innovative products.

FOLLOWING A UNIQUE ROADMAP DISTINCTIVE IN THE SECTOR

Aksigorta considerably improved the profitability of its product portfolio by increasing the share of non-motor insurance branches, a segment characterized by low penetration and high growth potential, in the entire portfolio to 52%.

As the preferred choice of millions of individuals and enterprises, in 2015, Aksigorta continued to insure everything of value for its customers against risks, thanks to its innovative products and services.

In 2015, Aksigorta followed a roadmap distinctive in the sector. The Company took new decisions in two important segments: Motor Third Party Liability Insurance and Health Insurance. Aksigorta implemented appropriate pricing strategy in the MTPL branch and refrained from price-based competition. It also developed creative business models in the health branch after carefully reviewing current market conditions. Faced with declining profit margins in standard products, the Company strengthened its position in new and innovative product categories. For example, Compulsory Personal Accident Insurance for Mine Workers, the most popular product of 2015, gained 60-70% market share.

In 2015, Aksigorta also launched "Pati" Pet Insurance, one of the year's most innovative products, while the Company's Practical MOD insurance provides coverage against risks including accidents, breakdowns, car or key theft, flood and misfuelling. Additionally, Aksigorta updated its Private Health Insurance product so that foreigners who are in the process of applying for a residence permit in Turkey may also benefit from it.

Furthermore in 2015, according to year-end figures compiled by the Insurance Association of Turkey (IAT), Aksigorta's total premium production reached TL 1.6 billion, with the insurer commanding a 6.1% market share. As a result, Aksigorta ranked as the fourth largest company in the sector in terms of premium production. Aksigorta increased its premium production in branches except MTPL to 3% and with this result Aksigorta is the fifth company among the biggest companies of the sector on the basis of premium production.

Undertaking various efforts to further improve its profitability, Aksigorta avoids price-based competition in branches that present high risk of loss.

PREMIUM PRODUCTION (TL MILLION)

NET PROFIT (TL MILLION)

Undertaking efforts to further improve its profitability, Aksigorta avoided price-based competition in branches that present high risk of loss. In 2015, the Company continued to create competitive advantage through collaborations, especially in those branches where its competitive edge is weaker. In that regard, 2015 was a very productive year for Aksigorta. The Company aims to sell 600 thousand new insurance policies under its collaboration with Türk Telekom and its subsidiaries TTNET and Avea. Accordingly, Aksigorta insured Türk Telekom subscribers to the Business Advantage, Special For Merchants or Special For Professional plans, along with TTNET's corporate subscribers, under its Business Insurance or Home Insurance products. The individually-billed subscribers of Avea (merchants who have signed 12-month contracts) were also insured under Aksigorta's Business Insurance or Home Insurance products.

Striving to keep general expenses under control, Aksigorta expanded its workforce in a disciplined manner, and invested in technological applications to ease operational burdens and increase efficiency. It also invested in advanced methods and software for reducing fraud, and analyzed high-return investment tools in order to better manage its financial income. Aksigorta continues to carry out Fraud Prevention Activities it initiated in 2011 under the Claims Transformation Project. Further, the Company plans to launch a Fraud Management Initiative along with the most advanced analysis techniques being used by insurance companies worldwide. Aksigorta carefully selects and regularly inspects its service partners and support service providers in order to maximize customer service quality during the claims process. As well, Aksigorta launched the Personal Claims Consulting model to provide additional support to customers when damages occur, resolve situations and compensate their losses as quickly as possible.

Aksigorta attained growth parallel with sector in the fire branch, far ahead of the 14% growth in the sector. The Company also notched up 23% growth in the general losses branch, which includes engineering and personal accident sub-branches, again far ahead of the sector growth rate of 19%. Aksigorta considerably improved the profitability of its product portfolio and increased its market share in the non-motor insurance branch, a segment characterized by low penetration and high growth potential, to 52%.

AKSIGORTA CELEBRATED ITS 55TH ANNIVERSARY TO THE FULLEST

To offer customers quick and easy access to the Aksigorta Service Center, the Company began using "TUŞLA", the smart telephone directory, which enables quick access to call centers and customer support channels.

Aksigorta Celebrated its 55th Anniversary

Over the last 55 years, Aksigorta has been serving individual and corporate clients across Turkey with 638 employees, 16 regional directorates, more than 2,000 independent agencies, 900 Akbank branches, 69 brokers and 3,600 contracted institutions. The Company celebrated its anniversary together with its employees and managers at a cocktail reception held at its Headquarters building.

Aksigorta "Ekmek Arası Drama Club" Performed Their 7th Play

Established by Aksigorta employees in 2008, "Ekmek Arası Drama Club" performed their seventh play in 2015: "Necati Bey'i Arıyorum", written by the Russian novelist and playwright Valentin Petrovich Kataev. With plays such as "Düdükçülerle Fırçacıların Savaşı (The Fight Between the Whistlers and the Brushers)" by Aziz Nesin, "A Midsummer Night's Dream" by Shakespeare, "Ay Işığında Şamata (Commotion under the Moonlight)" by Haldun Taner, "Amphytrion" by Haldun Dormen, "The Miser" by Moliere, and the Aksigorta Ekmek Arası Drama Club performed "Out of Order," by Ray Cooney.

"Parenting" Training from Aksigorta for Its Employees

Always striving to bring together employees and stakeholders under various platforms, and support employee development whenever possible, Aksigorta Academy organized a special training course for employees to celebrate the April 23rd National Sovereignty and Children's Day. Aksigorta employees who are also parents attended the "Parent Effectiveness Training (P.E.T.)" program, developed by Dr. Thomas Gordon, a licensed clinical psychologist and a nominee for the Nobel Peace Prize. To date, more than one million parents in 43 countries have attended the P.E.T. program.

Meanwhile, pedagogue Tansu Oskay shared valuable tips with parents on topics such as understanding and managing issues, helping children or other individuals resolve personal problems, encouraging individuals to modify unacceptable behavior, and overcoming resistance to change.

In its 3rd year, "Aksigorta Young Talents Campus Program" offered senior university students a real work experience in various departments at Aksigorta.

Aksigorta Young Talents Campus Program Is Headed to Ageas…

In its 3rd year, "Aksigorta Young Talents Campus Program" offered senior university students a real work experience in various departments at Aksigorta. During the three-month project period, young talents created ideas on "Customer Experience Management" and presented these ideas to Aksigorta's senior management on April 27, 2015. "What's & Done" was selected as the best project and its creators were sent to Ageas's Head Office in Belgium as an acknowledgement of their contributions.

Accessing Aksigorta via Single "TUŞLA"

To offer customers quick and easy access to the Aksigorta Service Center, the Company began using "TUŞLA", the smart telephone directory, which enables quick access to call centers and customer support channels. Customers can easily access the Aksigorta Service Center IVR System when they download the free "TUŞLA" application, the next generation mobile support platform, to their smartphones. In addition to accessing the IVR System, users can also send messages to Aksigorta's Twitter account, or they can share their messages with Aksigorta through the 'Write-Send' function. Moreover, users can leave their phone numbers and contact information and ask to be called back by using the 'We'll Call You' function.

My Happy Family

Since 1960, for the last 55 years, Aksigorta has been foreseeing risks for millions of customers and insuring them against these risks. Accordingly, the Company launched a new social media project, entitled "My Happy Family" to engage its big, happy family, consisting of about 2.5 million customers. Between May 25 and June 29, customers uploaded photographs of their happiest moments on Aksigorta's social media accounts with the hashtag #BenimMutluAilem. Every week, a jury panel evaluated the submitted photographs and winners received various awards, including Sony Playstations, iPad Minis and Wifi GoPro Cameras. In addition, every week, submitters of most-liked photographs on social media won Canon cameras.

A Special Contest from Aksigorta to Celebrate International Women's Day

Every day between March 1 and 8, winners of Aksigorta's social media contest – a total of 100 women – won a mini check-up package covering a full blood count, a urine test, an ESR test, a fasting blood glucose test, a total cholesterol test, and a physical examination. Aiming to draw attention to the importance of March 8th International Women's Day, the contest was run on Aksigorta's Facebook and Twitter accounts. Women who won the contest were awarded with a mini check-up package, valid at contracted health institutions – 106 in total - in 62 cities across Turkey.

The results of the "Agent Satisfaction and Loyalty Survey", conducted in collaboration with TNS, revealed that the ties between Aksigorta and its agents are growing stronger.

The Most Successful Agent Campaign of 2015

To celebrate its 55th anniversary, Aksigorta organized the Most Successful Agent Campaign of 2015, which ran between June and December. The campaign included sales of products such as motor third party liability insurance, home insurance, workplace insurance and corporate fire insurance; its purpose was to meet three different types of goals related to growth and premium production.

Agents who achieved their goals during the campaign period were offered an opportunity to travel to some of the world's most attractive destinations. First-tier winners – agents who achieved the highest growth and premium production levels – won a U.S. trip, second-tier winners won trips to Bangkok and Phuket, and third-tier winners won a trip to Italy.

Ties between Aksigorta and Its Agents Grow Stronger

The results of the "Agent Satisfaction and Loyalty Survey", conducted in collaboration with TNS, revealed that the ties between Aksigorta and its agents are growing stronger. According to the survey results, the agents are extremely satisfied with the service they receive from the Company's regional directorates. Agents assigned Aksigorta the highest scores on attributes such as easy access to regional managers and customer representatives; timely response to questions, information requests and complaints; and provision of information during campaign periods. They also said that they considered the sales representatives working at the regional directorates to be well-informed regarding technical issues, products, claims, and collection, and to have good problem-solving skills.

Aksigorta Agents Donated to the Turkish Education Foundation

The Aksigorta Sales Academy was established to enhance sales power and support the development of sales personnel. Aksigorta's "21st Century Agency Management Certificate Program", developed in collaboration with Bilgi University, commenced its second edition of training courses. Seventeen agencies had graduated from the first edition of the program, and 26 agencies attended the second edition. The 60-hour training program consisted of five important business modules: Agency Management; Management Skills; Human Resources; Financial Planning; and Legislation on Agencies. Graduating agencies received their certificates from Bilgi University.

Successful agencies in Istanbul, who were qualified to attend the "21st Century Agency Certificate Program" by donating to the Turkish Education Foundation in order to support young people in education, had the opportunity to participate in a rich training program and an important social responsibility project.

Aksigorta Came Together with Its Business Partners

Aksigorta came together with 150 brokers and agency employees from across Turkey at Sabancı Center. Haluk Dinçer, President of the Retail and Insurance Group of Sabancı Holding and Chairman of Aksigorta, along with Uğur Gülen, General Manager of Aksigorta, and Fahri Altıngöz, Assistant General Manager of Aksigorta attended the meeting, where participants discussed economic and political developments worldwide and in Turkey, their effects on the insurance industry, and the latest developments and innovations at Aksigorta.

A survey aimed at helping Aksigorta better understand the needs of its customers revealed that customers are demanding “faster support in the case of a car accident”, specifically when motor own damage insurance products were the subject of queries.

The Greatest Expectation from Motor Own Damage Insurance Products: Faster Support in the Case of an Automobile Accident

A survey aimed at helping Aksigorta better understand the needs of its customers revealed that customers are demanding “faster support in the case of a car accident”, specifically when motor own damage insurance products were under discussion. Out of 100 respondents, 43 people selected “fast support” as their top expectation, while 40% of the respondents selected “low insurance premiums and rates”, which ranked second on the list of expectations; 23 out of 100 respondents expected to be “informed about what to do in the case of an accident/damage”, and 20% mentioned that “insurance policies should be explained in detail during the sales process.”

According to survey results, the number of people who consider Motor Own Damage Insurance an essential need is quite high, with 72% of the respondents saying that Motor Own Damage Insurance was a necessity. However, of about 19 million vehicles in Turkey, only 5 million are covered by Motor Own Damage Insurance. The survey revealed a significant lack of information among customers about Motor Own Damage and Mandatory Motor Third-party Liability Insurance products. One out of every 10 people did not know the difference between these two insurance products and thought they were the same, while 14 out of 100 respondents had no opinion at all.

Just 1 out of Every 5 People is Screened for Cancer

According to data from the Turkish Cancer Statistics, issued by the Turkish Ministry of Health, Public Health Institution, every year approximately 162 thousand individuals are diagnosed with cancer. The World Cancer Report issued by the International Agency for Research on Cancer (IARC), which is part of the World Health Organization (WHO), finds that each year 14 million new cases of cancer occur worldwide. The number of cancer deaths rose to 8.2 million from 7.6 million in 2008. It is estimated that this number will reach 13 million in the next 20 years. In Turkey, cancer is the second-leading cause of death, after heart diseases, and it has affected the lives of one out of every two people, either directly or through a family member or a relative. A survey commissioned by Aksigorta reported that 33.6% of Turkish society has experienced cancer in their extended families, 8.1% have experienced it with their parents, 1.7% experienced it themselves, and five out of every 1,000 people experienced it in their children.

The survey also revealed that, despite all these findings, we have not placed enough emphasis on cancer screening: four out of every five respondents said that they have never undergone cancer screening, indicating that only 20% of the population have undergone cancer screening. This percentage rises slightly, to 30%, among those who have experienced cancer in their families. However, this rate drops to 12% among those who had never experienced cancer.

Under its collaboration with Avea, Aksigorta offered its Workplace Insurance or Home Insurance products to all individually-billed subscribers of Avea who have signed 12-month contracts.

The survey helped reveal the feelings and thoughts of individuals regarding cancer, and it was understood that, in general, Turkish people hold a very positive view about beating cancer, with 59% of the respondents saying that they would "immediately seek treatment in the belief that they would beat this disease" while 39% believed in the effectiveness of alternative therapies. Among people who had experienced cancer, 47% believed in alternative therapies, and this percentage dropped to 33% among people who had never experienced cancer.

Clothes are the Most Popular Gifts for Father's Day

According to a survey commissioned by Aksigorta to seek the opinions of individuals aged 25-45 years regarding Father's Day, the most popular Father's Day gift was clothes, and the most popular shared activity was conversation. One out of every four respondents said that spending time together was enough for them; 13% of the respondents did not purchase gifts for their fathers on this special day, though this percentage varied significantly according to gender. So much so that, while 7% of females did not buy gifts, this percentage rose to 20% among males.

More than half of the respondents visited their fathers at least once or more every two weeks, and yet this frequency rose to 12 times per month among people who lived in the same city. Visit frequency dropped to twice every three months among those who lived in different cities. Only 17% of the respondents visited their fathers every day.

Chatting with Mothers Is Priceless

According to a Mother's Day survey commissioned by Aksigorta, 54% of the respondents lived in the same city as their mothers, while 31% lived separately from their mothers and 15% have lost their mothers. More than half of the respondents (57%) visited their mothers at least once or more every two weeks, with this frequency rising to 12 times per month among those who lived in the same city. Visits dropped to twice every three months among people who lived in different cities. Only 17% visited their mothers every day.

"Having a chat" was the most common answer - by 58% - to the question, "What do you most enjoy doing with your mother?" while 23% selected, "It is enough for me to have my mother by my side." Other activities respondents enjoyed doing with their mothers were eating (14%), going to places (10%), and watching TV (5%). Only 4% of the respondents enjoyed shopping with their mothers.

13% of the respondents did not purchase gifts for their mothers on this special day while this percentage varied significantly according to gender. So much so that, while 7% of females did not buy any gifts, this percentage rose to 20% among males. The most popular Mother's Day gift was clothes (by 60%), followed by kitchenware (15%) and flowers (13%).

Aksigorta launched a new product under the "Compulsory Personal Accident Insurance for Mine Workers Regulation". Devised following the mine disasters in Soma and Ermenek, the product came into effect after being published in the Official Gazette on February 6.

Avea Users/Merchants Are Protected by Aksigorta
Under its collaboration with Avea, Aksigorta offered its Business Insurance or Home Insurance products to all individually-billed subscribers of Avea who have signed 12-month contracts. For the first year, Business Insurance or Home Insurance products, which provide coverage up to TL 10,000, were offered at no charge.

Aksigorta's Business Insurance Package provides coverage against flash floods, fire, burglary, and acts of terrorism, among others. This product also provides third-party liability coverage, such as damage to third-party property due to fire or explosion, and protection against water damage.

Individually-billed subscribers of Avea - merchants who chose the Home Insurance product – had their homes and property covered against burglary, fire, storm, flash floods, civil commotion, malicious acts and acts of terrorism.

The Future of Mine Workers Is Protected by Aksigorta
Aksigorta launched a new product under the "Compulsory Personal Accident Insurance for Mine Workers Regulation". Devised following the mine disasters in Soma and Ermenek, and coming into effect after being published in the Official Gazette on February 6, the "Compulsory Personal Accident Insurance for Mine Workers" aims to provide protection to surface and underground coal miners and other types of underground mine workers, as well as personnel involved in production and production preparation against on-the-job accidents. The Undersecretariat of Treasury set the annual premium for this insurance product at TL 749 and the coverage amount at TL 150,000.

The "Compulsory Personal Accident Insurance for Mine Workers" provides two types of coverage: disability and death. If the accident results in the permanent disability of the insured - when treatment is terminated and disability is confirmed by a medical assessment - within two years from the date of the accident, the policyholder receives payment in the amount defined under the general conditions of the policy. If the insured dies within two years from the date of the accident, then the entire death benefit is paid to the beneficiary.

Under its new Practical Motor Own Damage insurance product, Aksigorta provides a valet service that picks up a vehicle if it breaks down, sends it to expert repair shops, provides spare parts during the repair process, and delivers it to its owner once all processes have been completed.

A New Product from Aksigorta: Practical Motor Own Damage Insurance

Under its new Practical Motor Own Damage insurance product, Aksigorta provides a valet service to pick up the vehicle if it breaks down, send it to expert repair shops, provide spare parts during the repair process, and delivers it once everything is completed. Also, if an accident causes life-threatening injuries, an ambulance is dispatched to the location of the accident to provide medical care on the spot and/or take the injured party to the nearest hospital; the Service Center must be called to receive this free ambulance service. The 24/7 Emergency Medical Services are provided to everyone in the vehicle, if the incident occurs inside the vehicle, but only to the insured, if the incident happens outside the vehicle.

Hyundai Vehicles and Their Owners Are Under Protection with Aksigorta-Hyundai Motor Own Damage Insurance

The "Hyundai Motor Own Damage Insurance" product, jointly developed by Aksigorta and Hyundai, provides protection for Hyundai vehicles against risks including accidents, breakdowns, car or key theft, flood and misfuelling. Hyundai Motor Own Damage Insurance covers not only the vehicle owners, but also passengers and their possessions, and even the other vehicle and its passengers.

When damage occurs, Hyundai Motor Own Damage Insurance policyholders can get their vehicles repaired at Hyundai Authorized Service Centers, with 100% original spare parts, and without waiting. Hyundai Authorized Service Centers provide glass repair and replacement services, without any exemptions. Hyundai Motor Own Damage Insurance provides coverage up to TL 1,000 in the cases of stolen or lost car keys.

Aksigorta - Birlas Partnership

Aksigorta partnered with Birlas Motorsports, the largest supplier of auto accessories and hobby stores in Turkey, to offer its customers and agents attractive discounts on thousands of products and services such as clothing, motorcycle and car tires, car batteries and steering wheels, helmets, air filters, and many others. During the campaign, which lasted until July 1, 2015, Aksigorta's customers and agents received 15% discount on hobby products, 10% discount on spare parts, and Lassa and Bridgestone tires, and 20% discount off labor at selected Birlas Motorsports stores.

Aksigorta Chose SAS for Fighting Insurance Fraud

Aware of the rising trust in the insurance industry, Aksigorta decided to give top priority to fighting insurance fraud, particularly because of its direct effect on profitability and prices. Insurance fraud is a major problem in Turkey, as well as globally. Fraudulent activities account for approximately 15% of all insurance payments. Therefore, Aksigorta signed an agreement with SAS to use its SAS® Fraud Framework product for the prevention of insurance fraud.

After the launch of the Personal Claims Consulting Model, the number of thank-you letters from customers increased.

Aksigorta Launched the "Personal Claims Consulting Model"

Aksigorta launched the Personal Claims Consulting Model in order to provide more support to customers when damages occur, resolve situations and provide compensation for losses as quickly as possible. The service begins immediately when the customer calls 444 27 27 Aksigorta Claims Communication Center. Claims consultants receive the customer's call, record the customer's request or suggestion, and inform the customer regarding when they will be contacted. At that point, the Aksigorta Personal Claims Consultant who has received the initial call then contacts all relevant departments to resolve the issue at hand, and calls back to inform the customer personally.

The Aksigorta Personal Claims Consulting Model provides expert support and information to customers during the claims process, and eliminates certain common issues such as experiencing difficulty in accessing the appropriate department, having to repeat information to different people, and not being sufficiently informed.

After the launch of the Aksigorta Personal Claims Consulting Model, the number of thank-you letters/messages from customers increased. Moreover, the new Model cut down by half the time required to resolve a problem as repeat calls are reduced by almost 40%.

Careful Selection of Service Partners and Support Service Providers

Aksigorta inspected its service partners and support service providers in order to maximize customer service quality during the claims process. After evaluating regional requirements, past experiences and service quality standards, the Company cut down the number of its contracted service providers to 870 while increasing the number of Heavy Damage Repair Centers to 51 in order to provide service in 29 cities. The highly experienced quality support teams of Aksigorta regularly visit and inspect the Company's contracted service providers, who undergo quality compliance audits provided by certification bodies such as TSE, TÜV and CZ.

Aksigorta Organizes Claims and Health Panels for Its Agencies

At the Claims and Health Panels held in Istanbul, Izmir and Ankara, Aksigorta shared with its agencies information about the claims process, an important indicator of an insurance company's value, and the new practices introduced in the health insurance branch.

HUMAN RESOURCES AT AKSİGORTA

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

Human Resources Policies at Aksigorta

A leading company that strives for continuous development, with its trust, dynamism, quality management and customer-oriented service approach, Aksigorta's most valuable asset is its employees enabling it to be a leader in the insurance sector where there is an on-going high level of competition.

Human Resources Management aims to establish a system which ensures the participation of all of its employees and which is based on cooperation and continuous development, and also supports the professional and personal development of our employees - Aksigorta's principal capital - within the framework of our corporate culture and main values.

Recruitment

All the criteria required by the positions are specified in accordance with our corporate strategies and targets. Candidates go through various processes in accordance with the criteria defined for the recruitment processes, and our Company ensures that the most suitable candidates are recruited for the most fitting posts through different kinds of processes (interviews, analyses, case studies and reference checks).

Every year, fresh graduates, who are selected and hired through the Young Talent Program, start working at various departments within Aksigorta.

Performance Management

At the beginning of the year in the Performance Management System Success Path, employees discuss their own specific and measurable business targets with their managers, in connection with the Company's objectives and there areas of competence which they want to improve. At quarterly intervals during the year, each employee and their managers undergo an interim evaluation based on these goals. At the end of the year, a general evaluation is performed and the results of the evaluation play a key role in determining the employee's need for training, career opportunities, bonuses and their salaries.

Talent Management

Parallel with its corporate strategies, Aksigorta has a predefined and closely followed talent management process. In the approach to talent management, a segmented understanding is essential. Processes like attracting, recruiting, developing a talent, loyalty and reservation of a talent are considered as important parts of talent management. With the perception of "Development of the employees is the development of our Company," Aksigorta carries out talent management programs exclusive for various categories from long-term interns to top management. Along with these programs, the talent management process is continued with career opportunities and mentorship programs within the Company. Thanks to these programs, Aksigorta raises its own leaders within the company and efficiently uses its human resources, its most valuable asset.

Compensation

Aksigorta extends a competitive salary policy to its employees. In addition to annual pay rises based on performance, there is a continuous improvement in vested benefits such as bonus systems, job valuations, private pensions, life insurance and personal accident insurance.

Aksigorta Academy

The Aksigorta Academy was founded with a mission to train employees to adapt to changing customer needs and expectations through a customer-oriented approach, and will ensure continuous growth by making the difference in their business in order to increase product and service quality. Accordingly, Aksigorta Academy serves as a development center providing the most effective and efficient training courses to employees, stakeholders and customers.

The Aksigorta Academy aims to bring its employees together on various platforms in order to support their development, focusing on improving their managerial, technical and personal knowledge and talents.

Aksigorta Academy aims to bring its employees and stakeholders together on various platforms in order to support their development, with a focus on improving their managerial and technical knowledge and skills.

Development Programs make use of development methods such as classroom training, e-learning, master programs, English training, and seminar/conference, experience sharing meetings, projects and reading materials. The Academy supports development activities in five main titles:

Leadership Academy: It includes training and development activities which are prepared to develop upper and mid-level managers in line with the Company's vision and mission.

Talent Management Development: It consists of development and follow-up programs aiming to develop employee's administrative and business competence within the scope of talent management projects.

Development Academy: It includes all personnel development, technical, product training and conferences/ seminars which are planned in accordance with training needs analysis for employees at all levels.

Sales Academy: Established in 2012 to standardize and add value to Aksigorta's sales force, in addition to increasing sales, the Sales Academy aims to bolster the relationship between all shareholders and Aksigorta, and to enhance loyalty. The Sales Academy encompasses training activities oriented to sales teams, agencies and our employees.

Aksigorta E-Academy: Established to introduce development activities combining with the possibilities provided by the current technology without time and space constraints, it includes all academies that are in operation within Aksigorta Academy.

Internal Communication

Active use of internal communication channels is encouraged to ensure employees' loyalty and improve their performance. The Company's targets and strategies are explained and information on their performance is provided to employees through various communication channels.

The Company organizes activities in which employees can come together for purposes other than work to support the development of communication between different departments. The most important objectives are to increase employees' satisfaction and loyalty, keep employees in the Company, maintain a balance between private life and business life and create a family atmosphere. The following activities are conducted for this purpose:

- Organizations for special days
- Social club activities
- Sports tournaments
- Sharing that raises awareness on health for employees
- Internal communication announcements

Human Resources Policy of the Company

Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. In order to achieve the targets of the Company, an organizational planning congruent with the strategies of the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees. Behaviors expected from the employees in accordance with the vision, mission and values have been communicated under the name of "Catalogue of Competencies" to the employees of the Company.
Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees assessment, behavior-based interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this.

Carrying out the relations with the employees is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities. Creation and maintenance of a fair working environment is one of the fundamental ethical values of the Company.

60 thousand kilometers were covered during the course of the “Keep Living Turkey” project, designed and implemented to promote knowledge about natural disasters and thereby lower death tolls.

Social Responsibility

The “Aksigorta Social Responsibility Club”, established by the Company’s employees, provided all the necessary supplies to meet the needs of 99 children as part of the “Wish Tree” Project carried out in collaboration with the Koruncuk Foundation. Aksigorta employees purchased the selected supplies written on the “Wish Trees”, which were placed in various locations within the Company’s Headquarters. Then, the members of Aksigorta Social Responsibility Club took these gifts to Bolluca Children’s Home; they also planted flowers and flew kites together with the children.

“Keep Living Turkey” was implemented to inform the public on how to deal with natural disasters. It is believed that a lack of knowledge exacerbated the death toll in the 1999 Marmara earthquake, where thousands of lives were lost, and in subsequent earthquakes. By the conclusion of the fifth and final phase of the “Keep Living Turkey” project, 5.4 million people in total declared: “Keep Living Turkey.”

Over five years in 52 cities and 174 towns, visitors to the “Keep Living Truck” experienced a simulation of the 7.4 magnitude Marmara earthquake of 1999 in the 3D G-Force Earthquake Simulator. The importance of the topic was underlined through this and through other sections in the earthquake simulator truck such as the “Safe Room” and “Unsafe Room.” The significance of simple precautions, like placing heavy objects in lower cabinets, was also highlighted. As part of the “Keep Living Turkey” project, 60 thousand kilometers were covered.

Aksigorta also undertook another social responsibility project, YADEM, which is the Fire and Earthquake Education Center. YADEM was built with the support of the late Sakıp Sabancı, entirely with Turkish technology. It was established in 1996 – before the 1999 Marmara earthquake - and worldwide is a rare example of its kind. In this center, with the most advanced technology of its time, fire and earthquake simulators are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children from ages 7 to 14 receive training through simulations each year, to the Science Center of Şişli Municipality in 2006 to offer the services of the center to the wider public. After the Science Center of Şişli closed its doors in 2015, YADEM (the Fire and Earthquake Education Center) was donated to ITU (Istanbul Technical University) Science Center.

Aksigorta purchased all the necessary equipment for the Doctor's Examination Room, which will meet all health-related needs of employees.

The Environment

The Aksigorta Headquarters offices were completed in 2014 in an environmentally aware manner:

- The building is situated to maximize daylight and natural light.
- Low-energy, high-efficiency lighting and equipment were utilized.
- Lighting is automated to save energy.
- Waste oil is collected and recycled rather than discarded into the sewage system.
- The number of bins to collect waste batteries and paper was increased in all working areas.
- In all wet surfaces (e.g. toilet) photocell batteries and urinals were utilized.
- Energy loss is minimized with automated air conditioning,
- Heat recovery units were placed in the air conditioner center.
- Acoustic insulation was applied to prevent noise pollution. All materials used (e.g. carpets, furniture, ceiling) and decorative arrangements were selected in accordance with the acoustic insulation.
- All windows are fitted with window films to save energy. (The film does not block the sunlight but minimizes radiation and thus conserves energy).
- Water purification systems (via reverse osmosis) were installed and city water was put into use after purification.
- Drip irrigation systems were utilized in landscaping projects to conserve water.
- Water based/eco-friendly paints were utilized.

All projects and applications in the New Headquarters building were checked by occupational health and safety consultants, and upon guidance were rendered compatible with regulations.

Occupational Health and Safety

All employees were trained in occupational health and safety procedures.

Following the trainings, all employees who had worked at the Company for five years were provided with routine health checks. Furthermore, employees' health reports were shared with the Company doctor and necessary checks were conducted. To ensure that Aksigorta employees can take necessary precautions for possible diseases, a "Blood Drawing Lab" was designed to conduct necessary blood tests as of 2014.

For the Doctor's Examination Room, which will meet all health-related needs of employees, all the necessary equipment needed was purchased (e.g., a wheelchair and a stretcher were purchased and put into use for employees in case of an emergency). Evacuation drills were carried out to improve employee response to emergency situations. For Claims Communication Center employees, hearing tests are planned.

CORPORATE GOVERNANCE

WITH OUR STRONG CORPORATE GOVERNANCE STRUCTURE,
WE PROTECT OUR CORPORATE VALUES FOR 55 YEARS.

BOARD OF DIRECTORS

Haluk Dinçer
Chairman of the Board of Directors
(Since 29 July 2011)
Haluk Dinçer is President of the Retail and Insurance Group of Sabancı Holding, one of Turkey's largest industrial and financial conglomerates. Haluk Dinçer acts as the Chairman of the Group's six companies, of which four are publicly listed, and three are international joint ventures: the mass - market chain CarrefourSA, electronics superstore chain TeknoSA, online retailer KlikSA, information technology provider BimSA, pension and life insurance provider AvivaSA, and non-life insurer Aksigorta, a partnership with the Belgian insurance group Ageas. Since coming to Sabanci in 1995, Mr. Dinçer has held several leadership positions in automotive, food and retail businesses. Haluk Dinçer is a member of the Brookings International Advisory Council. Mr. Dinçer is also an Executive Committee Member of B20 Turkey. Previously, Haluk Dinçer was the President of TUSİAD – Turkish Industry & Business Association, and acted as the Chairman of DEIK / Turkish-American Business Council for three consecutive terms. Mr. Dinçer earned a B.S. degree in Mechanical Engineering in 1985 and an M.B.A. in 1988, both from the University of Michigan. Haluk Dinçer is married to Suzan Sabancı, and they have two children.

Barry Duncan Smith
Vice Chairman of the Board of Directors
(Since 28 June 2013)
Barry Smith has spent his career in various jobs in the financial services sector. He assumed the role of Chief Executive for Fortis UK in 2001. In this role, he has been responsible for spearheading the business in its strategy to become a profitable manufacturer and retailer of insurance solutions in the UK, developing a range of award-winning customer-focused propositions that are unparalleled in the market. He has been appointed as President of the Chartered Insurance Institute. Barry Smith has been CEO of the UK segment of the Ageas group until 8 January 2013, when he became Chief Operating Officer of Ageas.

Steven Georges Leon Braekeveldt
Board Member
(Since 29 July 2011)
Steven Braekeveldt had been in various international management functions before serving as Assistant General Manager at ING America and Mexico in 2001. He studied Economics at Catholic University in Belgium and then got his master's degree in Law in France and Belgium. He served on the Board of Directors of Fortis Insurance between 2006 and 2009. He has been serving as CEO of Ageas Continental Europe since 2009. He is married and has three children.

Hayri Çulhacı
Board Member
(Since 31 July 2010)
Hayri Çulhacı graduated from the Faculty of Political Sciences at Ankara University and received his MBA at Northeastern University in the USA. Appointed as the Assistant General Manager at Akbank in 1990, Mr. Çulhacı served as an Assistant General Manager responsible for Corporate Communication, Investor Relations and Strategy, Consultant for the Chairman of Board of Directors, and an Executive Director at the Board of Directors, respectively. Before working in the private sector, Mr. Çulhacı served as an Account Expert and Department Chief at the Ministry of Finance. He is currently a member of the Board of Directors and chairman of the Audit Committee and Risk Committee at Akbank. Hayri Çulhacı is also a member of the Board of Trustees of the Sabancı Foundation and a member of the Board of Directors at Avivasa.

İsmail Aydın Günter
Independent Board Member
(Since 27 March 2015)
Joined Akbank T.A.Ş. as Member of the Board of Directors on the 27th of March 2014. İsmail Aydın Günter founded his own consulting firm in 1994 after assuming various duties in Sabancı Holding. Between 1974-1994 he was the Head of Financial Affairs and Financing Department. Since 1998, he assumed various duties as member of the board of directors. Before joining the Group, İsmail Aydın Günter worked for the Ministry of Finance as Public Accountant. İsmail Aydın Günter graduated from Ankara University Faculty of Political Science.

Emin Hakan Eminsoy
Independent Member of the Board of Directors
(Since 20 March 2015)
Hakan Eminsoy started his professional career in 1985 at the Istanbul Office of Arthur Andersen and Company, then continued to work at the London Office. Between 1989-2002, he assumed duties as an executive and member of the board of directors at different levels in Finansbank Group Companies. He joined Oyak Group after serving as General Manager in Fiba Bank between 2000-2002. Between 2002-2009, he worked as Member of the Board of Directors and General Manager in many Group companies, including Oyak Bank. After resigning from his position as General Manager of ING Bank Turkey in 2009, he founded Sardes Factoring in 2010 where he still is the Chairman of the Board of Directors. Moreover, Hakan Eminsoy is a Member of the Board of Directors in Erdemir Iron and Steel Factories and assumes duties as consultant in AON Turkey Office. He graduated from the Business Administration Department of Bosphorus University. Hakan Eminsoy is married and has one child.

Neriman Ülsever
Board Member
(Since 1 April 2014)
Neriman Ülsever graduated from Bosphorus University in Business Administration in 1975. Ms. Ülsever started her career in 1973 at Turkish Airlines. Between 1986 and 1994, she respectively worked at Anadolu Bank, Emlak Bank, Group Sanfa and Impexbank, with increasing responsibilities in managerial roles. In 1994, Ms. Ülsever decided to focus on human resources and management consultancy and set up IKE Ltd. in 1995. She joined Indesit Company in Turkey and over the years she assumed diverse international assignments within Indesit Group. Between 1999 and 2002, she was the Human Resources Director, East Europe and International Markets, based in Switzerland and was appointed Human Resources Director, West Europe Markets based in France between 2001 and 2004. She assumed the role of Human Resources Director, Global Commercial in 2004 based in Italy. In 2006, she became the Global Human Resources Director of Indesit Group based in Italy. Ms. Ülsever, an executive member of the Board of Directors at Indesit Company, Turkey since 1996, was appointed President of Indesit Turkey starting from 1 January, 2011.

Uğur Gülen
Board Member and General Manager
(Since 1 May 2009)
Uğur Gülen obtained undergraduate and master's degrees from the Department of Industrial Engineering at Middle East Technical University. He began his career in 1991 and worked in various positions at Interbank, Denizbank, Ak Internet and MNG Bank. During 2004-2009, he served at AK Emeklilik A.Ş. ve AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has been assigned as the General Manager and a Board member at Aksigorta since May 2009.

BOARD OF AUDITORS

Audit Committee:
The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, is in charge of the operations and capability of the internal systems and the accounting and reporting systems.

Emin Hakan Eminsoy
Chairman of the Audit Committee
(Independent Member of the Board of Directors)

İsmail Aydın Günter
Member
(Independent Member of the Board of Directors)

CORPORATE GOVERNANCE COMMITTEE

Corporate Governance Committee
The Corporate Governance Committee was established to fulfill the duties and responsibilities of the Board of Directors in a sound manner. Corporate governance is a management process at Aksigorta A.Ş. which is based on ethical values, is responsible toward internal and external parties, is aware of risk, is transparent and responsible for its resolutions, protecting the interests of the stakeholders, targeting sustainable success in a manner complying with the Corporate Governance Principles established by the Capital Markets Board.

The objective of the Corporate Governance Committee is to make recommendations to the Board of Directors of Aksigorta A.Ş. for the purpose of ensuring compliance of the corporate governance principles of Aksigorta A.Ş. with the Corporate Governance Principles established by the Capital Markets Board and with any other internationally recognized corporate governance principles the Committee also makes recommendations for the purpose of introduction and implementation of such principles, monitors compliance of the Company with such principles and carries out improvement efforts in these areas.

The duties of the Nomination Committee, the Early Detection of Risk Committee and the Remuneration Committee are also carried out by the Corporate Governance Committee.

İsmail Aydın Günter
Chairman of the Corporate Governance Committee

Neriman Ülsever
Member

Stefan Georges Leon Braekeveldt
Member

Erkan Şahinler
Member

Early Detection of Risk Committee:
The Committee was formed by the Board of Directors to detect any kind of strategic, operational, financial risk which may endanger the existence, development and continuation of Aksigorta A.Ş, and to apply necessary measurements, corrective actions and risk management.

İsmail Aydın Günter
Chairman of the Early Detection of Risk Committee

Steven Georges Leon Braekeveldt
Member

EXECUTIVE BOARD

Uğur Gülen
Board Member and General Manager
(Since 1 May 2009)
Uğur Gülen obtained undergraduate and master's degrees from the Department of Industrial Engineering at Middle East Technical University. He began his career in 1991 and worked in various positions at Interbank, Denizbank, Ak Internet and MNG Bank. During 2004-2009, he served at AK Emeklilik A.Ş. ve AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has been assigned as the General Manager and a Board member at Aksigorta since May 2009.

Rauf Orkun Gücük
Assistant General Manager - Underwriting
(Since 29 June 2015)
Rauf Orkun Gücük started his professional career as Pricing and Product Manager in Los Angeles – Zurich Financial Services between 1998 – 2000. Under the structure of the same group, he worked as Project Director between 2000 – 2001, Group Director of Strategic Marketing Department between 2001 -2005 and E-Trade Director between 2005 -2008. Later, he worked as Assistant General Managerin charge of Zurich Insurance Technical Management between 2008 -2013. Since 2013, he is the Technical Assistant General Manager of Groupama Insurance. Graduating from Bilkent University Department of Business Administration in 1996, Mr. Rauf Orkun Gücük, attended the MBA program at Wake Forest University between 1996 – 1998.

Erkan Şahinler
Assistant General Manager - Finance
(Since 20 October 2008)
Erkan Şahinler graduated from the Department of Business Administration, Faculty of Economic and Administrative Sciences at Bosphorus University. Having begun his professional career in the field of independent external audit in 1990, he has served in executive positions at various companies within Sabancı Holding since 1993. Mr. Şahinler joined Aksigorta in 2008 as the Assistant General Manager responsible for Finance.

Çetin Kolukısa

Assistant General Manager - Agencies

(Since 18 April 2005)

Çetin Kolukısa graduated from the Faculty of Economy at İstanbul University. He holds a master's degree in Econometrics. He began his career in the insurance sector in 1989. He served as a Technical Manager at Aksigorta between 1994 and 1999. He rejoined Aksigorta in 2005 as the Assistant General Manager responsible for Agencies.

Fahri Altıngöz

Assistant General Manager - Corporate Relations, Reinsurance and Corporate Sales

(Since 1 December 2005)

Fahri Altıngöz graduated from the Department of Statistics at Middle East Technical University and began his career at Aksigorta in 1988. Fahri Altıngöz served in various executive positions at a number of companies before he joined Aksigorta in 2005 as the Assistant General Manager responsible for Claims. He currently serves as the Assistant General Manager at Aksigorta responsible for Corporate Relations, Reinsurance and Corporate Sales.

M. Ayhan Dayoğlu

Assistant General Manager - Claims and Operations

(Since 1 October 2011)

M. Ayhan Dayoğlu is a graduate of Yıldız Technical University (Department of Mechanical Engineering), holds a master's degree from the same university's Institute of Sciences and Department of Manufacturing Processes, and has completed the Executive MBA program at Sabancı University. From 1992 to 1998, he served as an after-sales services manager at Boronkay responsible for the DAF Bus and Thermo King product lines. Mr. Dayoğlu joined the Sabancı Group (TemSA) in 1998. After serving in management positions with responsibilities for after-sales services and spare parts, he became the company's director of domestic bus marketing, sales, and after-sales services in 2007. Mr. Dayoğlu has been General Manager of Tema's Egyptian operations since 2009 and Aksigorta's Assistant General Manager responsible for claims and operations since 2011.

Özge Pala
Assistant General Manager - Human Resources
(Since 1 August 2015)
Özge Pala graduated from Boğaziçi University Department of Economics in 1999. Starting her professional career as an Assistant Purchasing Specialist in Lafarge, she later worked as Financial Analyst, Senior Strategist and Human Resources Director at the same company. Joining Enerjisa, a Sabancı group company, in 2010, Ms. Pala was the Strategic Human Resource Group Manager most recently.

Metin Demirel
Assistant General Manager - Information Technologies
(Since 12 January 2015)
Metin Demirel started his professional career at Akbank in 1992. After 1996,he continued his career in America. He first worked at Sulzer Medica Intermedics company as Senior System Analyst. Then, he worked as a Consultant for Oracle. Between 2004 – 2006, he directed his own company Midsoft Inc. Mr. Demirel returned to Turkey in June 2006, and started working for Tofaş as Financial and Commercial Practices Manager. Lastly, he worked as Director in charge of Zürich Insurance Information Technologies Management. Graduating from Boğaziçi University Computer Engineering Department in 1992, Mr. Metin Demirel attended the Executive MBA program at Koç University.

Serdar Dinçaslan
Assistant General Manager – Marketing and Business Development
(Since 14 July 2014)
Serdar Dinçaslan began his career at Coca Cola and continued his career in USA since 1998. After he worked as research assistant at New York Rensselaer Polytechnic Institute, he held different managerial roles in individual marketing, individual credit, product development, business development, cross sales channels management and finance at Virginia's Capital one Bank. Mr. Dinçaslan served as a director in business development and marketing and strategic projects followed by senior director in the company's different channels at Encore Capital Group, California. In 2011, he returned to Turkey and served as a consultant in Banking and financial services at Oliver Wyman. In the last three years, he has been serving as CEO of Sigortam.Net, giving consultancy to Hangikredi.com and Hangisi.netcompanies which compare the banking products. After graduating from Tarsus American College, he studied engineering at Bosphorus University. He obtained his master's degree in Management and Technology from New York Rensselaer Polytechnic Institute.

CORPORATE GOVERNANCE PRINCIPLES REPORT

Aksigorta adopts four main principles of Corporate Governance which are transparency, fairness, responsibility and accountability. Aksigorta (Company) implements all mandatory principles of CMB Corporate Governance Principles. However, some non-mandatory principles could not be fully complied due to the difficulties in implementation practice of these principles, ongoing debates on some of these principles, some mismatching between the market conditions and these principles. We are pursuing the developments on these issues and following compliance opportunities.

In 2015, we disclosed all useful information to shareholders, investors and analysts for their investment decisions with transparent, consistent and timely manner via Investor Relations announcements on corporate website, Public Disclosure Platform, Investor meetings and conferences in order to keep the continuous and effective communication with the investors and the analysts. Also we were complied with all regulation on this subject.

Despite CMP principle recommends not to participate in more than one committee for a board member, some of our board members involved in more than one committee due to both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members.

Aksigorta will care to be in compliance with the principles and follow the recent developments in the legislation and the market practices.

Aksigorta is sensitive on social responsibility; we care about regulations on environment, consumers, public health and keep our ethics. We support and respect to international human rights.

SECTION I – SHAREHOLDERS

1.1. Investor Relations Department

Their names, titles, tasks and charters of the managers and employees who are involved in investor relations in Aksigorta task are listed as below:

Erkan Şahinler, CFO
Osman Akkoca, Financial Control Department Manager, Investor Relations Manager (CMB Charter Level 3, Corporate Governance Rating Charter)
Nergiz Demirköprü, Financial Control Expert, Investor Relations Expert

Activities of Investor Relations team are as listed as below:

- releasing the investor relations presentation in which the investors could get summary information about Company's performance, strategies and the market,

- arranging conference calls at the end of each quarter to share the financial results of the Company,

- meeting with the investors in domestic and foreign conferences, roadshow organizations, one to one meetings to share the Company performance,

- respond to investors' questions and info requests which are received via phone, e-mail or one to one meeting,

- coordinating the investor information on the official website,

- coordinating the statement of annual report and quarterly activity reports,

- publishing the financial announcement calendar of the Company,

- planning the annual activities of investor relations,

- coordinating the annual General Assembly Meeting,

- stating the compliance report for CMB Corporate Governance Principles,

- reviewing the research report about the Company,

- reporting the performance of the Company stock

Investor Relations team held face to face talks with institutional investors 45 times at the head office of the Company, 40 times at domestic conferences, 9 times at abroad conferences and 64 times on conference calls totaling 158 times in 2015 to share information about the Company and the insurance industry and to respond their questions.

Investor relations team report to Corporate Governance Committee each quarter about their activities.

1.2. Right to Obtain Information

Any information concerning the shareholders and investors, which has been already disclosed to public, is published on the official website of the Company. Contact information of investor relations team is also available on official website for using shareholders' and investors' rights to receive information. Requests of the shareholders and investors for information of any kind which is not in nature of a trade secret and which has been already disclosed to public are considered and fulfilled by the Investor Relations team carefully and unerringly in a manner so as to reflect the whole truth in a short time. They are invited via e-mail and by the announcement on the official website for the conference calls at each quarter, who wants to follow the company closely and send an e-mail address.

The Articles of Association of the Company does not govern appointment of a special auditor as a right. No request in this regard was received from the shareholders in 2015.

1.3. General Assembly Meeting

One annual General Assembly Meeting was held in 2015. General Meeting was held on March 20th 2015 Friday at 14:00 at the address of Istanbul, Beşiktaş, 4. Levent, 34330, Sabanci Center, Sadıka Ana 1 Meeting Hall. Attendees of the General Meeting represented 91.01% of the total shares. There were no attendees from the press or any other stake holders other than shareholders. The shareholders didn't use their right to ask questions or propose new agenda item during the General Meeting.

Board of Directors had invited the shareholders to the General Meeting as explained in the Commercial Code, CMB Communiques and Articles of Association. The decision of Board of Directors for holding the General Meeting was publicly disclosed on PDP (Public Disclosure Platform) and Central Registry Office. At least three weeks before, General Meeting invitation and information letter was disclosed on the official website for the shareholders' and investors' information. The annual report also containing the audited financial statements of 2014 was submitted at the Head Office and on the official website of the Company for the inspection of the shareholders, at least three weeks before General Meeting. It was possible for shareholders to attend the General Meeting both physically in the meeting hall and electronically on EGKS (Electronic General Meeting System).

In the General Meeting; Board of Directors' Annual Report, Auditor's report and Financial Statements were reviewed and discussed, members of the Board of Directors and Auditors were released regarding their activities in 2014, Board's proposal for the dividend rate was approved, new members of the board was elected and assigned for three years, salaries of the board members were determined, Board's proposal for the Aid and Donation Policy was approved, brief information about the donations in 2014 was released and donation limits of the Company for the year 2015 was determined, Board's proposal for auditor election in 2015 was approved, Board's proposal for the Disclosure Policy was approved, permission granted to the Chairman and members of the Board of Directors to execute the transactions noted in Articles 395 and 396 of Commercial Code.

No material transaction that could cause conflict of interest, no transaction similar to the business scope of the company or subsidiaries on behalf of themselves or third parties, no shareholding relation as unlimited responsible partner within another company which have similar business, was informed within the shareholders who control the management of the company, board members and executive managers of the company, their spouses and their second degree relatives by blood or by marriage. Other than those, no transaction in business scope of the company was reported by the people who have right to access internal information on behalf of themselves or third parties.

Material decisions as referred in the Commercial Code are submitted to the approval of the shareholders during the General Meeting. Including the minutes of the General Meeting, all related document is published on Company's official website, Public Disclosure Platform and Central Registry System.

Aid and Donation Policy of the Company was approved by General Assembly in 2015.

1.4. Voting Right

The Articles of Association do not provide for privileged voting rights and each share has single voting right.

Electronic General Meeting System is available and power of attorney form which needs notary approval is available on our corporate web site and in our headquarters for the use of shareholders to attend the General Meeting or authorization of representative. Thus, the shareholders who are registered in the Central Registry Office and have the right to attend the General Meeting or their representatives who are holding the power of attorney attend the General Meeting by themselves or attend the Electronic General Meeting System using the secured electronic sign. Aksigorta cares about providing fair opportunities for the shareholders to attend the General Meeting with easiest and the cheapest way.

1.5. Minority Rights

There isn't any regulation in the Articles of Association regarding the minority rights.

Aksigorta cares about the minority rights as regulated in Commercial Code and CMB communiques and no complaint or critic is received in 2015 for that case.

There isn't a representative of the minority shareholders in the Board of Directors appointed by the General Meeting. However, there are two independent Board members, to represent equally all shareholders, stakeholders and especially minority shareholders.

1.6. Dividend Receiving Right

There isn't any privilege for shareholders receiving dividend from the Company. The dividend policy was discussed and approved the shareholders in General Meeting in 2014. The Dividend Policy of Aksigorta is disclosed on the official website for the information of all stakeholders.

We distributed TL 24 million dividend in 2015 to shareholders within the statutory term.

1.7. Transfer of Shares

There is no statement in the Articles of Association which restricts the transfer of shares. However, pursuant to the Communique about the Principles of Establishment and Operating of Insurance and Reinsurance Companies, direct or indirect acquisition of shares which will result in owning of 10%, 20%, 30%, 33% or 50% or more of the capital of an insurance company and a share transfer by which the rate of shares owned by one shareholder reaches or decreases below any of the aforesaid rates are subject to permission of the Undersecretaries of Treasury of the Prime Ministry of Turkey.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Official Website

The Company has the official website at the following address: www.aksigorta.com.tr. Information for the shareholders and the investors is available under the “Investor Relations” heading on the official website both in Turkish and in English. Under this heading, there are a number of pieces of information such as;

Summary information about the Company, mission, vision and values,

-Trade Registration Details,
-Shareholding Structure,
-Privileged Shares,
-Articles of Association,
-Members of Board of Directors,
-Board Committees,
-Company Management,
-Independent Auditor,
-Public Disclosure Policy,
-Dividend Policy,
-Remuneration Policy,
-Code of Ethics,
-Corporate Governance Principles Report,
-Financial Statements,
-Annual Reports,
-Financial Announcement Calendar,
-Related Party Transaction Report,
-General Assembly Meeting Documents and Related Information,
-Material Event Disclosures,
-Press Releases,
-Investor Relations Team Contact Information,
-Frequently Asked Questions,

2.2. Annual Report

Our Company’s Annual Report is released in accordance with statutory periods set out in regulations and corporate governance principles and disclosed.

Annual Report, is approved by the Board of Directors and disclosed by the same time with Financial Statements unless the Board of Directors decide a different disclosure time with a separate declaration of responsibility. Annual reports are disclosed on the Company’s official website.

SECTION III – STAKEHOLDERS

3.1. Informing the Stakeholders

Aksigorta informs stakeholders within the as it is described in Disclosure Policy.

Disclosure Policy, Dividend Policy, Remuneration Policy and Code of Business Ethics of the Company are available on the official website for all stakeholders.

Employees of the Company are informed through meetings, seminars and training courses and with information sent via the portal application and the Internet in their fields of specialty and on the issues they are involved in general. Our distribution channels are informed about the practices and procedures of the Company through announcements made by means of circulars published on the website of the Company at www.aksigorta.com.tr under the page of “Special to Agents”, as well as traditional and regional agent meetings, preliminary and technical training sessions and via electronic mails periodically.

As being the Joint Venture of Sabancı and Ageas Insurance who are operating globally, Aksigorta respects and cares about laws and contracts. Company totally cares about the payment of rights and receivables of the employees from sign date to the resign date.

Stakeholders could directly contact to the Board Committees or the Ethic Rule Consultant by filling out the communication form on the official website, in case Company has any operation or transaction which is contrary to laws or ethics.

3.2. Participation of Stakeholders in the Management of the Company

Participation of the employees in the management is ensured through periodic meetings. The executive meeting is attended by executives from the regional offices and the departments. Meetings held at the departments tend to support the executive meetings. In addition, information about the practices, policies and targets is transmitted to all employees in groups and views of the employees are received through information exchange meetings, so that their participation and contribution needed for efficient management of the Company is ensured. Annual performance assessment meetings are held with the employees. In the meetings, the employees are given feedback about their performance and the opportunity to express their views and expectations. Through the regional agency meetings, developments in the insurance industry and the changing competition environment are shared with the agents. In these meetings, through the practice of Free Platform, the agents who come together with local and central executive units express their current problems. In this way, Aksigorta receives feedback about the current policies and takes into account the views of the agents in the establishment of the strategies of the Company.

3.3. Human Resources Policy

Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. In order to achieve the targets of the Company, an organizational planning congruent with the strategies of the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees.

Behaviors expected from the employees in accordance with the vision, mission and values have been communicated under the name of "Catalogue of Competencies" to the employees of the Company. Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees assessment, behavior-based interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this. Carrying out the relations with the employees is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities.

Employee Representatives Group supports both determining the action plan to improve the engagement of employees according to the results of Employee Survey and communicating the HR practices among the employees. 25 employees in 2012, 32 employees in 2013, 30 employees in 2014 and 25 employees in 2015 represented Aksigorta employees in the Employee Representatives Group, which was founded in 2012.

The duties of the employee representatives are, to support improvement of employee engagement, to establish the connection between their departments and HR as an ambassador, to support internal communication, to announce and spread the communication of their departments.

Creating and maintaining a fair working environment is one of the basic codes of ethics in Aksigorta. In 2015, there is no complaint from employees about discrimination in Aksigorta.

Including performance and rewarding rules, all Human Resources policies and practices are announced to all employees and they are all available for the employees on the company portal application.

3.4. Customer and Supplier Relations

Aksigorta always keeps customer satisfaction and focuses on providing quality insurance service being a strong, reputable, and reliable company in the market in accordance with its vision, mission and corporate values. By this principle, Aksigorta stated Customer Relations Policy and disclosed it on the official website to receive complaints from customers and suppliers, to improve the quality standards higher levels, to provide quality insurance service and to differentiate in the market. Our principles stated in our Customer Relations Policy are:

Transparency

Customers and suppliers of Aksigorta could deliver their complaints, requests and questions in accurate, complete, understandable and easy way any time they want. All our communication channels are open to our customers and suppliers.

Accessibility

Customers and suppliers of Aksigorta could connect to the company via Call Center numbered 444 27 27 or all other communication channels for their complaints, requests and questions.

Answerability

Customers and suppliers of Aksigorta could find solutions in a short time with the privileges of the Call Center for their complaints, requests and questions.

Objectivity

Complaints, requests and questions of customers and suppliers of Aksigorta are evaluated in an unbiased and fair manner.

Fee

No fee is charged for the evaluation and the solution of their complaints, requests and questions of customers and suppliers of Aksigorta.

Privacy

Security of personal data is extremely important since the establishment of Aksigorta. Therefore, entrusted personal data of customers and suppliers in our company is always kept confidential.

Customer Focus

Effective, realistic and applicable solutions are presented to the customers and suppliers of Aksigorta who we believe always deserve the best and their requests are met and their rights are protected.

Accountability

Complaints, requests and questions of customers and suppliers of Aksigorta are recorded and our decisions are explained with the reasons in order to provide them more quality insurance service.

Continuous Improvement

As being one of the most powerful companies in the market, Aksigorta continues making investments and improves all insurance services offered in order to provide more quality insurance service and give the right consultancy to its customers and suppliers.

Fast and Efficient Solution

Aksigorta creates innovations in the market; in order to provide fast and efficient solutions to its customers and suppliers aligned with their needs.

Profession

Aksigorta provides the best quality insurance service to its customers and suppliers with an expert call center team.

3.5. Ethical Rules and Social Responsibility

At the Company, code of business ethics have been established and published. The employees are informed about the business ethic rules at the very beginning of their job, and refreshment training on business ethics is provided regularly every year. There is an Ethic Rule Consultant within the organization of the Company, and all stakeholders can apply to him about their recommendations, complaints and questions involving the ethical rules.

The fact that risk and insurance awareness is at very low level indicates that it is necessary to raise the awareness of the public about the insurance products in the first instance in order to develop the insurance industry. In all corporate social responsibility activities and all events conducted, Aksigorta focuses on raising the risk and insurance awareness in all segments of the society, primarily among children and women, against fatalistic mentality of the Turkish people. For Aksigorta, which has targeted to add plus value to the society by realizing many awareness rising and education projects since the very date of its establishment, Social Responsibility is one of the most important constituents of the corporate culture.

In cooperation with AKUT, the Search and Rescue Society, which is one of the most efficient non-governmental organizations of Turkey in the field of natural disasters and search and rescue operations, Aksigorta launched in 2010 the project called "Hayata Devam Türkiye" [Keep Living Turkey] which is a traveling educational project comprising Turkey's first 3G-Force Earthquake Simulator which travels all over Turkey with the aim of creating and raising awareness of natural disasters. The project, which aims at creating and raising the awareness of Turkish people about the insurance and has been planned to last 5 years, was completed the fifth and the last step in 2014. The project "Keep Living Turkey" visited 52 provinces and 174 sub-provinces and met 5.4 million people in five years. During this valuable project; 60 thousand kilometers were driven, 700 thousand students were educated, 1 million 400 thousand people were informed with the simultaneous studies on the social media.

With "Keep Living Turkey" project, Aksigorta received the Gold Award in International - General category of International CSR Excellence Award in 2014. Prior to this award Aksigorta won; the best project prize in the Corporate Responsibility -Education category under which 18 projects competed under the organization of Altın Pusula Ödülleri 2011 [Golden Compass Awards] held by Türkiye Halkla İlişkiler Derneği [Turkey Public Relations Society], market's most prestigious award Gold SABRE in 2013, the "Bronze Stevie" award in the category of corporate social responsibility in Stevie International Business Awards in 2013, all with "Keep Living Turkey" project.

Apart from the project "Keep Living Turkey", another project of Aksigorta is YADEM, the Fire and Earthquake Education Center. YADEM, which has been built with the support of the late Sakıp Sabancı entirely with the Turkish technology and which is a rare example of its kind in the world, was established in 1996, before the Marmara Earthquake in 1999. In the center, which has the "best" quality according to the level of technology in those years, the fire and earthquake simulators built on advanced technology are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children at age 7-14 receive training by means of simulations each year, to the Science Center of Şişli Municipality in 2006 in order to offer the services of the center to a wider public. After the termination of Science Center of Şişli Municipality in 2015 YADEM was donated to Science Center of İstanbul Technical University.

While carrying its long-standing past to future, Aksigorta believes that its responsibility is great. Thinking that the priority is to realize sustainable projects which will cultivate risk awareness in education and society, Aksigorta has placed its current projects in this field, the essence of which is education, on a long term platform. Aksigorta will continue to realize different projects which will contribute to upbringing of generations with sound awareness about natural disasters and insurance.

SECTION IV – BOARD OF DIRECTORS

4.1. Functions of the Board

Aksigorta Board of Directors; monitor the compliance of the Company activities with the legislation, Articles of Association, internal regulations and the policies, represent and chair the company with strategic decisions while taking into account the risk, growth and returns of the Company and the long term targets of the Company.

Board of Aksigorta defines the Company's strategic objectives, determines the human and financial resources the Company will need and oversees the management's performance. The Board of Directors supervises the compliance of the Company's activities with applicable legislation and the Company's Articles of Association, internal regulations and policies.

The Board of Directors executes its activities in a transparent, accountable, fair and responsible manner. The Board of Directors plays an active role in maintaining effective communications between the Company and its shareholders and in obviating and resolving potential conflicts.

4.2. Operating Principles of the Board of Directors

Operating principles of the Board are stated in the Articles of Association.

The Board of Directors meets as often as they could perform their duties effectively, they execute their activities in transparent, accountable, fair and responsible manner, while they also take into account the long-term targets and interests of the Company.

4.3. Structure of the Board

Board of Aksigorta is composed of eight members in accordance with the Articles of Association. CEO is a member of the Board of Directors. Board members are elected for three years at most. However, Board members should be re-elected whose mission time is expired.

The duties, authorizations and responsibilities of the Board of Directors are subject to the principles stated in Commercial Code, Insurance Law and Articles of Association.

Minimum qualifications required in Board members are not stated in the Articles of Association. However, minimum qualifications required in Board members are defined in Insurance Law.

Two members of Board of Directors are independent members who are selected in accordance with the Corporate Governance Principles of CMB and Corporate Governance legislation. Independent Board members signed their independence declaration. During the reporting period there is no condition which interrupts the independency.

Members of the Board of Directors of the Company, with the breakdown in executive and non-executive and the breakdown in dependent and independent are as follows:

Haluk Dinçer, Chairman, Non-executive Member
Barry Duncan Smith, Deputy Chairman, Non-executive Member
Hayri Çulhacı, Non-executive Member
Stefan Georges Leon Braekeveldt, Non-executive Member
Neriman Ülsever, Non-executive Member
Emin Hakan Eminsoy, Independent Member, Non-executive Member
İsmail Aydın Günter, Independent Member, Non-executive Member
Uğur Gülen, Executive Member and CEO

Resumes of Board members are available on the official website and in the annual report. Intra group and out group tasks of the Board members are underlined in their resumes.

Board members of the company, spend sufficient time to the Company's business. The Board of Directors did not set a rule or restriction for the board members for undertaking other duties or tasks outside the company, except spending sufficient time for Aksigorta business. Members' responsibilities outside the company are underlined in their resumes.

In the Board of Directors we have one female member. The Board of Directors did not set a target rate for female members.

4.4. Structure of Board Meetings

Board members elect a Chairman among the members to chair the Board meetings and a deputy Chairman to substitute him. Chairman of the Board determines the agenda of the Board meeting in consultation with other members of the Board and Chief Executive Officer. The established agenda and the contents of the issues in the agenda are sent by the General Manager to the Members of the Board of Directors 1 week before the meeting in order to enable them to make the necessary examinations and works. Agenda items of the Board meetings are discussed clearly and with every aspect. Chairman of the Board shows best effort to ensure the effective participation of the executive and non-executive Board members in the Board meetings.

Timing and the agenda of the Board meetings are organized by the Chairman or the Deputy Chairman. The Board of Directors convenes upon the call of the Chairman and the Deputy Chairman whenever necessary. It's essential to convene the Board of Directors at least four times a year. Board of Directors may also approve on paper a member's recommendation about a certain matter unless one of them requests physical meeting.

Board of Directors had totally 48 meetings in 2015; 4 times face to face meetings, 44 times by written approvals as released in Commercial Code and Articles of Association. Attendance in person of the members without an excuse at the meetings of the Board of Directors held in 2015 was ensured. Board of Directors' meetings and decision quorums are subject to the provisions of Turkish Commercial Code.

Each board member have single and equal vote right in the board meetings. Board of Directors' decisions are approved with consensus and aligned with Corporate Governance Principles. There were no additional queries about the agenda items from the Board members so no matter was materialized. At the meetings held in 2015, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and all the decisions were written consent.

In 2015 none of the Board members trade with the Company and compete with the Company in the same business.

4.5. Board Committees

Board of Directors benefits from committee studies for carrying out its responsibilities and running its duties. Committee decisions are presented as recommendations to the Board of Directors, and the Board takes the final decision.

The committees of the Board of Directors are as follows:

Audit Committee

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, is in charge of operation and adequacy of the internal systems and the accounting and reporting systems. The committee had 4 meetings in 2015.

Members:

Emin Hakan Eminsoy - Chairman (Independent Board Member)
İsmail Aydın Günter - Member (Independent Board Member)

Corporate Governance Committee

The Corporate Governance Committee has been established with the aim of performance of the duties and responsibilities of the Board of Directors in a sound manner. The Corporate Governance is a governance process of Aksigorta A.Ş. targeting a sustainable success based on ethical rules, responsible toward internal and external parties, having risk awareness, being transparent and responsible in its decisions, observing the interest of its stakeholders in compliance with the Corporate Governance Principles established by the Capital Market Board. Objective of the Corporate Governance Committee is to propose recommendations to the Board of Directors with a view to ensuring compliance of the corporate governance principles of Aksigorta A.Ş. with the Corporate Governance Principles established by the Capital Market Board and other internationally recognized corporate governance principles, ensuring implementation of these principles and monitoring the compliance of the Company with these principles and carrying out improvement works on such matters. Committee had 5 meetings in 2015.

Members:

İsmail Aydın Günter - Chairman (Independent Board Member)
Neriman Ülsever, Member (Board Member)
Stefan Georges Leon Braekeveldt, Member (Board Member)
Erkan Şahinler, Member (CFO)

Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well.

Early Detection of Risk Committee

It conducts works for the purposes of early detection of risks which may endanger existence, growth and continuation of the Company, implementation of the necessary measures and remedies taken against the detected risks and management of the risk. The Committee evaluates the situation, points out to the dangers, if any, and indicates the remedies in the report to the Board of Directors. The report is sent to the auditor as well. It reviews the risk management systems at least once a year. Committee had 6 meetings in 2015.

Members:

İsmail Aydın Günter - Chairman of the Board
Stefan Georges Leon BRAEKEVELDT – Board Member

It is sensitively cared about the Board Members not to take part in more than one committee. In order to both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members; Independent Board Member Mr. İsmail Aydın Günter is involved in 3 committees and Board Member Mr. Stefan Georges Leon BRAEKEVELDT is involved in 2 committees.

4.6. Financial Rights of the Board Members and Executive Directors

The remuneration policy is approved by the General Assembly at the meeting on 2012 May 30th and it is available on the official website of the Company.

There is no Board Member or C-level Manager, having payable or credit account, receiving bail or collateral, either for themselves or on behalf of third parties.

INFORMATION ABOUT TRANSACTIONS THE COMPANY ENTERS INTO WITH MEMBERS OF ITS OWN RISK GROUP

Under article 199 of the Turkish Commercial Code (Statute 6102), which went into force on 1 July 2012, the Board of Directors of Aksigorta A.Ş. is required, within three months of the end of its fiscal year, to draw up a report about any dealings the Company had with its controlling shareholder or with any affiliates of its controlling shareholder during the fiscal year just ended and to include the conclusions of that report in its annual report. The required statements about Aksigorta A.Ş.'s related-party transactions are presented in footnote 45 to the financial statements.

The conclusion reached in the report dated 19 February 2016 prepared by the Board of Directors of Aksigorta A.Ş. is, to the best of the Board's knowledge of the circumstances and conditions at the time that a transaction took place or a measure was taken or refrained from, in each and every transaction which Aksigorta A.Ş. entered into with its controlling shareholder or with any of the affiliates of its controlling shareholder during 2015, that an appropriate mutual performance was achieved, that there were no measures taken or refrained from which might have caused the company to suffer a loss, and that there were no such transactions or measures whose consequences need to be offset.

FINANCIAL INFORMATION

WE ARE TAKING CONFIDENT
STEPS TOWARDS SUSTAINABLE
**PROFITABILITY THROUGH
INNOVATIVE PRODUCTS.**

FINANCIAL INFORMATION AND RISK MANAGEMENT

Financial Position, Profitability and Solvency

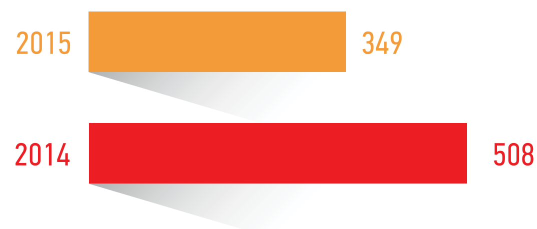
With a solid financial structure that included TL 349 million in shareholders' equity at end-2015, Aksigorta is one of the leading companies in the Turkish insurance sector.

Continuing to grow upon sustainable profitability, Aksigorta completed the year with TL 136 million of loss while increased its incurred claims TL 222 million.

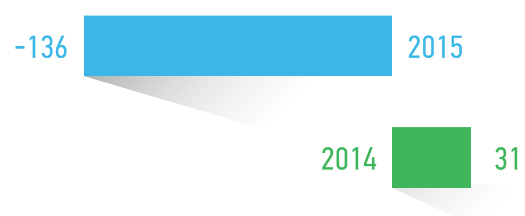
Financial Indicators

Premium Production (TL million)

Shareholders' Equity (TL million)

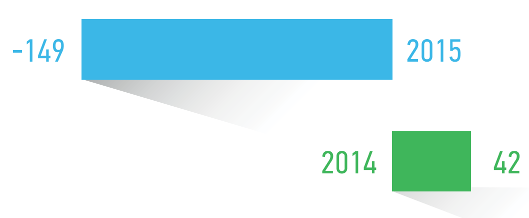


Net Profit (TL million)



Total Assets (TL million)

Technical Profit (TL million)

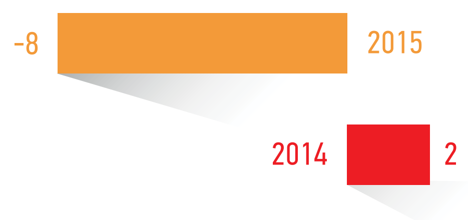


Retention Ratio (Non-life) (%)

Technical Profit (%)

Written Premiums/Shareholders' Equity (%)

Net Profit/Written Premiums (%)

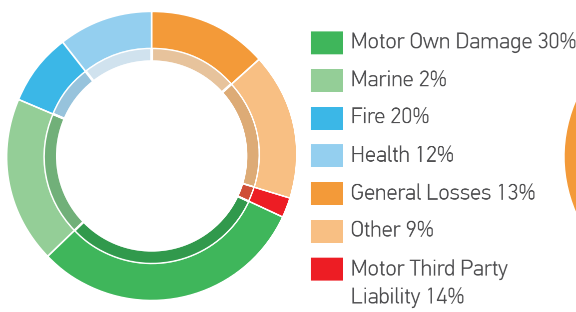


In 2015, the Company reached to TL 1,622 million premium production. A breakdown of premiums by business line during the most recent two years is shown below.

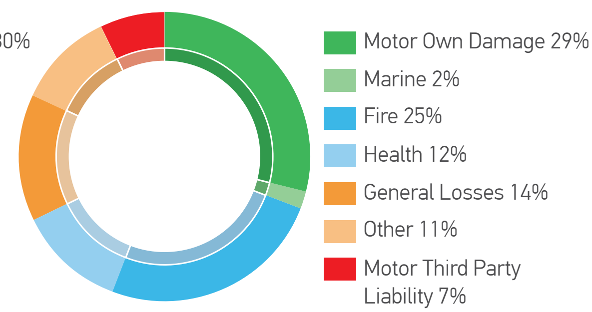
Breakdown of Premiums by Business Line

	PREMIUMS WRITTEN			DISTRIBUTION (%)	
(TL THOUSAND)	2014	2015	CHANGE 15/14	2014	2015
Fire	352,064	401,984	14%	20	25
Marine	29,851	30,171	1%	2	2
Motor Own Damage	507,902	475,885	-6%	30	29
Motor Third Party Liability	240,656	104,985	-56%	14	7
Other	148,225	182,807	23%	9	11
General Losses	233,550	229,269	-2%	13	14
Health	201,345	197,070	-2%	12	12
Total	**1,713,594**	**1,622,171**	**-5%**	**100**	**100**

2014 Premium Portfolio Distribution



2015 Premium Portfolio Distribution

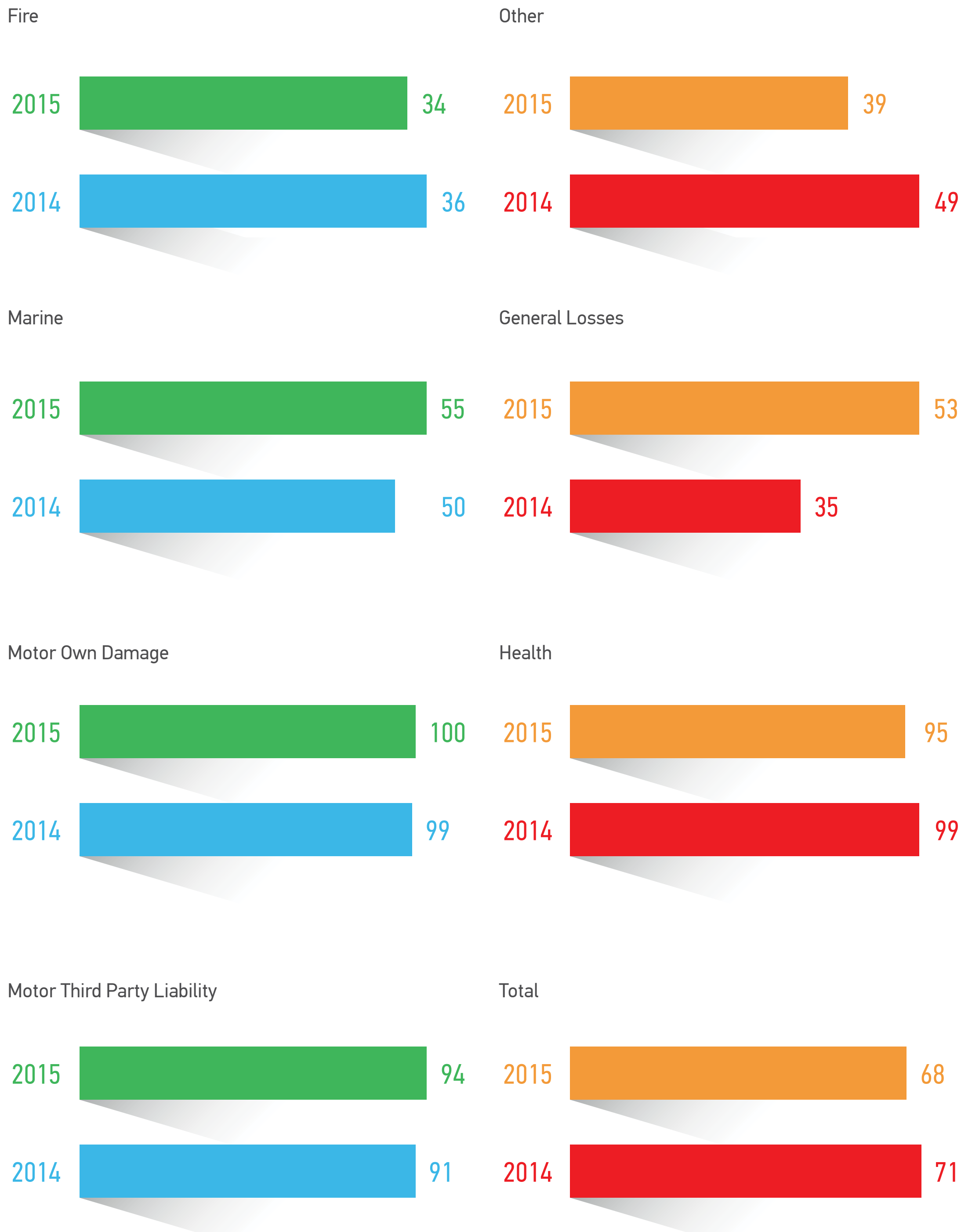


As of end-2015, 68% of generated premiums (amounting to TL 1,105 thousand in value) were retained by the Company.

The charts below show the amounts and relative percentages of produced premiums that were retained by the Company during the most recent two years, broken down by business line.

	RETAINED PREMIUMS		RETENTION RATIO (%)	
(TL THOUSAND)	2014	2015	2014	2015
Fire	127,657	135,980	36	34
Marine	14,910	16,577	50	55
Motor Own Damage	502,452	474,906	99	100
Motor Third Party Liability	218,658	98,525	91	94
Other	72,548	70,628	49	39
General Losses	81,993	121,533	35	53
Health	199,744	186,516	99	95
Total	**1,217,962**	**1,104,665**	**71**	**68**

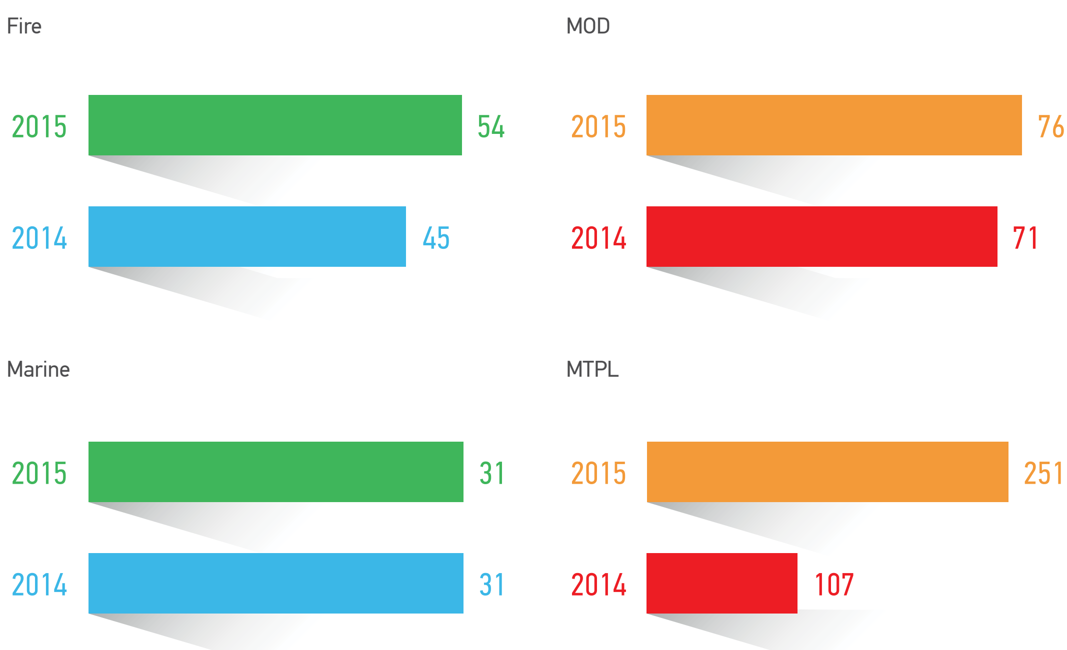
Retention Ratio (%)



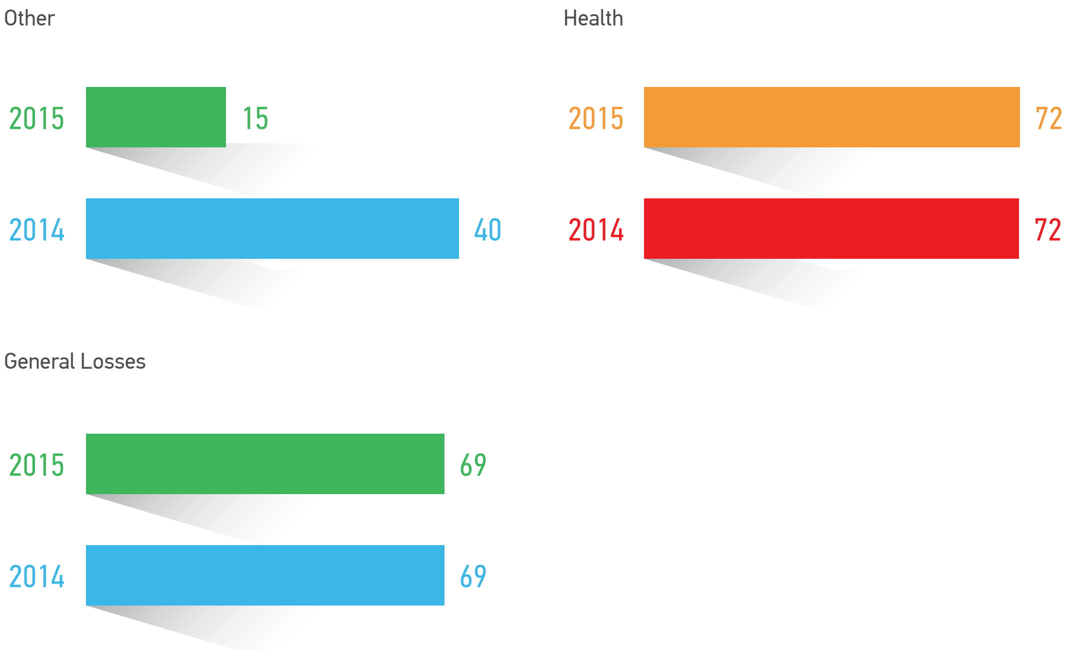
As of end-2015, Aksigorta retained TL 1,157 million in premiums which it had earned in the non-life branch while the Company's share of incurred non-life claims amounted to TL 1,032 million. As of the same date, the ratio of incurred non-life claims to earned premiums (net) was 89%. The charts below show the amounts and relative percentages of the Company's incurred claims and earned premiums during the most recent two years, broken down by business line:

	Claims Incurred (Net)		Earned Premiums (Net)		Loss Ratio (Net) (%)	
(TL THOUSAND)	2014	2015	2014	2015	2014	2015
Fire	55,171	69,987	122,441	129,974	45	54
Marine	4,454	5,051	14,523	16,262	31	31
MOD	333,149	356,567	468,692	466,406	71	76
MTPL	258,988	404,311	241,632	161,027	107	251
Other	43,619	20,389	108,253	135,678	40	15
General Losses	28,544	38,010	41,276	55,395	69	69
Health	138,973	137,722	193,190	192,466	72	72
Non-Life Total	862,898	1,032,038	1,190,007	1,157,208	73	89

Claims Incurred/Earned Premiums (Net) (%)



Claims Incurred/Earned Premiums (Net) (%)

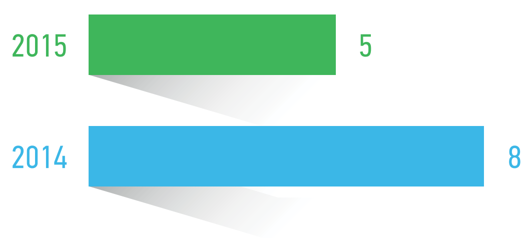


At end-2015, Aksigorta showed a total technical profit amounting to TL 148 million. The charts below show the amounts and relative percentages of the Company's technical profit during the most recent two years, broken down by business line.

	Non-Life Total Technical Profit Balance	
(TL THOUSAND)	**2014**	**2015**
Fire	28,531	19,922
Marine	8,202	10,026
MOD	41,118	4,535
MTPL	(76,605)	(278,291)
Other	37,227	87,025
General Losses	1,476	8,238
Health	2,238	19
Total	**42,188**	**(148,527)**

	Total Technical Profit Balance/ Premiums Written (%)	
	2014	**2015**
Fire	8	5
Marine	27	33
MOD	8	1
MTPL	(32)	(265)
Other	25	48
General Losses	1	4
Health	1	0
Total	**2**	**(9)**

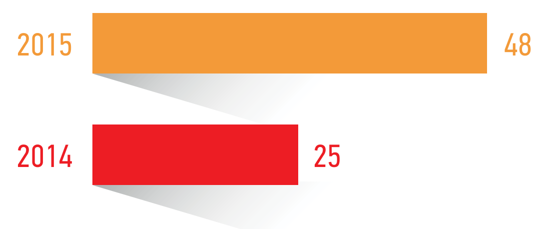
Fire (%)



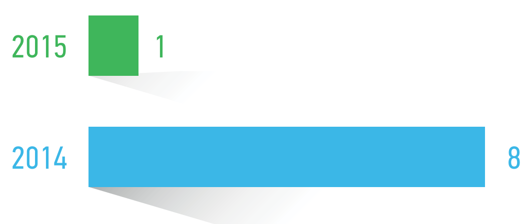
MTPL (%)

Marine (%)

Other (%)



MOD (%)



General Losses (%)

Health (%)

Total (%)

In 2015, Aksigorta earned TL 233 million in investment income in addition to the earnings generated by its insurance business activities. The Company's investment income during the most recent two years is shown below.

	Investment Income		
(TL THOUSAND)	2014	2015	Change (%)
Foreign Exchange Gain	43,808	138,098	215%
Income from Financial Investment	74,533	56,294	-24%
Real Estate Income	156	0	-100%
Income from Derivatives	9,664	38,494	0%
Other Investment Income	8	0	-100%
Total	128,169	232,886	82%

Based on all of these technical and financial results, Aksigorta booked loss before tax of TL 136 million. The Company's shareholders' equity amounted to TL 349 million at end-2015. The breakdown of shareholders' equity items during the most recent two years is shown below:

	Shareholders' Equity		
(TL MILLION)	2014	2015	Change (%)
Paid in Capital	306	306	0%
Nominal Capital	306	306	0%
Profit and Capital Reserves	171	179	4%
Net Profit of the Period	31	-136	-544%
Total Shareholders' Equity	508	349	-31%

At end-2015, Aksigorta's principal investments amounted to TL 695 million in value. Developments in the Company's investments during the most recent two years are shown below:

	Investments		
(TL THOUSAND)	2014	2015	Change (%)
Financial Assets and Investments with Risks on Policyholders	279,000	686,054	146%
Affiliates	7,961	7,961	0%
Properties	3,006	1,679	-44%
Total Investments	289,967	695,694	140%

Aksigorta's financial statements at end-2015 showed a total of TL 7.9 million as equity participations. The Company's equity shares and their book values are shown below.

	Equity Share (%)	2015 Year-end
Merter BV	25%	7,961

SUMMARY FINANCIAL INDICATORS

FINANCIAL FIGURES (TL MILLION)	2011	2012	2013	2014	2015
Written Premiums	1,137	1,311	1,526	1,714	1,622
Claims Incurred	540	608	661	863	1,032
Technical Profit	37	55	101	42	-149
Profit before Tax	38	63	186	38	-136
Net Profit	32	49	160	31	-136
Paid in Capital	306	306	306	306	306
Shareholders' Equity	403	424	533	508	349
Total Assets	1,213	1,267	1,547	1,641	1,880

CAPITAL SOLVENCY RATIOS	2011	2012	2013	2014	2015
Written Premiums / Shareholders' Equity	282 %	310%	286%	337%	465%
Shareholders' Equity / Total Assets	33%	33%	34%	31%	19%
Solvency Ratio	146 %	167%	172%	146%	117%

OPERATIONAL RATIOS (Non-Life)	2011	2012	2013	2014	2015
Retention Ratio	76%	73%	73%	71%	68%
Loss Ratio (Net)	70%	67%	64%	73%	89%
Combined Ratio (Net)	99%	98%	95%	103%	122%

PROFITABILITY RATIOS	2011	2012	2013	2014	2015
Technical Profit / Written Premiums	3%	4%	7%	2%	-9%
Profit Before Tax / Written Premiums	3%	5%	12%	2%	-8%
Net Profit / Written Premiums	3%	4%	10%	2%	-8%
Return On Equity (ROE)	8%	12%	33%	6%	-32%

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Pursuant to Article 4 of the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies issued as per Article 4 of the Insurance Law no. 5684, insurance and reinsurance companies are required to establish an effective internal control system, including internal auditing and risk management, in order to regularly control and audit the compliance of all their business and operations with insurance legislation and other relevant legislation, internal regulations of the company and its management strategy and policies, and to detect and prevent mistakes, fraud and unlawfulness.

Internal systems mentioned in the Regulation include Internal Audit Unit, Risk Management System and Internal Control System. Aksigorta's risk management and internal control systems, which are intrinsic to the business of insurance and which have existed at the company since the day it was founded, were reorganized in 2008 by a Board of Directors resolution. As a result of this reorganization, Internal Systems and Actuary Group was set up and given responsibility for the company's risk management, internal control, quality control, compliance, and actuary functions. After the segregation of actuary function in early 2015; Internal Control, Risk and Compliance Management department's focus is solely to perform second line of defense activities within the internal control system of the company.

Internal Control

An internal control system has been set up to ensure that the company's assets are protected; that its activities are conducted in accordance with the requirements of laws and regulations, with company policies and procedures, and with established insurance industry practices and in such a way as to be both effective and productive; and that the accounting and financial reporting system is secure, coherent, and capable of providing timely access to information. Each business unit is individually responsible for the transactions which it is authorized to perform while the Internal Control Unit is responsible for overseeing the fulfillment of such responsibilities. The unit also coordinates activities that are essential to the fulfillment of business units' responsibilities. In order to perform an efficient internal control throughout the company, key process and their control points are identified. The identified control points are detailed with risk – control matrices to accomplish the Internal Control documentation.

The Internal Control Unit conducts monitoring activities within the approved Internal Control Plan framework. In 2015, internal control unit worked through in order to create an internal control environment beside internal control activities have continued and the efficiency of unit/process controls have been evaluated. The actions that are taken to offset risks and deficiencies in controls are efficiently monitored by the Internal Control Unit.

The Internal Control, Risk and Compliance Management department is responsible for ensuring all processes, business flows, policies steadily written and are up to date.

Risk Management

The Risk Management Unit was created to identify, quantify, monitor, and control all the risks to which the company is exposed. The unit ensures that every unit's risks are managed in coordination with other company units for which they may be matters of concern. The Risk Management Unit is also responsible for overseeing business continuity, information security, and capital adequacy. In addition, the key risks that are identified together with business units are monitored closely, and the actions are reported to the Early Detection of Risk Committee and Aksigorta's Risk Committee.

The Committee of Early Detection of Risk was set up in accordance with the valid Corporate Governance Principles of the Capital Markets Board (CMB) and 6102 numbered Turkish Commercial Law's 378th article, has been founded upon 26/07/2013 dated resolution of the Board of Directors at Aksigorta A.Ş. to be assigned and authorized. The committee gathers regularly to take necessary precautions and solutions and manage all kinds of strategic, operational, financial and other risks that may endanger existence, development and continuation of Aksigorta A.Ş. in advance. The Committee consists of at least two members including the Chairman appointed by the Board of Directors. The members are preferably selected among the nonexecutive members of Board of Directors.

Aksigorta's Risk Committee consists of top management members who are capable of making decisions about Risk appetite, Risk policies and action plans.

The Risk Management Unit was established to expeditiously identify, quantify, manage, report, and monitor any risks that might affect the company's future cash flows and operations. This is explained in the Aksigorta Risk Management Policy which aims to safeguard and manage the capital structure efficiently by integrating risk management culture and risk awareness to all functions and processes.

Aksigorta Risk Taxonomy

Aksigorta's risk profile is classified as:

- Insurance Risks
- Financial Risks
- Operational Risks
- Strategic Risks

Insurance Risks

Insurance risks results from miscalculated premium charges, inaccurate cost and cancellation assumptions at the underwriting phase and fluctuations in the amounts and timings of claims. For a non-life insurance company, the major insurance risk is being unable to meet expected claims by collected premiums. The sources of insurance risk can be categorized as Catastrophic events such as earthquakes and heavy storms that occur all of a sudden with huge impacts and the events with long term effects and consequences that appeared in time like fluctuations in the inflation and changes in people's behaviors.

There are many different types of risks in Insurance activities. Therefore Aksigorta has established the required systems in order to manage the company's core business risks effectively. The Company classifies its insurance risks in the following way:

- Underwriting Risk
- Catastrophic Events and Reinsurance Related Risks
- Pricing Risk

Financial Risks

The assets in the company's portfolio are exposed to risks that arise from movements that occur in financial markets. These are defined as financial risks and they are separately classified as follows:

- Market Risks (interest rate, liquidity, investment, foreign exchange risk)
- Counter Party Default Risk

The company determines its free and blocked asset investment policy at the beginning of every year. Limits are set in line with this policy and these limits are approved by the Board of Directors. The Risk Management Unit applies stress tests according to different scenarios and whenever significant risks are identified, management is notified of them along with suggested remedies. The Risk Management Unit monitors specific limit compliance and non-compliance on a monthly basis and it reports limit overruns, along with the reasons why they occurred.

Credit risk implies the possibility of loss due to failure of the third parties such as policyholders, agents or other intermediaries, reinsurers, and other parties to partially or totally fulfill their obligations to the company.

In order to ensure effective management of the credit risks; early detection of the possible risks is essential. For this reason, premium collection ratio, agency production performance and also credit ratings of reinsurers that have been determined by international rating agencies are also considered as early warning indicators and monitored closely by the Risk Management Unit.

Operational Risks

Operational Risk is the risk that is not inherent in financial, underwriting or market-wide risk, but results from insufficient or failed processes, IT infrastructure, employee or management faults, fraud, occupational accidents or other management and business environment factors that can create loss for the company. Operational risks are among the risks which a company must identify, measure, and manage as part of its overall risk management activities. At Aksigorta, operational risks are managed by the appropriate units of the company in coordination with its internal audit, internal control, and risk management units.

Strategic Risks

Strategic risks arise from Aksigorta's strategy-planning, corporate governance activities and operating areas that might have an impact on the company's ability to carry out its existing business plans and/or to achieve its growth and value-creation targets. Strategic risks are identified, quantified, and managed by top management and the Risk Management unit. In addition each unit has its own controls. Strategic risks are classified as follow;

- Strategy and Planning Risk
- Regulation Risk
- Reputation Risk
- Economic Environment Risk
- Competition Risk
- Sector Risk
- Product Management Risk
- Country Risk
- Channel and Business Mix Risk
- Concentration Risk

The risk management unit was established to manage possible risk exposures and continued to perform its functions in 2015. Aksigorta deals with its risks through a comprehensive and systematic assessment process within the framework of the risk management system. Risks are measured and analyzed both quantitatively and qualitatively to identify causes of the risks and priority of them. For key risks, risk appetite and limits are identified to determine the amount of risk that the company is willing to take and then action plans are developed accordingly.

Aksigorta's Risk Management Unit monitored the risks prioritized together with related units (risk owners) throughout 2015 and reported to the Board and the Early Detection of Risk Committee; action plans are applied to decrease the level of concern of risks when needed.

Consequently, Aksigorta's Risk Map was updated and risks were prioritized by Impact/Probability Scale for 2016. These risks will be monitored throughout 2016 and pre-defined actions plans will be implemented when necessary.

The reports that the Risk Management Unit prepared in 2015:

- "The Risk Report" that presents all risks that can affect Aksigorta
- Key Risk Report
- Incident Report
- Early Detection of Risk Committee Presentation
- Compliance Risks Report

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

External threats such as Natural disasters, fire, sabotage, war or terrorist attacks can disrupt business activities and cause outages. In order to prevent from the disruption or reduce the affects and recover the business activities, a Business Continuity Management plan is in place and is the responsibility of the Risk Management Unit. The Business Continuity Management plan covers the Business Continuity Plan, Emergency Plan, Information Technology Continuity Plan, and Crisis Management. The plans are updated and tested regularly.

The company is sufficiently prepared for possible developments in this area so as to continue creating value for its shareholders by managing its risks effectively.

Compliance

The Compliance Unit conducts its activities under the Internal Control, Risk Management and Compliance in order to comply with Insurance-related and other laws and regulations that the company is subject to. The unit is primarily responsible for ensuring the compliance with all related Laws and regulations. Announcing new/amended laws and regulations to company, determining and monitoring actions that need to be taken in order to comply with these laws and regulations are also under the Compliance Unit's responsibility.

In addition, the unit is charged with developing and implementing a risk-sensitive program to ensure the company's compliance with the requirements of anti-money-laundering laws, regulations, and administrative provisions; conducting activities required by such a compliance program; and communicating and coordinating activities as necessary with the Financial Crimes Investigation Board (MASAK). The Compliance Unit is responsible for raising awareness throughout the company and all distribution channels about Anti-Money Laundering/Combating the Financing of Terrorism by providing trainings, and also informing the Financial Crimes Investigation Board about suspicious transactions.

Actuarial

The Actuarial Unit was set up as part of the Finance Department and given responsibility for managing risks that are directly related to the conduct of the company's principal business activity: insurance. The duties of this unit include calculating the company's mandatory technical reserves; providing technical support on risk-pricing issues and quantifying and managing associated risks in coordination with the Risk Management Unit; sectoral monitoring and reporting actuarial figures; conducting simulations related to proposed strategies and making forecasts and predictions.

2015 YEAR IMPORTANT REGULATION CHANGES

Regulation on Distance Contract for Financial Services:

Regulation is effective as of April 31, 2015; includes Pre-Disclosure obligations, explains the considerations that are obligatory to inform and the basis of informing the customer. Moreover Withdrawal Rights and Obligations of the Parties, indicates principles relating to the use of the right of withdrawal.

Mine Workers Compulsory Personal Accident Insurance:

With the new decree dated January 26, 2015; mining employers must provide their workers with a personal accident insurance policy.

Circular on the Equivalent Part Certification of Motor Vehicles:

Equivalent auto parts will be certificated to substitute the original parts that are damaged in accidents within the scope of motor vehicles insurance. Certification body should be accredited according to the ISO/IEC 17065 standard by TURKAK (Turkish Accreditation Agency) or by an accreditation body that has signed bilateral standards recognition agreement with IAF (International Accreditation Forum).

Motor Third Party Liability Insurance General Terms and Conditions:

New general conditions is effective as of June 1st, 2015. Loss of value was first introduced within material damage cover and the calculation method has been defined for that coverage. Mortality table regarding the permanent disability and compensation for loss of support has been changed and some additional cost items have been added to this coverage.

Change in Regulation on Technical Provisions of Insurance, Reinsurance and Pension Companies, and Assets on Which Such Provisions are to be Invested:
With amendment in regulation, the Treasury has been authorized to determine the minimum outstanding claims amounts for specific branch and coverage.

Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies:
Limitations on the minimum acceptable rating of reinsurers and the transfer criteria depending on the rating of those reinsurers have been expanded. In proportional treaties and in non-proportional programs the criteria on assignment rate for a single reinsurer that the companies are required to abide by, have been abolished.

Regulation on Measurement and Assessment of Capital Requirements of Insurance and Reinsurance Companies and Pension Companies:
New Regulation introduces changes in the calculation of the minimum capital requirement and elaborates reporting obligations to the Treasury. In calculation of the Minimum Required Capital; risk items have been given in detail and the coefficients of asset risk items has been changed.

Regulation Regarding Obligations Of e-Commerce Service Providers And Intermediary Service Providers:
Regulation outlines obligations for service providers and intermediary service regarding the mandatory information and content that must be shared or published before subscribing any e-commerce agreement.

The circular on minimum opening amounts of case estimate bodily injury claims in MTPL:
The minimum case estimate opening amounts are fixed for litigated and non-litigated files for bodily injury claim files in MTPL policies. Minimum opening amount for non-litigated and litigated files is set for death and disability.

The Maximum Premiums for Commercial line Vehicles in MTPL:
Maximum premiums for commercial vehicles have been restricted. Insurance companies cannot exceed maximum gross premiums that are determined by the Treasury.

INTERNAL AUDIT ACTIVITIES

In our Company, internal audit activities are conducted by the Internal Audit Department reporting directly to the Board of Directors and it is organized to be independent in terms of administration. Although the ultimate responsibility lies with the Board of Directors, two non-executive members of the Board of Directors were elected and appointed as independent members of the Audit Committee. The Internal Audit Department reports to the Audit Committee. Additionally, in Board meetings there is a permanent agenda item concerning internal audit results and audit reports are put on the agenda by the Audit Committee.

The internal audit activities of 2015 were realized by the Internal Audit Department consisting of one Head of Internal Audit, one Division Manager, one Unit Manager and four Internal Auditors, in accordance with the “2015 Annual Audit Plan” approved by the Board of Directors. Within the context of the annual audit plan, auditing of 17 business processes were completed and the results were submitted in the form of a report to the Audit Committee.

The actions taken by the Company managers in connection with the internal control deficiencies observed within the framework of Audit Reports were subsequently followed up and the adequacy of the actions were questioned by monitoring their effect on the risk level and the results were reported to the Audit Committee.

DIVIDEND POLICY

DATE OF MEETING: 19.02.2016

NUMBER OF DECISION: 09

AGENDA: For the year 2015 of the profit/loss of use of the shape determination.

RESOLUTION
It has been decided to prepared in Capital Market Board's Accounting Standards and Generally Accepted Accounting Principles by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst&Young) controlled by 01.01.2015-31.12.2015 according to the Financial Statements for 135,945,560TL "net period Loss" is understood to occur, since the distribution of the profit according to the Capital Market Board on dividend distribution in 2015 shall be made for the period of account any of these matters and inform the shareholders that the General Assembly decided unanimously that it was to be submitted for approval.

Aksigorta A.Ş. Board of Directors

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Aksigorta Anonim Şirketi

Report on the Independent Audit of the Annual Report of the Board of Directors in Accordance with the Independent Auditing Standards

We have audited the annual report of Aksigorta Anonim Şirketi for the period ended December 31, 2014.

Management's Responsibility for the Annual Report

The Company management is responsible for the preparation and issuance of the annual report, put into effect in accordance with article 514 of the Turkish Commercial Code 6102 ("TCC") and with the Insurance Law No 5684, consistently with the financial statements as per the procedures and principles for the preparation and issuance of the annual report and for the internal controls it considers necessary to ensure the preparation of an annual report of such nature.

Independent auditors' responsibility

Our responsibility is to express an opinion based on our audit conducted within the framework of the procedures and principles regarding the preparation and issuance of the annual report put into effect in accordance with article 397 of the TCC and with the Insurance Law No 5684 and regulations on independent auditing principles, on whether the financial information included in this annual report are consistent with the Company's financial statements which were the subject of the independent auditor's report dated February 13, 2015 and whether they are free from material misstatement.

Our independent audit was conducted in accordance with the independent auditing standards issued by the insurance legislation and the Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is free from material misstatement. An independent audit involves performing independent audit procedures to obtain independent audit evidence on the historical financial information. The selection of these independent audit procedures is based on our professional judgment. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the annual report of the board of directors is consistent with the audited financial statements and reflect the truth fairly in all material respects.

Reports on independent auditor's responsibilities arising from other regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code 6102 ("TCC"), nothing has come to our attention that causes us to believe that the Company will not be able to continue as a going concern in the foreseeable future in accordance with IAS 570 "Going Concern".

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

Seda Akkuş Tecer, SMMM
Partner

February 19, 2016
Istanbul, Turkey

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

Aksigorta Anonim Şirketi

Financial Statements
as of December 31, 2015
together with the
Independent Auditor's Report

Güney Bağımsız Denetim ve
SMMM AŞ
Eski Büyükdere Cad.
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Ticaret Sicil No: 479920-427502

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

Independent auditors' report

To the Board of
Directors of Aksigorta Anonim Şirketi

Report related to Financial Statements

We have audited the accompanying balance sheet of Aksigorta Anonim Şirketi ("the Company") as of December 31, 2015 and the related statement of income, statement of changes in equity, cash flow statement for the year then ended and then ended and a summary of significant accounting policies and other explanatory notes.

Company Management's responsibility for the financial statements

The Company management is responsible for the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the regulations regarding auditing principles set by insurance legislation and the Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority (POA).Those standards require that the ethical principles are complied with and that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly the financial position of Aksigorta Anonim Şirketi as of December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with the Insurance Accounting and Financial Reporting Legislation with all its significant aspects.

Emphasis of matter

As explained in Note 23.3, as of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TL 1,8 million and tax penalty of TL 2,8 million for the year 2009 , tax of TL 2 million and tax penalty of TL 3 million for the year 2010 , tax of TL 3 million and tax penalty of TL 4,6 million for the year 2011 and tax of TL 4,3 million and tax penalty of TL 6,4 million for the year 2012 and in total tax and tax penalty of 27,9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015 filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation.

Report on Independent Auditor's Responsibilities Arising from Other Regulatory Requirements

1) In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") 6102, the Independent Auditor's Report on the Early Identification of Risk System and Committee was submitted to the Board of Directors of the Company on February 12, 2016.
2) In accordance with Article 402 TCC, no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
3) In accordance with Article 402 of the TCC, the Board of Directors has provided us with the required explanations and documents.

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

Seda Akkuş Tecer, SMMM
Engagement Partner

February 12, 2016
İstanbul, Türkiye

AKSİGORTA ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED AS AT 31 DECEMBER 2015

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2015 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

İstanbul, February 12, 2016

Erkan ŞAHİNLER
Chief Financial Officer

Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŞI
Actuary
Licence No: 72

Gülnur KURT
Accounting Manager

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
ASSETS

I- CURRENT ASSETS	Note	Audited Current Period (31/12/2015)	Audited Previous Period (31/12/2014)
A- Cash and Cash Equivalents		**551.303.762**	**819.757.469**
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	374.800.368	623.405.482
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	176.503.394	196.351.987
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	**11.1**	**686.053.937**	**278.999.622**
1- Financial Assets Available for Sale	11.1	678.300.658	271.703.627
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1	-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	7.753.279	7.295.995
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables From Main Operations	**12.1**	**397.936.342**	**324.806.900**
1- Receivables From Insurance Operations	12.1	396.437.558	323.102.389
2- Provision for Receivables From Insurance Operations (-)	12.1	(9.860.324)	(2.135.354)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)	12.1	-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	30.954	30.954
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	12.1	71.388.831	64.075.809
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(60.060.677)	(60.266.898)
D- Due from Related Parties		**80.678**	**71.723**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	80.678	71.723
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		**7.315.908**	**7.880.125**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		376.422	167.026
4- Other Receivables	47	6.939.486	7.713.099
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	**4.2.2**	**123.513.895**	**133.164.145**
1- Deferred Commission Expenses		120.698.665	128.065.399
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		276.048	-
4- Other Prepaid Expenses	47	2.539.182	5.098.746
G- Other Current Assets	**4.2.2**	**5.458.704**	**6.510.652**
1- Inventories		22	22
2- Prepaid Taxes and Funds	4.2.2	5.241.964	6.284.761
3- Deferred Tax Assets		-	-
4- Business Advances		168.635	121.896
5- Advances Given to Personnel		48.083	103.973
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**1.771.663.226**	**1.571.190.636**

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2015
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
ASSETS

II- NON CURRENT ASSETS	**Note**	**Audited Current Period (31/12/2015)**	**Audited Previous Period (31/12/2014)**
A- Receivables From Main Operations		**-**	**-**
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10-Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		**-**	**-**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		**-**	**-**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets		**7.961.251**	**7.961.251**
1- Investments In Associates		-	-
2- Affiliates	9, 11.4	30.116.653	30.116.653
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)	4.2.2, 11.4	(22.155.402)	(22.155.402)
E- Tangible Fixed Assets		**26.619.443**	**25.369.620**
1- Investment Properties	7	80.126	541.121
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	1.598.569	2.465.348
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	16.510.365	14.476.330
6- Vehicles	6	-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	20.034.606	18.312.709
8- Leased Tangible Fixed Assets	6	351.395	351.395
9- Accumulated Depreciation (-)	6, 7	(11.962.994)	(10.805.787)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		7.376	28.504
F- Intangible Fixed Assets		**33.994.538**	**25.850.207**
1- Rights	8	52.085.155	28.879.266
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(20.757.045)	(15.246.083)
8- Advances Regarding Intangible Assets	8	2.666.428	12.217.024
G- Prepaid Expenses and Income Accruals		**249.184**	**1.784.100**
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	249.184	1.784.100
H- Other Non-current Assets		**39.211.885**	**9.024.367**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	39.211.885	9.024.367
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		**108.036.301**	**69.989.545**
TOTAL ASSETS (I+II)		**1.879.699.527**	**1.641.180.181**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
LIABILITIES

III- SHORT TERM LIABILITIES	Note	Audited Current Period (31/12/2015)	Audited Previous Period (31/12/2014)
A- Borrowings		**137.458.200**	**-**
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	13,14	137.458.200	-
B- Payables From Main Operations	**19.1**	**175.054.091**	**108.035.614**
1- Payables Due to Insurance Operations	19.1	175.054.091	108.035.614
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		**42.777**	**344.736**
1- Due to Shareholders		1.143	1.145
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		41.634	343.591
6- Due to Other Related Parties		-	-
D- Other Payables	**19.1**	**37.639.614**	**39.282.651**
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses	19.1	6.356.378	10.522.958
3- Other Payables	19.1	31.283.236	28.759.693
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**1.054.437.950**	**880.164.352**
1- Unearned Premiums Reserve - Net	20	510.667.337	566.154.357
2- Unexpired Risk Reserves - Net	20	16.354.138	10.218.793
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	526.216.475	303.791.202
5- Provision for Bonus and Discounts - Net	20	1.200.000	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		**13.187.297**	**14.507.838**
1- Taxes and Dues Payable		11.743.271	11.494.317
2- Social Security Premiums Payable	23.1	1.439.049	1.327.563
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		4.977	4.977
5- Corporate Tax Liability Provision on Period Profit	35	-	7.541.703
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	-	(5.860.722)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		**20.687.893**	**17.924.032**
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1, 23.4	20.687.893	17.924.032
H- Deferred Income and Expense Accruals	**19.1**	**35.555.383**	**29.577.467**
1- Deferred Commission Income	19.1	35.555.383	29.577.467
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Short Term Liabilities		**235**	**-**
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		235	-
III - Total Short Term Liabilities		**1.474.063.440**	**1.089.836.690**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
LIABILITIES

IV- LONG TERM LIABILITIES	Note	Audited Current Period (31/12/2015)	Audited Previous Period (31/12/2014)
A- Borrowings		**-**	**-**
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations		**-**	**-**
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		**-**	**-**
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**50.522.208**	**40.549.290**
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2, 20	1.910.495	1.972.202
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	48.611.713	38.577.088
F- Other Liabilities and Provisions		**-**	**-**
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		**6.474.170**	**2.813.302**
1- Provision for Employment Termination Benefits	22	6.474.170	2.813.302
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		**56.996.378**	**43.362.592**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	**Note**	**Audited**	**Audited**
		Current Period (31/12/2015)	**Previous Period (31/12/2014)**
A- Paid in Capital		**306.000.000**	**306.000.000**
1- (Nominal) Capital	15	306.000.000	306.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		**95.377.201**	**91.155.206**
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		95.377.201	91.155.206
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		**83.194.917**	**80.205.060**
1- Legal Reserves		83.064.172	80.665.151
2- Statutory Reserves		62	62
3- Extraordinary Reserves		26.666	-
4- Special Funds (Reserves)	22, 34.5	6.050.009	377.964
5- Revaluation of Financial Assets	11.6, 16.1	(5.945.992)	(838.117)
6- Other Profit Reserves		-	-
D- Previous Years' Profits		**13.151**	**13.151**
1- Previous Years' Profits		13.151	13.151
E- Previous Years' Losses (-)		**-**	**-**
1- Previous Years' Losses		-	-
F- Net Profit of the Period		**(135.945.560)**	**30.607.482**
1- Net Profit of the Period		-	26.385.487
2- Net Loss of the Period (-)		(135.945.560)	-
3- Net Income not subject to distribution		-	4.221.995
Total Shareholders' Equity		**348.639.709**	**507.980.899**
Total Liabilities and Shareholders' Equity (III+IV+V)		**1.879.699.527**	**1.641.180.181**

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2015
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

I-TECHNICAL PART	**Note**	**Audited Current Period 01/01/2015-31/12/2015**	**Audited Previous Period 01/01/2014-31/12/2014**
A- Non-Life Technical Income		**1.268.490.436**	**1.278.176.900**
1- Earned Premiums (Net of Reinsurer Share)		1.157.208.324	1.190.007.305
1.1 - Written Premiums (Net of Reinsurer Share)	24	1.104.665.096	1.217.961.897
1.1.1 - Gross Written Premiums (+)		1.622.170.866	1.713.593.950
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(511.068.367)	(476.015.245)
1.1.3 - Ceded Premiums to SSI (-)	17.16	(6.437.403)	(19.616.808)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		58.678.573	(26.925.437)
1.2.1 - Unearned Premiums Reserve (-)		(456.698)	(69.380.417)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16	67.375.527	48.010.890
1.2.3 - SSI of Unearned Premiums Reserve (+)	17.16	(8.240.256)	(5.555.910)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(6.135.345)	(1.029.155)
1.3.1 - Unexpired Risks Reserve (-)		(4.273.891)	11.732.578
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16	(1.861.454)	(12.761.733)
2- Investment Income Transfered from Non-Technical Part		101.800.005	73.387.316
3- Other Technical Income (Net of Reinsurer Share)		3.708.492	-
3.1 - Gross Other Technical Income (+)		3.708.492	-
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		5.773.615	14.782.279
B- Non-Life Technical Expense (-)		**(1.417.017.569)**	**(1.235.988.616)**
1- Total Claims (Net of Reinsurer Share)		(1.032.037.678)	(862.897.957)
1.1- Claims Paid (Net of Reinsurer Share)		(811.385.147)	(774.772.082)
1.1.1 - Gross Claims Paid (-)		(940.777.726)	(883.985.433)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	129.392.579	109.213.351
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(220.652.531)	(88.125.875)
1.2.1 - Outstanding Claims Reserve (-)		(253.372.909)	(100.106.191)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	32.720.378	11.980.316
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(1.200.000)	-
2.1 - Bonus and Discount Reserve (-)	20	(1.200.000)	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)	20	-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(10.034.625)	(7.853.134)
4- Operating Expenses (-)	32	(333.082.676)	(324.707.086)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6.- Other Technical Expenses (-)		(40.662.590)	(40.530.439)
6.1.- Gross Other Technical Expenses (-)		(40.662.590)	(40.530.439)
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non Life Technical Net Profit (A-B)		**(148.527.133)**	**42.188.284**
D- Life Technical Income		**250.360**	**136.229**
1- Earned Premiums (Net of Reinsurer Share)		12.184	17.711
1.1 - Written Premiums (Net of Reinsurer Share)	24	12.322	17.722
1.1.1 - Gross Written Premiums (+)		15.288	21.536
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(2.966)	(3.814)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(138)	(11)
1.2.1- Unearned Premium Reserves (-)		35	860
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	17.16	(173)	(871)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1- Unexpired Risks Reserves (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2- Life Branch Investment Income		241.489	285.658
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		(3.313)	(167.140)
4.1- Gross Other Technical Income (+/-)		(3.313)	(167.140)
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
E- Life Technical Expense		**(461.838)**	**(698.321)**
1- Total Claims (Net of Reinsurer Share)		(267.741)	(454.219)
1.1- Claims Paid (Net of Reinsurer Share)		(473.468)	(498.001)
1.1.1- Gross Claims Paid (-)		(473.468)	(498.001)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	205.727	43.782
1.2.1 - Outstanding Claims Reserve (-)		205.727	43.829
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	-	(47)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		61.918	216.190
3.1- Mathematical Reserves (-)		61.707	216.017
3.1.1- Actuarial Mathematical Reserve (-)		259.973	422.767
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		(198.266)	(206.750)
3.2- Reinsurer Share of Mathematical Reserves (+)		211	173
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		211	173
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	-	-
5- Operating Expenses (-)	32	(256.015)	(451.935)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	(8.357)
F- Life Technical Profit (D-E)		**(211.478)**	**(562.092)**
G- Individual Retirement Technical Income		**-**	**-**
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Witholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense		**-**	**-**
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		**-**	**-**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

I-NON TECHNICAL PART	Note	Audited	Audited
		Current Period	Previous Period
		01/01/2015-31/12/2015	01/01/2014-31/12/2014
C- Non Life Technical Profit (A-B)		**(148.527.133)**	**42.188.284**
F- Life Technical Profit (D-E)		**(211.478)**	**(562.092)**
I - Individual Retirement Technical Profit (G-H)		**-**	**-**
J- Total Technical Profit (C+F+I)		**(148.738.611)**	**41.626.192**
K- Investment Income		**232.885.908**	**128.169.257**
1- Income From Financial Investment	26	43.907.815	51.891.237
2- Income from Sales of Financial Investments	26	5.468.124	2.152.607
3- Revaluation of Financial Investments	26	6.917.919	20.489.470
4- Foreign Exchange Gains	36	138.098.133	43.807.663
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building	26	-	155.949
8- Income from Derivatives	13	38.493.917	9.663.974
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	8.357
L- Investment Expenses (-)		**(234.712.893)**	**(115.441.261)**
1- Investment Management Expenses (including interest) (-)		-	-
2- Valuation Allowance of Investments (-)		-	-
3- Losses On Sales of Investments (-)		-	-
4- Investment Income Transferred to Life Technical Part (-)		(101.800.005)	(73.387.316)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(123.847.258)	(37.383.268)
7- Depreciation Expenses (-)	5	(9.065.630)	(4.670.677)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	**47**	**14.620.036**	**(16.205.003)**
1- Provisions Account (+/-)	47	(12.181.358)	(15.698.586)
2- Discount account (+/-)	47	-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	622.352	483.204
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	30.328.559	(168.869)
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	453.747	6.707.228
8- Other Expense and Losses (-)	47	(5.521.719)	(7.527.980)
9- Prior Period Income	47	918.455	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		**(135.945.560)**	**30.607.482**
1- Profit /(Loss) Before Tax		(135.945.560)	38.149.185
2- Corporate Tax Liability Provision (-)	35	-	(7.541.703)
3- Net Profit (Loss)		(135.945.560)	30.607.482
4- Inflation Adjustment Account		-	-

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Audited)

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/ (Loss)	Total
I - Closing Balance of Prior Period (31/12/2014)	**306.000.000**	**-**	**(838.117)**	**-**	**-**	**80.665.151**	**62**	**91.533.170**	**30.607.482**	**13.151**	**507.980.899**
II - Amandements in Accounting Policy	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
III - Current Balance (I + II) (01/01/2015)	**306.000.000**	**-**	**(838.117)**	**-**	**-**	**80.665.151**	**62**	**91.533.170**	**30.607.482**	**13.151**	**507.980.899**
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	**-**
1- Cash	-	-	-	-	-	-	-	-	-	-	**-**
2- Internal sources	-	-	-	-	-	-	-	-	-	-	**-**
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	**-**
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-		-	-	**-**
D- Revaluation of financial assets (Note 16.1)	-	-	(5.107.875)	-	-	-	-	-	-	-	**(5.107.875)**
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	**-**
F- Other income / (expenses)	-	-	-	-	-	-	-	5.672.045	-	-	**5.672.045**
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	**-**
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	(135.945.560)	-	**(135.945.560)**
I- Dividend distributed	-	-	-	-	-	-	-	-	-	(23.959.800)	**(23.959.800)**
J- Transfer	-	-	-	-	-	2.399.021	-	4.248.661	(30.607.482)	23.959.800	**-**
II- Closing Balance (31/12/2015) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	**-**	**(5.945.992)**	**-**	**-**	**83.064.172**	**62**	**101.453.876**	**(135.945.560)**	**13.151**	**348.639.709**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA A.Ş.
AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Audited)

PREVIOUS PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Period	Previous Years' Profit/ (Loss)	Total
I - Closing Balance of Prior Period (31/12/2013)	**306.000.000**	**-**	**(5.312.432)**	**-**	**-**	**68.138.419**	**62**	**3.948.341**	**159.775.039**	**139.064**	**532.688.493**
II - Amandements in Accounting Policy	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
III - Current Balance (I + II) (01/01/2014)	**306.000.000**	**-**	**(5.312.432)**	**-**	**-**	**68.138.419**	**62**	**3.948.341**	**159.775.039**	**139.064**	**532.688.493**
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	**-**
1- Cash	-	-	-	-	-	-	-	-	-	-	**-**
2- Internal sources	-	-	-	-	-	-	-	-	-	-	**-**
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	**-**
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	890.410	-	-	**890.410**
D- Revaluation of financial assets (Note 16.1)	-	-	4.474.315	-	-	-	-	-	-	-	**4.474.315**
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	**-**
F- Other income / (expenses)	-	-	-	-	-	-	-	86.694.419	-	-	**86.694.419**
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	**-**
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	30.607.482	-	**30.607.482**
I- Dividend distributed	-	-	-	-	-	-	-	-	-	(60.679.800)	**(60.679.800)**
J- Transfer	-	-	-	-	-	12.526.732	-	-	(159.775.039)	60.553.887	**(86.694.420)**
II- Closing Balance (31/12/2014) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	**-**	**(838.117)**	**-**	**-**	**80.665.151**	**62**	**91.533.170**	**30.607.482**	**13.151**	**507.980.899**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOW
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
CASH FLOW STATEMENT

	Note	Audited 31/12/2015	Audited 31/12/2014
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		1.295.514.052	1.338.513.033
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(1.258.597.869)	(1.198.782.141)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		**36.916.183**	**139.730.892**
8. Interest payments (-)		-	-
9. Income tax payments (-)		(5.241.964)	(7.965.742)
10. Other cash inflows		183.594.013	40.432.184
11. Other cash outflows (-)		(41.621.676)	(80.715.893)
12. Net cash generated from the operating activities	**39**	**173.646.556**	**91.481.441**
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		1.034.352	3.195.392
2. Purchase of tangible assets (-)		(6.268.022)	(17.190.352)
3. Acquisition of financial assets (-)		(413.514.950)	(121.286.342)
4. Sale of financial assets		(457.284)	(757.306)
5. Interest received		65.964.629	83.963.981
6. Dividends received		-	-
7. Other cash inflows		75.826.712	37.222.462
8. Other cash outflows (-)		(152.223.924)	(105.950.730)
9. Net cash generated from the investing activities	**39**	**(429.638.487)**	**(120.802.895)**
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)		-	-
4. Dividend paid (-)		(23.959.800)	(60.679.800)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	**39**	**(23.959.800)**	**(60.679.800)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**14.250.875**	**6.424.395**
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**(265.700.856)**	**(83.576.859)**
F. Cash and cash equivalents at the beginning of the period	**14**	**816.206.333**	**899.783.192**
G. Cash and cash equivalents at the end of the period (E+F)	**14**	**550.505.477**	**816.206.333**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. General Information

1.1 Name of the Parent Company and the ultimate owner

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of December 31, 2015. 38,02% (December 31, 2014: %38,02) of the Company is issued in Borsa İstanbul ("BİST") (Note 2.14).

Agreement about the sale of %50 of 18.965.880.200 units of Aksigorta A.Ş. shares with TL 189.658.802 nominal value that belongs to H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to %50 of the Holding's portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220.029.000.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a corporation, which was established in accordance with the requirements of Turkish Commercial Code and registered in Turkey as at April 25, 1960. The headquarter of the Company is located at Meclis-i Mebusan Cad. No: 67 34427 Fındıklı / İstanbul, has moved to address 'Poligon Cad. Buyaka 2 Site, No. 8, Kule 1, Kat: 0-6 34771 Ümraniye – İstanbul' as of October 20, 2014.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily fire, marine, accident, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has also 16 district offices of which three of them are in İstanbul (İstanbul 1, İstanbul 2 and İstanbul 3), and one each in Adana, Ankara, Antalya, Bursa, İzmir, Samsun, Denizli, Trabzon, Trakya, Gaziantep, Eskişehir, Kayseri and Kocaeli.

1.4 Details of the Company's operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

1.5 Average number of the Company's personnel based on their categories

	January 1 - December 31, 2015	January 1 - December 31, 2014
Top executive	9	11
Manager and assistant manager	108	111
Specialist/Executives	560	538
Total	**678**	**660**

1.6 Remuneration and fringe benefits provided to top management

Remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TL 5.914.944 in total for the period January 1 – December 31, 2015 (January 1- December 31, 2014: TL 6.035.293) .

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

Within the framework of the Undersecretariat for the Treasury of the Prime Minister's Office of Republic of Turkey ("Undersecretariat for the Treasury") Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance No. 2008/1, dated January 4, 2008, revenues generated by the Company through investment of assets that provide non-life technical provisions were transferred from the non-technical division to technical division. Other investment revenues were classified under the non-technical division. While distributing to sub-branches the operating expenses transferred to technical division, the last three-year weighted average of number of policies generated in the current period, the premium amount written as gross and number of claims were taken into account.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements as of December 31, 2015.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

There has been no change in The Company's name and other company information presented in Note 1.1, Note 1.2 and Note 1.3 as of the prior balance sheet date.

1.10 Subsequent Events

The Company's financial statements as of December 31, 2015 are approved and authorized for issuance as of February 12, 2016 by the Board of Directors and signed by Chief Executive Officer Uğur Gülen, Chief Financial Officer Erkan Şahinler, Accounting Manager Gülnur Kurt and Actuary Halil Kolbaşı. Detailed information about this subsequent events is disclosed in Note 46.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

Accounting Standards

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Company's financial statements are prepared in accordance with the prevailing accounting principles and standards for Insurance and Reinsurance Companies and Pension Funds set out by the by T.C. Prime Ministry Undersecretariat of the Treasury and applicable regulations required by the Insurance Law No: 5684 published in the Official Gazette No: 26522 on June 14, 2007.

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

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of December 31, 2015 in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") dated July 28, 2010 and published in official gazette numbered 27655 and published in Oficial Gazzette dated 17 July 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury ("Treasury").

As of January 1, 2008, the Company accounts for its operations in accordance with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on July 14, 2007 and effective from January 1, 2008 within the framework of this regulation a, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by Turkish Accounting Standards Board ("TASB") and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated February 18, 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were not included in the scope of this application for the year 2008. In addition, as of March 31, 2009, the companies are obliged to apply the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated December 31, 2009 and published in the Official Gazette numbered 27097. According to the temporary Article 2 of the above mentioned Communiqué, associations except insurance, reinsurance and pension companies are out of scope until March 31, 2010.

The Public Oversight, Accounting and Auditing Standards Agency (POA), established in accordance with the Statutory Decree published in the Official Gazette dated November 2, 2011, among its other powers and duties, for the purpose of ensuring that the financial statements of those obliged to keep accounts in accordance with the laws they are subject to meet the needs, are transparent, reliable, comprehensible, comparable and consistent; is authorized to create and publish Turkish Accounting Standards (TASs) which are compliant with international standards; to make secondary regulations regarding the implementation of the Turkish Accounting Standards, to make necessary decisions and to grant approval on the regulations made by the institutions and organizations authorized to make regulations within their domain.

Pursuant to the Decree of the Assembly Regarding the Determination of the Scope of Implementation of Turkish Accounting Standards" dated January 13, 2011 and numbered 6102; institutions concerning public interest stated in the Public Service Commission numbered 660 shall be subject to independent audit within the framework of Article 397 of the Code 6102, based on the decree of Board of Directors and entities mentioned in Paragraph 2 of Article 1534 of the same Code shall apply TAS in the preparation of their separate and consolidated financial statements.

Entities established in order to execute at least one of the fields of activity projected in the Banking Law dated October 19, 2005 and numbered 5411, set an example to the financial statements to be prepared by companies obliged to apply TAS; except for development and investment banks and financial holding companies as well as financial institutions established to engage in insurance, individual retirement and capital market within the frame of the Capital Market Law dated December 6, 2012 and numbered 6362, Insurance Law dated June 3, 2007 and numbered 5684, Individual Saving and Investment System Law dated March 28, 2011 and numbered 4632 and regulations pertaining to their own clauses.

Financial Statements are prepared accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on November 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Undersecretariat of the Treasury. Therefore, as of December 31, 2015, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of December 31, 2015 is presented in comparison with its balance sheet as of December 31, 2014; income statement, statement of changes in equity and cash flow statement for the interim period between January 1 –December 31, 2015 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – December 31, 2014.

Within the framework of the Undersecretariat for the Treasury of the Prime Minister's Office of Republic of Turkey ("Undersecretariat for the Treasury") Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; the Company reclassified doubtful receivables provision for these receivables is accounted in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim from "Provisions for Doubtful Receivables From Main Operations" to Provision for Receivables From Insurance Operations amounting to TL 7.954.324 In accordance with the same circular; prior year reclassification has not been reflected in the financial statements. As of December 31, 2014, Provision for Receivables From Insurance Operations should be amounting to TL 4.740.915.

c. Technical Reserves

Unearned Premium Reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine premiums. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. Within the framework of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") issued in Official Gazette No: 26606 dated August 7, 2007, unearned premium reserve and the reinsurers' share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months (Note 20).

Deferred commission expense and income

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

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

In accordance with the Undersecretariat of the Treasury's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Company has recalculated the prior period claims provision with new method and adjusted the opening balance of unexpired risk reserve.

The Company has calculated and accounted for net unexpired risk reserve amounting to TL 16.354.138 at December 31, 2015 (December 31, 2014: TL 10.218.793) (Note 20).

Bonuses and rebates reserve

The bonus provisions are the amount that has to be made provision if the Company commits to pay bonus to insured's' policies in force regardless of renewal of the related policies. According to Insurance Law Article No.16, if the Company decides to bonus or discount operations, the amount must be allocated for insured person or beneficiaries regarding to technical results of the current year.

The Company has calculated provision for bonuses and rebates that are accrued depend on expected loss ratios in the group policies.

The Company has calculated and accounted for net bonuses and rebates reserve amounting to TL 1.200.000 at December 31, 2015 (December 31, 2014: None) (Note 20).

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

Claims provision

The Company accounts for outstanding claims and indemnities for the claims and indemnity costs which have accrued and determined on account, but not actually paid in the previous fiscal periods or in the current fiscal period or if this amount could not been calculated, for the claims and indemnity costs which have emerged in expected amounts, but not reported.

The Company recognizes outstanding claims reserve for the claims which are accrued but not paid yet in the current period or previous periods and for claims incurred but not reported.

In accordance with the "Regulation Regarding the Amendment of the Regulation Regarding Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" published in the Official Gazette dated July 28, 2010 and numbered 27655 and the Circular on Claims Provision dated December 5, 2014 and numbered 2014/16, the Company's Incurred But Not Reported (IBNR) claims provisions were calculated using the actuarial chain ladder methods ("ACLM").

The Regulation on the amendment of the related Regulation, published in the Official Gazette dated July 5, 2012 and numbered 28356 has enforced the provision "Incurred but not reported claims are calculated using the actuarial chain ladder method, the content and implementation basis are determined by the Undersecretariat or other calculation methods to be determined by the Undersecretariat.

In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation in branch-basis, adjusting process, selection of most appropriate method to interfere with the development factors are performed by the Company's actuary. IBNR calculation in non-life insurance in accordance with the same circular, chain ladder methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuett-Ferguson. The method's using by the actuary are as follows:

	December 31, 2015	**December 31, 2014**
Branch	Applied Method	Applied Method
Motor Crafts Liability	Frequency/Severity	Standard Chain
Facultative Public Liability	Bornhuetter-Ferguson	Standard Chain
General Liability	Standard Chain	Standard Chain
Financial Losses	Standard Chain	Standard Chain
Legal Protection	Standard Chain	Standard Chain
Fire and Natural Disaster	Bornhuetter-Ferguson	Standard Chain
Air Crafts Liability	Standard Chain	Standard Chain
Credit	Standard Chain	Standard Chain
Water Crafts	Standard Chain	Standard Chain
Air Crafts	Standard Chain	Standard Chain
Accident	Bornhuetter-Ferguson	Standard Chain
Health	Standard Chain	Standard Chain
Suretyship	Standard Chain	Standard Chain
Transportation	Bornhuetter-Ferguson	Standard Chain
General Losses	Bornhuetter-Ferguson	Standard Chain
Motor Own Damage	Bornhuetter-Ferguson	Standard Chain

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

In accordance with the circular of the Undersecretariat of Treasury "Circular on Explanations Related Calculation of Incurred But Not Reported Claims Provision (IBNR)" (the "Circular numbered 2011/23"), the companies may apply a discount at the related rate not to exceed 25% (15% for branches which have started operating recently and which do not have five-year data) over the outstanding files for their files in the lawsuit process in accordance with the accruals in the last five years retrospectively taking into consideration the conclusion date of lawsuits) by sub-branches, calculating a winning rate over the amounts of lawsuits filed against the company. Since the above-mentioned actuarial chain ladder method involve the mentioned lawsuit winning discount in calculations, the Company decided to terminate this practice as of 2015 in accordance with the opinion of the company actuary. As part of the related decision, no amount was eliminated over the outstanding claims provisions taking into consideration the winning rates calculated between 15%-25% using the five-year data set on lawsuits. The net deduction amount from outstanding claim files using the winning ratios calculated on a sub-branch basis is TL 14.778.013 as of December 31, 2014. As of December 31, 2015, the Company has not calculated deduction amount from outstanding claim files using the winning ratios on branch basis.

	December 31, 2015			December 31, 2014	
Applied Method (*)	**Gross Additional Reserve (100%)**	**Net Additional Reserve (100%)**	**Applied Method (*)**	**Gross Additional Reserve (100%)**	**Net Additional Reserve (100%)**
Frequency/Severity	190.323.070	190.323.069	Standard Chain	74.021.824	73.281.607
Standard Chain	48.457.524	24.851.272	Standard Chain	79.760.536	31.493.244
Standard Chain	222.714	(273.351)	Standard Chain	1.193.455	1.097.755
Standard Chain	49.900	49.900	Standard Chain	199.021	199.021
Bornhuetter-Ferguson	3.175.590	(237.888)	Standard Chain	(1.551.964)	(636.936)
Standard Chain	461.147	140	Standard Chain	2.176.698	60
Standard Chain	608.979	30.536	Standard Chain	361.580	16.551
Standard Chain	168.551	82.501	Standard Chain	1.122.221	199.127
Standard Chain	17.349	(3)	Standard Chain	(1.328)	-
Bornhuetter-Ferguson	510.494	352.250	Standard Chain	764.452	566.322
Standard Chain	196.012	196.012	Standard Chain	(2.299.809)	(2.296.993)
Standard Chain	1.798.251	69.542	Standard Chain	7.605	1.149
Bornhuetter-Ferguson	(355.088)	(102.055)	Standard Chain	(169.396)	(53.204)
Bornhuetter-Ferguson	4.050.094	(40.353)	Standard Chain	(4.376.781)	(254.705)
Bornhuetter-Ferguson	(12.400.314)	(12.400.314)	Standard Chain	(21.378.636)	(21.164.837)
	237.284.273	**202.901.258**		**129.829.478**	**82.448.161**

(*) "The Company applied to the Undersecretariat of Treasury through the letter dated January 21, 2015. The Company have interfered in the development coefficient in the ACLM calculation in the Compulsory Traffic, and General Liability. As of December 31, 2014, as a result of the interference in the development coefficient in Compulsory Traffic branch, the gross IBNR amount was decreased by TL 11.244.238 (Net IBNR: TL 11.131.794). As a result of the interference in the development coefficient in General Liability branch, the gross IBNR amount was decreased by TL 20.387.058 (Net IBNR: TL 8.049.799). Besides, through the said letter, in line with the actuarial opinion in the Fire and Natural Disaster branch and general loses files were eliminated, As a result of the elimanations of files the gross IBNR amount was increased by TL 22.689.160 (Net IBNR: TL 9.311.770) and TL 37.844.012 (Net IBNR: TL2.202.321), respectively."
(**) As of December 31, 2014, had the Company used the method that were used on December 31, 2015, the gross IBNR amount was TL 249.859.164 (Net IBNR: TL 228.607.161).

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While the Company actuary determined the threshold values regarding the peak claims considered as significant claims using the Box-Plot method allowed by the Undersecretariat of Treasury only for the Mandatory Traffic branch in order to make calculations using a more homogeneous data set in determining the IBNR before the Circular 2014/16, the threshold values have been determined using the plot analysis starting from 2015. With this methot the files, exceeds the determined limits considered as significant claims. The claim process of these files is different from other files. For these files, additional provision calculations were performed and added to the provisions. As of December limits , the total number of files that are subject to calculation, significant claims file number, significant claims file percentages are as follows;

	December 31, 2015				December 31, 2014			
Branch	**Limit**	**Eliminated File Number**	**Total Number of Files**	**Elimination (%)**	**Limit**	**Eliminated File Number**	**Total Number of Files**	**Elimination (%)**
General Liability	200.000	156	17.036	0,92%	-	-	14.009	0,00%
General Losses	999.999	36	123.910	0,03%	-	-	116.086	0,00%
Transportation	499.999	28	50.154	0,06%	-	-	48.320	0,00%
Fire and Natural Disaster	999.999	100	148.354	0,07%	-	-	130.526	0,00%
Accident	299.999	15	5.528	0,27%	-	-	5.198	0,00%
Facultative Public Liability	149.999	24	6.790	0,35%	-	-	6.623	0,00%
Financial Losses	50.000	26	19.549	0,13%	-	-	17.166	0,00%
Compulsory Traffic	-	-	-	-	103.065	845	499.978	0,17%

In branches where significant claim determination is performed, additional provision calculations were performed for these files added to the Outstanding Claims Provisions. Additional gross amounts, as the branches are as follows.

Branch	**Gross Additional Amount**	**Net IBNR**
Facultative Public Liability	1.364.156	1.364.156
General Liability	8.787.914	2.677.061
General Losses	4.662.589	56.204
Fire and Natural Disaster	4.822.688	890.701
Accident	64.252	12.929
Financial Losses	554.403	55.828

The circular numbered 2015/7 published by the Undersecretariat of Treasury has made it possible to recognize gradually the increases to occur in the IBNR amount to be calculated as of January 1, 2015 in accordance with the circular numbered 2014/6 when compared to the IBNR amount calculated as of prior year as of quarterly periods from 2015 to 2017. In accordance with the circular, the Company prefered the mentioned %10 2015 4th quarter gradual recognition for Compulsory Traffic and General Liability branches. For other branches the Company, recognized the full amount of the increase which occurred based on the IBNR calculation performed as of September 30, 2015 in its financial statements as of December 31, 2015.In accordance with ratios which describe above the Company added IBNR amounting to TL 202.901.258 (December 31, 2014: TL 82.448.161) to the Net Outstanding Claims Provisions.

If the Company did not prefer the mentioned gradual recognition, gross IBNR amounting to TL 274.272.711 (Net IBNR: TL 236.435.329) as of December 31, 2015.

In accordance with the circular, IBNR was calculated by the company actuary in gross amount based on the Accident Periods using the above-mentioned methods. For these gross IBNR amounts, reinsurer shares were calculated taking into consideration the reinsurance rates and the effective reinsurance agreement types (clean-cut or run-off) in the related accident periods in related branches.

Equalization Reserve

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

It is possible to deduct the equalization reserve for earthquake compensations from equalization reserve for outstanding compensation reserve, but not current year's equalization reserve, upon supplying evidence such as compensation payments for the earthquake, expert reports or the documentation that can be gathered from official institutions. In this extent, the Company has not deducted any claim amount from equalization reserve.

The Company has calculated TL 48.611.713 (December 31, 2014: TL 38.577.088) of equalization reserve as of December 31, 2015 (Note 20).

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves and life profit share reserves and represent the Company's total liability to the policyholders in the life branch.

Mathematical Reserves has been calculated with the tariffs approved by the Treasury in the current period of the policies and applicable methods and assumptions specified in the profit share technical principles (Note 20).

d. Subrogation and salvage income

Within the framework of the Undersecretariat for the Treasury of the Prime Minister's Office of Republic of Turkey ("Undersecretariat for the Treasury") Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; as of December 31, 2015, the Company recognizes receivables from salvage and subrogation on an accrual basis up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquaintance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted under "Provisions for Doubtful Receivables From Main Operations" in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim.

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of December 31, 2015 are TL 29.740.677 (December 31, 2014: TL 27.862.549) and TL 7.954.324 (December 31, 2014: TL 4.740.915) respectively (Note 12.1).

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

	December 31, 2015					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	2.215.587	(555.127)	1.660.460	1.224.744	(333.151)	891.593
Transportation	1.873.579	(826.784)	1.046.795	14.289	(5.000)	9.289
Motor Own Damage	141.734.336	(2.299)	141.732.037	20.184.291	(1)	20.184.290
Water Crafts	68.425	(51.827)	16.598	-	-	-
General Losses	635.993	(596.089)	39.904	274.088	(218.122)	55.966
Motor Crafts Liability	2.893.230	(408)	2.892.822	645.215	-	645.215
Suretyship	19.641	(11.266)	8.375	-	-	-
General Liability	111.735	(13.889)	97.846	-	-	-
Financial Losses	618	(585)	33	-	-	-
Legal Protection	8.682	-	8.682	-	-	-
Total	**149.561.826**	**(2.058.274)**	**147.503.552**	**22.342.627**	**(556.274)**	**21.786.353**

	December 31, 2014					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	1.364.204	(499.430)	864.774	406.360	(74.937)	331.423
Transportation	2.161.427	(552.298)	1.609.129	155.148	-	155.148
Accident	95.018	-	95.018	14.500	-	14.500
Motor Own Damage	168.588.883	(1.688.629)	166.900.254	21.868.014	(217.848)	21.650.166
Water Crafts	78.500	(58.875)	19.625	-	-	-
General Losses	339.231	(242.190)	97.041	2.265	(1.106)	1.159
Motor Crafts Liability	(12.836.701)	(36.770)	(12.873.471)	973.263	(9.733)	963.530
Suretyship	1.118	(847)	271	-	-	-
General Liability	151.955	(31)	151.924	5.708	-	5.708
Financial Losses	1.951	(1.450)	501	-	-	-
Legal Protection	8.936	-	8.936	-	-	-
Total	**159.954.522**	**(3.080.520)**	**156.874.002**	**23.425.258**	**(303.624)**	**23.121.634**

e. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis.

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

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code article No: 323, the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of December 31, 2015, the Company has provided provision for the doubtful receivables under legal and management follow up in the account of "Provision for doubtful receivables from insurance operations" amounting to TL 21.195.854. (December 31, 2014: TL 25.266.142), provision for the overdue receivables which are not under legal follow up in the account of "Provision for doubtful receivables from main operations" amounting to TL 9.860.324 (December 31, 2014: TL 2.135.354). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 38.864.823 (December 31, 2014: TL 35.000.756) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

g. Earnings per Share

Earnings per share presented in the statement of income is calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year.

Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior periods' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

h. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information.

The Company adjusts its financial statements in the occurrence of any subsequent events (Note 46).

i. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23.2).

j. Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

k. Corporate Taxation and Deferred Tax

Income tax expense represents the sum of the current tax payable and deferred tax expense.

Corporate Tax

Corporation tax is payable at a rate of 20% on the total income of the Company and its Subsidiaries registered in Turkey in 2015 (2014: 20%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability.

The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 75% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as prestated in Corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses can not be offset against previous years' profits.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (Wholesale Price Index increase rate). Since these conditions in question were not fulfilled in 2015 and 2014, 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 realized or the deferred income tax liability is settled.

Except the conditions that the Company can control its temporary differences removal and when the possibility of that removal is very low, deferred tax liabilities are accounted for all of the taxable temporary differences that are related with the rates in partnerships and investments in subsidiaries and participations. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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As of December 31, 2015, the Company has booked the deferred tax assets in amounting to TL 39.211.885 and TL 28.525.528 is calculated over the statutory financial tax losses carried forward. The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets.

Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from April 24, 2003 by the end of July 22, 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Until the Council of Ministers has changed the rate, 10% will be applied. Undistributed dividends added to share capital are not subject to income tax withholding.

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

2.1.3 Functional currency

The Company's financial statements are expressed in TL, which is the functional and presentation currency of the Company.

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TL).

2.1.5 Valuation method(s) used in the presentation of financial statements

Financial statements, except for revaluation of financial instruments, are prepared based on the historical cost method.

2.1.6 The new standards, amendments and interpretations

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2015. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment did not have an impact on the financial statements of the Company.

Annual Improvements to TAS/TFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

TFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

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

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. . In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 in determining whether the transaction is the purchase of an asset or business combination. The amendment is effective prospectively.

The amendments did not have a significant impact on the consolidated financial statements of the Company.

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ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

In April 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

• At cost
• In accordance with IFRS 9,
Or
• Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Company.

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 original effective date was January 1, 2017. However, in September 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

In January 2016, the IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company/Group applies this relief, it shall disclose that fact. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IAS 7 'Statement of Cash Flows (Amendments)

In January 2016, the IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

2.2 Consolidation

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per "TFRS 10– Consolidated and Separate Financial Statements" as of December 31, 2015 (December 31, 2014: None).

2.3 Segment Reporting

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

2.4 Discontinued Operations

The Company does not have any discontinued or disposed operations as of December 31, 2015 and December 31, 2014.

2.5 Foreign Currency Translation

The Company's functional currency is Turkish Lira ("TL"). In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

2.6 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use. Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

Depreciation periods for plant, property and equipment are presented in the table below:

	Useful Life
Buildings	50 years
Vehicles	5 years
Fixtures	10 years
Leasehold Improvements	5-10 years

2.7 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is nil for land, and 50 years for buildings.

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

Transfers are made to or from investment property only, when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy applied to "Property, Plant and Equipment" up to the date of change in use.

Real estates held under finance lease are classified as investment properties.

2.8 Intangible Assets

Intangible assets acquired

Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are capitalized under intangible advances account and amortized over their estimated useful lives (1 to 10 years).

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economical benefit are amortized over their estimated useful lives (December 31, 2015: 5 years – December 31, 2014:3 years).

2.9 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "available-for-sale' (AFS) financial assets, "financial assets at fair value through profit and loss" and "loans and receivables". As of December 31, 2015, the Company has no financial assets at fair value through profit and loss (December 31, 2014: None).

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets

Investments other than a) held-to-maturity, b) held for trading, or c) loans and receivables are classified as available-for-sale financial assets.

Available-for-sale financial assets are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from available-for-sale financial assets are included in profit or loss for the period. Changes in the fair value of such these assets are recognized in the equity. When the related asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Financial Assets at Insured's Risk

Such assets are classified as available for sale and held to maturity financial assets. Available for sale financial assets are carried at fair value and revaluation difference arising from amortized cost is recognized under the statement of income. Also, 5% of the difference in between the fair value and amortized cost is recognized under equity and 95% of insurance technical reserves that are attributable to insurees are recognized in the Insurance Technical Reserves - Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost using the effective interest rate method.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Associates

An associate is an entity that retains at the shares of voting rights or has significant power over another entity. The difference between carrying value and fair value (to the extent that it is measured reliably) of such assets are recognized in shareholders' equity and assets that have fair value are carried at fair value while the other assets are carried at book value.

2.10 Impairment of Assets

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that are impaired, are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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

2.11 Derivative Financial Instruments

The Company uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. During the period between January 1 – September 30, 2015, total income resulting from short-term swap contracts' market valuation has been accounted under "Income from derivatives" in the income statement. As of December 31, 2015, the Company has no derivative financial instruments. (December 31, 2014: None).

2.12 Offsetting Financial Instruments

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

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments, which have maturities with three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note14).

2.14 Share Capital

As of December 31, 2015, the Company's nominal capital is TL 306.000.000 (December 31, 2014: TL 306.000.000). Share capital is represented by 30.600.000.000 of equity shares having a nominal amount of TL 0,01 each. The share capital structure of the Company is as follows:

	December 31, 2015		December 31, 2014	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	36,00	110.160.000	36,00	110.160.000
Ageas Insurance International NV	36,00	110.160.000	36,00	110.160.000
Other	28,00	85.680.000	28,00	85.680.000
	100,00	**306.000.000**	**100,00**	**306.000.000**

Agreement about the sale of %50 of 18.965.880.200 units of Aksigorta A.Ş. shares with TL 189.658.802 nominal value that belong to H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to %50 of the Holding' s portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220.029.000.

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of December 31, 2015, Company has TL 500.000.000 registered share capital ceiling. (December 31, 2014: TL 500.000.000).

In accordance with the Article 5 of the Corporate Tax Law 5520, the amount of TL 4.221.995 arising from 75% of the gain on sale of associates and fixed assets which has been recognized in the "Profit on sale to be transferred to capital" account item under equity has been reclassified under "Other Reserves and Retained Earnings" account item under equity as of December 31, 2015.

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

2.15 Insurance and Investment Contracts

Insurance Contracts:

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insuree) when any uncertain case affects the insuree. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

Insurance and reinsurance contracts of the Company are included in classification of Insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts:

The accumulation component present in some life insurance contracts is measured by the Company on a separate basis; On the other hand, as the accounting policies require the recognition of rights and obligations related with the accumulation component, regardless of the measurement principles, the insurance and investment components are not decomposed.

Reinsurance agreements

Reinsurance agreements are the agreements agreed by the Company and reinsurance company for the loss which may occur in one or more insurance agreements signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

The Company has excess of loss, surplus and quota share treaty agreements in related branches. In the context of excess of loss agreements, the ceded premiums are accounted for on accrual basis over the related period. The ceded premiums and claims of other agreements are accounted on the basis of the income and loss from related insurance contracts.

The Company has surplus reinsurance aggregement in fire, marine, engineering and other accident branches. Besides, The Company has excess of loss agreements in fire, marine and engineering branches. The Company continues to be exposed to the insurance risk under the insurance contracts whereas the liability of the reinsurer ceases by the end of the agreement period. Company has annual proportional quota-share reinsurance agreement for third person liability, electronic equipment, personnal accident, health, professional liabilitiy, machinery breakdown and bus compulsory chair branches. Mentioned reinsurance aggrements, the reinsurer's liability continues even after experation of the agreement in the run-off agreements. Catastrophic excess of loss re-insurance agreement, natural disasters such as flood and earthquake is also protected in these branches.

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

Premiums Transferred to Social Security Institution

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

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 27 August 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated September 15, 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated 17 October 2011 (the "Communiqué numbered 2011/18"), the regulation (the "Communique numbered 2012/3") making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated March 16, 2012 and numbered 2012/3 and the communique about changes related "the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated April 30, 2012 and numbered 2012/6 (Note 2.24) (the "Communique numbered 2012/6").Within this framework, the Group is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of February 25, 2011 the notice numbered 2012/3 and the communiqué numbered 2012/6 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law.

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - December 31, 2015 accounting period as TL 6.437.403 (January 1 – December 31, 2014: TL 19.616.808) and an unearned premium reserve amounting to TL 8.240.256 (January 1 - December 31, 2014: TL 5.555.910) for the period ended as of January 1 - September 30, 2015; classified under the accounts of "Premiums ceded to SSI" and "Change in SSI share of of Unearned Premiums Reserve", respectively (Note 19).

In the Board of Directors meeting of The Association of the Insurance and Reinsurance Companies of Turkey dated September 22, 2011 and numbered 18, it was decided to appeal Council of State for the "suspense of execution" and "cancellation" of the Regulation and the Communiqué numbered 2011/17; and the cancellation of related provisions of the Law as being contradictory to the Constitution. The legal procedures are in progress as of the date of the preparation of the financial statements.

2.16 Insurance and Investment Contracts With Discretionary Participation Features

None (December 31, 2014: None).

2.17 Investment Contracts without Discretionary Participation Features

None (December 31, 2014: None).

2.18 Borrowings

None (December 31, 2014: None).

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to "Turkish Accounting Standards Regarding Employee Benefits" ("TAS 19") and classifies in balance sheet under the account "Provision of Employment Termination Benefits".

According to the Turkish Labour Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labour Law by considering determined actuarial estimates (Note 22).

2.20 Provisions

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

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

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

2.21 Accounting for revenues

Written Premium and Commission

Written premiums represent premiums on policies written during the year, net of cancellations. Premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement.

The part of paid amounts to the assistance services which hit the following periods are deferred in accordance with the Technical Provisions Regulation numbered 27655 and dated July 28, 2010.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.22 Finance Lease - the Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Operational lease

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 and payments made to intermediaries to acquire the lease contract are also charged to the income statement on a straight-line basis over the lease period). As at December 31, 2015, the Company has paid in advance in amounting to TL 1.778.320. As at December 31, 2015, amount of TL 40.772.626 (USD 14.022.777), the maturity of outstanding operational lease liability is between June 5, 2016 – May 5, 2024 (December 31, 2014: TL 32.517.418).

2.23 Profit Share Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the Company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The excess portion of the inflation adjustment of the general reserves including prior year losses and profits, share premiums and shareholders' equity excluding capital is considered in the calculation of the net distributable profit.

2.24 Hedge Accounting

All foreign currency payments, collections and investments result in a foreign exchange position. The foreign currency cash flow transaction has faced the risk of exchange rate fluctuations effect the Company's financial position positively or negatively. In order to forecast the transaction made via foreign currencies that have a high possibility of realization and minimize the effect of exchange rate fluctuations on the Company's financial position, hedge accounting has been applied. Changes in the value of the hedge instrument arising from exchange rate changes has been reclassified under equity, changes except for exchange rate has been reclassified under current period income statement. The gains or losses recognized under equity has been transferred to related profit/ loss accounts when the transaction is completed or the profit for the period is affected by the expected result of the transaction. In the case of expectation of estimated transaction's end, accumulated gain or loss recognized under equity has been accounted as current period's profit or loss in the financial statements. Effectiveness of hedge transaction has been measured and evaluated in each reporting period. As of December 31, 2015 the Company has booked the hedging transaction under "Special funds" account item under equity (Note 34.5)

2.25 Related parties

Parties are considered related to the Company if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

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

In the financial statements and related notes dated December 31, 2015 and December 31, 2014, the Company management, groups associated to H.Ö. Sabancı Holding and Ageas Insurance International N.V. are defined as related parties.

2.26 Foreign currency transactions

Transactions are recorded in TL, which represents the Company's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TL at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of profit or loss as foreign exchange gains or losses. Foreign currency assets and liabilities are converted by using period end exchange rates of Central Bank of the Republic of Turkey's bid rates. For the conversion of liabilities the exchange rate stated at the contract is used.

The Central Bank of the Republic of Turkey exchange rates used in the conversion is as follows:

	December 31, 2015		December 31, 2014	
	USD / TL	EUR / TL	USD / TL	EUR / TL
Buying rate	2,9076	3,1776	2,3189	2,8207
Selling rate	2,9128	3,1833	2,3265	2,8300

3. Significant Accounting Estimates and Requirements

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

One of the most important accounting estimates for the Company is to estimate the final net liabilities relating to the expenses to arise from the effective policies. As per its nature, estimating liabilities regarding the insurance business includes the evaluation of many uncertainties.

4. Insurance and Financial Risk Management

4.1 Insurance Risk

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance);

4.1.2.1 Sensitivity to insurance risk

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance contracts include excess of loss (quota-share and excess loss) and catastrophic coverage. The Company can also enter into reinsurance contracts with facultative participation under its reinsurance programme.

Reinsurance Company 2015

Reinsurance Company	Standard & Poors Rating	Reinsurance Company	Standard & Poors Rating
Allianz Risk Transfer	AA-	Korean Re	A
Amlin Re	A	Malaysian Re	-
Arab Re	-	Mapfre Re	A
ARIG	-	Milli Re	tr AA+
Asia Capital	A-	Odyssey Re	A-
Catlin Re	A	Scor	AA-
China Re	A+	Sompo Japan	A+
Covea	A+	Toa Re	A+
Everest Re	A+	Trust Re	A-
GIC	-	VIG	A+
Hannover Re	AA-	Coface	A+
QBE	A+		

Reinsurance Company 2014

Reinsurance Company	Standard & Poors Rating	Reinsurance Company	Standard & Poors Rating
Allianz Risk Transfer	AA-	Korean Re	A-
Amlin Re	A	Malaysian Re	-
Arab Re	-	Mapfre Re	A
ARIG	-	Milli Re	tr AA+
Asia Capital	A-	MS Frontier	A+
Catlin Re	A	Odyssey Re	A-
China Re	-	Scor	A+
Covea	A	Sompo Japan	A+
Everest Re	A+	Toa Re	A+
GIC	-	Trust Re	A-
Hannover Re	AA-	VIG	A+

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4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency)

Generally, the Company's insurance contracts include fire and natural disasters, marine, accident, motor vehicles, air crafts, water crafts, general losses, motor vehicles liability, air crafts liability, general liability, financial losses, legal protection, illness/health and life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

	December 31, 2015			December 31, 2014		
Total Claims Liability (*)	**Gross Total Claims Liability**	**Reinsurance Share of Total Claims Liability**	**Net Total Claims Liability**	**Gross Total Claims Liability**	**Reinsurance Share of Total Claims Liability**	**Net Total Claims Liability**
Fire and Natural Disaster	58.561.142	(35.632.653)	22.928.489	43.265.040	(25.489.043)	17.775.997
Transportation	9.128.576	(4.552.067)	4.576.509	11.472.082	(7.868.869)	3.603.213
Accident	3.013.314	(1.018.001)	1.995.313	2.449.642	(609.116)	1.840.526
Motor Own Damage	35.323.147	(73)	35.323.074	37.042.070	(370.444)	36.671.626
Air Crafts	935.403	(935.405)	(2)	46.461	(46.460)	1
Water Crafts	2.708.636	(2.163.447)	545.189	3.035.112	(2.495.834)	539.278
General Losses	71.277.063	(65.491.998)	5.785.065	63.256.558	(58.090.702)	5.165.856
Motor Crafts Liability	371.577.486	(333.775)	371.243.711	157.376.989	(1.835.327)	155.541.662
Air Crafts Liability	2.270.711	(2.270.388)	323	3.088.695	(3.088.609)	86
General Liability	109.507.393	(60.070.858)	49.436.535	121.560.785	(73.688.451)	47.872.334
Financial Losses	7.873.589	(3.645.333)	4.228.256	6.687.558	(542.459)	6.145.099
Legal Protection	86.176	-	86.176	305.234	-	305.234
Credit	3.747.859	(3.562.336)	185.523	4.466.852	(4.262.391)	204.461
Health	25.217.633	(73.216)	25.144.417	23.979.802	(30.093)	23.949.709
Suretyship	31.992.022	(30.949.181)	1.042.841	1.821.097	(1.545.760)	275.337
Life	3.695.056	-	3.695.056	3.900.783	-	3.900.783
Total	**736.915.206**	**(210.698.731)**	**526.216.475**	**483.754.760**	**(179.963.558)**	**303.791.202**

(*) Total claim liability includes all outstanding claims reserves and IBNR as of the balance sheet date.

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Outstanding Claim and Compensation Provision:

		December 31, 2015			December 31, 2014		
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Unpaid Claims	(102.184.640)	495.935.877	(176.315.716)	319.620.161	350.017.763	(132.582.242)	217.435.521
Claim Provisions (*)	(120.453.096)	237.284.273	(34.383.015)	202.901.258	129.829.478	(47.381.316)	82.448.162
Clean-cut Effect (**)	1.985.205	-	-	-	-	-	-
Non-life Total	(220.652.531)	733.220.150	(210.698.731)	522.521.419	479.847.241	(179.963.558)	299.883.683
Life	205.727	3.695.056	-	3.695.056	3.900.783	-	3.900.783
Grand Total	**(220.446.804)**	**736.915.206**	**(210.698.731)**	**526.216.475**	**483.748.024**	**(179.963.558)**	**303.784.466**

		December 31, 2014			December 31, 2013		
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Unpaid Claims	(52.392.240)	350.017.763	(132.582.242)	217.435.521	300.925.827	(135.882.546)	165.043.281
Claim Provisions (*)	(37.089.156)	129.829.478	(47.381.316)	82.448.162	78.857.441	(33.498.405)	45.359.006
Clean-cut Effect (**)	1.355.476	-	-	-	-	-	-
Non-life Total	(88.125.920)	479.847.241	(179.963.558)	299.883.683	379.783.238	(169.380.951)	210.402.287
Life	50.563	3.900.783	-	3.900.783	3.951.393	(47)	3.951.346
Grand Total	**(88.082.093)**	**483.748.024**	**(179.963.558)**	**303.791.202**	**383.727.850**	**(169.380.998)**	**214.346.852**

(*) Claim provisions include all additional provisions within unpaid claims in the total outstanding compensation provision in the balance sheet date.
(**) Company has clean-cut agreement in auto-accident branch and as per these agreements, the Company has realized 2014 preimum and claims protfolio outputs by December 31, 2014. As per the same agreement, portfolio inputs are also made in 2015. Effect of 2015 portfolio input has influenced fiscal year Ceded Reinsurance Share of Outstanding Claims Provision and Ceded Reinsurance Share of Unearned Premiums Provision.

	31 December 2015			31 December 2014		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Beginning of Period	350.017.763	(132.582.242)	217.435.521	300.925.827	(135.882.546)	165.043.281
Opened in the Period	1.087.169.308	(173.126.053)	914.043.255	933.575.370	(105.913.047)	827.662.323
Paid from Current Period (-)	(753.000.955)	103.514.063	(649.486.892)	(707.586.747)	87.370.681	(620.216.066)
Paid from Previous Period (-)	(188.250.239)	25.878.516	(162.371.723)	(176.896.687)	21.842.670	(155.054.017)
Period End						
Reported Claims	495.935.877	(176.315.716)	319.620.161	350.017.763	(132.582.242)	217.435.521
Life	**3.695.056**	**-**	**3.695.056**	**3.900.783**	**-**	**3.900.783**
IBNR	**237.284.273**	**(34.383.015)**	**202.901.258**	**129.829.478**	**(47.381.317)**	**82.448.161**
Total	**736.915.206**	**(210.698.731)**	**526.216.475**	**483.754.760**	**(179.963.559)**	**303.791.201**

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Claims development tables prepared in accordance with the Technical Provision Regulations which are used in the ACLM calculation are explained below:

Gross claim development table prepared on the priciples of incurred claims by December 31, 2015:

Accident period	1.01.2009 31.12.2009	1.01.2010 31.12.2010	1.01.2011 31.12.2011	1.01.2012 31.12.2012	1.01.2013 31.12.2013	1.01.2014 31.12.2014	1.01.2015 31.12.2015	Gross Claim
Claim realized in the accident period	587.261.462	555.724.384	634.089.345	693.491.148	624.250.996	760.604.058	771.795.503	4.627.216.896
1 year later	108.868.016	104.221.177	112.230.720	131.826.093	127.657.140	200.165.195		784.968.341
2 years later	27.909.622	25.291.886	27.542.224	51.810.191	60.066.646			192.620.568
3 years later	24.081.170	18.035.054	26.315.412	49.652.171				118.083.808
4 years later	19.875.125	20.431.408	27.360.070					67.666.603
5 years later	20.949.923	23.916.662						44.866.585
6 years later	26.140.273							26.140.273
Total Gross Claims	**815.085.591**	**747.620.571**	**827.537.771**	**926.779.602**	**811.974.781**	**960.769.253**	**771.795.503**	**5.861.563.074**

Gross claim development table prepared on the priciples of incurred claims by December 31, 2014:

Accident period	1.01.2008 31.12.2008	1.01.2009 31.12.2009	1.01.2010 31.12.2010	1.01.2011 31.12.2011	1.01.2012 31.12.2012	1.01.2013 31.12.2013	1.01.2014 31.12.2014	Gross Claim
Claim realized in the accident period	531.999.424	616.212.315	566.777.551	638.856.997	773.653.448	668.953.154	831.017.822	4.627.470.710
1 year later	126.075.323	120.697.431	112.860.318	110.501.135	180.838.536	142.782.131		793.754.874
2 years later	32.954.700	26.242.200	20.036.966	23.325.278	46.352.651			148.911.796
3 years later	21.172.842	16.369.924	13.952.338	19.827.727				71.322.830
4 years later	12.191.420	11.841.021	15.704.464					39.736.905
5 years later	9.686.312	15.546.657						25.232.970
6 years later	10.955.049							10.955.049
Total Gross Claims	**745.035.069**	**806.909.548**	**729.331.636**	**792.511.137**	**1.000.844.635**	**811.735.285**	**831.017.822**	**5.717.385.133**

4.1.2.4 Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio withdrawals related to these agreements are recognized by the Company as of December 31, 2014. In accordance with these agreements, portfolio additions are also recognized in 2015. The reinsurance share of outstanding claim reserve and unearned premium reserves have been affected from these portfolio additions in 2015.

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its going concern status as an income yielding company and to protect shareholder and corporate partners' benefits while sustaining the most effective capital structure in order to reduce capital costs.

The Company measures its adequacy semi-annually in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on January 19, 2008. As of December 30, 2014, the Company's required capital is TL 339.770.158 (December 31, 2014: TL 372.490.878). As of December 31, 2015, the Company's capital is TL 55.232.388 higher than required capital amount. (December 31, 2014: TL 174.067.110).

4.2.2 Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its assets and liabilities and reinsurance assets and liabilities. The Company's risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company's performance. The Company's exposure to interest rate risk and credit risk in general is due to its financial investments and insurance receivables, respectively.

Market risk

The Company is exposed to market risk due to fluctuations in the exchange rates, interest rates and equity share prices.

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Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of December 31, 2015 and December 31, 2014 are presented in details in Note 12.4.

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	December 31, 2015		**December 31, 2014**	
	USD Effect	**EUR Effect**	**USD Effect**	**EUR Effect**
Profit / Loss Increase	12.086.316	1.507.937	6.741.596	1.076.443
Profit / Loss (Decrease)	(12.086.316)	(1.507.937)	(6.741.596)	(1.076.443)

Interest rate risk

The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The Company's sensitivity to interest rate risk results from the mismatch in maturities of its assets and liabilities. Interest rate risk is managed by offsetting the assets that are affected by the interest rate fluctuations against the liabilities in same nature.

	December 31, 2015	**December 31, 2014**
Total	**Effect on profit and profit reserves**	
Market interest rate increase / (decrease)		**TL**
+%1	(2.399.153)	(2.543.897)
-%1	2.527.760	2.711.985
Financial assets available for sale	**Effect on profit and profit reserves**	
Market interest rate increase / (decrease)		**TL**
+%1	(2.328.770)	(2.625.477)
-%1	2.455.332	2.796.533
+%1 Financial Assets with Risks on Policy Holders	(70.383)	(81.581)
-%1 Financial Assets with Risks on Policy Holders	72.428	84.548

Price risk

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company's sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of December 31, 2015.

	December 31, 2015	**December 31, 2014**
Total	**Effect on Financial assets available for sale**	
Price increase / (decrease)		**TL**
+%10	67.830.066	27.170.363
-%10	(67.830.066)	(27.170.363)

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Credit risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of December 31, 2015, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

Liquidity risk table

December 31, 2015	Up to 1 month	1 – 3 month	3 months-1 year	1 -5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	273.064.909	272.601.151	-	-	-	5.637.702	551.303.762
Financial Assets Available for Sale	357.294.790	-	86.957.546	62.864.108	81.628.927	89.555.287	678.300.658
Financial Assets Held for Trading	-	-	-	-	-	-	-
Investments with Risks on Policy Holders	-	-	5.259.858	2.493.421	-	-	7.753.279
Receivables From Main Operations	104.060.353	133.507.643	160.368.346	-	-	-	397.936.342
Due from Related Parties	-	-	80.678	-	-	-	80.678
Other Receivables	-	7.315.908	-	-	-	-	7.315.908
Prepaid Expenses and Income Accruals	17.216.808	28.842.530	77.454.557	-	-	-	123.513.895
Other Current Assets	216.740	-	5.241.964	-	-	-	5.458.704
Financial Assets	-	-	-	-	-	7.961.251	7.961.251
Tangible Fixed Assets	-	-	-	-	-	26.619.443	26.619.443
Intangible Fixed Assets	-	-	-	-	-	33.994.538	33.994.538
Prepaid Expenses and Income Accruals (Long Terms)	-	-	-	249.184	-	-	249.184
Other Non-current Assets	-	-	-	-	-	39.211.885	39.211.885
Total Assets	**751.853.600**	**442.267.232**	**335.362.949**	**65.606.713**	**81.628.927**	**202.980.106**	**1.879.699.527**
Financial Liabilities	-	137.458.200	-	-	-	-	137.458.200
Payables From Main Operations	-	-	175.054.091	-	-	-	175.054.091
Due to Related Parties	41.634	-	1.143	-	-	-	42.777
Other Payables	-	37.639.849	-	-	-	-	37.639.849
Insurance Technical Reserves	254.707.543	403.278.354	396.452.053	-	-	-	1.054.437.950
Taxes and Other Liabilities and Provisions	-	13.187.297	-	-	-	-	13.187.297
Cost Expense Provisions	-	-	20.687.893	-	-	-	20.687.893
Prepaid Income and Expense Accruals	4.990.405	8.496.425	22.068.553	-	-	-	35.555.383
Long Term Insurance Technical Reserves	-	-	-	1.910.495	48.611.713	-	50.522.208
Provisions for Other Risks	-	-	-	-	-	6.474.170	6.474.170
Shareholders' Equity	-	-	-	-	-	348.639.709	348.639.709
Total Liabilities and Shareholders' Equity	**259.739.582**	**600.060.125**	**614.263.733**	**1.910.495**	**48.611.713**	**355.113.879**	**1.879.699.527**
Liquidity Surplus / (Deficit)	**492.114.018**	**(157.792.893)**	**(278.900.784)**	**63.696.218**	**33.017.214**	**(152.133.773)**	**-**

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Liquidity risk table

December 31, 2014	Up to 1 month	1 – 3 month	3 months– 1 year	1 –5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	244.207.214	505.796.200	68.597.569	-	-	1.156.486	819.757.469
Financial Assets Available for Sale	-	4.083.265	20.050.893	90.372.668	84.632.019	72.564.782	271.703.627
Financial Assets Held for Trading	-	-	-	-	-	-	-
Investments with Risks on Policy Holders	-	-	4.723.103	2.572.892	-	-	7.295.995
Receivables From Main Operations	84.937.004	108.972.715	130.897.181	-	-	-	324.806.900
Due from Related Parties	-	-	71.723	-	-	-	71.723
Other Receivables	-	7.880.125	-	-	-	-	7.880.125
Prepaid Expenses and Income Accruals	17.974.724	30.602.907	84.586.514	-	-	-	133.164.145
Other Current Assets	225.891	-	6.284.761	-	-	-	6.510.652
Financial Assets	-	-	-	-	-	7.961.251	7.961.251
Tangible Fixed Assets	-	-	-	-	-	25.369.620	25.369.620
Intangible Fixed Assets	-	-	-	-	-	25.850.207	25.850.207
Prepaid Expenses and Income Accruals (Long Terms)	-	-	-	1.784.100	-	-	1.784.100
Other Non-current Assets	-	-	-	-	-	9.024.367	9.024.367
Total Assets	**347.344.833**	**657.335.212**	**315.211.744**	**94.729.660**	**84.632.019**	**141.926.713**	**1.641.180.181**
Payables From Main Operations	-	-	108.035.614	-	-	-	108.035.614
Due to Related Parties	343.591	-	1.145	-	-	-	344.736
Other Payables	-	39.282.651	-	-	-	-	39.282.651
Insurance Technical Reserves	192.470.025	287.351.543	400.342.784	-	-	-	880.164.352
Taxes and Other Liabilities and Provisions	-	14.507.838	-	-	-	-	14.507.838
Cost Expense Provisions	-	-	17.924.032	-	-	-	17.924.032
Prepaid Income and Expense Accruals	4.151.370	7.067.924	18.358.173	-	-	-	29.577.467
Long Term Insurance Technical Reserves	-	-	-	1.972.202	38.577.088	-	40.549.290
Provisions for Other Risks	-	-	-	-	-	2.813.302	2.813.302
Other Long Term Liabilities	-	-	-	-	-	-	-
Shareholders' Equity	-	-	-	-	-	507.980.899	507.980.899
Total Liabilities and Shareholders' Equity	**196.964.986**	**348.209.956**	**544.661.748**	**1.972.202**	**38.577.088**	**510.794.201**	**1.641.180.181**
Liquidity Surplus / (Deficit)	**150.379.847**	**309.125.256**	**(229.450.004)**	**92.757.458**	**46.054.931**	**(368.867.488)**	**-**

Categories of Financial Assets:

	December 31, 2015		December 31, 2014	
Current Financial Assets	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Financial Assets Available for Sale	678.300.658	678.300.658	271.703.627	271.703.627
Financial Assets Held for Trading	-	-	-	-
Financial Investments with Risks on Policy Holders	7.753.279	7.753.279	7.295.995	7.295.995
Non-Current Financial Assets				
Affiliates	30.116.653	30.116.653	30.116.653	30.116.653
Impairment Provision for Affiliates	(22.155.402)	(22.155.402)	(22.155.402)	(22.155.402)
Total Financial Assets	**694.015.188**	**694.015.188**	**286.960.873**	**286.960.873**

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Fair value of financial assets

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm’s length transaction in accordance with market conditions.

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. “Category 1”, was organized market obtained from fair values (market data), the “Category 2” precedent that has truth according to processes and “Category 3” is the future cash flows to their present reduced according to the values that are valued financial assets represents.

	December 31, 2015	Category 1	Category 2	Category 3
Financial Assets Available for sale	678.079.769	678.079.769	-	-
Government Bonds & Treasury Bills	610.911.053	610.911.053	-	-
Investment Funds	67.168.716	67.168.716	-	-
Financial Investments with Risks on Policy Holders	7.753.279	7.753.279	-	-
Total	**685.833.048**	**685.833.048**	**-**	**-**

	December 31, 2014	Category 1	Category 2	Category 3
Financial Assets Available for sale	271.492.307	271.492.307	-	-
Government Bonds & Treasury Bills	199.138.845	199.138.845	-	-
Investment Funds	72.353.462	72.353.462	-	-
Financial Investments with Risks on Policy Holders	7.295.995	7.295.995	-	-
Total	**278.788.302**	**278.788.302**	**-**	**-**

(*) The affiliates amounting to TL 7.961.251 (December 31, 2015: TL 7.961.251) and unlisted equity shares amounting to TL 220.889 (December 31, 2014: TL 211.320) has been accounted at cost value as of December 31, 2015
(**) The Company has booked the impairment provision for Merter BV, one of the affiliates, amounting to TL 22.155.402 in its financial statements as of December 31, 2015 (December 31, 2014: TL 22.155.402).

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

Financial assets:

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short term nature and having insignificant potential losses.

Market value is taken as a basis in the measurement of fair value of government bonds and equity shares.

Financial liabilities:

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short term nature.

5. Segment information

5.1 Operating segments

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

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Numerical limits in "TFRS 8 - Operating Segments" is also considered as the reporting to the chief operating decision-maker in the determination of segments and segments those constitute premium production and net technical income are determined as a separate operating segment.

The Company operates in Turkey. Since the results of operating activities abroad have very low effect on financial statements, the information about geographical has not been given.

Segment results for the period ended at December 31, 2015:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	**154.937.474**	**19.570.441**	**497.099.094**	**170.674.943**	**162.083.919**	**20.795.333**	**39.502.123**	**203.827.109**	**250.360**	**-**	**1.268.740.796**
1- Earned Premiums (Net of Reinsurer Share)	129.973.527	16.262.346	466.406.234	161.026.913	135.678.386	17.959.107	37.435.583	192.466.228	12.184	-	1.157.220.508
1.1 - Premiums (Net of Reinsurer Share)	135.980.198	16.577.440	474.905.709	98.524.696	133.400.593	20.099.602	38.661.024	186.515.834	12.322	-	1.104.677.418
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(6.006.671)	(315.094)	(8.499.475)	72.187.962	(1.272.607)	(2.140.495)	(1.225.441)	5.950.394	(138)	-	58.678.435
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	-	-	(9.685.745)	3.550.400	-	-	-	-	-	(6.135.345)
2- Investment Income transferred from Non-Technical Part	21.663.041	2.840.220	26.508.721	8.337.420	26.335.662	2.687.520	2.066.540	11.360.881	241.489		102.041.494
3- Other Technical Income (Net of Reinsurance Share)	-	-	3.709.268	(935)	159	-	-	-	(3.313)	-	3.705.179
4- Accrued Subrogation and Salvage Income (+)	3.300.906	467.875	474.871	1.311.545	69.712	148.706	-	-	-		5.773.615
TECHNICAL EXPENSES	**(135.015.733)**	**(9.544.754)**	**(492.564.456)**	**(448.966.142)**	**(75.059.326)**	**(12.296.372)**	**(39.762.867)**	**(203.807.919)**	**(461.838)**	**-**	**(1.417.479.407)**
1- Total Claims (Net of Reinsurer Share)	(69.986.644)	(5.051.148)	(356.566.925)	(404.311.299)	(20.389.285)	(8.038.866)	(29.971.243)	(137.722.268)	(267.741)	-	(1.032.305.419)
1.1- Claims Paid (Net of Reinsurer Share)	(64.834.153)	(4.071.940)	(358.248.889)	(190.254.305)	(19.543.979)	(8.285.207)	(29.619.113)	(136.527.561)	(473.468)	-	(811.858.615)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(5.152.491)	(979.208)	1.681.964	(214.056.994)	(845.306)	246.341	(352.130)	(1.194.707)	205.727	-	(220.446.804)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	-	-	-	(1.200.000)	-		(1.200.000)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(9.310.470)	(331)	(348.559)	-	(171.455)	(203.810)	-	-	-	-	(10.034.625)
4- Operating Expenses	(50.025.515)	(4.417.059)	(107.451.226)	(43.252.800)	(53.579.162)	(3.891.585)	(9.758.182)	(60.707.147)	(256.015)	-	(333.338.691)
4.1- Production Commisions (-)	(61.994.951)	(5.380.217)	(77.570.031)	(28.128.821)	(51.453.060)	(10.180.605)	(8.945.510)	(35.130.019)	-		(278.783.214)
4.2- Reinsurance Commisions (+)	36.145.466	2.722.447	355.868	198.857	9.360.350	10.386.460	27.246	6.333	2.806		59.205.833
4.3- General Administrative Expenses	(24.176.030)	(1.759.289)	(30.237.063)	(15.322.836)	(11.486.452)	(4.097.440)	(839.918)	(25.583.461)	(258.821)		(113.761.310)
4.4- Other Operating Expenses											
5. Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	61.918		61.918
6- Other Technical Expenses (Net of Reinsurer Share) (-)	(5.693.104)	(76.216)	(28.197.746)	(1.402.043)	(919.424)	(162.111)	(33.442)	(4.178.504)	-		(40.662.590)
	19.921.741	**10.025.687**	**4.534.638**	**(278.291.199)**	**87.024.593**	**8.498.961**	**(260.744)**	**19.190**	**(211.478)**	**-**	**(148.738.611)**
Financial income	-	-	-	-	-	-	-	-	-	232.885.908	232.885.908
Depreciation expense	-	-	-	-	-	-	-	-	-	(9.065.630)	(9.065.630)
Provisions account	-	-	-	-	-	-	-	-	-	(12.181.358)	(12.181.358)
Tax expenses	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	(225.647.263)	(225.647.263)
Other	-	-	-	-	-	-	-	-	-	26.801.394	26.801.394
Net Profit / (Loss)	**19.921.741**	**10.025.687**	**4.534.638**	**(278.291.199)**	**87.024.593**	**8.498.961**	**(260.744)**	**19.190**	**(211.478)**	**12.793.051**	**(135.945.560)**

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Segment results for the period ended at December 31, 2014:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	**138.953.867**	**16.643.323**	**507.053.980**	**245.639.960**	**122.130.113**	**16.385.959**	**27.404.776**	**203.964.920**	**136.229**	**-**	**1.278.313.127**
1- Earned Premiums (Net of Reinsurer Share)	122.441.444	14.522.734	468.691.610	241.632.068	108.252.913	14.806.356	26.469.984	193.190.194	17.711	-	1.190.025.014
1.1 - Premiums (Net of Reinsurer Share)	127.657.490	14.909.752	502.452.126	218.657.530	110.170.963	17.005.440	27.364.537	199.744.059	17.722	-	1.217.979.619
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(5.216.046)	(387.018)	(33.760.516)	27.882.975	(5.797.330)	(2.199.084)	(894.553)	(6.553.865)	(11)	-	(26.925.448)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	-	-	(4.908.437)	3.879.280	-	-	-	-	-	(1.029.157)
2- Investment Income transferred from Non-Technical Part	12.475.787	1.875.471	28.768.017	2.923.706	14.088.518	1.546.299	934.792	10.774.726	285.658	-	73.672.974
3- Other Technical Income (Net of Reinsurance Share)	-	-	1.350.684	(1.341.845)	(23.085)	-	-	-	(167.140)	-	(181.386)
4- Accrued Subrogation and Salvage Income (+)	4.036.636	245.118	9.594.353	1.084.186	(211.318)	33.304	-	-	-	-	14.782.279
TECHNICAL EXPENSES	**(110.422.900)**	**(8.440.864)**	**(465.935.748)**	**(322.245.067)**	**(84.902.830)**	**(9.896.856)**	**(32.417.405)**	**(201.726.944)**	**(698.323)**	**-**	**(1.236.686.937)**
1- Total Claims (Net of Reinsurer Share)	(55.171.165)	(4.454.159)	(333.148.996)	(258.987.947)	(43.618.925)	(7.562.229)	(20.981.323)	(138.973.214)	(454.219)	-	(863.352.177)
1.1- Claims Paid (Net of Reinsurer Share)	(48.980.722)	(3.082.364)	(321.030.738)	(219.825.303)	(21.334.838)	(7.253.926)	(21.469.405)	(131.794.787)	(498.001)	-	(775.270.084)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(6.190.443)	(1.371.795)	(12.118.258)	(39.162.644)	(22.284.087)	(308.303)	488.082	(7.178.427)	43.782	-	(88.082.093)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	-	-	-	-	-	-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(6.271.928)	(46)	(1.383.923)	-	(101.563)	(95.673)	-	-	207.831	-	(7.645.302)
4- Operating Expenses	(44.170.376)	(3.913.861)	(104.116.344)	(60.679.049)	(40.253.637)	(1.920.376)	(11.346.631)	(58.306.809)	(451.935)	-	(325.159.018)
4.1- Production Commisions (-)	(55.349.482)	(4.703.550)	(77.364.144)	(43.203.949)	(49.040.534)	(8.187.373)	(10.447.808)	(35.343.198)	-	-	(283.640.038)
4.2- Reinsurance Commisions (+)	30.428.416	2.324.170	902.482	658.006	19.413.455	9.711.019	(43.092)	21.717	-	-	63.416.173
4.3- General Administrative Expenses	(19.249.310)	(1.534.481)	(27.654.682)	(18.133.106)	(10.626.558)	(3.444.022)	(855.731)	(22.985.328)	(451.935)	-	(104.935.153)
5. Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	-		-
6- Other Technical Expenses (Net of Reinsurer Share) (-)	(4.809.431)	(72.798)	(27.286.485)	(2.578.071)	(928.705)	(318.578)	(89.451)	(4.446.921)	-	-	(40.530.440)
	28.530.967	**8.202.459**	**41.118.232**	**(76.605.107)**	**37.227.283**	**6.489.103**	**(5.012.629)**	**2.237.976**	**(562.094)**	**-**	**41.626.190**
Investment income	-	-	-	-	-	-	-	-	-	128.169.257	128.169.257
Depreciation expense	-	-	-	-	-	-	-	-	-	(4.670.677)	(4.670.677)
Provisions account	-	-	-	-	-	-	-	-	-	(15.698.586)	(15.698.586)
Tax expense	-	-	-	-	-	-	-	-	-	(7.541.703)	(7.541.703)
Financial expenses	-	-	-	-	-	-	-	-	-	(110.770.584)	(110.770.584)
Other	-	-	-	-	-	-	-	-	-	(506.415)	(506.415)
Net Profit / (Loss)	**28.530.967**	**8.202.459**	**41.118.232**	**(76.605.107)**	**37.227.283**	**6.489.103**	**(5.012.629)**	**2.237.976**	**(562.094)**	**(11.018.708)**	**30.607.482**

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6. Property, plant and equipment

December 31, 2015

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Advances for Tangible Assets	Total
1 January	2.465.348	-	14.827.725	18.312.709	28.504	35.634.286
Additions	-	-	4.567.253	1.555.519	145.250	6.268.022
Transfers				166.378	(166.378)	
Disposals	(866.779)	-	(2.533.218)	-	-	(3.399.997)
December 31	**1.598.569**	**-**	**16.861.760**	**20.034.606**	**7.376**	**38.502.311**
Accumulated Depreciation						
1 January	(633.328)	-	(8.724.065)	(1.399.823)	-	(10.757.216)
Charge for the Period	(263.001)	-	(1.614.886)	(1.590.213)	-	(3.468.099)
Disposals		-		2.262.321	-	2.262.321
December 31	(896.329)	-	(10.338.951)	(727.715)	-	(11.962.994)
Net Book Value as of December 31	**702.240**	**-**	**6.522.809**	**19.306.891**	**7.376**	**26.539.317**

December 31, 2014

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Advances for Tangible Assets	Total
January 1	8.270.093	-	21.715.931	1.122.357	-	31.108.381
Additions	-	-	1.211.514	1.390.572	18.772.557	21.374.644
Disposals	(5.804.745)	-	(11.016.842)	(27.151)	-	(16.848.739)
Transfers	-	-	2.917.122	15.826.931	(18.744.053)	-
December 31	**2.465.348**	**-**	**14.827.725**	**18.312.709**	**28.504**	**35.634.286**
Accumulated Depreciation						
January 1	(1.754.216)	-	(17.725.622)	(1.007.201)	-	(20.487.039)
Charge for the Period	(155.435)	-	(1.190.944)	(418.667)	-	(1.765.046)
Disposals	1.276.323	-	10.192.501	26.045	-	11.494.869
December 31	(633.328)	-	(8.724.065)	(1.399.823)	-	(10.757.216)
Net Book Value as of December 31	**1.832.020**	**-**	**6.103.660**	**16.912.886**	**28.504**	**24.877.069**

The Company has no impairment loss recognized for tangible fixed assets in the current period.

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7. Investment Properties

December 31, 2015

Cost Value	**Land**	**Buildings**	**Total**
1 January	36.578	504.543	541.121
Disposals	-	(460.995)	(460.995)
Transfers	43.548	(43.548)	-
December 31	**80.126**	**-**	**80.126**

Accumulated Depreciation			
1 January	-	(48.571)	(48.571)
Charge for the Period	-	(86.569)	(86.569)
Disposals	-	135.140	135.140
December 31	-	-	-
Net Book Value as of December 31	**80.126**	**-**	**80.126**

December 31, 2014

Cost Value	**Land**	**Buildings**	**Total**
January 1	286.578	557.574	844.152
Additions	-	1.782	1.782
Disposals	(250.000)	(54.812)	(304.812)
December 31	**36.578**	**504.543**	**541.121**

Accumulated Depreciation			
January 1	-	(58.497)	(58.497)
Charge for the Period	-	(886)	(886)
Disposals	-	10.812	10.812
December 31	-	(48.571)	(48.571)
Net Book Value as of December 31	**36.578**	**455.973**	**492.551**

In the period of January 1- December 31, 2015, the Company has no obtained rental income from investment properties (January 1 – December 31, 2014: TL 297.399).

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

8. Intangible Fixed Assets

December 31, 2015

Cost Value	Advances for Intangible Assets (*)	Rights	Total
1 January	12.217.024	28.879.266	41.096.290
Additions	684.474	12.970.819	13.655.293
Disposals	-	-	-
Transfers	(10.235.070)	10.235.070	-
December 31	**2.666.428**	**52.085.155**	**54.751.583**
Accumulated Amortization			
1 January	-	(15.246.083)	(15.246.083)
Charge for the Period	-	(5.510.962)	(5.510.962)
Disposals	-	-	-
December 31	**-**	**(20.757.045)**	**(20.757.045)**
Net Book Value as of December 31	**2.666.428**	**31.328.110**	**33.994.538**

December 31, 2014

Cost Value	Advances for Intangible Assets (*)	Rights	Total
1 January	14.144.327	18.183.940	32.328.267
Additions	8.200.593	567.429	8.768.023
Disposals	-	-	-
Transfer	(10.127.897)	10.127.897	-
December 31	**12.217.024**	**28.879.266**	**41.096.290**
Accumulated Amortization			
1 January	-	(12.341.338)	(12.341.338)
Charge for the Period	-	(2.904.745)	(2.904.745)
Disposals	-	-	-
December 31	-	(15.246.083)	(15.246.083)
Net Book Value as of December 31	**12.217.024**	**13.633.183**	**25.850.207**

(*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economical benefits no amortization calculated over those.

As of December 31, 2015, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2014: None).

The Company has no goodwill amount in its financial statements.

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9. Investments in Affiliates

An affiliate is an entity, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. As of December 31, 2015, the Company has an affiliate as Merter BV amounting to TL 30.116.653 (December 31, 2014: TL 30.116.653) with a 25% of participation. Since the Company do not have any effect on management of this affiliate the conclusive participation rate is 12,5% for each companies which own a shopping mall and an office building. Fair value of the investments in affiliates have identified by an independent real estate appraisal company and, TL 22.155.402 (December 31, 2014: TL 22.155.402) impairment has been detected and disclosed in financial statement as at December 31, 2015 (Note: 11.4).

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

Financial Assets and Financial Investments with Risks on Policy Holders

	December 31, 2015	December 31, 2014
Financial Assets Available for Sale	678.300.658	271.703.627
Financial Investments with Risks on Policy Holders	7.753.279	7.295.995
Total	**686.053.937**	**278.999.622**

Financial Assets Available for Sale

	December 31, 2015			December 31, 2014		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	427.963.378	422.249.213	422.249.213	45.977.771	44.224.473	44.224.473
Private sector bond	97.302.245	99.327.442	99.327.442	100.866.757	102.909.210	102.909.210
Investment fund	80.311.808	89.334.398	89.334.398	67.885.811	72.353.462	72.353.462
Eurobond	69.293.388	67.168.716	67.168.716	52.273.063	52.005.162	52.005.162
Equity Shares (Unlisted)	220.889	-	220.889	211.320	-	211.320
Total	**675.091.708**	**678.079.769**	**678.300.658**	**267.214.722**	**271.492.307**	**271.703.627**

Financial Investments with Risks on Policy Holders

	December 31, 2015			December 31, 2014		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	7.540.028	7.753.279	7.753.279	6.916.542	7.295.995	7.295.995

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

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

December 31, 2015

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	220.889	-	220.889
Unlisted		220.889	-	220.889
Total		**220.889**	**-**	**220.889**

December 31, 2014

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	211.320	-	211.320
Unlisted		211.320	-	211.320
Total		**211.320**	**-**	**211.320**

The Company does not have assets held for trading as of December 31, 2015 and December 31, 2014.

As of December 31, 2015 and December 31, 2014, the blockage on financial assets in favour of Undersecretariat of Treasury has been disclosed in Note 17.1.

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

None (December 31, 2014: None).

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

None (December 31, 2014: None).

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11.4 Fair value of securities and long-term financial assets that are carried at cost in the balance sheet and cost of securities and long-term financial assets that are carried at fair value in the balance sheet

Cost, fair value and book values of marketable securities are presented in Note 11.1.

Financial assets consist of unlisted assets, and cost and book value of financial assets are presented as below:

	December 31, 2015			December 31, 2014		
	Participation Rate %	Cost Value TL	Book Value TL	Participation Rate %	Cost Value TL	Book Value TL
Merter BV	25	30.116.653	30.116.653	25	30.116.653	30.116.653
Impairment (-)		-	(22.155.402)		-	(22.155.402)
Affiliates (Net)		**30.116.653**	**7.961.251**		**30.116.653**	**7.961.251**

11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the Company classified under marketable securities and associates and their issuers:

None (December 31, 2014: None).

11.6 Value increases of financial assets in the last three years

	December 31, 2015	December 31, 2014	December 31, 2013
Financial Assets Available for Sale	(7.432.490)	(1.047.646)	(5.312.432)

Value increases and decreases (net-off deferred tax) reflect the difference between the book value and cost value of the financial assets at period end.

11.7 Financial Instruments

i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.

ii) Information on the book value of the financial assets is disclosed in Note 11.1.

iii) Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.

iv) Financial assets overdue or impaired are presented in Note 11.1.

11.8. Finansal Instruments

Information related to hedge accounting has been disclosed in Note 34.5.

11.9 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

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12. Receivables and Payables

12.1 Details of the Company's receivables

	December 31, 2015	December 31, 2014
Receivables from insurance operations		
Receivables from agencies	235.112.053	199.704.460
Bank Guaranteed Credit Card Receivables More than Three Months	100.576.813	80.433.726
Receivables from reinsurance companies	38.891.156	19.781.691
Receivables for salvage and claim recovery - net (Note 2.1.1)	21.786.353	23.121.634
Receivables from insurance operations	**396.366.375**	**323.041.511**
Other receivables	71.183	60.878
Cash deposited for insurance and reinsurance companies	30.954	30.954
Receivables from insurance and reinsurance companies	**102.137**	**91.832**
Claim recovery receivables under legal follow-up	38.864.823	35.000.756
Doubtful receivables from main operations	32.524.008	29.075.053
Receivables from main operations	**467.857.343**	**387.209.152**
Provision for due from insurance operations (-) (*)	(9.860.324)	(2.135.354)
Provision for doubtful receivables from main operations (-) (**)	(21.195.854)	(25.266.142)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(38.864.823)	(35.000.756)
Total provision amount for doubtful receivables	**(69.921.001)**	**(62.402.252)**
Receivables from main operations - net	**397.936.342**	**324.806.900**

(*) In balance sheet disclosed under provision for receiveables from insurance operations.
(**) In balance sheet disclosed under provision for receiveables from main operations.

Aging of receivables from insurance operations is as follows:

	December 31, 2015	December 31, 2014
0-60 days	(1.611.642)	2.356.713
61-90 days	734.785	1.519.694
90+	2.672.030	2.982.514
Not due receivables	394.673.339	316.274.421
Total	**396.468.512**	**323.133.343**

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

	December 31, 2015		December 31, 2014	
Type of Guarantee	**Receivables**	**Doubtful Receivables**	**Receivables**	**Doubtful Receivables**
Letters of Guarantee	35.962.761	5.000	33.450.078	21.000
Real Estate Pledges	61.180.530	4.407.397	69.410.917	5.116.497
Government Bonds and Equity Shares	113.178	-	89.747	-
Other	451.859	-	454.359	-
Total	**97.708.328**	**4.412.397**	**103.405.101**	**5.137.497**

The Company books provision for 100% of doubtful receivables discluding guarantess. The movement table of provision for doubful receivables under legal follow-up is presented below:

	2015	**2014**
Opening Balance, 1 January	(60.266.898)	(50.723.585)
Charge for the Period	(2.507.142)	(22.167.522)
Collections	2.713.363	12.624.209
Closing Balance, September 30	**(60.060.677)**	**(60.266.898)**

Aging of receivables from insurance operations is as follows:

	December 31, 2015	**December 31, 2014**
0-30 days	31.869	-
90+	71.356.962	64.075.809
Total	**71.388.831**	**64.075.809**

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

Due to shareholders in balance sheet includes dividends which have paid previous years but not collected by shareholders. As of December 31, 2015, the Company has liabilities amounting to TL 1.143 to shareholders. (December 31, 2014: TL 1.145)

12.3 Total of pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TL 102.120.725 as at September 30, 2015 (December 31, 2014: TL 103.405.101).

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12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

December 31, 2015

Banks (Foreign Currency)	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	16.500.019	2,9076	47.975.455
EUR	2.810.599	3,1776	8.930.959
GBP	150.514	4,3007	647.316
CHF	46.479	2,9278	136.081
Total			**57.689.811**

Prepaid Expenses	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	814.063	2,9076	2.366.969
			2.366.969

Receivables from Insurance Operations	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	56.700.708	2,9076	164.862.979
EUR	5.557.908	3,1776	17.660.808
GBP	192.329	4,3007	827.149
CHF	26.339	2,9278	77.115
Other	-	-	271
Total			**183.428.322**

Outstanding Claims Reserve	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	(4.166.814)	2,9128	(12.137.096)
Total			**(12.137.096)**

Payables from Insurance Operations	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	(28.279.961)	2,9128	(82.373.870)
EUR	(3.622.986)	3,1833	(11.533.051)
Total			**(95.030.635)**

Net Foreign Currency Position			**136.317.371**

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December 31, 2014

Banks (Foreign Currency)	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	6.334.148	2,3189	14.688.256
EUR	3.609.429	2,8207	10.181.116
GBP	188	3,5961	676
Total			**24.870.048**

Prepaid Expenses	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	2.768.885	2,3189	6.420.767
			6.420.767

Stocks and Bonds	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	22.542.181	2,3189	52.273.063
			52.273.063

Receivables from Insurance Operations	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	27.606.553	2,3189	64.016.836
EUR	6.680.703	2,8207	18.844.259
GBP	80.253	3,5961	288.598
CHF	22.061	2,3397	51.616
Other			215
Total			**83.201.524**

Outstanding Claims Reserve	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	(4.020.728)	2,3230	(9.340.151)
EUR	(986.640)	2,8258	(2.788.047)
Other			(46.374)
Total			**(12.174.572)**

Payables from Insurance Operations	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	(26.158.652)	2,3189	(60.659.298)
EUR	(5.487.266)	2,8207	(15.477.931)
Other			(710.988)
Total			(76.848.217)

Net Foreign Currency Position	**77.742.613**

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13. Derivative Financial Instruments

During the period between January 1 – December 31, 2015, total income resulting from short-term swap contracts' market valuation has been accounted under "Income from derivatives" in the income statement in amounting to TL 38.493.917 (January 1 – December 31, 2014: TL 9.663.974).

14. Cash and Cash Equilavents

	December 31, 2015	December 31, 2014
Cash at Banks	374.800.368	623.405.482
Time Deposit	369.162.666	622.248.996
Demand Deposit	5.637.702	1.156.486
Bank Guaranteed Credit Card Receivables with Maturities less than three months	176.503.394	196.351.987
Total	**551.303.762**	**819.757.469**
Interest Accrual on Cash and Cash Equivalents (-)	(798.285)	(3.551.136)
Cash Flow Based Grand Total	550.505.477	816.206.333
Blocked Deposits	**148.476.703**	**131.314.451**

(*) The blockage on cash and cash equivalents has been disclosed in Note 17.1.

As of December 31, 2015 and December 31, 2014, interest rate of time deposits are as follows:

	December 31, 2015	December 31, 2014
	Annual Interest Rate (%)	Annual Interest Rate (%)
TL	8,25 – 13,95	8,25 - 11,50
USD	0,010 – 3,25	0,50 - 2,00
EUR	0,010 – 2,00	0,75

As of December 31, 2015 maturity of TL deposits are changed between January 4, 2016 to February 12, 2016, foreign exchange maturity are changed between January 4, 2016 to January 8, 2016.

As of December 31, 2014 maturity of TL deposits are changed between January 2, 2015 to June 23, 2015, foreign exchange maturity are changed between January 2, 2015 to January 23, 2015.

The details of repo and reverse repo receivables accounted in the balance sheet as of December 31, 2015 are as follows:

	31 December 2015			
	Cost	Interest Rate	Maturity	Book Value
Time Deposit	137.000.000	13,39%	08.01.2011-12.02.2016	138.031.848
Bond	357.000.000	9,50%	04.01.2016	357.294.790
Total	**494.000.000**			**495.326.638**

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The details of funds received from reverse repo agreements accounted for undershort term other financial borrowings in the balance sheet. As of December 31, 2015 are as follows:

	31 December 2015			
	Cost	**Interest Rate**	**Maturity**	**Book Value**
Bond	(137.000.000)	11,31%	08.01.2011-12.02.2016	(137.458.200)
Tokal	**(137.000.000)**			**(137.458.200)**

15. Share Capital

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately

The Company's shareholders and its shareholders' equity structure as of December 31, 2015 and December 31, 2014 are presented in Note 2.14.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in "Related Parties" note.

The account of Profit on Sale to be Transferred to Capital has consisted of the amounts arising from the gain on sale of fixed assets transferred to the equity.

15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

Presented in the statement of changes in equity.

15.3 For each class of share capital

15.3.1 The explanation about the number of capital shares

The Company's issued capital share is composed of 30.600.000.000 shares having a nominal amount of TL 0,01 each. These shares are presented by Class 10 shares (December 31, 2014: 30.600.000.000 shares with a nominal amount of TL 0,01each).

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

None (December 31, 2014: None).

15.3.3 Nominal value of an equity share or equity shares without having nominal value

Nominal value of equity shares is TL 0,01 per share (December 31, 2014: TL 0,01 per share).

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

	Number of Shares	
	December 31, 2015	**December 31, 2014**
Beginning of the Period, 1 January	30.600.000.000	30.600.000.000
Issued in the Current Period	-	-
End of the Period, December 31	30.600.000.000	30.600.000.000

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15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (December 31, 2014: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as staded within the "Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law" (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

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

None (December 31, 2014: None).

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

None (December 31, 2014: None).

15.4 Share based payments

None (December 31, 2014: None).

15.5 Subsequent events

Disclosed in note 46.

16. Other Provisions and Capital Component of Discretionary Participation

16.1 Each income and expense item and their total amounts accrued under shareholders'equity in the current period in accordance with other standards and interprations

	December 31, 2015	December 31, 2014
Valuation difference of financial assets available for sale	(7.432.490)	(1.047.646)
Deferred Tax Effect	1.486.498	209.529
Total	**(5.945.992)**	**(838.117)**

In accordance with changes regarding "TAS 19 – Employee Benefits" effective as of January 1, 2013, actuarial loss amounting to TL 4.680.554 (Deferred tax effect: TL 936.111) resulting from retirement pay liability calculation has been accounted to "Other Reserves and Retained Earnings" under equity.

As of December 31, 2015, effect of hedge accounting amount of TL (12.243.065) (Deferred tax effect: TL 2.448.613) has been recognized "Special Funds (Reserves)" account item under equity.

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16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (December 31, 2014: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2014: None).

16.4 Hedging against financial risks

Information related to hedge accounting has been disclosed in Note: 34.5

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the currennt period and amounts recognizedin the current profit or loss taken from shareholders' equity

	December 31, 2015 Increase / (Decrease)	December 31, 2014 Increase / (Decrease)
Beginning of the Period, 1 January	(838.117)	(5.312.432)
Increase / decrease in value recognized under the shareholders' equity in the current period	(5.107.875)	4.474.315
End of the Period, December 31	**(5.945.992)**	**(838.117)**

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

Disclosed in note 34.5

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2014: None).

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

None (December 31, 2014: None).

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17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be providedfor life and non-life insurance branches and guarantees provided for life and non-lifeinsurances based on assets

The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

	December 31, 2015		December 31, 2014	
	Amount to be Provided	Current Blockage	Amount to be Provided	Current Blockage
Branch	**TL**	**TL**	**TL**	**TL**
Life	5.605.551	7.486.870	6.663.986	7.014.153
Government Bonds	-	7.486.870	-	6.822.532
Time Deposit	-	-	-	191.621
Non-Life	113.636.452	148.476.703	110.924.551	131.122.830
Time Deposit		148.476.703	-	131.122.830
Total	**119.242.003**	**155.963.573**	**117.588.537**	**138.136.983**

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

	2015 Mathematical Reserves		2014 Mathematical Reserves	
	Unit	**TL**	**Unit**	**TL**
Beginning of the Period, 1 January	402	1.972.202	432	2.167.174
Participations in the Current Period		61.706		81.468
Leavings in the Current Period	(17)	(123.413)	(30)	(276.440)
End of Period, December 31	**385**	**1.910.495**	**402**	**1.972.202**

Mathematical reserves amounting to TL 1.711.117 (December 31, 2014: TL 1.813.074) and Reserves for the policies, investment risk of which belongs to life insurance polich holders amounting to TL 201.763 (December 31, 2014: TL 220.427) and cancelled polich numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Ready For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of December 31, 2015, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2014: None).

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17.3 Insurance guarantees given to non life insurances based on insurance branches

Branch	**December 31, 2015**	**December 31, 2014**
Motor Crafts Liability	862.114.750.643	2.749.912.022.379
Fire and Natural Disaster	526.559.025.553	401.507.218.558
General Losses	265.309.807.601	286.605.330.906
Transportation	81.895.226.185	149.923.190.369
Accident	36.064.872.852	47.635.716.522
Financial Losses	61.731.083.844	35.208.773.175
General Losses	39.095.209.261	34.747.991.402
Air Crafts Liability	22.250.156.540	29.260.438.332
Motor Own Damage	30.495.506.795	24.897.311.537
Health	9.288.557.000	15.752.119.800
Legal Protection	8.258.673.613	8.275.341.500
Air Crafts	2.604.171.853	7.006.920.272
Credit	2.914.064.890	2.132.858.236
Water Crafts	649.210.601	1.143.233.376
Suretyship	648.109.469	477.441.619
Life	825.527	2.860.202
Total	**1.949.879.252.227**	**3.794.488.768.185**

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

None (December 31, 2014: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (December 31, 2014: None).

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

None (December 31, 2014: None).

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

None (December 31, 2014: None).

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

None (December 31, 2014: None).

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

None (December 31, 2014: None).

17.10 Number of transfers from the Company's life portfolio to individualpension portfolio and their group or individual gross and net share participations

None (December 31, 2014: None).

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17.11 Number of transfers fromthe Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

None (December 31, 2014: None).

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

None (December 31, 2014: None).

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All of disposals of life insurances in current period are individual and units and amounts are represented in Note 17.2.

17.14 Profit share distribution rate of life insurees in the current period

In the current period, profit share distribution rate of life insurees are calculated as below:

	January 1- September 30, 2015 Profit Share Distribution Rate (%)	January 1- September 30, 2014 Profit Share Distribution Rate (%)
TL (Life Insurance)	9,00	9,75

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2014: None).

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

Reinsurance Assets

	December 31, 2015	December 31, 2014
Receivables from Reinsurance Companies	38.891.156	19.781.691
Cash Deposited For Insurance & Reinsurance Companies	30.954	30.954
Reinsurance Share of Unearned Premiums Reserve	320.273.585	264.326.090
Reinsurance Share of Outstanding Claims Reserve	210.698.731	179.963.559
Reinsurance Share of Unexpired Risks Reserve	7.094.384	8.955.838
Reinsurance Share of Equalization Reserve	21.953.456	-
Total	**598.942.267**	**473.058.132**

Reinsurance Liabilities

	December 31, 2015	December 31, 2014
Payables to Insurance and Reinsurance Companies	149.033.440	84.547.691
Deferred Commissions Income	35.555.383	29.577.467
Total	**184.588.823**	**114.125.158**

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Income / Expense on Reinsurance Agreements

	January 1-December 31, 2015	January 1-December 31, 2014
Premiums Ceded to Reinsurers (-)	(517.508.736)	(495.635.867)
Commissions Received	59.203.027	63.416.172
Reinsurance Share of Unearned Premiums Reserve	59.135.098	42.454.109
Reinsurance Share of Unexpired Risks Reserve	(1.861.454)	(12.761.734)
Reinsurance Share of Outstanding Claims Reserve	32.720.378	11.980.269
Reinsurance Share of Claims Paid	129.392.579	109.213.351
Total	**(238.919.108)**	**(281.333.700)**

	December 31, 2015			December 31, 2014		
Branch	**Premiums Ceded**	**Reinsurance Share of Technical Reserves**	**Reinsurance Share of Claims Paid**	**Premiums Ceded**	**Reinsurance Share of Technical Reserves**	**Reinsurance Share of Claims Paid**
Fire and Natural Disaster	(266.004.020)	32.281.489	44.711.429	(224.406.938)	13.247.961	37.247.695
General Losses	(107.736.537)	24.269.760	63.034.335	(151.575.728)	10.537.089	41.530.201
General Liability	(42.759.864)	(8.302.256)	8.149.311	(27.069.339)	21.286.230	10.153.619
Financial Losses	(32.066.812)	6.927.400	285.419	(24.927.164)	956.945	439.627
Transportation	(12.045.179)	(3.070.650)	6.101.146	(21.998.619)	(5.687.478)	2.244.254
Motor Crafts Liability	(6.460.712)	(7.471.052)	13.404	(13.687.893)	3.929.612	4.194.603
Motor Own Damage	(978.839)	(470.395)	(1.787)	(6.442.769)	(10.386.720)	4.654.111
Accident	(8.846.475)	3.674.159	544.680	(5.449.917)	571.207	3.240.811
Support	(2.930.868)	82.392	-	(4.472.666)	(118.996)	215.563
Credit	(5.107.546)	(1.328.218)	3.532.812	(3.855.818)	440.533	740.067
Air Crafts	(4.207.330)	1.046.914	851.276	(3.234.289)	3.391.421	4.003.853
Air Crafts Liability	(11.633.270)	1.827.935	891.861	(3.084.554)	1.215.605	175.183
Water Crafts	(1.548.173)	(218.485)	1.132.814	(2.571.535)	(350.379)	-
Health	(10.554.442)	8.460.481	3.854	(1.601.342)	255.368	3.103
Suretyship	(4.625.703)	32.284.721	142.025	(1.253.482)	2.385.166	370.661
Life	(2.966)	38		(3.814)	(745)	-
Legal Protection	-	-	-	-	(1)	-
Total	**(517.508.736)**	**89.994.233**	**129.392.579**	**(495.635.867)**	**41.672.818**	**109.213.351**

The Company, as a ceding company, defers its commission income obtained from reinsurance agreements.

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in note 4.1.2.4.

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

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	2015	
	Insurance Payables	**Reinsurance Assets**
Beginning of the Period, 1 January	137.613.081	473.058.132
Net Change for the Year	72.996.393	125.884.135
End of the Period, 31 December	**210.609.474**	**598.942.267**

	2014	
	Insurance Payables	**Reinsurance Assets**
Beginning of the Period, 1 January	133.514.101	410.907.688
Net Change for the Year	4.098.980	62.150.444
End of the Period, 31 December	**137.613.081**	**473.058.132**

18. Investment Contract Liabilities

Disclosed in Note 17.3.

19. Trade and Other Payables, Deferred Income

19.1 Sub-classifications of presented items in line with the Company's operations

	December 31, 2015	**December 31, 2014**
Payables to agencies	26.020.651	23.487.923
Payables to insurance and reinsurance companies	149.033.440	84.547.691
Payables from Insurance Operations	**175.054.091**	**108.035.614**
Payables to contracted enterprises	11.767.312	11.527.206
Payables to Turkish Catastrophe Insurance Pool	14.540.068	13.491.799
Payables to suppliers	3.938.121	2.535.941
Turkish Catastrophe Insurance Pool Payables to agencies	566.223	525.595
Other	471.512	679.152
Other Payables	**31.283.236**	**28.759.693**
Payables to SSI regarding medical expenses	**6.356.378**	**10.522.958**
Deferred commission income	35.555.383	29.577.467
Expense accruals	20.687.893	17.924.032
Deferred Income and Expense Accruals	**56.243.276**	**47.501.499**
Total Short Term Liabilities	**268.936.981**	**194.819.764**
Total Trade and Other Payables, Deferred Income	**268.936.981**	**194.819.764**

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19.2 Related Parties

Details related with related party balances and transactions for the current financial period are disclosed in Note 45.

20. Payables

Insurance Technical Reserves	December 31, 2015	December 31, 2014
Unearned Premiums Reserve- Net (*)	510.667.337	566.154.357
Unexpired Risks Reserve- Net	16.354.138	10.218.793
Outstanding Claims Reserve-Net (**)	526.216.475	303.791.202
Bonuses and rebates reserve-Net	1.200.000	-
Mathematical Reserves-Net	1.910.495	1.972.202
Equalization Reserve-Net	48.611.713	38.577.088
Total	**1.104.960.158**	**920.713.642**

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 376.682, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2014: TL 4.793.020).

As disclosed in note 2.15, the reinsurers' share of unearned premiums includes SSI share as of December 31, 2015 which is TL 2.740.332 (December 31, 2014: TL 10.980.587).

(**) The Company owns clean cut agreement in motor own damage branch, according to the agreement the premium and claim disposals for 2014 has taken part on December 31, 2014. According to the same agreements the portfolio additions have been made within the year 2015. The effect of portfolio additions TL 1.985.207 in 2015 netted – off from outstanding claims (note 4.1.2.3) (December 31, 2014: TL 1.355.476).

The movement of technical reserves are as follows:

Unearned Premium Reserve:

	December 31, 2015			December 31, 2014		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	830.480.271	(264.325.914)	566.154.357	761.101.163	(221.554.270)	539.546.893
Net Change	460.651	(55.947.671)	(55.487.020)	69.379.108	(42.771.644)	26.607.464
End of the Period, December 31	**830.940.922**	**(320.273.585)**	**510.667.337**	**830.480.271**	**(264.325.914)**	**566.154.357**

Unexpired Risk Reserve:

	December 31, 2015			December 31, 2014		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	19.174.631	(8.955.838)	10.218.793	30.907.209	(21.717.572)	9.189.638
Net Change	4.273.891	1.861.454	6.135.345	(11.732.578)	12.761.734	1.029.155
End of the Period, December 31	**23.448.522**	**(7.094.384)**	**16.354.138**	**19.174.631**	**(8.955.838)**	**10.218.793**

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

Equalization Reserve:

	December 31, 2015			December 31, 2014		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	38.577.088	-	38.577.088	30.723.954	-	30.723.954
Net Change	31.988.081	(21.953.456)	10.034.625	7.853.134	-	7.853.134
End of the Period, December 31	**70.565.169**	**(21.953.456)**	**48.611.713**	**38.577.088**	**-**	**38.577.088**

Provision for bonus and discount

	December 31, 2015			December 31, 2014		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	-	-	-	-	-	-
Net Change	1.200.000	-	1.200.000	-	-	-
End of the Period, December 31	**1.200.000**	**-**	**1.200.000**	**-**	**-**	**-**

Outstanding Claims Reserve:

The movement of Outstanding Claims Reserve are presented in Note 4.1.2.3.

21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities. The details of deferred tax are presented in Note 35.

22. Retirement and Welfare Liabilities

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ("SSI") as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on 30 November 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on November 2, 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on March 22, 2007 as effective from the date of publishment in the Official Gazette no: 26479 on March 31, 2007.

On the other hand, the Act No: 5754 "Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements" published in the Official Gazette No: 26870 on May 8, 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers.

The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9,8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

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Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekaüt Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

Retirement Pay Provisions:

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and August 25, 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of May 23, 2002.

Employee termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2015 and December 31, 2014, 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. As of December 31, 2015, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 7,95% (December 31, 2014: %6) and a discount rate of 9,91% (December 31, 2014: 7,7%), resulting in a real interest rate of 2% (December 31, 2014: 2%). The anticipated rate of forfeitures is considered and estimated rate of the Company’s retirement pay is also taken into account.

However, during this estimation, the employee termination benefits mentioned in subparagraph 5 of paragraph 1 of article 14 of the Labor Law numbered 1475 to be made in accordance with other conditions excluding the ages stipulated in clauses (a) and (b) of subparagraph A of paragraph one of article 60 of the Law numbered 506 or due to termination of employees on their own will after having completed the insurance period required for retirement pension (15 years) and the number of premium payment days (3600 days) have been excluded from the payments to be incurred by the Company.

In accordance with changes regarding “TAS 19 – Employee Benefits” effective as of January 1, 2013, actuarial loss amounting to TL 4.680.554 (Deferred tax effect: TL 936.311) resulting from retirement pay liability calculation has been accounted to extraordinary reserves under equity.

As the maximum liability is updated semi annually, as of December 31, 2015, the maximum amount of TL 4.092,53effective from January 1, 2016 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2014 : TL 3.541,37).

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

	December 31, 2015	**December 31, 2014**
Beginning of the Period, January 1	2.813.302	2.244.706
Charge for the Period	1.743.217	287.135
Actuarial Gain/Loss	3.480.442	1.200.112
Retirement Payments (-)	(1.562.791)	(918.651)
End of the Period, December 31	**6.474.170**	**2.813.302**

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

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	December 31, 2015		December 31, 2014	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the Period, January 1	1.360.307	1.327.563	1.516.928	1.347.006
Movements in the Current Period	(289.456)	111.486	14.245	82.905
End of the Period, December 31	**1.070.851**	**1.439.049**	**1.531.173**	**1.429.911**

23.2 Provisions related to employee benefits and others

Company' s statement of pledges and commitments as of December 31, 2015 and December 31, 2014 are presented below:

		December 31, 2015		December 31, 2014	
Collaterals, Pledges and Mortgages Given by the Company (CPM)		**Amount in Original Currency**	**Amount (TL)**	**Amount in Original Currency**	**Amount (TL)**
A. Total amount of CPMs given on behalf of the Company' legal entity		-	-	-	-
B. Total amount of CPMs given in favor of joint ventures included in full consolidation		-	-	-	-
C. Total amount of CPMs given as the guarantee of the third parties' debts for the maintenance purpose of the ordinary activities			859.300		36.630
	TL	859.300	859.300	23.000	23.000
	USD	-	-	5.878	13.630
D. Total amount of other CPMs given			565.250		563.918
i. Total amount of CPMs given in favor of the parent company		-	-	-	-
ii. Total amount of CPMs given in favor of other group companies not included in clauses B and C		-	-	-	-
iii. Total amount of CPMs given in favor of third parties not included in clause C			565.250		563.918
	TL	565.250	565.250	563.918	563.918
Total			**1.424.550**		**600.548**

There is no ratio of CPMs given by the Company to the equity (December 31, 2014 : None).

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23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	December 31, 2015	December 31, 2014
Outstanding Claims under Litigation	243.934.118	122.813.636
Total	**243.934.118**	**122.813.636**

	December 31, 2015	December 31, 2014
Subrogation Receivable Litigations, Gross	54.140.919	50.090.760
Trade Receivable Litigations and Executions	12.238.146	12.883.105
Total	**66.379.065**	**62.973.865**

As of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TL 1,8 million and tax penalty of TL 2,8 million for the year 2009 , tax of TL 2 million and tax penalty of TL 3 million for the year 2010 , tax of TL 3 million and tax penalty of TL 4,6 million for the year 2011 and tax of TL 4,3 million and tax penalty of TL 6,4 million for the year 2012 and in total tax and tax penalty of 27,9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015 filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation.

23.4 Provision for Expense Accruals

	December 31, 2015	December 31, 2014
Commission provision	6.279.050	9.312.517
Expense provision	4.238.540	1.065.946
Unused vacation provision	1.070.851	1.360.307
Performance premium provision	4.378.053	2.286.276
Guarantee fund provision	683.871	2.005.064
Other	4.037.528	1.893.922
Total	**20.687.893**	**17.924.032**

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

24. Net Insurance Premium Revenue

Non-life Branches	January 1- December 31, 2015	January 1- December 31, 2014
Motor Own Damage	474.905.708	502.452.125
Motor Crafts Liability	98.524.696	218.657.530
Health	186.515.834	199.744.059
Fire and Natural Disaster	135.980.198	127.657.490
General Losses	121.533.242	81.994.812
Financial Losses	26.841.390	30.930.531
Accident	19.778.062	19.710.308
General Liability	19.168.124	17.031.151
Transportation	15.306.967	13.802.868
Legal Protection	3.751.032	4.023.171
Water Crafts	1.270.473	1.106.885
Suretyship	586.943	494.101
Support	234.840	218.863
Credit	266.668	160.453
Air Crafts	562	574
Air Crafts Liability	357	(23.024)
Total Non-life Branches	1.104.665.096	1.217.961.897
Life	12.322	17.722
Total	**1.104.677.418**	**1.217.979.619**

25. Fee Income

None (January 1 – December 31, 2014:None).

26. Investment Income/(Expense)

	January 1- December 31, 2015	January 1- December 31, 2014
Interest Income	56.293.858	74.533.314
Rent Income	-	155.949
Total	**56.293.858**	**74.689.263**

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	January 1- December 31, 2015	January 1- December 31, 2014
Valuation differences recognized		
under shareholders' equity	-5.945.992	4.474.315
Total	**(5.945.992)**	**4.474.315**

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28. Assets Held At Fair Value through Profit and Loss

The net gain which is booked in income statement from the fair value difference reflected to gain or loss of the financial assets, is amounting to TL 12.386.043.as of December 31, 2015 (January 1 - December 31, 2014: TL 17.197.583).

29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	January 1- December 31, 2015	January 1- December 31, 2014
Legal Protection	219.058	748.789
Water Crafts	(5.911)	72.804
Air Crafts Liability	(237)	832
Air Crafts	3	-
Suretyship	(767.504)	(119.657)
Credit	18.939	(143.625)
Accident	(154.788)	(146.092)
Transportation	(973.297)	(662.017)
Financial Losses	1.916.844	(773.263)
Health	(1.194.707)	(1.252.139)
Motor Own Damage	1.681.964	(6.190.443)
General Liability	(1.564.201)	(7.178.427)
Fire and Natural Disaster	(5.152.491)	(12.118.258)
General Losses	(619.209)	(21.201.734)
Motor Crafts Liability	(214.056.994)	(39.162.645)
Total Non-life	**(220.652.531)**	**(88.125.875)**
Life	**205.727**	**43.782**
Total (*)	**(220.446.804)**	**(88.082.093)**

(*) For current previous period comparison please refer to note 4.1.2.3.

30. Investment Agreement Rights

None (December 31, 2014:None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

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

32. Expense Types

	January 1- December 31, 2015	January 1- December 31, 2014
Production Commissions (-)	(278.783.214)	(283.640.038)
Reinsurance Commissions (+)	59.205.833	63.416.172
Employee Wages and Expenses (-) (*)	(69.289.260)	(61.927.502)
Information Technology Expenses (-)	(12.165.744)	(10.753.212)
Meeting and Training Expenses (-)	(2.927.626)	(4.245.122)
Transportation Expenses (-)	(3.803.664)	(4.266.192)
Rent Expenses (-)	(7.329.158)	(6.462.528)
Social Relief Expenses (-)	(3.964.145)	(3.298.592)
Repair and Maintenance Expenses (-)	(2.719.832)	(3.206.339)
Outsourcing Service Expenses (-)	(1.498.160)	(2.181.190)
Advertisement Expenses (-)	(2.629.865)	(2.032.222)
Communication Expenses (-)	(2.514.385)	(1.444.291)
Other (-)	(4.919.471)	(5.117.965)
Total	**(333.338.691)**	**(325.159.021)**

(*) The Company makes payments to pension contribution (3% of the monthly gross salary) for the employees who fulfill conditions and this amount is presented in employees wages and expenses.

33. Employee Benefit Expenses

	January 1- December 31, 2015	January 1- December 31, 2014
Salary and Bonus Payments	(63.723.794)	(58.745.957)
Insurance Payments	(851.536)	(794.998)
Other Payments	(4.713.930)	(2.386.547)
Total (Note 32)	**(69.289.260)**	**(61.927.502)**

34. Financing Costs

34.1 Financial Expenses:

None (December 31, 2014: None).

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

None (December 31, 2014: None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries

Disclosed in Note 45.

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

Disclosed in Note 45

34.5 Hedge accounting principle

In accordance with the accounting policy disclosed in Note 2.25, the Company recognized changes in valuation of hedge instrument arising from change in the exchange rate under equity. In this respect, as of December 31, 2015 effect of hedge accounting amount of TL (9.794.452) has been recognized in the "Special Funds (Reserves)" account item under equity.

Deposit amount	Currency Type	Exchange rate at the beginning of the period	Exchange rate at the end of the period	Hedging cash flow
18.180.971	USD	2,2342	2,9076	(12.243.065)

Type risk and principle of the cash flow hedge

The Company aims to prevent the future foreign exchange risk resulting from the operational leases by hedging USD 23.101.085 Eurobond.

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

None (December 31, 2014: None).

35. Corporate Tax

	December 31, 2015	December 31, 2014
Current Tax Liability		
Corporate Tax Liability Provision on Period Profit	-	7.541.703
Prepaid Taxes and Other Liabilities on Period Profit (-)	-	(5.860.722)
	-	**1.680.981**

Tax (Expense) / Income is Formed by the Items Below:	January 1-December 31, 2015	January 1-December 31, 2014
Current Tax Income / (Expense)	-	(7.541.703)
Deferred Tax Income / (Expense) due to Temporary Differences	30.328.559	(168.869)
Total Tax Income / (Expense)	**30.328.559**	**(7.710.572)**

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities.

Deferred Tax	December 31, 2015	December 31, 2014
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	1.486.498	209.529
Hedge Effect	(2.448.613)	(334.514)
Actuarial Gain/Loss Effect	936.111	240.022
Total	**(26.004)**	**115.037**

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

Deferred Tax Assets / (Liabilities)	December 31, 2015	December 31, 2014
Impairment Provision	4.431.080	4.431.080
Technical reserves	4.194.720	2.897.939
Marketable securities valuation difference	1.486.498	209.529
Performance bonus provision	875.611	457.255
Expense Provision	819.076	11.357
Doubtful receivable provisions	381.200	427.000
Retirement pay provision	1.294.834	562.660
Unused vacation provision	214.170	272.061
Useful life differences of tangible and intangible assets	(562.219)	90.000
Hedge Effect	(2.448.613)	(334.514)
Fiscal Expense	28.525.528	-
Deferred Tax Assets / (Liabilities), Net	**39.211.885**	**9.024.367**

Movements of Deferred Tax Assets / (Liabilities):	2015	2014
Beginning of the Period, 1 January	9.024.367	10.534.419
Deferred Tax Income Recognized in the Income Statement	30.328.559	(168.869)
Deferred Tax Income Recognized in the Shareholders' Equity	(141.041)	(1.341.183)
Closing Balance, December 31	**39.211.885**	**9.024.367**

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

Confirmation of Tax Provision	2015	2014
Income Before Tax	(166.274.119)	38.318.054
Tax Calculated: 20%	33.254.824	(7.663.611)
Effect of Additions	(15.393.542)	(10.935.005)
Effect of Allowances	10.664.246	11.056.913
Fiscal Expense	(28.525.528)	-
Corporate Tax Liability Provision on Period Profit	**-**	**(7.541.703)**

As of December 31, 2015, the Company has booked the deferred tax assets in amounting to TL 39.211.885 and TL 28.525.528 is calculated over the statutory financial tax losses in amounting to TL 142.627.640 The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets. The maturity of the tax losses are below:

36. Net Foreign Exchange Gain/Loss

	January 1- December 31, 2015	January 1- December 31, 2014
Recognized in Profit / Loss:		
Foreign Exchange Income	138.098.133	43.807.663
Foreign Exchange Expense	(123.847.258)	(37.383.268)
	14.250.875	**6.424.395**

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37. Earnings per Share

	2015	2014
Number of Equity Shares Outstanding	30.600.000.000	30.600.000.000
Beginning Period, 1 January	30.600.000.000	30.600.000.000
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding	30.600.000.000	30.600.000.000
End of Period, December 31	30.600.000.000	30.600.000.000
Weighted Average Number of Outstanding Shares		
(Unit of 1; 0,01 TL)	30.600.000.000	30.600.000.000
Net Profit for the Period / (Loss) (TL)	(135.945.560)	30.607.482
Earnings / (Loss) per Share (TL)	**(0,444)**	**0,100**

38. Dividends per share

Pursuant to the decision taken in the Company's Ordinary General Meeting held on March 20, 2015, all of the net profit consisted in financial statements which represents 2014 operating results have been distributed to shareholders after legal reserves are calculated over. The amount that distributed is TL 23.959.800 and profit per share is TL 0,07.

39. Cash Generated from the Operations

Cash flow statement has presented with the financial statements of the Company.

40. Equity Share Convertible Bonds

None (December 31, 2014:None).

41. Cash Convertible Privilleged Equity Shares

None (December 31, 2014:None).

42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

43. Commitments

Total amount of off balance sheet commitments are presented in Note 23.2.

44. Business Combinations

None (December 31, 2014:None).

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45. Related Parties

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

Related Party Receivables / (Payables)

	December 31, 2015	December 31, 2014
Shareholders	(107.314)	10.239
Related Parties	16.478.636	18.790.344
Total	**16.371.322**	**18.800.583**

(*) Amount TL 80.633 (December 31, 2014: TL 71.723) of related party receiveable balance is presented under "Other Related Party Receivable" line of financial statements. Rest of the balance is presented under "Receiveable from Insurance Operations" line of financial statements.

Premium production

	January 1- December 31, 2015	January 1- December 31, 2014
Shareholders	2.426.901	2.421.349
Related Parties	128.206.697	133.906.453
Total	**130.633.598**	**136.327.802**

45. Related Parties (Continued)

Claims Paid

	January 1- December 31, 2015	January 1- December 31, 2014
Shareholders	829.939	1.741.614
Related Parties	29.316.090	33.407.815
Total	**30.146.029**	**35.149.429**

Bank Deposit

	December 31, 2015	December 31, 2014
Related Parties	67.670.586	535.553.520
Total	**67.670.586**	**535.553.520**

Private Sector Bonds

	December 31, 2015	December 31, 2014
Related Parties	28.794.288	29.935.210
Total	**28.794.288**	**29.935.210**

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Investment Funds

	December 31, 2015	December 31, 2014
Related Parties	89.334.398	72.353.462
Total	**89.334.398**	**72.353.462**

Interest Income Received from Related Party

	January 1- December 31, 2015	January 1- December 31, 2014
Related Parties	32.279.194	32.158.565
Total	**32.279.194**	**32.158.565**

Payables to shareholders balance includes dividends that have not yet been taken by the shareholders.

46. Subsequent Events

None.

47. Other

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

Other Receivables	31 December 2015	31 December 2014
Receivables from Tarım Sigortaları A.Ş.	2.446.238	1.849.582
Other Receivables	3.033.414	2.749.761
Receivables from Agencies due to DASK Premiums	1.459.834	1.513.756
Receivables from Hacı Ömer Sabancı Foundation	-	1.600.000
Total	**6.939.486**	**7.713.099**

Other Short Term Payables	31 December 2015	31 December 2014
Payables to Turkish Catastrophe Insurance Pool	14.540.068	13.491.799
Payables to contracted enterprises	11.767.312	11.527.206
Payables to suppliers	3.938.121	2.535.941
Turkish Catastrophe Insurance Pool Payables to agencies	566.223	525.595
Other	471.512	679.152
Total	**31.283.236**	**28.759.693**

Other Prepaid Expenses	31 December 2015	31 December 2014
Prepaid Expenses (*)	2.539.182	4.426.799
Other	-	671.947
Total	**2.539.182**	**5.098.746**

Other Prepaid Expenses (Long Term)	31 December 2015	31 December 2014
Prepaid Expenses	249.184	1.784.100
Total	**249.184**	**1.784.100**

(*) The amount of TL 1.778.320 (December 31, 2014: TL 4.270.309) prepaid expenses has arised from operational leases of the Company.

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	**January 1- December 31, 2015**	**July 1- December 31, 2014**
Provisions Account (+/-)	(12.181.358)	(15.698.586)
Provisions for doubtful receivable	(6.667.344)	(6.967.112)
Retirement pay provision	(1.743.217)	(927.692)
Donation Provision	-	(1.900.000)
Portfolio Management	(2.305.763)	(903.037)
Unused vacation provision	(17.319)	156.621
Guarantee Fund Provision	(683.871)	(2.005.064)
Provisions for other expenses	(763.844)	(3.152.302)
Compulsory earthquake insurance account (+/-)	622.352	483.204
Deferred tax asset account (+/-)	30.328.559	(168.869)
Deferred tax liability account (+/-)	1.372.202	6.707.228
Income from property sale(*)	-	5.629.327
Other	1.372.202	1.077.901
Other expenses and losses (-)	(5.521.719)	(7.527.980)
Non-tax-deductible expenses	(397.418)	(3.244.924)
Bank Expenses	(2.545.455)	(3.574.966)
Expense on property sale	(429.179)	(242.531)
Certificate of Insolvency	(851.405)	-
Expense on property sale	(698.658)	-
Other	(599.604)	(465.559)
Total	**14.620.036**	**(16.205.003)**

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENTS OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2015
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
Profit Distribution Statement

	Note	Audited Current Period (01/01/2015 - 31/12/2015)	Audited Current Period (01/01/2014 - 31/12/2014)
I. Distribution of profit for the period		**-**	**-**
1.1. Profit for the period		-	38.149.815
1.2. Taxes payable and legal liabilities		-	(7.710.572)
1.2.1. Corporation tax (Income tax)		-	(7.541.703)
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and legal liabilities		-	(168.869)
A. Net profit for the period (1.1 - 1.2)		**-**	**30.438.613**
1.3. Previous years' losses (-)		-	-
1.4. First legal reserve		-	(1.530.374)
1.5.Legal reserves kept in the company (-)		-	-
B. Net distributable Profit for the period [(a - (1.3 + 1.4 + 1.5)]		**-**	**24.686.244**
1.6.First dividend to shareholders (-)		-	15.300.000
1.6.1. To common shareholders		-	15.300.000
1.6.2. To preferred shareholders		-	
1.6.3 To owners of participating redeemed shares		-	-
1.6.4 To owners of profit-sharing securities		-	-
1.6.5 To owners of profit and loss sharing securities		-	-
1.7. Dividends to personnel (-)		-	-
1.8. Dividends to founders (-)		-	-
1.9. Dividends to board of directors (-)		-	-
1.10. Second dividends to shareholders (-)		-	8.659.800
1.10.1. To common shareholders		-	8.659.800
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 (-)		-	(868.647)
1.12. Statutory reserves (-)		-	-
1.13. Extraordinary reserves		-	26.666
1.14. Other reserves		-	-
1.15. Special funds		-	-
II. Distribution from reserves		**-**	**-**
2.1.distributed reserves		-	-
2.2.second legal reserve (-)		-	-
2.3.dividends to shareholders (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2 To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4 To owners of profit-sharing securities		-	-
2.3.5 To owners of profit and loss sharing securities		-	-
2.4.Dividends to employees (-)		-	-
2.5.Dividends to board of directors (-)		-	-
III. Profit per share		**-**	**-**
3.1.To common shareholders		-	0,0783
3.2.To common shareholders (%)		-	-
3.3.To preferred shareholders		-	-
3.4.To preferred shareholders (%)		-	-
IV. Dividends per share		**-**	**-**
4.1.To common shareholders		-	23.959.800
4.2.To common shareholders (%)		-	-
4.3. To preferred shareholders		-	-
4.4.To preferred shareholders (%)		-	-

As of December 31, 2015 the profit distribution table has not been prepared since there has not been profit distribution.

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