A STRONGER Aksigorta

AKSigorta

2011 Annual Report

CORPORATE
Profile

A company that builds on its strengths and focuses on growth and profitability...
An important milestone was passed in Aksigorta's corporate history in 2011 when the company's principal stockholder Sabancı Holding joined forces with and sold half of its stake to Ageas, one of Belgium's leading insurers.

Seeking to bring new energy to the Turkish insurance industry by combining the strengths of more than 50 years of local market know-how with Ageas's 180 years of global experience, Aksigorta continues to provide its customers with individualized solutions in line with its customer-focused and innovative service approach.

The insurance sector's best known and most trusted name

Continuing to build upon its superior brand recognition and value last year, Aksigorta's diversified products allowed it to respond proactively to market needs while its foresight made it possible to go on creating added value despite difficult market conditions.

In the "Turkey's Most Valuable 100 Brands" survey conducted by the British consultancy Brand Finance for Capital magazine, Aksigorta jumped twelve places to 61st position in 2011.

Target: Profitable growth

Aksigorta simultaneously strives to contribute towards the growth and development of its sector even as it pursues its own profitability and increases its market share. Aksigorta regards this as the way to ensure the sustainability of its healthy growth and to put the assets for which it is responsible to work for the benefit of the national economy.

As it prepares to introduce still more innovations to the Turkish insurance industry, Aksigorta is focusing on:

- Making a steadily bigger contribution to its industry's growth and development in Turkey
- Increasing public awareness of the importance of insurance in every way possible
- Making insurance products and services accessible to every segment of society
- Being a broad-based, mass insurer.

ISTANBUL STOCK EXCHANGE

Aksigorta shares are traded on the ISE National Market.

38% of Aksigorta's shares are traded on the İstanbul Stock Exchange's national market under the "AKGRT" symbol. Aksigorta's total premium production in 2011 amounted to TRL 1,137 million while its net profit for the year reached TRL 32 million. At end-2011 Aksigorta had **619** employees and was supplying insurance products and services through a nationally strong network consisting of **1,639** agencies, **50** brokers, **922** Akbank branches, and **4,580** contracted enteprises.

Making a DIFFERENCE

Attaching importance to customer satisfaction and being a strong, reputable and reliable company; Aksigorta continues to provide high quality service in line with its vision, mission and values.

The Company aims to meet its customers' needs, advancing its quality standards, giving a better service and making a difference in its sector.

Vision

To make life more secure

Mission

To become an insurance company which raises social awareness for insurance, is firstly chosen by the current and potential clients through the multiple distribution channel, product diversity, qualified and wide service network; is the most easily accessible; is the most admired; and creates value for its Shareholders.

Values

- Leadership
- Customer Focus
- Transparency
- Ethical Values
- Sustainability

Our Customer Relations Policy

- **Transparency:** Members of the Aksigorta family are able to submit their complaints, demands, requests, and questions whenever they wish and in a correct, complete, clear and easy way. All of our communication channels are open to our customers.
- **Accessibility:** Members of the Aksigorta family can submit their complaints, demands, requests, and questions 24 hours a day 7 days a week through our Service Center on 444 2727 and our other access channels.
- **Responsiveness:** Members of the Aksigorta family receive responses to their complaints, demands, requests, and questions as quickly as possible through the Aksigorta Service Center.
- **Objectivity:** Every complaint, demand, request, or question that a member of the Aksigorta family submits about any issue is responded to fairly and without prejudice.
- **No charges:** No charge whatsoever is made when considering or resolving any complaint, demand, request, or question that any member of the Aksigorta family submits about any issue.
- **Confidentiality:** Ever since its inception as a company, the confidentiality of private information has been a matter of the utmost importance for Aksigorta. No information entrusted to us is ever divulged.
- **Customer Focus:** Members of the Aksigorta family deserve nothing but the best at all times. They are provided with effective, realistic, practical solutions; their needs are met; their rights are always safeguarded.
- **Accountability:** When complaints, demands, requests, and questions submitted by members of the Aksigorta family are received and acted upon, the reasons for the action we take are provided along with our responses.
- **Ongoing improvement:** One of the strongest companies in the business, Aksigorta invests without letup and continuously makes improvements in everything that it does in order to better serve its family members and provide them with proper guidance.
- **Fast and Effective Solutions:** Aksigorta introduces innovations to its sector in order to come up with fast and effective solutions in line with its family members' needs.
- **Professionalism:** Aksigorta employs a staff of solution experts in order to deliver the very best in service to its family members.

Aksigorta 1960-2011

The first policy
The first policy was issued by Aksigorta employees in 1961.

First insurance agency
Lami Teymen opened the first Aksigorta agency in Adana.

The beginning of the bankassurance
Having brought the bankassurance business into practice in the early 1980s, Aksigorta issued the first insurance policy through an online connection in 1983. By 1989, all of the Company's regional directorates had launched online operations.

Public offering of Aksigorta
Having completed the public offering in 1994, Aksigorta moved its head office from the historical "Minerva Han" building located in Karaköy to a new building located in Fındıklı, İstanbul in 1995.

Opening the Fire and Earthquake Training Center
In 1996, Aksigorta unveiled Turkey's first Fire and Earthquake Training Center, which has only a few precedents in the world, and was fully built with Turkish technology.

During the same year, the Company restructured its regional directorates across the country, implemented the Human Resources Project and completed the transition to the performance management and career planning system.

Aksigorta's first website set in.

The first online policy in Turkey's bankassurance business
Online policies began to be issued through Akbank branches for the first time in Turkey within the framework of the Bankassurance Project completed in 1998. Additionally, online connections were set up with approximately 150 agencies in the same year.

Aksigorta established the quality assurance system modeled on ISO 9001: 1994 standards, and was also awarded the BS EN 9001:1994 Quality Standard Certificate.

Receiving the certificate of authorization in the health branch and opening of the Aksigorta Service Center
Aksigorta obtained the certificate of authorization in the health branch, and began to issue insurance policies in 2002.

Also in 2002, Aksigorta began providing clients and agencies with faster and better quality service on a 24/7 basis through the Aksigorta Service Center, with services ranging from claim file notice to other insurance procedures.

New regional restructuring in İstanbul
The Company undertook regional structuring in İstanbul in 2004, establishing four regional directorates in İstanbul, being 1st, 2nd, 3rd and Corporate Regional Directorates, and transferred its operations and sales transactions to these directorates.

Transition to regional management
Having revised its business and decision making processes in 2006, Aksigorta shifted its management method from central management to regional management. Within this framework, 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 its customers and agencies.

Merger of Ak Emeklilik and Aviva Hayat ve Emeklilik A.Ş.

Having merged with Aviva Hayat ve Emeklilik A.Ş. in 2007, AK Emeklilik A.Ş., one of Aksigorta's subsidiaries, entered operation under AvivaSA Emeklilik ve Hayat A.Ş. on November 1.

An insurance company marked by its compliance efforts quality

In 2008, the Company completed its efforts to bring itself in line with the recently implemented insurance business laws and regulations in Turkey. Aksigorta became the leading company on Kalder's Turkish Customer Satisfaction Index in the same year and was elected by Tüketici Dergisi (Consumer Magazine) as the "most reliable insurance company for its quality" for 4 years in a row.

Capital optimization process

In 2008, Aksigorta announced to the public that its subsidiary portfolio had been transferred to Sabancı Holding during the spin-off process, which had been initiated to provide capital optimization for the Company, while focusing on generating value in the insurance business.

Making life more secure...

In 2009, Aksigorta redefined its vision as "making life more secure" to raise awareness of the insurance business in Turkey and to increase the number of insurees.

As part of this process, Aksigorta changed its organizational structure, technology and products in a manner which fitted its customer-oriented approach. Through the new restructuring process carried out at the company, human resources and marketing and communication departments were collected under the responsibility of different Assistant General Managers. As risk management and internal control systems were established, the Company also restructured its Risk Management/Actuary Directorate. Within the same framework, a multi-delivery channel strategy was designed and put in practice in a bid to offer the products required by various customer groups in the most effective manner possible.

In the same year, Aksigorta was chosen by consumers as the "most reliable insurance company" in a research study conducted by AC Nielsen.

Following the amendment to the Turkish Commercial Code, procedures to transfer of Aksigorta subsidiaries to Sabancı Holding were initiated and the related process was completed on January 14, 2010 after the Extraordinary General Meeting held on January 4, 2010.

The Belgium-based international insurer Ageas acquired a 31% stake in Aksigorta last year. In July 2011, Ageas purchased half of the shares belonging to Sabancı Holding against a payment of USD 220 million. This acquisition reduced Sabancı Holding's shareholding interest from 62% to 31%.

With strong international experience in bancassurance, multi-channel distribution, and health insurance and with an extensive lineup of products in every segment, Ageas chose to combine these strengths with Aksigorta, one of the leaders of the Turkish insurance market.

Financial Highlights

1,137

TL million written premiums

37

TL million technical profit

Financial Indicators (TL million)	2010	2011
Written Premiums	886	1,137
Claims Paid	609	653
Technical Profit (Technical Part Profit)	22	37
Profit Before Tax	9	38
Net Profit	1	32
Paid in Capital	306	306
Shareholders' Equity	372	403
Total Assets	1,033	1,213

Capital Solvency Ratios		
Written Premiums / Shareholders' Equity	238.5%	282.2%
Shareholders' Equity / Total Assets	36.0%	33.2%
Shareholders' Equity / Technical Provisions (Net)	70.5%	64.3%

Operating Ratios (Non-Life)		
Retention Ratio	71.7%	75.9%
Claims Paid / Total Claims (Paid + Outstanding)	107.8%	101.0%
Loss Ratio (Net)	74.5%	69.9%
Combined Ratio (Net)	101.6%	99.0%

Profitability Ratios		
Technical Profit (Technical Part Profit) / Written Premiums	2.5%	3.3%
Profit Before Tax / Written Premiums	1.0%	3.3%
Net Profit / Written Premiums	0.2%	2.8%
Net Profit / Shareholders' Equity	0.4%	8.0%

Aksigorta Partnership Structure

On 18 February 2011, H.Ö. Sabancı Holding AŞ (Sabancı Holding) and Ageas Insurance International NV (Ageas) signed a share transfer agreement. At an extraordinary general meeting held on 29 July 2011, shareholders approved the transfer, to Ageas, of 9,482,940,100 shares (one-half of the 18,965,880,200 shares) in the company belonging to Sabancı Holding. Since that date (29 July 2011), Sabancı Holding and Ageas have each controlled an equal (31%) stake in the company.

Shareholder's Name	Shareholding Ratio	Number of the Shares
	%	TL
H.Ömer Sabancı Holding	33.11	101,322,754
Ageas Insurance International NV	33.11	101,322,754
Other	33.78	103,354,492
	100.00	306,000,000

Registered capital

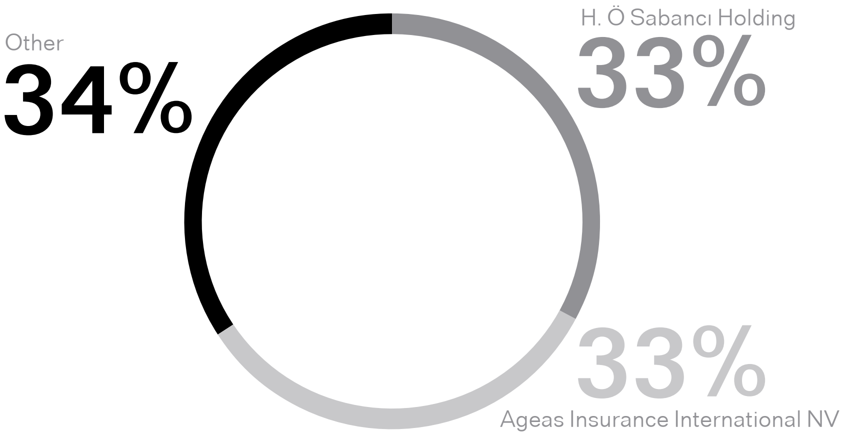
Aksigorta AŞ changed to the registered (authorized) capital system pursuant to the provisions of Turkey's capital markets law (Statute 2499) as of 9 March 1995 and holds license number 301 from the Capital Markets Board. The company's authorized capital ceiling is TRL 500 million.

Capital structure

Other than what is indicated below, no material changes took place in Aksigorta AŞ's partnership or capital structures during the reporting period. There are no shares that are entitled to special rights. No member of the company's board or senior management is a shareholder in the company.

Shareholders controlling more than a 10% stake in the company's issued capital

The names and shareholding interests of shareholders that control more than a 10% stake in the company's issued capital are shown in the accompanying chart.



MANAGEMENT'S

Assessment

In 2011 Aksigorta redoubled its strength with the completion of a partnership process which had been undertaken with the firm of Ageas, a multinational Brussels-based insurer with more than 180 years of experience in the industry.

Haluk Dinçer
Chairman of the Board of Directors

Uğur Gülen
Chief Executive Officer

Esteemed Aksigorta stakeholders:
Before presenting Aksigorta's 2011 annual report and independently audited accounts for your examination, we should first like to share with you our assessment of economic developments in the world and Turkey, of the successful progress which Aksigorta made last year, and of our expectations for the future.

The European debt crisis was the most important development affecting the world economy in 2011.
The improvements that were being witnessed in the world economy stalled in the case of developed countries last year while among the emerging economies, the improvements continued albeit at a slower pace. In this process, Turkey was one of only a handful of countries where growth persisted and there was a rise in employment.

One of the most serious issues that beset the world's economic agenda in 2011 was the eurozone debt crisis. Having initially manifested itself in Greece and Ireland, that crisis eventually spread to other European countries. Looking for ways to cope with the European debt crisis, the European Union held a series of summit meetings at which the problem was considered in detail. In line with the results of these gatherings, it seems likely that the European Central Bank will be coming to the rescue of the euro, which will necessitate supporting the common currency unit system with liquidity.

Associated with the European debt crisis there was also a decline in economic activity at the global level while the risks perceived as ensuing from this stifled confidence in the economy.

2012 is likely to be a difficult year for the world economy. The divergence in growth rates between the emerging countries on the one hand and the developed countries on the other will persist next year and grow even wider. Even though measures have been and are being taken to deal with the economic problems that Europe faces, it is anticipated that the problems are not capable of being resolved except in the long term and that they will require radical structural changes. While developing countries' economies will probably continue to grow in 2012, it is thought that growth rates will falter owing to less demand.

Expanding by about 8% or so in 2011, Turkey's economy was the second fastest-growing in the global arena last year.
In the wake of the economic crisis of 2008, Turkey's economy performed very strongly in both 2010 and 2011. The biggest driving forces contributing to Turkey's outstanding success in the global economy were consistent monetary policies, vigorous domestic demand, and a strongly-foundationed banking sector.

In line with persistent risks and recession in the global economy, the Turkish economy can be expected to grow at a somewhat slower pace in 2012. The slowdown in domestic demand that began İstanbul in response to measures taken to rein in the current account deficit and to stem the depreciation of the Turkish lira is also likely to continue in the new year. In such an environment, it will be necessary to manage costs, liquidity, and all risks with care.

32
TL million net profit

2011 was a rather successful year for the insurance industry.
In addition to the difficulties engendered by the debt crisis in 2011, the insurance industry also had to contend with serious penetration problems arising from a saturated market, especially in Europe.

Here in Turkey, the insurance sector is by comparison doing much better as it continues to expand in response to growing demand for insurance products that is driven by a relatively youthful population, by steadily rising education levels, and by widespread urbanization.

Among the emerging countries, Turkey in particular holds out great promise for the insurance sector. The most important indicator of this is the fact that nearly every branch of the Turkish insurance industry registered year-on rises in real growth in 2011.

Two branches–health insurance and motor vehicle insurance–led the way in the sector's growth. The first was a fortunate outcome of a restructuring of the country's social security system; the second was nourished by domestic market automobile sales.
Expectations are that the insurance industry in our country will continue to grow, that there will be increased market penetration, and that the sector's share of GNP will rise above its current 1% level. These developments will also be taking place in insurance products and services intended for both individuals and corporate entities.

Once individuals have achieved a particular quality of life, they begin having recourse to insurance as a way of sustaining that quality and of dealing with the uncertainties and risks that might threaten it. Among the potential customers of the insurance industry in emerging national economy are SMEs, for whom economic growth presents great opportunities. As insurance awareness increases, such firms begin insuring more and more of their assets against risks.

Thanks to these factors, it is predicted that the market for non-life insurance in Turkey will grow by an average of 17% a year over the next decade. This is one reason why we anticipate that 2012 will be a year of significant growth and development for our industry.

The principal item on Aksigorta's agenda in 2011 was its partnership with Ageas, Belgium's biggest insurance company. .
On 28 July 2011, Sabancı Holding finalized a partnership with the firm of Ageas, a multinational Brussels-based insurer with more than 180 years of experience in the industry.

The chief participants in this process were Sabancı Holding, one of Turkey's most respected and trusted names, and Ageas, a multinational company specialized in both insurance and insurance investment. For Aksigorta, the ability to continue moving forward with the energy created by the coming together of these two strong partners is a source of both excitement and pride. Ageas is well known for its customer-focused approach to service and we are most pleased to see it as a shareholder.

In the period ahead, we intend to be focusing on profitable growth and on increasing market share while also continuing to contribute to the overall development of our sector.

With 51 years of experience and more than 10 thousand policyholders, Aksigorta is the hub of Turkey's biggest and strongest insurance network. With this partnership, Aksigorta will the the author of new accomplishments. Ageas for its part has extensive international experience–especially in such areas as bancassurance, delivery channel diversity, and health insurance–as well as an array of products that have been designed for every segment.

This partnership is a matter of the utmost importance not just for Aksigorta but for the Turkish insurance industry as a whole. Drawing on the strength which this partnership provides, in 2012 Aksigorta will be embarking upon a number of big, bold projects that will have a significant impact on its future.

Ageas is widely recognized for its operational excellence and for entering into successful partnerships at the international level. We believe that its presence and contributions as a partner in our firm will bring a new dynamism to our entire organization, including our 1,600 agents and business partners.

In the bancassurance channel, which is becoming increasingly more important in the sector, group company Akbank and solidly-positioned Aksigorta intend to join their strengths in the agency channel by making more effective use of the bank channel while also taking advantage of of Ageas's own global experience in this area as well. To this end, strategic investments are now being undertaken in field organizational structures and in IT system infrastructure.

Through its Service Center and its website, Aksigorta provides 24-hour, 7-day-a-week uninterrupted service on everything from monitoring damage report processing to a wide range of service services. Taking an approach to continuous, uninterrupted service, the Aksigorta Service Center provides customers with support on every issue from making initial offers to damage reporting and claims follow-up.

The financial results that we achieved in the first nine months of 2011 are the most important evidence of the correctness of our strategy.

At end-2011, we registered a 28% rate of growth compared with the same period of the previous year and we firmly bolstered our third-place position in the sector. In the same process we also increased our premium production from TRL 886 million to TRL 1.137 million.

Looking at our growth rates on an individual channel basis, our company grew by 31% in the agency channel, by 31% in the bank channel, and by 18% in the corporate channel. Our agency and bank channel growth rates were both above the sector's averages.

We are advancing confidently towards our goal of profitable, sustainable growth.

At end-2011, our technical profit amounted to TRL 37 million and our net profit to TRL 32 million.

As of the third quarter, Aksigorta's average combined ratio was 100% while the sector's average was 107%. Our performance represents a 7-points improvement compared with the same period of the previous year and we anticipate that our combined ratio will become even better in the period ahead.

Another issue related to our performance that we want to make note of is our position in the motor vehicle insurance branch. Aksigorta was the only company that posted profits in every branch other than motor vehicle, which was the one branch that every insurer showed a loss in.

Before passing on to our expectations for 2012, we thank all of our employees as well as our agents, brokers, and other delivery channels for their contributions to Aksigorta's successful performance in 2011.

We are embarking upon 2012 with the intention of being one of the Turkish insurance industry's innovators.

In the period ahead, we intend to be focusing on profitable growth and on increasing market share while also continuing to contribute to the overall development of our sector. We will be seeking to support our additional growth by further strengthening our existing channels.

We foresee opportunities for Aksigorta to pursue growth in new niche markets–particularly in specialized insurance such as liability products–that are associated with the introduction of our country's new commercial code. At the same time, we also plan to introduce a number of distinctive new products that are based on Ageas's global experience.

As one of the sector's top companies, in 2012 our efforts will concentrate on being an insurer which customers prefer to work with; whose policies are eminently trustworthy; which constantly strives to improve service quality; which is mindful of the future with respect to employees, agents, and other stakeholders; which pursues growth while remaining profitable; and which strives to make insurance an even more respected and effective professional endeavor.

By redoubling our strength through our partnership with Ageas and working all together, we will be taking Aksigorta to even greater heights. In line with our strategy of pursuing growth that is both profitable and sustainable, we will be investing in both our delivery channels and our technological infrastructure but especially in our human resources, which as always are our most precious asset.

In closing and speaking on behalf of our Board of Directors, we thank our entire team for having made possible a year of successful results in which we may all take pride and we express our gratitude to our customers and all of our other stakeholders for choosing to do business with Aksigorta.

GROWING profitably

Aksigorta will continue to invest in its delivery channels, technological infrastructure, and human resources in line with its strategy of pursuing profitable growth.

The Insurance Industry and its Performance in 2011

Given the country's youthful population as well as insurance's current market penetration and share of gross national product, Turkey still has enormous untapped potential for the insurance industry.

The event having the most serious global impact on the insurance industry was the European debt crisis.
The public debt crisis which began in Greece and Ireland in 2011 and subsequently spread to other European countries adversely affected many sectors in the eurozone. As this process unfolded, the European insurance industry also suffered problems with market penetration because of the crisis.

2011 was a successful year for the Turkish insurance industry.
Given the country's youthful population as well as insurance's current market penetration and share of gross national product, Turkey still has enormous untapped potential for the insurance industry. This is one reason why Turkish insurers were able to post rather good premium production results during a year that was not so good for their European colleagues.

In 2011 the Turkish insurance industry registered a 21.5% rate of year-on growth in its premium production.
According to Association of the Insurance and Reinsurance Companies of Turkey (TSRSB) figures, premium production reached TRL 14,487 million in 2011. The non-life branches accounted for an 84.36% share of that total, while the premiums generated by life insurance policies amounted to TRL 2,685 million.

The non-life branch generating the most (TRL 3,787 million) as premiums in 2011 was motor vehicle insurance. This was followed in turn by the motor vehicle liability (TRL 2,974 million) and the fire & natural disaster (TRL 2,310 million) branches.

Developments in the agency channel
When we examine booked premiums on a sales channel basis we see that agents rank in first place at TRL 10,138 million. They are followed in turn by banks (TRL 3,986 million), brokers (TRL 1,659 million), and direct sales centers (TRL 1,390 million).

Greater insurance awareness is one of the most important factors that will contribute to the sector's growth and development.
Despite the progress which it has been making in recent years, foremost among the reasons why the Turkish insurance sector has not achieved the levels desired of it is insufficient awareness of the importance of insurance. In order to mobilize untapped insurance potential, it is essential to make people understand first of all that insurance is not an "expensive luxury" and second that the sector's control mechanisms today are highly advanced. In that respect the "Insurance Week" program launched in collaboration with TSRSB within the framework of the Treasury Undersecretariat's goal of increasing insurance awareness represents an important step forward.

While the Turkish insurance industry's real (above-inflation) growth will continue for some time yet, the amount of that growth in absolute terms will likely be less than what it was in 2011.
We can expect growth to continue in relative terms even though it may decline percentage-wise in 2012. Both the insurance system as a whole and its total premium production are likely to remain on course and register real growth on the order of 8% next year.

Turkey stands out among the world's emerging markets by virtue both of its population and its geographical location. The Turkish insurance market will gain even greater importance in the course of the next ten years.

LEADING
the way forward

A company that continuously builds on its strengths, Aksigorta's partnership with Ageas, a highly experienced and successful insurer in the global market, is intended to take the Turkish insurance industry forward in new directions.

Assessment of Aksigorta's 2011 Activities

Through its partnership with Ageas, a specialist in bancassurance and health insurance and also a highly successful proponent of alternative delivery channels, Aksigorta's goal is to become one of the leading companies in the global arena.

Sustainable growth and profitability...
In a country such as Turkey where the insurance industry harbors high growth potential, Aksigorta's goal is to increase both its market share and its profitability as a customer-focused company. In absolute terms, the Turkish insurance sector accounts for only about 1% or so of national income. This percentage, which is much lower than what is common in developed countries, indicates that there is room for strong, rapid growth.

Aksigorta seeks to grow soundly by achieving perfection in service quality and by making maximum use of its existing delivery channels. The experienced and expert team whose members provide the core of Aksigorta's competitive strength and the high market visibility that the company enjoys are also essential to its ability to achieve this goal.

Aksigorta's total premium production reached TRL 1,137 million in 2011, a year in which the company also booked a technical profit of TRL 37 million and a net profit of TRL 32 million.

Aksigorta will continue to invest in its delivery channels, technological infrastructure, and human resources in line with its strategy of pursuing profitable growth.

Working with Ageas, Aksigorta will take the Turkish insurance industry forward in new directions.
In 2011 Sabancı Holding joined forces with Ageas, a global giant and specialist that is also one of Belgium's leading insurers. With its new shareholder structure, Aksigorta will be focusing on being a part of the growth that is expected to take place in the Turkish insurance market.

Ageas' acquisition of a stake in Aksigorta represents an extremely important step from the standpoints of bringing a new name into the Turkish insurance industry and of attracting fresh international investment to the Turkish economy.

Now further strengthened by Ageas's 180 years of international experience, Aksigorta continues to advance confidently towards becoming one of the best insurance companies in Turkey. In partnership with Ageas, a specialist in bancassurance and health insurance and also a highly successful proponent of alternative delivery channels, Aksigorta's goal is to become one of the leading companies in the global arena.

A company that continuously builds on its strengths, Aksigorta's partnership with Ageas, a highly experienced and successful insurer in the global market, is intended to take the Turkish insurance industry forward in new directions. Aksigorta intends to introduce Ageas's distinctive lineup of products and services to Turkey while taking advantage of its new partner's experience with multichannel distribution in order to further strengthen its own competencies.

The first elementary insurance company in Turkey with ISO 10002 Customer Satisfaction Management System certification
Aksigorta established a quality management system based on the ISO 9001 Quality Management Standard in 1998 and ever since then it has continued to fulfill the requirements of that certification, which is currently valid through 2013.

Because it also adheres to a customer-satisfaction-focused approach, in 2009 Aksigorta became the first elementary insurance company in Turkey to qualify for ISO 10002 Customer Satisfaction Management System certification. It continues to fulfill the requirements of that certification, which is currently valid through 2013.

One of Turkey's most valuable brands
In the "Turkey's 100 Most Valuable Brands" survey conducted every year for Capital magazine by Brand Finance, an independent intangible asset valuation consultancy based in London, Aksigorta jumped twelve places to 61st position in 2010. Aksigorta also joined the survey's "Top-20" list of brands that increased their value by the most in 2009-2010 at 16th place. Aksigorta is fully committed to further increasing its brand value as it advances confidently into the future.

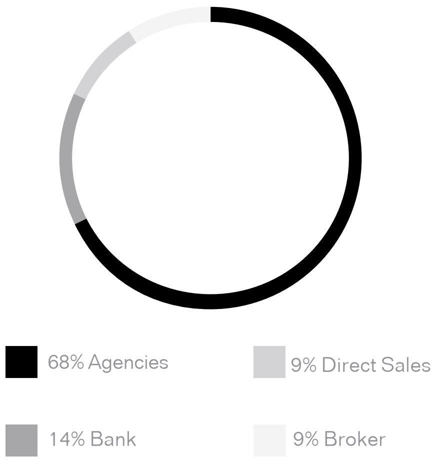
The insurance company with the strongest distribution network in Turkey
Acting in line with its mission of improving the quality of people's lives, in 2011 Aksigorta continued to provide high added value insurance products, services, and solutions that are designed to protect the homes, families, businesses, vehicles, and everything else that millions of people regard as precious to them.

Aksigorta serves individual and corporate customers with high-quality insurance products and services through a diversified distribution network that has a truly national reach. Aksigorta's service network consists of:

- 9 regional departments
- 2 representative offices
- 1,639 tied agencies
- 922 Akbank branches
- 50 insurance brokerages
- 4,580 contracted enteprises.

The accompanying chart shows a breakdown of Aksigorta's delivery channels based on their individual shares to the company's premium production.

In 2011 Aksigorta once again continued to provide high added value insurance products, services, and solutions that are designed to protect the homes, families, businesses, vehicles, and everything else that millions of people regard as precious to them.



In 2011 Aksigorta launched the second phase of its "Hayata Devam Türkiye" project.
On 5 April 2011 Aksigorta launched the second phase of the "Hayata Devam Türkiye" project that it inaugurated in 2010 in collaboration with the AKUT Search and Rescue Association. Two of this project's objectives are to increase public awareness about natural disasters in Turkey and to minimize the suffering and losses that are sustained when a disaster does occur.

Other project objectives include increasing public awareness about risk and insurance and encouraging people to protect themselves and their futures against such disasters.

The underlying message of the project is "Life goes on come what may". The project's goal is to reach at least five million people in 250 townships and 50 provinces over the next five years and in this way to contribute towards the education of a generation that is better aware of natural disaster preparedness and the value of insurance.

In 2011 Aksigorta further diversified its activities in order to reach more people. To this end, it organized educational activities targeted at women and playtime activities for children.

Aksigorta is committed to continuing with its "Hayata Devam Türkiye" project in line with its mission of increasing public natural disaster preparedness and insurance awareness.

Aksigorta Young Talent Project
Having launched the "Aksigorta Young Talent Project" in 2010, last year the company conducted the second in the series, the underlying goal of which is to recruit talented young people into the insurance industry. Twenty people who were selected on the basis of project interview results were added to the Aksigorta family in 2010. In 2011 the company once again received, through career-oriented websites and social media, a huge number of applications (nearly 10,000) to take part in the project. After a five-stage selection process, another sixteen people were added to the Aksigorta team.

Turkey's first and only sail training school safeguarded by Aksigorta

STS Bodrum Schoolship is Turkey's first and only sail training school. As the insurance sponsor of the school's training vessel, the STS Bodrum, Aksigorta has been making an important contribution towards the training of new generations of sailors in Turkey now for several years. The STS Bodrum raced in the company's name in the 2011 run of the Bodrum Cup when it was held from 18-23 October and came in second.

Agency Profitability & Productivity Project

Teams of Aksigorta and Ageas personnel engaged in a series of complementary visits in 2011, during which ideas and experience were exchanged on ways to make agency delivery channels more profitable. First an Ageas team came to İstanbul where its members collected information about such issues as Aksigorta's agency sales management approach, objectives, reporting methodologies, and software applications. After this, an Aksigorta team went to Brussels, where they made observations at Belgium AG Insurance and visited brokers. Based on the results of these Ageas-Aksigorta visits, an Agency Profitability & Productivity Project was launched. The first phase of this project, for which the Boston Consulting Group (BCG) acted as consultants, was completed on July 14th.

Two major digital projects were launched in 2011: "Digital Academy" and, for Aksigorta agencies, "A World of Privileges".

Digital Academy, a digital education platform which Aksigorta has developed for its employees and agencies, became operational in 2011. Located at akademi.aksigorta.com.tr, Digital Academy gives all of the company's personnel and delivery channels uninterrupted, authoritative access to every aspect of Aksigorta's corporate culture and policies. The website can be reached from employees' and agencies' smartphones as well as from their computers.

"A World of Privileges": An internet portal specially designed for Aksigorta agencies

Located at www.aksigorta.com.tr, "A World Of Privileges" is a platform on which the company's agencies can communicate with each other and share their needs and experience. By serving as a news dissemination and webcasting platform, it also serves as a continuous channel for communication between headquarters and agencies.

"A World Of Privileges" was launched in 2011. Designed to make life more convenient, faster-paced, and more rewarding for Aksigorta agencies, "A World Of Privileges" provides agencies opportunities to earn additional premiums at different rates, to benefit from training, and to win performance-based prizes such as gifts, free travel, and discounts.

Aksigorta increased customer satisfaction in 2011.

According to a survey conducted by TNS Piar, improvements made in Aksigorta's products and services by centering them on customers increased the company's customer satisfaction and customer loyalty index from 55 in 2009 to 66 in 2011.

Aksigorta provided its employees with earthquake awareness training during "Earthquake Week".

Professor Ahmet Mete Işıkara, a celebrity scientist, geophysicist, and educator who also is an expert on earthquakes, conducted training for about 200 Aksigorta employees in March on what to do before and during an earthquake.

In line with its mission to "Make life securer" and to foster public awareness of risk and disaster preparedness, Aksigorta organized training activities for its personnel during "Earthquake Week" (1-7 March). The training focused on what precautions needed to be taken at offices to protect life and property against earthquakes and what should be done when an earthquake strikes.

Designed to make business life more convenient, faster-paced, and more rewarding for Aksigorta agents, "A World Of Privileges" was launched in 2011.

KNOWING
the market

Further strengthened by Ageas's 180 years of international experience, Aksigorta has committed itself to being one of the best insurance companies in Turkey.

Human Resources at Aksigorta

In the insurance sector, which is highly competitive, our employees are our most precious asset and they are the ones who drive us top.

Aksigorta is a leading company that strives for continuous development, with its
- trust,
- dynamism,
- quality management, and
- customer-oriented service approach.

In the insurance sector, which is highly competitive, our employees are our most precious asset and they are the ones who drive us top.

The Human Resources Management aims to establish a system which ensures the participation of all of its employees and 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.

Human Resources Policies

Hiring
All criteria required by the positions have been predefined at Aksigorta.

Candidates are evaluated on the basis of such criteria during the hiring process. All efforts are taken to hire the most suitable candidates to the Company by conducting interviews, performing various analyses and reference checks.

Performance Management
At the beginning of the year, employees discuss their own specific and measurable business targets with their managers, in connection with the Company's objectives and their competence motives which they want to improve. By the middle of 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 with respect to the employee's performance throughout the entire year. The results of the evaluation play a key role in determining the employee's need for training, as well as their pay.

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, as follows:
- Monthly General Manager Bulletins
- Functional Meetings
- Annual Budget Meeting
- Personnel Portal

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 following activities are conducted for this purpose:
- Social Clubs
- Happy Hours
- Sports Tournaments.

Aksigorta Academy
The Aksigorta Academy was founded so as 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.

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

A total of 101 training sessions were organized in 2011 within the framework of the Aksigorta Academy and the average training duration is 3 hours per employee.

Board of Directors

Haluk Dinçer
Chairman of the Board of Directors
(Since 29 July 2011)
Haluk Dinçer was born in İstanbul in 1962. He graduated from the University of Michigan in 1985 with a bachelor's degree in mechanical engineering and was awarded an MBA by the same school in 1988. Mr Dinçer began his career in 1985 as a project engineer at the General Motors Technical Center in the USA. He joined the Sabancı Group in 1995 as a deputy chairman of TemSA. He became vice president of the Food and Retail Group in 2001 and president of the same group in 2002. In 2004 he served as head of the Retail Group and as chairman of three of that group's companies: CarrefourSA, DiaSA, and TeknoSA. As a result of a reorganization of the Sabancı Group in 2011, he also became chairman of AvivaSA and Aksigorta in his capacity as Retail and Insurance Group head. Mr Dinçer is president of the DEİK / Turkish-American Business Council, a vice president of the board of directors of the Turkish Industrialists' and Businessmen's Association, and a member of the boards of directors of the American Turkish Council (Washington DC) and of the American Turkish Society (New York). Haluk Dinçer is married to Suzan Sabancı Dinçer and is the father of two children.

Bart Karel A De Smet
Vice Chairman
(Since 29 July 2011)
Bart Karel A De Smet began his career at Argenta in 1982 and served as a manager at Nationale Suisse from 1985 to 1993. In 1994 he joined ING Insurance in Belgium as an assistant general manager responsible for personal and group life insurance and health insurance. In 1998 he moved to Fortis, becoming CEO of Fortis Insurance Belgium in 2007. Bart Karel A De Smet became CEO of Fortis in 2009. He remained in the same capacity after Fortis was transformed into Ageas in April 2010 and he continues to hold that position today.

Bülent Bozdoğan
Board Member
(Since 29 July 2011)
Bülent Bozdoğan graduated from Middle East Technical University (Department of Business Administration) in 1980. After working for PwC (1980-1982), Unilever (1982-1991), Brisa (1991-2000), and Kordsa Global (2001-2009), he joined Sabancı Holding in 2009. With thirty-two years of experience in auditing, finance, procurements, and planning, Mr Bozdoğan has been head of the Sabancı Holding Auditing Division for the last two years. He is general secretary of the Institute of Internal Auditors of Turkey and also serves on its board of directors. Bülent Bozdoğan is 56 years old, is married, and is the father of two children.

Hayri Çulhacı
Board Member
(since 31 July 2010)
Appointed as the Assistant General Manager at Akbank in 1990, Hayri Çulhacı served as a 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 for the private sector, Hayri Çulhacı was commissioned as an Account Expert and Department Chief at the Ministry of Finance. He is currently a member of the Board of Directors responsible for audit. Hayri Çulhacı graduated from the Faculty of Political Sciences at Ankara University and took his MBA at Northeastern University in USA.

Seyfettin Ata Köseoğlu
Board Member
(Since 29 July 2011)
Ata Köseoğlu graduated from Boğaziçi University (Department of Mechanical Engineering) after which he received a master's degree in electrical engineering from Lehigh University and an MBA from Boston University. He embarked upon a career in the banking industry at İktisat Bankası in Turkey, serving as that bank's assistant general manager responsible for investment banking, treasury & capital markets, wealth management, and international relations from its inception until 1994. From 1994 to 1999 Mr Köseoğlu was a managing director at Bear Stearns, one of America's biggest investment banks, with responsibilities for investment banking in Turkey, Greece, and Egypt. He subsequently moved to Paris where he took up residence and became a managing director at Société Générale, where he was in charge of the investment banking division's activities in Turkey and the Middle East. In that capacity he took part in the development of the bank's regional financial strategies as the person responsible for managing and developing relations with important customers in his territory. Between 2010 and 2005, Mr Köseoğlu served as managing director/CEO at Credit Suisse First Boston Bank in London and İstanbul, in which position he was responsible for such matters as corporate finance, project finance, capital markets, and fixed-income and derivative products. He joined the BNP Paribas/TEB Group in 2006, most recently serving as chairman and CEO of TEB Investment. In that capacity Ata Köseoğlu took part in a variety of merger and acquisition projects that ended up making TEB Investment one of Turkey's top five brokerage houses as measured by business volume and profitability.

Steven Georges Leon Braekeveldt
Board Member
(Since 29 July 2011)
Steven Georges Leon Braekeveldt joined ING as an assistant general manager in the USA and Mexico in 2001 after having previously served in numerous international management positions. He holds a bachelor's degree in economics from Catholic University in Belgium and a master's degree in law in Belgium and France. Mr Braekeveldt served as a member of the board of directors of Fortis Insurance from 2006 to 2009 and has been CEO of Ageas Europe since the latter year. Steven Georges Leon Braekeveldt is married and is the father of three children.

Antonio Cano
Board Member
(Since 29 July 2011)
Antonio Cano began is career at AMEV Insurance in Holland. He studied economics at Erasmus University in Rotterdam and holds a master's degree in the discipline from Vrije University in Amsterdam. He became Risk and Business Planning Group manager at AG Insurance in 2001 after having previously served in numerous international management positions. In 2006 Mr Cano became a director responsible for bank channels and life insurance at AG Insurance and has been serving as that company's general manager since 2009. Concurrent with that position he has also been a member of Ageas' board. Antonio Cano is married and is the father of two children.

Uğur Gülen
Board Member (CEO)
(Since 01 May 2009)
Having begun his career in 1991, Uğur Gülen worked at 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 CEO and a Board member at Aksigorta since May 2009. Uğur Gülen took his graduate and master degrees at the Department of Industrial Engineering at Middle East Technical University.

Board of Auditors

İlker Yıldırım
Board Member
(Since 1 March 2012)
İlker Yıldırım served as an auditor on the Turkish finance ministry's Board of Auditors from 1995 to 2007 and as a chief auditor there from 2006 to 2007. He is currently a consultant for Hacı Ömer Sabancı Holding at that company's financial affairs and legal department. İlker Yıldırım is a graduate of Ankara University and holds a degree from the Faculty of Social Sciences (Department of Labor Economics and Industrial Relations).

Şerafettin Karakış
Board Member
(Since 6 May 2010)
Şerafettin Karakış was born in Sivrice in 1972. He graduated from İstanbul University (Faculty of Political Sciences, Department of Public Finance) in 1994. He studied at Sabancı University (Faculty of Management Sciences) in 2007-2008 and completed its Executive MBA program. From 1995 to 2006 he worked as an auditor on the Board of Auditors of Sabancı Holding. Şerafettin Karakış has been serving in the Sabancı Holding Department of Financial Affairs and Finance since 2006.

Participation at the Board Meetings

The Board of Directors convened 44 times in 2011. Of these, 3 meetings were held with 1 member missing in each, 1 meeting 3 member missing and 40 meetings with no members missing.

Board of Directors Summary Report

Before presenting Aksigorta's 2011 balance sheet and profit/loss statement for your consideration and approval, we first should like to touch briefly on current developments taking place in the world and Turkish economies and in the insurance industry.

While the improvements taking place in the global economy in 2011 stalled among the developed countries, they continued–even if only in part–among the developing countries. Concurrent with this, Turkey was one of the countries that experienced rapid economic growth.

The European sovereign debt crisis was the one development which had the most serious impact on the global economy in 2011. None of the financial support provided to or measures taken on behalf of some eurozone countries–Greece being foremost among them–sufficed to dispel markets' negative assessments. By the end of the year, the deterioration in European economies had worsened appreciably.

The outlook for 2012 is that the gap between the developing and developed countries' growth rates will become steadily wider and will remain so. While various measures have been and are being taken to deal with the eurozone's economic woes, it is thought that the effects of the crisis will not diminish except in the longer term. While economic growth can be expected to continue among the developing countries, growth rates are likely to slip as demand contracts.

In the first three quarters of 2011, the Turkish economy grew by 9.6%. Overall year-on growth is currently put at around 8%. At end-2011, the twelve-month rises in consumer prices and producer prices were 10.45% and 13.33% respectively.

According to Turkish Statistical Institute figures, Turkey's exports were up by 18.5% and weighed in at USD 134,954 million in 2011. During the same 12-month period, imports increased by 29.8% to USD 140,833 million. This implies a current account deficit on the order of USD 105,879 million and a contraction in the export/import ratio from 61.4% in 2010 to 56% in 2011.

Throughout the year, the Turkish Central Bank took a series of measures designed both to lessen the adverse impact of FX market volatilities and global economic developments on the national economy and to prevent inflationary expectations from gaining strength.

For the Turkish insurance industry, 2011 was a year in which some very good results were posted. Total premium production was up by 21.54% year-on in 2011 and reached TRL 17.2 billion, of which TRL 2.7 billion was in life insurance while the remaining TRL 14.5 billion was generated by all non-life branches.

At year-end 2011, Aksigorta's total shareholders' equity amounted to TRL 403 million while its total assets were worth TRL 1,213 million. The company booked TRL 1,137 million as premiums. As of 31 December, its technical profit stood at TRL 37 million and its net profit at TRL 32 million.

The growth that we achieved in collaboration with Ageas in 2011 further boosted our strength. Blending our more than half-century of domestic market knowledge with Ageas's 180 years of international experience, we are planning to to introduce innovations that will set the future course of the Turkish insurance industry.

Our goal in 2012 is to sustain our existing profitable growth. In line with this, the company will seek to maximize its profitability by selling the right products through the right channels and to pursue growth as much as possible in those products and delivery channels that have the most profit potential.

Aksigorta is where it is today thanks to the valued support of its shareholders, to the dedicated efforts of its team, and to the confidence shown in it by its hundreds of thousands of customers. We therefore take this opportunity to express our appreciation to everyone who has contributed to Aksigorta's successful performance.

Aksigorta A.Ş.
Board of Directors

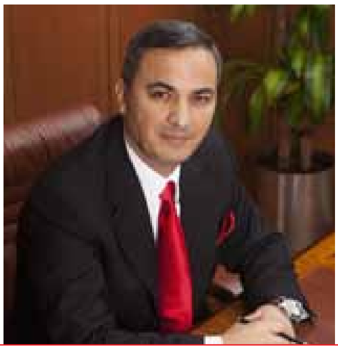
Executive Board

Uğur Gülen
Board Member & CEO
(Since 01 May2009)
Having embarked on his career in 1991, Uğur Gülen worked at various positions at Interbank, Denizbank, Ak Internet and MNG Bank. Between 2004-2009, he served at AK Emeklilik A.Ş. ve AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has served as the CEO and as a Board Member at Aksigorta since May 2009. Uğur Gülen took his Bachelor and Master degrees at the Department of Industrial Engineering at Middle East Technical University.

Ali Doğdu
Assistant General Manager - Underwriting
(Since 01 November 2009)
Working in the insurance sector since 1993, Ali Doğdu joined Aksigorta in 2007 as the Assistant General Manager responsible for Individual Insurances. He has been serving as the Underwriting Assistant General Manager since November 2009. Until then, he worked at executive positions in various companies in the insurance sector. Ali Doğdu graduated from the Department of Business Administration, Faculty of Political Sciences at Ankara University.

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

Çetin Kolukısa
Assistant General Manager - Agencies
(Since 18 May 2005)
Çetin Kolukısa 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. Çetin Kolukısa graduated from the Faculty of Economy at İstanbul University. He holds a Master's degree in Econometrics.



Fahri Altıngöz
Assistant General Manager - Corporate Relations, Reinsurance and Corporate Sales
(Since 19 September 2011)
Having begun his career at Aksigorta in 1988, Fahri Altıngöz served at various executive positions in a number of companies before he joined Aksigorta in 2005 as the Assistant General Manager responsible for Claims. Serving as the Assistant General Manager at Aksigorta responsible for Corporate Relations, Reinsurance and Corporate Sales, Fahri Altıngöz graduated from the Department of Statistics at the Middle East Technical University.

M. Ayhan Dayoğlu
Assistant General Manager - Claims and Operations
(Since 19 September 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. M. Ayhan 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.

Melis Aslanağı
Group Manager - Human Resources
(Since 24 October 2011)
Melis Aslanağı received a bachelor's degree in psychology from Boğaziçi University. She holds a master's degree in the same discipline from New York University's Department of Organizational Psychology). Mr Aslanağı served as a human resources specialist in Turkey at Arçelik (1996-1997) and at DHL (1997-2001) before joining Avea as a human resources manager in 2001. He remained with that company until 2005, when he was hired into the same position at Abbott. Melis Aslanağı joined Sabancı in 2008 and served as human resources department manager at AvivaSA Emeklilik ve Hayat until 2011.

Ömer Kara
Assistant General Manager - Information Technologies & Strategic Planning
(Since 18 March 2011)
Ömer Kara holds a bachelor's degree from Middle East Technical University (Department of Mechanical Engineering) and an Executive MBA from Chicago University. He began his career as an R&D engineer. From 1994 to 2002 Mr Kara served in a variety of positions at Yapı Kredi Bank's planning & project coordination and corporate marketing divisions. He worked as an assistant general manager responsible for strategy and technology management at AK Emeklilik (2002-2007) and Avivasa (2007-2010). Ömer Kara joined Aksigorta on 1 March 2010 as its director of insurance services and is responsible for coordinating the activities of insurance group companies.

Şenol Temel
Assistant General Manager - Bank Insurances
(Since 01 October 2009)
Şenol Temel began his career in 1995 at Interbank. After having served at Garanti Bank and Akbank at various executive positions, he joined Aksigorta in October 2009 as the Assistant General Manager responsible for Bank Insurances. Having completed both Bachelor's and Master's degrees at the Department of Mining Engineering at İstanbul Technical University, he also completed the MBA program at the Department of Contemporary Management Techniques at Marmara University.

Report of Compliance with the Principles of Corporate Governance

1. Declaration of Compliance with the Principles of Corporate Governance

Aksigorta A.Ş. applies the "Principles of Corporate Governance" published by the Capital Markets Board in general terms and the unapplied matters are explained under the subsequent articles with their reasons.

SECTION I: SHAREHOLDERS

2. Unit for Shareholder Relations

In our company, the following is responsible for shareholders relations:

Osman Akkoca, Financial Controlling Manager
Tel: (90 212) 393 45 08
Fax: (90 212) 245 16 87
E-mail: osman.akkoca@aksigorta.com.tr

Investor Relations unit is in charge of conducting the relations with the shareholders. In 2011, within the framework of this task, 18 face to face meetings were held with the corporate investors. 89 phone conversations were made with the corporate shareholders and the questions were answered. 59 e-mail applications of the shareholders were responded.

3. Shareholders' Enjoyment of Their Right to Obtain Information

All kinds of requests of the shareholders and investors to obtain information which is not trade secret and which are announced to public are evaluated by the Unit for Shareholders Relations and diligently responded as soon as possible in an error free and accurate manner.

In 2011, a total of 166 information requests of the shareholders received via phone calls, e-mails and face to face meetings were responded. The information that would concern the shareholders and investors and announced to public are published at the www.aksigorta.com.tr address. In addition to this, the developments that would affect the exercise of shareholding rights are being announced regularly through Istanbul Stock Exchange. Important issues are being notified to the investors and analysts via electronic mail. Company's Articles of Association does not stipulate appointment of a private auditor as a right. In 2011, there had not been any requests from the shareholders on this subject.

4. Information Regarding the General Assembly

Two General Assembly Meetings were convened during 2011, one ordinarily and the other extraordinarily. Prior to the General Assembly, the date, place and agenda of the meeting was announced via Commercial Registry Gazette, national newspaper, our Company's website and ISE and the notice was sent to the registered investors and analysts via electronic mail. There are no terms specified for the attendance of the registered shareholders recorded at the shareholders' book to the General Assembly. The annual report that also included the audited 2011 figures was submitted to the inspection of the shareholders at the Company's headquarters at least 15 days prior to the General Assembly.

The annual general meeting was held on 14 April 2011, at which time the board of directors' report, the statutory auditors' report, and the profit & loss statement were read out and deliberated. Shareholders were given information about charitable donations that had been made during the year. All company directors and statutory auditors were acquitted of their fiduciary responsibilities. Changes made in the Board of Directors were approved. The general assembly was informed of the independent auditors which the board had selected.

One extraordinary general meeting was held during the year on 29 July 2011, at which time company shareholder Hacı Ömer Sabancı Holding Anonim Şirketi declared in writing that they had transferred 9,482,940,100 of the 18,965,880,200 registered shares which they owned to a firm identified as "Ageas Insurance International NV" under a contract dated 18 February 2011. The firm of Ageas Insurance International NV declared in writing that they had taken receipt of 9,482,940,100 which formerly had belonged to Hacı Ömer Sabancı Holding Anonim Şirketi. As a result, this transfer of shares was approved. The changes made in the Board of Directors were also unanimously approved.

Shareholders did not exercise their right of raising questions during the General Assembly and there had not been any submission of proposals other than the agenda items. Important resolutions as stipulated in the Turkish Commercial Code are being submitted to the approval of the shareholders at the General Assembly. Once the legal conformity of the Corporate Governance Principles are ensured, all the resolutions of importance that would be stipulated in the amended laws will also be submitted to the approval of the shareholders at the General Assembly. Minutes of the General Assembly are being published on the internet at www.aksigorta.com.tr address.

5. Voting Rights and Minority Rights

The Articles of Association does not stipulate privileged votes. In the Articles of Association, there had not been any stipulations on this subject based on the consideration that entitling cumulative voting right in the existing shareholder percentages and shareholder structure would claim the company's harmonious management structure. Once this issue is stipulated in the related laws and abuse of the cumulative voting right by the minority is prevented, this subject will be evaluated by the General Assembly.

6. Profit Distribution Policy

There are no privileges for participation in the Company's profit. The manner and time of profit distribution is specified in Articles 61 and 63 of the Articles of Association.

In accordance with our Corporate Governance Principles, profit distribution policy of our Company is the payment either in cash and/or in the form of bonus shares of the mandatory dividends required to be distributed in accordance with the existing rules of the CMB and principles on dividend and bonus shares distribution as stipulated in the meeting of CMB dated January 27, 2006 and numbered 4/67. Profit distribution of our Company is being performed within the legal terms. Profit distribution policy of our Company is to distribute cash dividend minimum at 30% of the distributable profit. The dividend policy is revised by the Board of Directors every year according to the national and global economic conditions, projects on the agenda and the status of the funds.

With respect to this matter, the profit distribution policy we have explained above was also submitted to the attention of the shareholders at the General Assembly meeting.

7. Share Transfer

It is possible to transfer our shares (with blank endorsement) that are publicly held, in the transfer of the shares that are not open to public; judgements of the Capital Board Law are applied. In accordance with the Regulation Regarding Establishment and Operation of Insurance and Reinsurance Companies, acquiring shares, directly or indirectly, in a manner equal to or exceeding ten percent, twenty percent, thirty three percent or fifty percent of an insurance company and share transfers that would result in a single shareholder's shares increased to or decreased below such ratios, would require the approval of the Turkish Republic Prime Ministry, Undersecretariat of Treasury.

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The disclosure policy has been approved by the Company's Board of Directors and posted under the Investor Relations section on the corporate website in line with the CMB Corporate Governance Principles. Uğur Gülen, General Manager, and Erkan Şahinler, Assistant General Manager are responsible for the enforcement of the Disclosure Policy.

9. Particular Case Announcements

During 2011 our company issued a total of 46 special circumstance announcements in compliance with CMB regulations. Of the special circumstance announcements which were made to CMB during the year:
• Eleven contained premium estimates which had not been independently audited;
• Two were concerned with advance tax declarations;
• One consisted of a Board of Directors resolution announcing a change in the board's deputy chairman;

- Two announced company directors and statutory auditors;
- Two contained statements concerning tax assessments;
- One announced a board of directors resolution to pay agreed-to tax and penalty assessments;
- Four announced board of directors resolutions concerning its approval of financial statements and annual reports;
- Two announced the issuance of independently audited financial statements and their footnotes;
- Two announced the issuance of financial statements and their footnotes which had not been independently audited;
- Four announced the issuance of annual reports;
- One announced a board of directors resolution concerning a distribution of the company's profits;
- One was an announcement declaring the date and agenda for the annual general meeting;
- One was an announcement declaring the date and agenda for an extraordinary general meeting;
- One was concerned with the appointment of an assistant general manager;
- One was concerned with the replacement of an assistant general manager;
- Two contained general meeting minutes and attendance rosters;
- One contained an extraordinary general meeting's minutes and attendance roster;
- One was concerned with a request which had been made to authorities to amend the company's articles of incorporation;
- One identified the officers of a company subsidiary that is to be set up;
- One contained a press release concerning the company's articles of incorporation;
- One announced the recent completion of a sale of shares in the company;
- One was concerned with resolutions passed at a board of directors meeting;
- One was an announcement concerning the company's partnership structure;
- One was an announcement concerning a change in the company's organizational structure.

The mentioned announcements were made on time and there were no sanctions applied by CMB or ISE.

10. Company Website and Its Content

Our company has a website at the following address: www.aksigorta.com.tr.

The information listed in article 1.11.5, Section II of CMB Corporate Governance Principles is included in our website under the title of "Investor Relations". The subjects addressed under this title are as follows:

- The latest status of the ownership structures under the title of "Ownership Structures",
- Detailed information regarding the privileged shares under the title of "Privileged Shares",
- The latest status of the management structure under the title of "Board of Directors",
- Latest version of the Articles of Association under the title of, "Articles of Association",
- Commercial registry information under the title of "Commercial Registry Information",
- Periodical financial statements and reports under the title of, "Financial Information",
- Annual activity reports under the title of, "Activity Reports",
- Agenda of the General Assembly meetings under the title of "General Assembly Meeting Agenda",
- The schedule of the participants and the minutes of meetings under the title of "General Assembly Meetings",
- Proxy voting form under the title of "Proxy Voting",
- Particular Case Announcements under the title of "Particular Case Announcements",
- Information requests arrived to the Company and the frequently asked questions and the answers thereto under the title of "Frequently Asked Questions".
- In addition to the above, communication points to be contacted in relations with the shareholders and corporate investors under the title of "Investor Relations Communication".

11. Declaration of Individual Final Principal Shareholder/Shareholders

Our Company does not have any final individual principal shareholders. Shareholding structure of the Company is published in the annual activity reports and the webpage.

12. Announcement of the Persons to Public who are in a Position to be Received Insider Information

Pursuant to Article 16 of the CMB Communiqué (No. 54) on Public Disclosure of Particular Cases, a list of the individuals with access to the Company's inside information is prepared and maintained. A list of persons who can obtain insider information is not announced. Members of the Board of Directors, Auditors and executive management which can be in this position are included in the activity reports and the webpage.

SECTION III: INTEREST HOLDERS

13. Informing the Beneficiaries

The employees of the company are being informed through the meetings, seminars and training programs organized in their fields of expertise and general fields of interest and through the portal application and information sent via the Internet.

Whereas, our distribution channels are periodically informed about the company practices and procedures through announcements made via the circulars published at the www.aksigorta.com.tr webpage of our company under the title "For Our Agencies", as well as through traditional and regional agency meetings, preliminary and technical trainings organized and via e-mails.

14. Participation of Beneficiaries to the Management

Participation of the employees to the management is ensured through periodical meetings. Managers from the regional directorates and departments participate in the monthly executive meeting. The meetings held at the departments are oriented toward supporting the executive meetings. In addition, in the information sharing meetings, information has been conveyed to all the employees in groups regarding practices, policy and targets, opinions of the employees were obtained, and their required participation and contribution are obtained in order to ensure efficient management of the company.

Annual performance evaluation meetings are being held with the employees. In these meetings, the employees receive feedback with regard to their performances and it is ensured that the employees deliver their opinions and expectations. With the regional agency meetings, the developments encountered in the insurance sector and the changing competition environment are shared with the agencies. In the "Free Platform" section conducted in these meetings, the agencies that get together with the local and central management units express their up-to date problems. This way, Aksigorta receives feedback regarding the existing policies and takes into account the opinions of the agencies in establishing the company strategies.

15. Human Resources Policy

The Company's human resources policies are managed in line with the vision, mission and core values. To achieve the Company's goals, organizational planning is made in accordance with Company strategies, and the fundamental principle is to work with employees who are cognizant of the Company's values and make it a lifestyle to act in accordance therewith.

The Company aims to enhance the motivation and productivity of its employees through a number of practices including promotion from within, management by objectives, and development activities aimed at fulfilling long-term development needs, as well as social clubs and activities.

The main attributes of conduct expected of employees have been spelled out in the "Competencies Catalogue" in line with the vision, mission and core values, which is shared with the Company employees. Just like the objectives, competencies make a part of the annual performance appraisal. 360-degree evaluation, behavior-based interviews, and development and assessment, which are carried out centrally, serve to identify the strengths and improvement areas of employees, which are then used as a guide in the preparation of the Company's improvement programs.

Management of relations with employees takes place among the primary responsibilities of managers. Managers take a close interest in the problems of their direct reports and monitor development opportunities.

Creating and maintaining a fair working environment is one of the Company's key ethical values.

16. Information Regarding Relations with the Customers and Suppliers

Our Company, having adopted the quality policy of providing, as a robust, respectable and reliable company in the sector, high quality service with the emphasis on customer satisfaction and in line with our vision, mission and values, in collaboration with our agencies, employees and suppliers, has established the quality assurance system by taking ISO 9001:1994 standards as a model and has received its BS EN 9001:1994 Quality Standard Certificate in 1998 from BVQI (Bureau Veritas Quality International). System continuity and certification have been achieved since 1998. ISO 9001:2008 Quality Management System certification has been renewed, with the renewal remaining effective until 2 July 2013. Our company continues to deliver quality service to all of its customers, business partners, employees, and other Shareholders.

Stimulated by our customer-focused service policy, Aksigorta Service Center, put into operation in 2002 continues to provide nationwide service on 7 days 24 hours basis. Aksigorta Service Center is the important contact point for the customers concerning insurance and cases of emergency. The claims process starts from Aksigorta Service Center and Aksigorta Service Center stands by our customer through the entire claim process by making outgoing calls. The services provided from Aksigorta Service Center are also being provided on our website; our customers can access information regarding claim files and policies uninterruptedly. The complaints of customers regarding our services are being recorded by all our distribution channels through special software and solution durations and customer satisfaction are being monitored. Customers' satisfaction of our services are regularly measured and followed up through outgoing calls made from Aksigorta Service Center.

In line with the "Customer Relations Policy" developed by our Company with a view to handling customer complaints and demands, and to delivering better service and creating a difference in the sector by further enhancing its quality standards, the Company earned ISO 10002:2004 Customer Satisfaction and Complaints Handling in Organizations quality certification in 2009. The foundation stones of the Company's Customer Relations Policy are spelled out below:

Transparency: Members of the Aksigorta family are provided with the means to convey their complaints, demands and queries accurately, completely, intelligibly and easily at any time. The Company keeps its communication channels open at all times.

Accessibility: Members of the Aksigorta family are able to access us 24/7 for their complaints, demands and queries via the Service Center at the number 444 27 27 and all other channels of contact.

Answerability: Members of the Aksigorta family get responses to their complaints, demands and queries in the shortest time possible, enjoying the privilege offered by "Aksigorta Service Center".

Objectivity: Members of the Aksigorta family are provided with unprejudiced and fair treatment with respect to complaints, demands and queries submitted in any matter.

Charges: Members of the Aksigorta family are not charged any fees for the handling and resolution of complaints, demands and queries submitted in any matter.

Privacy: Aksigorta has regarded privacy a matter of utmost significance ever since its establishment. Along this line, all personal data entrusted to us is maintained in strict confidence at all times.

Customer-focus: Members of the Aksigorta family, who always deserve the best, are offered effective, realistic and practicable solutions, and their needs are fulfilled while their rights are always protected.

Accountability: All complaints, demands and queries of the members of the Aksigorta family are recorded, and the Company's decisions are explained with their justifications so as to be able to furnish better service.

Constant Improvement: One of the strongest companies in the sector, Aksigorta makes constant improvements to all insurance services offered, and continues with its investments uninterruptedly in order to ensure that the members of the Aksigorta family receive better service and correct guidance.

Fast and Efficient Solutions: Aksigorta introduces innovations to the sector to produce fast and efficient solutions in line with the needs of the members of the Aksigorta family.

Professionalism: Aksigorta provides the best service to the members of the Aksigorta family via its expert complaints handling team.

17. Social Responsibility

Social responsibility is an indispensable element of companies' business strategies nowadays. Companies no longer just set commercial goals for themselves: they also seek to contribute towards the advancement of the communities of which they are a part. Since the day it was founded, Aksigorta has undertaken many informational and educational projects with the aim of creating value added for society. For Aksigorta, social responsibility is one of the most important components of its corporate culture.

As an insurance company, risk is fundamental to our business. As an inherent requirement of that business, we develop products and services that protect our customers against a variety of risks. In line with our vision of "making life more secure", we want people to feel that they are safe and secure. Although we undertake social responsibility activities in many areas, the issue to which we really give the greatest attention is risk-awareness.

People's risk and insurance awareness levels are quite low in Turkey. We live in a country 95% of whose area is exposed to significant earthquake and similar risk. As a society however we tend to forget the disasters we suffer from rather quickly. In all our corporate social responsibility and other activities we strive to combat fatalism and to increase risk awareness among all members of society while focusing particular attention on women and children. Another of our goals is to draw attention to the need for insurance. We want to create a society which knows the importance of insurance as a way of protecting against risks and which is resilient in the face of risk.

Aksigorta has been responsible for many firsts in Turkey. Long before the 1999 Kocaeli earthquake, Sakıp Sabancı spearheaded the formation of Turkey's first Fire & Earthquake Center (YADEM) in order to increase children's awareness. Hundreds of thousands of children have since then received training about such matters.

Equipped with what was the very best technology available at those years, the center's specialists taught children about earthquake and fire safety using high-tech fire and earthquake simulators. About 15,000 children in the 7-14 age groups received such training every year. In 2006 YADEM was donated to the Şişli Municipal Science Center with the aim of reaching an even broader audience. Today about 400,000 children visit the center every year.

Seeking to create natural disaster awareness among all lines of society in keeping with its own "Risk and Security" theme and to teach not just children but everyone how to protect themselves against natural disasters, Aksigorta reaches out even to Turkey's remotest settlements through the "Life Goes On" project that it designed in collaboration with the AKUT Search & Rescue Association. Traveling around the country with Turkey's first 3G Force Earthquake Simulator, Aksigorta and AKUT teams show audiences what they need to do to protect themselves in case of disasters such as earthquakes, fires, and floods. The project, which explains the importance of insurance as well, began in 2010 and will continue for five years.

Aksigorta regards contributing towards learning a sound awareness about natural disasters and insurance among every generation as one of its most important objectives. The company will continue to carry out other projects in order to achieve this goal.

In keeping with our "risk and security" theme, we are reaching out to even the remotest towns of our country through the "Hayata Devam Türkiye" project which we designed in collaboration with AKUT to promote natural disaster awareness all over the country. Traveling around the country with Turkey's first 3G Force Earthquake Simulator, Aksigorta and AKUT teams show audiences what they need to do to protect themselves in case of disasters such as earthquakes, fires, and floods while also providing information about compulsory earthquake insurance. This roadshow project has so far visited 20 cities and 100 counties and reached about 2 million people. The third of these annual tours will take place in 2012. Five are planned in all.

We believe that we have a big responsibility as we carry Aksigorta's deep-rooted past forward into the future. We will continue to undertake other projects that will contribute towards the education of future generations who have a sound awareness about natural disasters and insurance.

SECTION IV: BOARD OF DIRECTORS

18. Structure and Organization of the Board of Directors and the Independent Members

The Board of Directors of our Company, as by the member division, is as follows:

Haluk DİNÇER, Chairman of the Board of Directors
Bart Karel A De SMET, Vice Chairman of the Board of Directors
Hayri ÇULHACI, Member of the Board of Directors
Bülent BOZDOĞAN, Member of the Board of Directors
Seyfettin Ata KÖSEOĞLU, Member of the Board of Directors
Stefan Georges Leon BRAEKEVELDT, Member of the Board of Directors
Antonio CANO, Member of the Board of Directors
Uğur GÜLEN, Member of the Board of Directors and General Manager

Our Members of the Board of Directors are authorized by the resolution of the General Assembly to execute transactions in line with the articles 334 and 335 of the Turkish Commercial Code.

19. Qualifications of the Members of the Board of Directors

The required qualifications for the Members of the Board of Directors of our Company covers the related provisions included in the CMB Corporate Governance Principles. The minimum qualifications required for Members of the Board of Directors are not stipulated in the Articles of Association. However, the Insurance Law numbered 5684 defines the qualifications of the Members of the Board of Directors.

20. Vision, Mission, and the Strategic Targets of the Company

Vision
To make life more secure

Mission
To become an insurance company which raises social awareness for insurance, is firstly chosen by the current and potential clients through the multiple distribution channel, product diversity, qualified and wide service network; is the most easily accessible; is the most admired; and creates value for its Shareholders.

Values
- Leadership
- Customer Focused
- Transparency
- Ethical Values
- Sustainability

21. Risk Management and Internal Control Mechanism

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 companies are obliged to set up, operate and improve adequate and efficient internal systems within the frame of principles and procedures stipulated by the regulations, which are aimed at the monitoring and control of their risk exposure, are aligned with the scope and nature of their activities, in harmony with changing conditions, and enforced across all regional offices and units. The definition of internal systems mentioned in the said Regulation includes 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, an "Internal Systems & Actuary Group" was set up and given responsibility for the company's risk management, internal control, quality control, compliance, and actuary functions.

Risk Management

The Risk Management Unit was created to identify, quantify, monitor, and control all the risks to which the company is exposed. This 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.

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 internal policies and rules, 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. This unit also coordinates activities that are essential to the fulfillment of business units' responsibilities.

Quality Control

A quality control unit has been set up and made responsible for running the quality management system which the company has established based on the ISO 9001 Standard; for fulfilling the requirements of the company's ISO 9001 Quality Management System and ISO 10002 Customer Satisfaction Management System certifications; and for ensuring that the company's policies, procedures, and workflows are maintained in writing and kept current.

Compliance

The Compliance Unit was set up and made responsible primarily for 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; for conducting activities required by such a compliance program; and for communicating and for coordinating activities as necessary with the Financial Crimes Investigation Board (MASAK). The Compliance Unit is additionally responsible for ensuring that the company is in compliance both with insurance-related and other laws and regulations to which the company is subject.

Actuary

The Actuary Unit was set up as part of the Internal Systems & Actuary Group 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.

Risk Management

The mission of the Risk Management Unit is to expeditiously identify, quantify, manage, report, and monitor any risks that might affect the company's ability to achieve its aims.

The Aksigorta Risk Management Unit strives to:

- Understand the material risks which the company assumes and ensure that these risks to not hinder the company in the fulfillment of its obligations towards its policyholders, shareholders, employees, or other stakeholders;
- Define the company's appetite for risk and ensure that its risk profile remains within prescribed limits;
- Support company decision-making mechanisms by providing decision-makers with coherent, reliable, up-to-date information about risks which have been or are to be incurred and present them with risk assessments based on such information;
- Foster a "risk awareness culture" throughout the company so that every company officer is aware of the risks involved in his area of responsibility, manages those risks appropriately, and reports them transparently;
- Monitor risk limits, report limit overruns to those concerned, and ensure that appropriate action is taken.

The conduct of risk management at Aksigorta is structured as follows:
• Risk Organization And Corporate Governance
• Risk Management Regulations And Procedures
• Risk Measurement And Modeling Methods
• Risk Appetite
• Risk Reporting

This overall framework is constantly reviewed, while changes in it are made based on the company's own experience so as to make it stronger. The risk management structure is also kept up to date to ensure that it remains in line with the risk management policies of its two biggest shareholders (H.Ö. Sabancı Holding and Ageas Insurance International NV) as well as with Aksigorta's own changing requirements. The purpose of this structure is to support the company's mission, the fulfillment of its goals, and the maintenance of its high standards.

Risk Appetite
Aksigorta's risk profile recognizes five separate risk categories:
• Financial risks
• Insurance risks
• Operational risks
• Strategic risks
• Externality risks

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 risk (exchange rate risk and spread risk)
• Interest rate risk
• Credit risk
• Liquidity risk
• Capital risk
• Collateral 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 subjects this policy to 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.

Insurance Risks
Insurance risks arise when appropriate premium charges are not sufficiently ascertained because there are disparities between the assumptions that are made when a policy is drawn up about such things as costs and cancellation rates on the one hand and, on the other, the amounts and timings of claims. In non-life branches, the biggest insurance risk occurs when collected premiums are insufficient to cover expected claims. There are two crucially important sources of insurance risk. The first are catastrophic events such as earthquakes and storms which occur all at once but whose effects are huge. The second are claims arising from risks whose long-term effects and consequences become apparent slowly and only over a long period of time. The latter category includes movements in inflation rates and changes in people's behavior.

Insurance, which is the company's core business activity, involves many different sorts of risk, the proper management of which is of great importance to the company's success. Aksigorta has installed the systems that are needed to manage insurance risks in the best way possible. The company classifies its insurance risks in the following way:

• Underwriting risk
• Product management risk
• Reinsurance-related risks

• Concentration risk
• Claims management risk.

All of these risks are managed with Actuarial Department support whenever that is deemed to been necessary by the appropriate technical units of the company. Additionally, the company's technical reserves, which are intended to cover its obligations arising from its insurance activities, are also classified among its financial risks and as such they are tracked jointly by Aksigorta's actuarial and risk management units.

Operational Risks
All companies, including those whose business is financial products and services, are exposed to operational risks. Some of these risks are intrinsic and arise from insufficiently controlled processes and systems, human error, and lack of compliance with government regulations; others arise from externalities.

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 are risks which arise from Aksigorta's strategy-planning and corporate governance activities and which 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 strategy planning departments under the oversight of senior management.

Externality Risks
Externality risks are risks that arise from the various extrinsic contexts in which Aksigorta conducts its business. These risks consist of:

• Regulatory risk
• Economic, political and social risk
• Competition risk
• Sectoral risk.

While it is not easy for the company to control externality risks it is always possible for it to take measures to counter them. Aksigorta takes such measures as are necessary to minimize the impact that externality risks may have on it and it employs such systems as are necessary to keep a close watch on such risks.

Aksigorta's risk management unit was set up to manage not only all the risks mentioned above but also any new types of risk that might arise. This unit continued to perform its functions in 2011. The Aksigorta Risk Management Unit worked together with all other company units to assess risks at regular intervals. Having examined in detail the risks to which the company was exposed, an Aksigorta Risk Map was drawn up.

Aksigorta deals with risk through a comprehensive and systematic assessment process within the framework of its risk management system. The causes and relative weights of risks are identified and the risks are measured and analyzed both quantitatively and qualitatively. Priority is given to defining risk seeking levels and limits, as this is what determines the amounts of risks which it is acceptable for the company to take. After this has been done, action plans are developed accordingly.

While risk management activities are ultimately the responsibility of the Aksigorta Board of Directors, they are carried out at the company under the leadership and coordination of the Internal Systems & Actuary Group Department, which reports to the general manager. The results of risk assessments and risk-related developments are reported regularly to senior management. A Risk Committee has been set up and given responsibility for approving risk management policies, strategies, and action plans and for monitoring developments.

The risks to which the company may be exposed are classified and dealt with under the headings of "Financial Risks", "Externality Risks", "Operational Risks", "Strategic Risks", and "Insurance Risks" within the overall framework of the "Aksigorta Risk Model". The company keeps abreast of current practices and innovations in the area of risk management, with changes being made in its own systems and practices as required.

In addition to ongoing activities, risk management at Aksigorta in the period ahead will also be giving importance to such issues as managing business continuity, information security, and financial risks taking Solvency II rules into account as well. The company is sufficiently prepared for possible developments in this direction in 2012 so as to continue creating value for its shareholders by managing its risks effectively.

The general manager, who is an ex officio member of the Board of Directors, is paid twelve monthly salaries plus a bonus equal to four monthly salaries whose total amount is determined every year by the Board of Directors in line with the company's compensation policy. When determining such entitlements, both the company's results and the recipient's performance are evaluated and taken into account. Board members other than the general manager are paid an honorarium whose amount is determined at a general meeting; they are not entitled to receive any other financial consideration from the company.

22. Authorities and Responsibilities of the Members of the Board of Directors and the Managers

Management right and representation authorities of the Board of Directors of our Company have been defined in the Articles of Association. Whereas, authorities and responsibilities of the managers have not been stipulated in the Articles of Association. However, the mentioned authorities and responsibilities are established by the Company's Board of Directors.

23. Principles of Activity of the Board of Directors

The Board of Directors of our company held a total of 44 meetings during 2011 by obtaining written approval in line with the judgements of the Turkish Commercial Code and the Articles of Association. The agenda of the Board of Directors meetings of the Company are established by the consulting of the Chairman of the Board of Directors of the Company with the current Members of the Board of Directors. The established agenda and the contents of the agenda items are conveyed to the Members of the Board of Directors in writing and in the form of a file by the General Manager 1 week in advance in order to ensure the performance of the required review and studies. In the meetings held in 2011, no dissenting opinions against the decisions adopted by the Members of the Board of Directors were delivered.

The actual attendance of the members without an excuse to the Board of Directors meetings has been ensured while the subjects stipulated in article 2.17.4 of section IV of the CMB Corporate Governance Principles were resolved. Since the Members of the Board of Directors did not raise any questions on these subjects, they were not entered into the minutes. Qualified right of vote and/or right of veto were not granted to the Members of the Board of Directors on the mentioned decisions.

24. Prohibition of Competition and Entering into Transactions with the Company

The Members of the Board of Directors of the company have not entered into transactions with the company within this term.

25. Ethical Rules

In our company, business ethic rules were established and announced. Upon recruitment, our employees are informed on the business ethic rules, and regular business ethic refresher training programs are held annually. An Ethic Rules Consultant is assigned in the Company, whom all our Shareholders can refer to regarding their suggestions, complaints and queries about ethic rules. Rules of Ethics for Holding and its participations are publicly disclosed on Holding's website.

26. Number, Structure and Independency of the Committees Established under the Board of Directors

At our Company, there is the Audit Committee which reports to the Board of Directors. Two non-executive members of the Board of Directors have been appointed to the Audit Committee.

27. Financial Rights Granted to the Board of Directors

Company directors and the general manager, who are the payrolled members of the Board of Directors, are paid twelve regular monthly salaries, four extra monthly salaries as premium, and a year-end performance bonus, the amounts of which are based on the company's defined job positions and which are in line with market conditions and the company's compensation policy. These benefits are determined on an annual basis, at which time both the company's results and the fulfillment of performance targets are taken into account. Board members other than the general manager are paid the attendance honorarium which is determined at a company general shareholder's meeting.

Financial Information and Risk Management

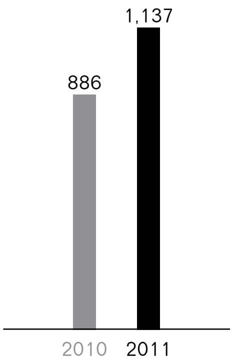
Financial Position, Profitability and Solvency

With a solid financial structure that included TL 403 million worth of shareholders' equity at end-2011, Aksigorta is one of the leading companies in the Turkish insurance sector.

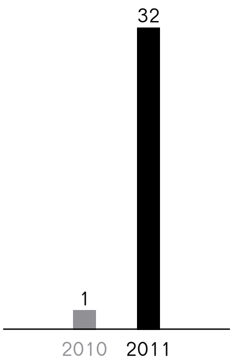
Continuing to focus on sustainable profitability, Aksigorta completed the year successfully with TL 1,137 million in premium production and a net profit of TL 32 million.

Financial Indicators (TL million)

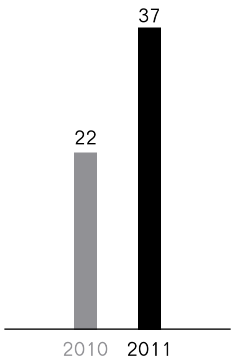
Written Premiums



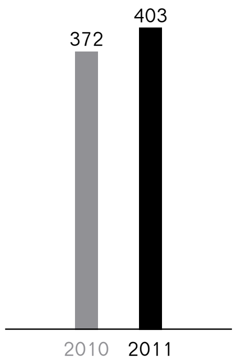
Net Profit



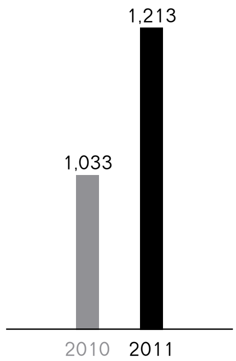
Technical Profit



Shareholders' Equity

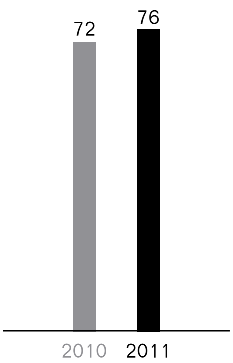


Total Assets

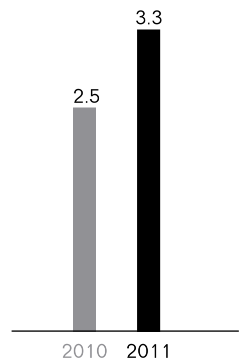


Financial Ratios (%)

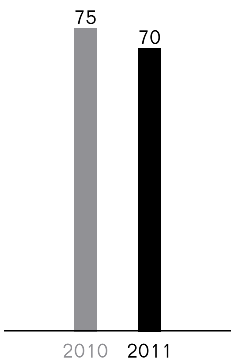
Retention Ratio
(Non-Life)



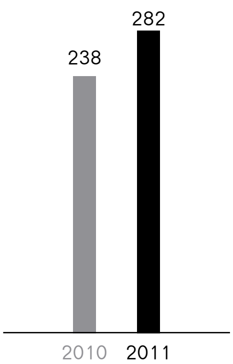
Technical Profit /
Written Premiums



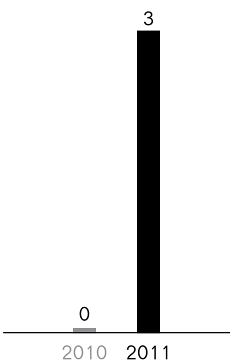
Loss Ratio (Net)
(Non-Life)



Written Premiums /
Shareholders' Equity



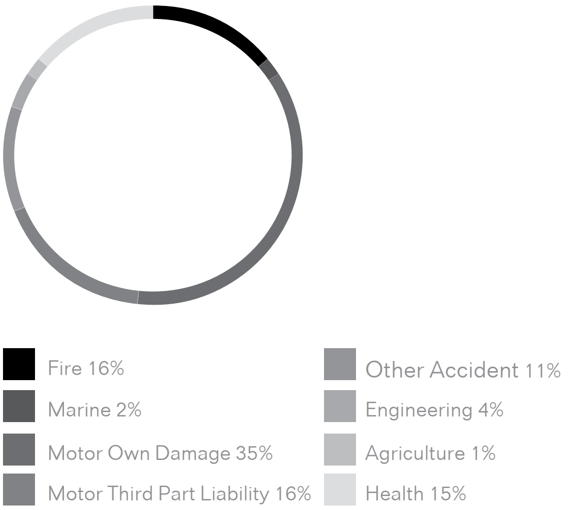
Net Profit /
Written Premiums



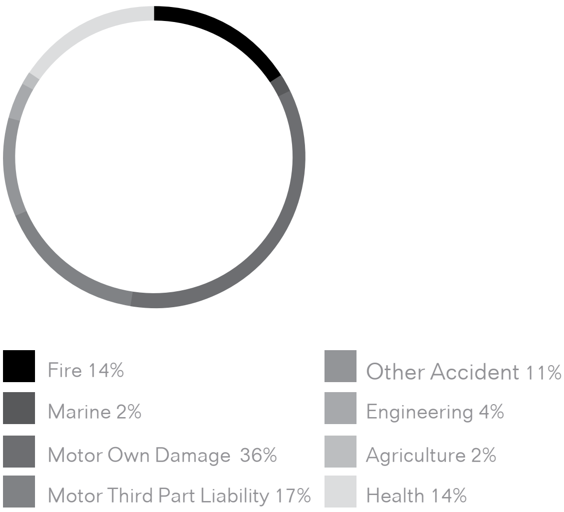
In 2011, the Company increased its premium production from TL 886 million to TL 1.137 million. A breakdown of premiums by business lines during the most recent two years is shown below;

	Premiums Written			Distribution (%)	
(TL Thousand)	2010	2011	Change	2010	2011
Fire	140,849	158,857	12.8%	15.9	14.0
Marine	18,612	23,231	24.8%	2.1	2.0
Motor Own Damage	308,111	406,039	31.8%	34.8	35.7
Motor Third Part Liability	141,512	196,867	39.1%	16.0	17.3
Other Accident	93,698	127,339	35.9%	10.6	11.2
Engineering	34,175	46,685	36.6%	3.9	4.1
Agriculture	11,334	22,475	98.3%	1.3	2.0
Health	137,734	155,096	12.6%	15.5	13.6
Life	261	147	-43.9%	0.0	0.0
Total	886,286	1,136,737	28.3%	100.0	100.0

2010 Premium Portfolio Distribution (%)



2011 Premium Portfolio Distribution (%)

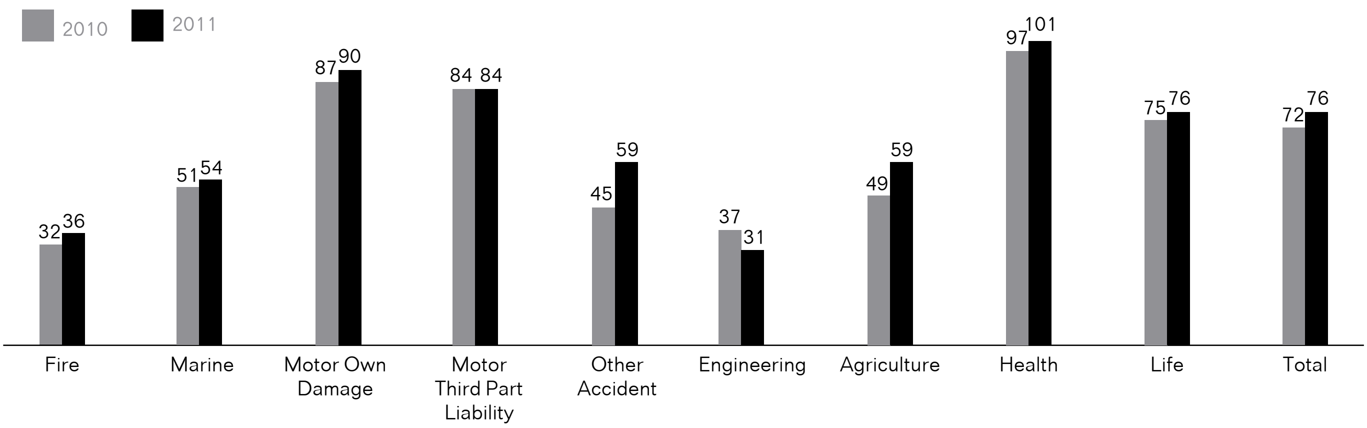


As of end-2011, 24% of generated premiums had been transferred under treaty and facultative reinsurance agreements while the remaining 76% (amounting to TL 862 million in value) were retained by the company.

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)	**2010**	**2011**	**2010**	**2011**
Fire	45,406	57,680	32	36
Marine	9,572	12,490	51	54
Motor Own Damage	266,831	367,012	87	90
Motor Third Part Liability	119,317	165,675	84	84
Other Accident	42,532	75,652	45	59
Engineering	12,687	14,284	37	31
Agriculture	5,548	13,337	49	59
Health	132,943	156,178	97	101
Life	195	111	75	76
Total	635,031	862,418	72	76

Retention Ratio (%)

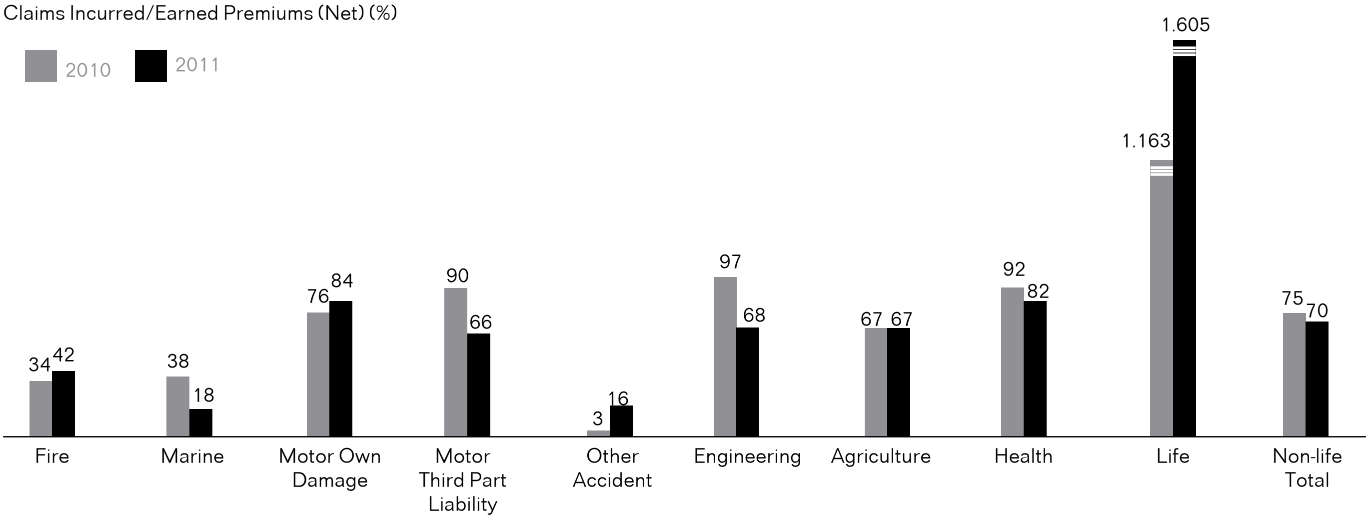


As of end-2011, Aksigorta retained TL 769 million worth of the premiums which it had earned in the non-life branch while the company's share of incurred non-life claims amounted to TL 539 million.

As of the same date, the ratio of incurred non-life claims to earned premiums (net) was 70%. 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)		Claims Incurred/ Earned Premiums (Net) (%)	
(TL Thousand)	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**
Fire	15,091	21,450	44,838	50,564	34	42
Marine	3,566	2,195	9,289	12,423	38	18
Motor Own Damage	183,427	273,104	240,082	325,948	76	84
Motor Third Part Liability	115,359	94,049	127,811	143,506	90	66
Other Accident	1,193	10,360	36,972	65,624	3	16
Engineering	8,500	8,115	8,746	11,985	97	68
Agriculture	3,339	7,368	4,986	10,949	67	67
Health	115,923	121,351	126,483	148,338	92	82
Life	2,273	1,793	195	112	1163	1605
Non-life Total	448,671	539,786	599,403	769,449	75	70

Claims Incurred/Earned Premiums (Net) (%)



At end-2011, Aksigorta showed a total technical profit amounting to TL 37 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:

	Technical Profit		Total Technical Profit / Premiums Written (%)	
(TL Thousand)	**2010**	**2011**	**2010**	**2011**
Fire	15,024	10,834	11	7
Marine	4,811	8,815	26	38
Motor Own Damage	11,207	-21,776	4	-5
Motor Third Part Liability	-14,967	19,295	-11	10
Other Accident	25,769	26,551	28	21
Engineering	-568	2,185	-2	5
Agriculture	-568	558	-5	2
Health	-19,127	-9,703	-14	-6
Life	199	222	76	151
			2	3
Non-life Total	21,779	36,981	2.5	3.3

In 2011 Aksigorta earned TL 58 million 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		Change
(TL thousand)	**2010**	**2011**	
Foreign Exchange Gain	9,070	14,313	57.8%
Dividend Income from Participants	20	0	-100.0%
Income From Financial Investment	46,566	42,986	-%7.7%
Real Estate Income	232	265	14.2%
Other Investments' Income	47	41	-13.0%
Total	55,935	57,604	3%

Based on all of these technical and financial results, Aksigorta booked a profit before tax of TL 38 million and a net profit less tax and other legal obligations in the amount of TL 32 million.

The company's shareholders' equity amounted to TL 403 million at end-2011. Breakdown of shareholders' equity items during the most recent two years are shown below:

	Shareholders' Equity Structure		Change
(TL million)	**2010**	**2011**	
Paid in Capital	306	306	0.0%
Nominal Capital	306	306	0.0%
Profit and Capital Reserves	64	63	-0.9%
Previous Years Income	0	2	374.1%
Net Profit of the Period	1	32	2070.0%
Total Shareholders' Equity	372	403	8.4%

At end-2011, Aksigorta's principal investments amounted to TL 141 million in value. Developments in the company's investments during the most recent two years are shown below:

	Investments		Change
(TL thousand)	**2010**	**2011**	
Financial Assets and Investments with Risks on Policy Holders	228,102	71,120	-68.8%
Affiliates	30,117	30,117	0.0%
Properties	39,879	39,691	-0.5%
Total Investments	298,097	140,928	-52.7%

Aksigorta's financial statements at end-2011 showed a total of TL 30.2 million as equity participations. The company's equity shares and their book values are shown below:

Equity Share	**Share**	**Book Value as of 2011 Year-end (TL million)**
Merter BV	25.00%	30,117
Tarsim	4.35%	131

Summary Financial Indicators

	2007	2008	2009	2010	2011
FINANCIAL FIGURES (TL million)					
Written Premiums	794	829	851	886	1,137
Claims Paid	488	516	618	609	653
Technical Profit	13	4	17	22	37
Profit Before Tax	127	55	35	9	38
Net Profit	114	52	35	1	32
Paid in Capital	434	434	434	306	306
Shareholders' Equity	2,639	1,795	2,669	372	403
Total Assets	3,051	2,387	3,280	1,033	1,213
CAPITAL SOLVENCY RATIOS					
Written Premiums / Shareholders' Equity	30.1%	46.2%	31.9%	238.5%	282.2%
Shareholders' Equity / Total Assets	86.5%	75.2%	81.4%	36.0%	33.2%
Shareholders' Equity / Technical Provisions (Net)	862.1%	417.1%	547.1%	70.5%	64.3%
OPERATIONAL RATIOS (NON-LIFE)					
Retention Ratio	58.1%	58.8%	64.3%	71.7%	75.9%
Claims Paid / Total Claims (Paid + Outstanding)	71.9%	62.8%	65.5%	107.8%	101.0%
Loss Ratio (Net)	73.3%	88.9%	82.2%	74.5%	69.9%
Combined Ratio	101.6%	112.9%	106.5%	101.6%	99.0%
PROFITABILITY RATIOS					
Technical Profit / Written Premiums	1.6%	0.4%	1.9%	2.5%	3.3%
Profit Before Tax / Written Premiums	15.9%	6.6%	4.1%	1.0%	3.3%
Net Profit / Written Premiums	14.4%	6.3%	4.1%	0.2%	2.8%
Net Profit / Shareholders' Equity	4.3%	2.9%	1.3%	0.4%	8.0%

Risk Management

The mission of the Risk Management Unit is to expeditiously identify, quantify, manage, report, and monitor any risks that might affect the company's ability to achieve its aims.

The Aksigorta Risk Management Unit strives to:
• Understand the material risks which the company assumes and ensure that these risks to not hinder the company in the fulfillment of its obligations towards its policyholders, shareholders, employees, or other stakeholders;
• Define the company's appetite for risk and ensure that its risk profile remains within prescribed limits;
• Support company decision-making mechanisms by providing decision-makers with coherent, reliable, up-to-date information about risks which have been or are to be incurred and present them with risk assessments based on such information;
• Foster a "risk awareness culture" throughout the company so that every company officer is aware of the risks involved in his area of responsibility, manages those risks appropriately, and reports them transparently;
• Monitor risk limits, report limit overruns to those concerned, and ensure that appropriate action is taken.

The conduct of risk management at Aksigorta is structured as follows:
• Risk Organization And Corporate Governance
• Risk Management Regulations And Procedures
• Risk Measurement And Modeling Methods
• Risk Appetite
• Risk Reporting

This overall framework is constantly reviewed, while changes in it are made based on the company's own experience so as to make it stronger. The risk management structure is also kept up to date to ensure that it remains in line with the risk management policies of its two biggest shareholders (H.Ö. Sabancı Holding and Ageas Insurance International NV) as well as with Aksigorta's own changing requirements. The purpose of this structure is to support the company's mission, the fulfillment of its goals, and the maintenance of its high standards.

Risk Appetite
Aksigorta's risk profile recognizes five separate risk categories:
• Financial risks
• Insurance risks
• Operational risks
• Strategic risks
• Externality risks

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 risk (exchange rate risk and spread risk)
• Interest rate risk
• Credit risk
• Liquidity risk
• Capital risk
• Reserves

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 subjects this policy to 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.

Insurance Risks
Insurance risks arise when appropriate premium charges are not sufficiently ascertained because there are disparities between the assumptions that are made when a policy is drawn up about such things as costs and cancellation rates on the one hand and, on the other, the amounts and timings of claims. In non-life branches, the biggest insurance risk occurs when collected premiums are insufficient to cover expected claims. There are two crucially important sources of insurance risk. The first are catastrophic events such as earthquakes and storms which occur all at once but whose effects are huge. The second are claims arising from risks whose long-term effects and consequences become apparent slowly and only over a long period of time. The latter category includes movements in inflation rates and changes in people's behavior.

Insurance, which is the company's core business activity, involves many different sorts of risk, the proper management of which is of great importance to the company's success. Aksigorta has installed the systems that are needed to manage insurance risks in the best way possible. The company classifies its insurance risks in the following way:
- Underwriting risk
- Product management risk
- Reinsurance-related risks
- Concentration risk
- Claims management risk.

All of these risks are managed with Actuarial Department support whenever that is deemed to been necessary by the appropriate technical units of the company. Additionally, the company's technical reserves, which are intended to cover its obligations arising from its insurance activities, are also classified among its financial risks and as such they are tracked jointly by Aksigorta's actuarial and risk management units.

Operational Risks
All companies, including those whose business is financial products and services, are exposed to operational risks. Some of these risks are intrinsic and arise from insufficiently controlled processes and systems, human error, and lack of compliance with government regulations; others arise from externalities.

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 are risks which arise from Aksigorta's strategy-planning and corporate governance activities and which 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 strategy planning departments under the oversight of senior management.

Externality Risks
Externality risks are risks that arise from the various extrinsic contexts in which Aksigorta conducts its business. These risks consist of:
- Regulatory risk
- Economic, political and social risk
- Competition risk
- Sectoral risk.

While it is not easy for the company to control externality risks it is always possible for it to take measures to counter them. Aksigorta takes such measures as are necessary to minimize the impact that externality risks may have on it and it employs such systems as are necessary to keep a close watch on such risks.

Aksigorta's risk management unit was set up to manage not only all the risks mentioned above but also any new types of risk that might arise. This unit continued to perform its functions in 2011. The Aksigorta Risk Management Unit worked together with all other company units to assess risks at regular intervals. Having examined in detail the risks to which the company was exposed, an Aksigorta Risk Map was drawn up.

Aksigorta deals with risk through a comprehensive and systematic assessment process within the framework of its risk management system. The causes and relative weights of risks are identified and the risks are measured and analyzed both quantitatively and qualitatively. Priority is given to defining risk seeking levels and limits, as this is what determines the amounts of risks which it is acceptable for the company to take. After this has been done, action plans are developed accordingly.

While risk management activities are ultimately the responsibility of the Aksigorta Board of Directors, they are carried out at the company under the leadership and coordination of the Internal Systems & Actuary Group Department, which reports to the general manager. The results of risk assessments and risk-related developments are reported regularly to senior management. A Risk Committee has been set up and given responsibility for approving risk management policies, strategies, and action plans and for monitoring developments.

The risks to which the company may be exposed are classified and dealt with under the headings of “Financial Risks”, “Externality Risks”, “Operational Risks”, “Strategic Risks”, and “Insurance Risks” within the overall framework of the “Aksigorta Risk Model”. The company keeps abreast of current practices and innovations in the area of risk management, with changes being made in its own systems and practices as required.

In addition to ongoing activities, risk management at Aksigorta in the period ahead will also be giving importance to such issues as managing business continuity, information security, and financial risks taking Solvency II rules into account as well. The company is sufficiently prepared for possible developments in this direction in 2012 so as to continue creating value for its shareholders by managing its risks effectively.

Auditor's Report

To the Annual Ordinary General Assembly of Aksigorta A.Ş.

Partnership's Title: Aksigorta A.Ş.
Headquarters: Meclis-i Mebusan Cad. No:67 34427 Fındıklı/İstanbul
Capital: 306.000.000 TL
Field of Activity: Insurance

Name, term of office of the auditors and whether they are a shareholder or employee of the Company:
Şerafettin Karakış – İlker Yıldırım
Our terms of office are respectively 1 year and up to the first ordinary general assembly meeting. We are not company personnel and have not the Company shares.

Number of Board of Directors' Meetings Participated and Auditing Committee Meetings Convened:
We participated in the Board of Directors' meetings 4 times, convened Auditing Committee Meetings 6 times.

Content of the inspection made on the partnership's accounts, books and documents and the dates in the inspections are made and the result obtained:
The inspections and controls regarding Tax Legislation and Commercial Law were made on the first week of 3rd, 6th, 9th, and 12th months of the year and no issue of criticism was found.

Number of results of the counting made at the cash office of the partnership in accordance with 3rd subparagraph of 1st paragraph of Article 353 of the Turkish Commercial Code:
The cash count was made 6 times and it was observed that the existing amount is in conformity with the records.

Dates and results of the inspection made in accordance with 4th subparagraph of 1st paragraph of Article 353 of the Turkish Commercial Code:
At the inspections made on the first business day of every month, it was ascertained that the existing negotiable instruments are in conformity with the book entries.

Complaints and corruptions conveyed and actions taken with regard to such:
No complaints were conveyed.

We have inspected the accounting transactions of Aksigorta A.Ş. pertaining to the term of 01.01.2011-31.12.2011 in accordance with the Turkish Commercial Code, articles of association of the partnership and other legislation as well as the generally accepted accounting principles and standarts.

According to our opinion, the attached balance sheet prepared as of 31.12.2011 and the income statement for the term of 01.01.2011-31.12.2011, the contents of which we support, reflect the financial status of the partnership as the of the date specified and truly and accurately reflect the results of operation of the specified term, respectively; profit distribution proposal is in conformity with the laws and the articles of association of the partnership.

We submit to your consent the approval of the balance sheet and the income statement and release of the Board of Directors.

Date: 14.03.2012

Şerafettin Karakış	İlker Yıldırım
Auditor	Auditor

Internal Audit Activities

In our Company, the internal audit activities are conducted by the Internal Audit Directorate reporting directly to the Board of Directors and it is organized to be independent in terms of administration. Although the ultimate responsibility lies in the Board of Directors, two members of the Board of Directors that are not appointed to the execution were elected and appointed as members of the Audit Committee. The Internal Audit Directorate 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.

Internal audit activities of 2011 were realized by the Internal Audit Directorate consisting of 1 Internal Audit Director, 1 Internal Audit Manager and 3 Internal Auditors, in accordance with the annual "Annual Audit Plan" approved by the Board of Directors. Within the context of the annual audit plan, auditing of 14 Headquarters Unit and 8 Regional Directorates were completed and the results were submitted in the form of a report to the Audit Committee. In addition to them, in 2011, upon the request of the Board of Directors, various inspection works were carried out.

The actions taken by the company managers in connection with the internal audit deficiencies observed within the frame 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.

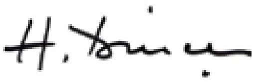
Profit Distribution

Esteemed Stakeholders;

Approval of the 2011 balance sheet and income statement, and acquittance of the Board of Directors and the Statutory Auditors for the transactions and accounts pertaining to this year;

From the profit that is stated in the financial statements showing 2011 results, we hereby present for your approval the distribution of all distributable profit to the shareholders after 75% of Gain on Sale of Properties is set aside under Net Income Not Subject to Distribution Account and statutory reserves are set aside from the amount thus remaining.

Yours sincerely,



Haluk Dinçer
Chairman of the Board of Directors

Convenience Translation Of The Company's Representation On The Financial Statement Prepared as at 31 December 2011

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED AS AT 31 DECEMBER 2011

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2011 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

Istanbul, 14 March 2012

Uğur GÜLEN
Chief Executive Officer

Erkan ŞAHİNLER
Chief Financial Officer

Gülnur TÜCCAR
Accounting Manager

Şerafettin KARAKIŞ
Statutory Auditor

İlker YILDIRIM
Statutory Auditor

Aksigorta A.Ş. Annual Activity Report Compliance Opinion

To the Board of Directors of Aksigorta A.Ş.:

We have audited the accuracy and compliance of financial information provided in the accompanying annual activity report of Aksigorta A.Ş. ("the Company") with the audit report issued as of 31 December 2011. The Board of Directors of the Company is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Insurance Law No:5684. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We beleive that the audit evidence we have otained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report, in all material respects, is in compliance with the audited financial statements and explanatory notes as of 31 December 2011.

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

Cansen Başaran Symes, SMMM
Partner
İstanbul, 14 March 2012

The Independent Auditor's Report

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT OF AKSİGORTA A.Ş.
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2011
(ORIGINALLY ISSUED IN TURKISH)

To the Board of Directors of
Aksigorta A.Ş.,

1. We have audited the accompanying balance sheet of Aksigorta A.Ş. ("the Company") as of 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Aksigorta A.Ş as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards as set out in the insurance legislation (Note 2).

Additional Paragraph for Convenience Translation into English

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

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

Cansen Başaran Symes, SMMM
Partner

Istanbul, 14 March 2012

Aksigorta A.Ş. Convenience Translation of the Balance Sheets At 31 December 2011 and 31 December 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			TL
ASSETS			
		Audited	Audited
I- CURRENT ASSETS	Note	Current Period (31/12/2011)	Previous Period (31/12/2010)
A- Cash and Cash Equivalents		**519.894.669**	**276.266.700**
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	519.894.669	276.266.700
4- Cheques Given and Payment Orders (-)		-	-
5- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11.1	**71.119.981**	**228.101.897**
1- Financial Assets Available for Sale	11.1	57.579.393	130.566
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1	7.925.026	220.741.421
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	5.615.562	7.229.910
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)	11.1	-	-
C- Receivables From Main Operations		**446.412.363**	**375.383.784**
1- Receivables From Insurance Operations	12.1	443.786.697	372.922.655
2- Provision for Receivables From Insurance Operations (-)	12.1	(2.883.354)	(3.283.354)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
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	44.185.986	43.775.432
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(38.707.920)	(38.061.903)
D- Due from Related Parties		**101.317**	**47.142**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		48.689	-
6- Due from Other Related Parties	45	52.628	47.142
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		**6.029.309**	**2.407.895**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		90.853	57.657
4- Other Receivables	47	5.938.456	2.350.238
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	47	**90.735.171**	**67.364.246**
1- Prepaid Expenses	47	90.735.171	67.364.246
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
G- Other Current Assets		**3.574.788**	**6.024.230**
1- Inventories		163.010	88.045
2- Prepaid Taxes and Funds		3.384.481	5.921.984
3- Deferred Tax Assets		-	-
4- Business Advances		2.814	14.201
5- Advances Given to Personnel		24.483	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**1.137.867.598**	**955.595.894**

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

Aksigorta A.Ş. Convenience Translation of the Balance Sheets At 31 December 2011 and 31 December 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			TL
ASSETS			
		Audited	Audited
II- NON CURRENT ASSETS	Note	Current Period (31/12/2011)	Previous Period (31/12/2010)
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		**30.116.653**	**30.116.653**
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 (-)		-	-
E- Tangible Fixed Assets		**34.175.529**	**35.780.296**
1- Investment Properties	7	854.189	1.041.477
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	38.837.294	38.837.294
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	22.144.295	23.689.508
6- Vehicles	6	32.050	49.550
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.414.980	2.348.015
8- Leased Tangible Fixed Assets	6	351.395	351.395
9- Accumulated Depreciation (-)	6, 7	(30.458.674)	(30.536.943)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Fixed Assets		**8.854.103**	**7.844.050**
1- Rights	8	15.594.992	11.756.263
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(6.740.889)	(3.912.213)
8- Advances Regarding Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		**-**	**-**
1- Prepaid Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
H- Other Non-current Assets		**2.128.644**	**4.013.745**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	2.128.644	4.013.745
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		**75.274.929**	**77.754.744**
TOTAL ASSETS (I+II)		**1.213.142.527**	**1.033.350.638**

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

Aksigorta A.Ş. Convenience Translation of the Balance Sheets At 31 December 2011 and 31 December 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			TL
LIABILITIES			
		Audited	Audited
III- SHORT TERM LIABILITIES	Note	Current Period (31/12/2011)	Previous Period (31/12/2010)
A- Borrowings		**-**	**-**
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)		-	-
B- Payables From Main Operations	19.1	**95.298.531**	**60.547.066**
1- Payables Due to Insurance Operations	19.1	95.298.531	60.547.066
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		**175.066**	**820.184**
1- Due to Shareholders	12.2	175.066	175.066
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	645.118
6- Due to Other Related Parties		-	-
D- Other Payables	47, 19.1	**28.596.179**	**12.374.576**
1- Deposits and Guarantees Received		-	-
2- Other Payables	47, 19.1	28.596.179	12.374.576
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**607.843.934**	**511.429.486**
1- Unearned Premiums Reserve - Net	20	400.786.528	306.037.195
2- Unexpired Risk Reserves - Net	20	316.051	280.668
3- Life Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	206.741.355	205.111.623
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net		-	-
7- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		**13.273.694**	**15.624.239**
1- Taxes and Dues Payable		9.407.915	7.340.067
2- Social Security Premiums Payable	23.1	856.815	749.883
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		13.982	57.563
5- Corporate Tax Liability Provision on Period Profit	35	5.655.167	7.476.726
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(2.660.185)	-
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		**-**	**-**
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs		-	-
H- Deferred Income and Expense Accruals	19.1	**33.734.099**	**43.370.723**
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals	19.1	33.734.099	43.370.723
I- Other Short Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
III - Total Short Term Liabilities		**778.921.503**	**644.166.274**

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

Aksigorta A.Ş. Convenience Translation of the Balance Sheets At 31 December 2011 and 31 December 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			TL
LIABILITIES			
		Audited	Audited
IV- LONG TERM LIABILITIES	Note	Current Period (31/12/2011)	Previous Period (31/12/2010)
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	**47, 19.1**	**9.685.292**	**-**
1- Deposits and Guarantees Received		-	-
2- Other Payables	**47, 19.1**	9.685.292	-
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**19.077.095**	**15.372.206**
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	**17.2, 20**	2.570.229	3.149.961
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net	**17.2, 20**	798.483	1.378.156
7- Other Technical Reserves - Net	**20, 47**	15.708.383	10.844.089
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		**2.650.075**	**2.167.753**
1- Provision for Employment Termination Benefits	**22**	2.650.075	2.167.753
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		**31.412.462**	**17.539.959**

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

Aksigorta A.Ş. Convenience Translation of the Balance Sheets At 31 December 2011 and 31 December 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			TL
		SHAREHOLDERS' EQUITY	
		Audited	Audited
V- SHAREHOLDERS' EQUITY	Note	Current Period (31/12/2011)	Previous Period (31/12/2010)
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 (-)		-	-
B- Capital Reserves		**4.328.261**	**796.537**
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		4.328.261	796.537
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		**58.937.406**	**63.052.588**
1- Legal Reserves		59.802.506	59.802.506
2- Statutory Reserves		62	62
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	3.250.020
5- Revaluation of Financial Assets	11.6, 16	(865.162)	-
6- Other Profit Reserves		-	-
D- Previous Years' Profits		**1.513.576**	**319.270**
1- Previous Years' Profits		1.513.576	319.270
E- Previous Years' Losses (-)		**-**	**-**
1- Previous Years' Losses		-	-
F- Net Profit of the Period		**32.029.319**	**1.476.010**
1- Net Profit of the Period		31.896.793	1.476.010
2- Net Loss of the Period		-	-
3- Net Income not subject to distribution		132.526	-
Total Shareholders' Equity		**402.808.562**	**371.644.405**
Total Liabilities and Shareholders' Equity (III+IV+V)		**1.213.142.527**	**1.033.350.638**

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

Aksigorta A.Ş. Convenience Translation of the Statement of Income for the Periods Ended 1 January - 31 December 2011 and 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT			TL
		Audited	Audited
I-TECHNICAL PART	Note	Current Period 01/01/2011-31/12/2011	Previous Period 01/01/2010-31/12/20110
A- Non-Life Technical Income		**840.204.378**	**678.141.186**
1- Earned Premiums (Net of Reinsurer Share)		769.337.244	599.207.671
1.1 - Premiums (Net of Reinsurer Share)	24	862.306.971	634.835.590
1.1.1 - Gross Premiums (+)		1.136.589.882	886.024.891
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(274.282.911)	(251.189.301)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(92.934.345)	(37.743.152)
1.2.1 - Unearned Premiums Reserve (-)		(107.560.211)	(30.660.690)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16	14.625.866	(7.082.462)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(35.382)	2.115.233
1.3.1 - Unexpired Risks Reserve (-)		1.765.597	11.779.811
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16	(1.800.979)	(9.664.578)
2- Investment Income Transferred from Non-Technical Part		29.376.629	31.381.014
3- Other Technical Income (Net of Reinsurer Share)		41.490.505	47.552.501
3.1 - Gross Other Technical Income (+)		40.537.472	48.013.233
3.2 - Reinsurance Share of Other Technical Income (-)		953.033	(460.732)
B- Non-Life Technical Expense (-)		**(803.445.381)**	**(656.560.966)**
1- Total Claims (Net of Reinsurer Share)		(537.993.020)	(446.397.926)
1.1- Claims Paid (Net of Reinsurer Share)		(543.692.609)	(453.547.775)
1.1.1 - Gross Claims Paid (-)		(651.632.962)	(607.153.434)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	107.940.353	153.605.659
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	5.699.589	7.149.849
1.2.1 - Outstanding Claims Reserve (-)		6.687.886	43.742.708
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(988.297)	(36.592.859)
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 Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(4.864.295)	(3.869.264)
4- Operating Expenses (-)	32	(260.588.066)	(206.293.776)
C- Non Life Technical Net Profit (A-B)		**36.758.997**	**21.580.220**
D- Life Technical Income		**967.362**	**1.173.347**
1- Earned Premiums (Net of Reinsurer Share)		111.704	195.401
1.1- Premiums (Net of Reinsurer Share)	24	111.378	195.070
1.1.1- Gross Premiums (+)		146.733	261.350
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(35.355)	(66.280)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		326	331
1.2.1- Unearned Premium Reserves (-)		3.502	4.068
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	17.16	(3.176)	(3.737)
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		663.470	780.396
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share)		192.188	197.550

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

Aksigorta A.Ş. Convenience Translation of the Statement of Income for the Periods Ended 1 January - 31 December 2011 and 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT			TL
		Audited	Audited
I-TECHNICAL PART	Note	Current Period 01/01/2011-31/12/2011	Previous Period 01/01/2010-31/12/20110
E- Life Technical Expense		**(745.761)**	**(974.498)**
1- Total Claims (Net of Reinsurer Share)		(1.793.204)	(2.272.953)
1.1- Claims Paid (Net of Reinsurer Share)		(1.837.395)	(2.328.695)
1.1.1- Gross Claims Paid (-)		(1.837.395)	(2.328.695)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	44.191	55.742
1.2.1 - Outstanding Claims Reserve (-)		39.288	50.839
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	4.903	4.903
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 Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		579.732	539.428
3.1- Life Mathematical Reserves (-)		579.732	539.428
3.2- Life Mathematical Reserves Reinsurer Share (+)		-	-
4- Changes in Reserves for Life Insurance Policies Including Investment Risk (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		579.672	871.915
4.1- Reserves for Life Insurance Policies Including Investment Risk (-)		579.672	871.915
4.2- Reserves for Life Insurance Policies Including Investment Risk Reinsurer Share (+)		-	-
5- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	(1)
6- Operating Expenses (-)	32	(71.048)	(65.860)
7- Investment Expenses (-)		-	-
8- Unrealized Losses from Investments (-)		-	-
9- Investment Income Transferred to Non- Technical Part (-)		(40.913)	(47.027)
F- Life Technical Profit (D-E)		**221.601**	**198.849**
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.

Aksigorta A.Ş. Convenience Translation of the Statement of Income for the Periods Ended 1 January - 31 December 2011 and 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT			TL
		Audited	Audited
II- NON TECHNICAL PART	Note	Current Period 01/01/2011-31/12/2011	Previous Period 01/01/2010-31/12/20110
C- Non Life Technical Profit		**36.758.997**	**21.580.220**
F- Life Technical Profit		**221.601**	**198.849**
I- Individual Retirement Technical Profit		**-**	**-**
J- Total Technical Profit (C+F+I)		**36.980.598**	**21.779.069**
K- Investment Income		**57.604.191**	**55.934.782**
1- Income From Financial Investment	26	34.293.260	25.708.657
2- Income from Sales of Financial Investments	26	2.999.704	18.517.830
3- Revaluation of Financial Investments	26	5.692.742	2.339.688
4- Foreign Exchange Gains	36	14.312.764	9.069.589
5- Income from Affiliates	26	-	20.185
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building	26	264.808	231.806
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		40.913	47.027
L- Investment Expenses (-)		**(46.735.121)**	**(43.253.786)**
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 (-)		(29.376.629)	(31.381.014)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(12.264.931)	(7.811.937)
7- Depreciation Expenses (-)	32	(5.093.561)	(4.060.835)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	47	**(10.165.182)**	**(25.507.329)**
1- Provisions Account (+/-)		(4.897.220)	(18.178.878)
2- Discount account (+/-)		(191.244)	156.900
3- Mandatory Earthquake Insurance Account (+/-)		295.331	337.751
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	(2.101.392)	5.439.936
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	1.509.992	5.464.047
8- Other Expense and Losses (-)	47	(5.575.283)	(18.727.085)
9- Prior Period Income	47	794.634	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		**32.029.319**	**1.476.010**
1- Profit /(Loss) Before Tax		37.684.486	8.952.736
2- Corporate Tax Liability Provision (-)	35	(5.655.167)	(7.476.726)
3- Net Profit (Loss)		32.029.319	1.476.010
4- Inflation Adjustment Account		-	-

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

Aksigorta A.Ş. Convenience Translation of the Statement of Changes In Shareholders' Equity for the Period 1 January - 31 December 2011 and 2010

(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
I - Closing Balance of Prior Period (31/12/2010)	**306.000.000**	-	-	-	-
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	-	-	(865.162)	-	-
E- Translation reserves	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-
H- Period net profit	-	-	-	-	-
I- Dividend distributed	-	-	-	-	-
J- Transfer	-	-	-	-	-
II- Closing Balance (31/12/2011) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	-	**(865.162)**	-	-

PREVIOUS PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves
I - Closing Balance of Prior Period (31/12/2009)	**306.000.000**	-	**1.734.945.658**	**128.338.906**	-
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	-	-	(1.734.945.658)	(128.338.906)	-
E- Translation reserves	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-
H- Period net profit	-	-	-	-	-
I- Dividend distributed	-	-	-	-	-
J- Transfer	-	-	-	-	-
II- Closing Balance (31/12/2010) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	-	-	-	-

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

Aksigorta A.Ş. Convenience Translation of the Statement of Changes In Shareholders' Equity for the Period 1 January - 31 December 2011 and 2010

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

TL

Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
59.802.506	62	4.046.557	1.476.010	319.270	371.644.405
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(865.162)
-	-	-	-	-	-
-	-	-	132.526	-	132.526
-	-	-	-	-	-
-	-	-	31.896.793	-	31.896.793
-	-	-	-	-	-
-	-	281.704	(1.476.010)	1.194.306	-
59.802.506	62	4.328.261	32.029.319	1.513.576	402.808.562

Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
104.134.439	62	360.637.913	-	34.965.827	2.669.022.805
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(44.331.933)	-	(360.637.913)	-	(3.250.020)	(2.271.504.430)
-	-	-	-	-	-
-	-	3.250.020	-	-	3.250.020
-	-	-	-	-	-
-	-	-	1.476.010	-	1.476.010
-	-	-	-	(30.600.000)	(30.600.000)
-	-	796.537	-	(796.537)	-
59.802.506	62	4.046.557	1.476.010	319.270	371.644.405

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

Aksigorta A.Ş. Convenience Translation of the Statement of Cash Flows for the Period 1 January – 31 December 2011 and 2010

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

AKSİGORTA ANONİM ŞİRKETİ CASH FLOW STATEMENT			TL
		Audited	Audited
	Dipnot	Current Period (31/12/2011)	Previous Period (31/12/2010)
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		1.071.050.834	760.767.510
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(970.463.475)	(726.475.528)
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)		**100.587.359**	**34.291.982**
8. Interest payments (-)		-	-
9. Income tax payments (-)		(6.697.819)	(3.138.650)
10. Other cash inflows		73.636.752	49.365.557
11. Other cash outflows (-)		(92.344.022)	(63.657.319)
12. Net cash generated from the operating activities	**39**	**75.182.270**	**16.861.570**
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		1.604.767	6.184.397
2. Purchase of tangible assets (-)		-	(872.855)
3. Acquisition of financial assets (-)		(63.141.569)	(15.775.044)
4. Sale of financial assets		214.430.743	-
5. Interest received		46.808.432	43.196.999
6. Dividends received		-	20.185
7. Other cash inflows		22.540.722	9.350.979
8. Other cash outflows (-)		(55.667.412)	(46.300.908)
9. Net cash generated from the investing activities	**39**	**166.575.683**	**(4.196.247)**
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 (-)		-	(30.600.000)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	**39**	-	**(30.600.000)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**241.757.953**	**(17.934.677)**
F. Cash and cash equivalents at the beginning of the period	**14**	**274.186.230**	**292.120.907**
G. Cash and cash equivalents at the end of the period (E+F)	**14**	**515.944.183**	**274.186.230**

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

Aksigorta A.Ş. Convenience Translation of Notes to the Financial Statements for the Year Ended 31 December 2011

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

1. General Information

1.1 Name of the 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 31 December 2011. 38,02% (31 December 2010: 38,02%) of the Company is issued in İstanbul Stock Exchange ("İMKB") (Note 2.14).

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

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 25 April 1960. The Company is located at Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, İstanbul.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on life and 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 9 district offices of which three of them are in İstanbul (İstanbul 1, İstanbul 2,and İstanbul 3), and one each in Adana, Ankara, Bursa, Aegean, Black Sea and Mediterranean and two district agencies; in Denizli and Trabzon.

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

	1 January- 31 December 2011	1 January- 31 December 2010
Top executive	10	10
Manager and assistant manager	82	79
Specialist/Responsible	527	497
Total	619	586

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 3.718.326 in total for the current year (1 January - 31December 2010: TL 2.983.980).

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 04 January 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 the investment income transferred to technical division into sub-branches, The Company has taken into account the weighted average of number of policies generated, the gross written premium amount and number of claims in the last three years.

1.8 Stand-alone or consolidated financial statements

Financial statements include only one company (Aksigorta A.Ş.) and the Company does not have any subsidiaries or affiliates as of 31 December 2011.

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

Name and other identification information of the Company are disclosed in Notes 1.1, 1.2, and 1.3 and there have been no changes in this information after the prior balance sheet date.

1.10 Subsequent Events

The Company's financial statements are approved and authorized for issuance as of 14 March 2011 by the Board of Directors and signed by General Manager Uğur Gülen in the name of the Board of Directors, Assistant General Manager Erkan Şahinler, Accounting Manager Gülnur Tüccar and legal auditors. Detail information about this issue is disclosed in Note 46. The mentioned financial statements are going to be finalized upon the approval of the General Assembly.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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 14 June 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.

In this respect, the below requirements are set out in regards to Article 4(2) of the Decree in the Sector Announcement No: 2008/9 issued on 18 February 2008:

TFRS 4 "Insurance Contracts" is applicable for the annual periods beginning on or after 31 December 2005. The Standard is effective as of 25 March 2006; however, it is not applicable for the current year since IASB has not yet completed the second phase of its project. Principles and procedures on the preparation of notes and disclosures in relation to insurance contracts will be set out by a decree that will be issued by the Undersecretariat of the Treasury in case of need. Based on sectoral announcement, TFRS 4 has not been applied on financial statements.

With reference to the notice of the Treasury No. 9 dated 18 February 2008, "TMS 1- Financial Statements and Presentation", "TMS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, the companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated 31 December 2008 and published in official gazette numbered 27097 effective from 31 March 2009 and there is no subsidiary of the Company that is in the scope of the Consolidation Communiqué.

The Company accounts and recognizes its insurance technical provisions in its financial statements as of 31 December 2011 in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") dated 28 July 2010 and published in official gazette numbered 27655 effective from 30 September 2010 and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury.

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury's statement no: 19387 issued on 4 April 2005, the Company's financial statements as of 31 December 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 15 November 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 at 31 December 2010, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of 31 December 2004 (for inputs prior to 31 December 2004) and carrying inputs subsequent to 31 December 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of 31 December 2011 is presented in comparison with its balance sheet as of 31 December 2010. The Company's income statement, statement of changes in equity and cash flow statement for the year ended as of 31 December 2011 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the year ended as of 31 December 2010.

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

c. Technical provisions

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 and earthquake premiums issued before 14 June 2007. 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 end at 12:00 noon again. Within the framework of the Regulation on Technical Reserves, unearned premium reserve and the reinsurers' share of the unearned premium reserve for policies, are calculated and recorded as the deferred portion of the accrued premiums related to the policies in force and ceded premiums to reinsurers without deducting commissions or any other deduction, on a daily and gross basis. For cargo insurance policies with unspecified termination date, unearned premium reserve is accounted for as the 50% of 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 28 December 2007 published by Undersecretariat for the 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 and other technical income respectively 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.

The opening outstanding claims provision amount used in the derivation of expected loss ratio determined for the calculation of unexpired risk reserve as of 31 December 2011 has been recalculated to conform to the current period; and in accordance with the Circular numbered 2011/10 and dated 3 June 2011 published by Treasury, 100% of the closing and opening additional outstanding claims provision amount calculated in accordance with the new method were considered in the derivation of expected loss ratio determined for the calculation of unexpired risk reserve as of 31 December 2011.

In accordance with the Communiqué numbered 2011/18, in the calculation of expected loss ratio used for the calculation of unexpired risk reserve as of 31 December 2011, all amounts related to the premiums and losses to be ceded to Social Security Institution ("SSI") are required to be deducted from the numerator and denominator. In this context, the amounts related to prior year premiums are calculated based on the principles used in the calculation of current year ceded premiums and opening unearned premium reserve used for the calculation of unexpired risk reserve has been restated for the related branches. During this calculation, the announced amounts stated in the Communiqué numbered 2011/17 for the compulsory traffic policies have been discounted by 8% for the policies written before 31 December 2010. In addition, the amounts determined using the figures stated in the Communiqué numbered 2011/17 for the policies issued between 1 January and 25 February 2011 are included in the premiums ceded to SSI for the calculation of the unexpired risk reserve. On the other hand, the treatment expenses in the context of the Law and the effects of such expenses are excluded from the paid claims, opening and closing outstanding claim provisions including incurred but not reported claims included in the calculation.

The Company has calculated and accounted for net unexpired risk reserve amounting to TL 316.051 as of 31 December 2011 (31 December 2010: TL 280.668) (Note 20).

Claims provision

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

The difference between the reported outstanding claims and the ultimate amount determined within the framework of the "Communiqué related to the Actuarial Chain Ladder Method" ("Communiqué") dated 20 September 2010 and numbered with 2010/12, the difference between the reported outstanding claims is taken into account as incurred but not reported claim amount.

In accordance with the Communiqué which is effective from 30 September 2010, the insurance companies has to make the calculations on each branch based on actuarial chain ladder method ("ACLM") with using 5 methods which are mentioned in the Communiqué which are all based on incurred loss (total of outstanding and paid claims). The right of choosing one of the methods is given to the insurance companies which will make the calculations for the first time as at 30 September 2010. The companies will determine the method for each branch as at 31 December 2010 by evaluating the best adequate method for the portfolio company and will not change the method for 3 years. The peak claims which are mentioned as big claims are eliminated in an individual file by using prescribed statistical methods in the Communiqué in order to make the ACLM calculations with a more homogeneous data set. Additionally, the ACLM calculations are performed on gross basis and the net amounts are determined according to in force reinsurance treaties of the Company.

In order to test the adequacy of the incurred but not reported claim reserve calculated by ACLM, another test is performed. During the calculation of incurred but not reported amounts calculated by the aforementioned calculation, premium amount for 5 years and the claims amounts incurred in these 5 years but reported in the following years are taken into account by deducting collections from salvage and subrogation. The result of this calculation is compared with the result calculated by ACLM in total and the higher one is considered as the incurred but not reported claims reserve. The Company has made the aforementioned comparison and determined the result of the calculation performed in order to test the adequacy of reserve calculated by ACML as incurred but not reported reserve.

As discussed in Note 2.15, in accordance with the Communiqué numbered 2011/18, since the Company does not have any liabilities for the medical care coverage for the policies in "Compulsory Transportation Liability", "Compulsory Traffic", "Bus Compulsory Personal Accident", outstanding claim files regarding to the claims dated before the enforcement of the Law are closed and the related amount has been classified under "Paid Claims". Besides, the treatment expenses in the context of the Law and the effects of such expenses are excluded from the paid claims, opening and closing outstanding claim provisions including incurred but not reported claims included in the calculation. The paid and outstanding claims; and salvage and claim recovery income related to the treatment expenses in the context of the Law are excluded from incurred but not reported claim provision and claim adequacy calculations as of 31 December 2011.

As of 31 December 2011, the Company could not eliminate the treatement expenses systematically from the data used in the calculations of incurred but not reported claims provision. In accordance with the Communiqué named "Communiqué about the Use of Equalization Reserve and Additional Explanations Related to Some Communiqués", dated 13 February 2012 and numbered 2012/12 ("Communiqué no: 2012/1"), companies who cannot eliminate the treatement expense in the context of Law systematically, are allowed to use the realized ratios in the paid claims for the outstanding claims data if they can. Companies who cannot eliminate the treatement expense also from their paid claims; are allowed to calculated the share of treatement expenses from the realized paid claims in March, June, September and December of 2008 and deduct the treatement expenses by this ratio from the data used for the calculation of incurred but not reported claims reserve.

The Company has eliminated the treatement expense in the context of Law from the realized claims in March, June, September and December 2008 and as a result of this elimination, determined the share of treatement expense as 2% for the compulsory traffic branch to be used in the calculation of incurred but not reported claims reserve.

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

In accordance with the Communiqué, during the determination of incurred but not reported claims reserve recognized in the financial statements, minimum 80% of the result for 2010, minimum 90% of the result in 2011 and all of the result in 2012 should be taken into consideration. The Company has taken 100% (31 December 2010: 80%) of the incurred but not reported claims reserve into consideration and recognized additional claim reserve amounting to TL 33.405.711 as of 31 December 2011. Had the Company taken into account 100% of provision for incurred but not reported claims as of 31 December 2010, outstanding claims provision at 31 December 2010 would have increased by TL 11.207.070.

In accordance with “The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)” dated 26 December 2011 and numbered 2011/23 (the “Communiqué numbered 2011/23”), insurance companies are allowed to calculate a winning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated winning ratio as of 31 December 2011. The Company has calculated the winning ratio on a sub-branch basis by dividing the amount of the cases closed in favor of the Company to the total amount of the legal cases of which legal processes have been completed in the past 5 years’ time as of 31 December 2011. The principal amounts have been taken into consideration and interest and other charges have been excluded from winning ratio calculations. Since the Company does not have historical information for 5 years, in accordance with the Communiqué numbered 2011/23, the deduction from the outstanding claims under legal follow-up has been made using the ratio 15% for the branches with winning ratios over 15%. The Company has made the calculation from the information in gross basis and has determined reinsurance share of the discounted amount based on the average reinsurance share of legal claim files in branch basis.

The net deduction amount from outstanding claim files using the winning ratios calculated on a sub-branch basis is 8.805.614 (31 December 2010 : None). Besides, in accordance with the Communiqué numbered 2011/23, claim amounts are taken into consideration without any deduction for all calculations performed to determine incurred but not reported claim provision.

The winning ratios calculated on a sub-branch basis as of 31 December 2011, are explained below:

Sub-branch	Ratio (%)
Third Party Liability	15
Electronic Device	15
Commodity	15
Personal Accident	15
Theft	15
Employee Financial Liability	15
Motor Vehicles Third Party Liability	15
Construction	15
Employment	15
Motor Own Damage	15
Machinery Break	15
Professional Liability	15
Bus Compulsory Personal Accident	15
Health	15
Water Craft	11
Compulsory Traffic	15
Fire	15
Compulsory Earthquake	15
Compulsory Transportation Liability	6

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

In accordance with the Communique, Company has selected the most appropriate method based the structure of the company portfolio and in accordance with the decision the Actuary of the Company as of 31 December 2010, has used these methods selected during the calculations performed as of 31 December 2011 and 31 December 2010. The gross and net reserve amounts in branch basis calculated by using Test IBNR method as of 31 December 2011 and the gross and net reserve amounts in branch basis calculated by using ACLM as of 31 December 2010 are explained below:

		31 December 2011		31 December 2010	
		IBNR		ACLM	
Branch	Applied Method	Gross Additional Reserve(100%)	Net Additional Reserve (100%)	Gross Additional Reserve (80%)	Net Additional Reserve (80%)
Fire and Natural Disaster(*)	Munich	3.361.078	922.438	(3.952.538)	(1.081.285)
Marine	Munich	1.250.837,00	453.606	1.014.800	403.497
Accident	Munich	1.558.181	993.722	2.659.760	1.475.014
Motor Own Damage(*)	Munich	(15.473.307)	(13.937.729)	(10.054.712)	(8.416.328)
Air Crafts(*)	Munich	-	-	(14.741)	(2)
Water Crafts(*)	Munich	247.849	31.468	(287.074)	(19.898)
General Losses	Munich	3.850.941	753.531	8.014.360	1.685.629
Motor Third Party Liability	Munich	44.771.676	40.089.638	59.068.253	50.211.352
Air Crafts Liability(*)	Munich	526.929	-	(355.579)	-
General Liability	Munich	5.506.037	1.218.792	2.721.358	543.174
Financial Losses(*)	Munich	1.171.097	886.123	(2.414.856)	(95.908)
Legal Protection(*)	Munich	38.599	34.739	(14.974)	(13.477)
Credit(*)	Munich	847.196	-	(25.347)	-
Health	Munich	1.913.014	1.873.918	175.279	163.563
Fidelity Guarantee(*)	Munich	310.501	85.465	(90.566)	(27.052)
Total		**49.880.628**	**33.405.711**	**56.443.423**	**44.828.279**

(*) *For the branches with negative results according to the ACLM calculation, 50% of the negative results is taken into account according to the Communiqué dated 14 January 2011 numbered 2011/1.*

The Company eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Communique in order to perform the ACLM calculations with a homogeneous data. The big claim limits which are used for the elimination in branch basis are as follows:

Branch	31 December 2011	31 December 2010
Motor Third Party Liability	87.660	84.246

In accordance with the Communiqué numbered 2011/18, since the Company does not have any liabilities for the medical care coverage for the policies in "Compulsory Transportation Liability", "Compulsory Traffic", "Compulsory Motor Personal Accident", the medical care claims are excluded from the incurred but not reported claims reserve calculation performed with both ACLM and the test IBNR method.

The provision calculated by ACLM and by the method performed for testing the result calculated by ACLM are made in gross basis; and the incurred but not reported claim reserve determined by comparing the results of both methods in gross basis.is net off based on the reinsurance agreements in force. The Company has used the reinsurance share of outstanding claims in total by taking its reinsurance agreements in force.

Equalization Reserve

In accordance with the Regulation on Technical Reserves, effective from 1 January 2009, 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.

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

The insurance companies are allowed to deduct claim payments and outstanding claims evidenced by expertise reports or official documents received from public institutions due to earthquake losses from the equalization reserve, provided that no deduction has been made from current year charge to the reserve. The Company has not made any deduction from equalization reserve related to the earthquake occurred in 2011 as of 31 December 2011.

The Company has accounted for an equalization reserve of TL 15.708,383 as of 31 December 2011 (31 December 2010: TL 10.844.089) (Note 20).

Life profit share and mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserves and represent the Company's liability to the policyholders in the life branch.

Mathematical reserve; is the reserve for the payments guaranteed by the insurance companies operating in life business as the policy is matured. In accordance with the Insurance Law, life mathematical reserve is calculated based on the saving premium calculated by deducting risk premium, commissions and other expenses from total premium collected. In calculation of the mathematical reserves, mortality tables prepared abroad and valid for Turkish insurance companies are used. The profit share reserve is accounted for the income generated from investments provided by these provisions (Note 20).

d. Subrogation and salvage income

Within the framework of the "Circular on Salvage and Subrogation Income" numbered 2010/13 and dated 20 September 2010 issued by the Undersecretariat for the Treasury, the Company recognizes receivables from salvage and subrogation under the account "Receivables from main operations" on an accrual basis as of 31 December 2011 up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquittance or document agreed on payment from individuals and notification is made to individuals or insurance company. 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.

Accordingly, accrued receivables from salvage and subrogation are TL 36.810.327 (31 December 2010: TL 32.342.158), doubtful receivables provision for these receivables from salvage and subrogation and TL 20.919.266 (31 December 2010: TL 20.113.801) (Note 12.1).

The amounts of the net salvage and subrogation income which are collected during the period and the accrued income amounts from salvage and subrogation receivables as of the end of the period related to the claims paid by the Company are as follows:

	31 December 2011					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	1.302.287	(759.342)	542.945	6.009.383	(4.102.669)	1.906.714
Marine	2.191.969	(1.757.007)	434.962	4.452.005	(3.065.747)	1.386.258
Accident	251.476	(85.436)	166.040	1.188	(700)	488
Motor Own Damage	140.083.697	(16.380.147)	123.703.550	28.408.546	(3.237.896)	25.170.650
Water Crafts	2.912	(2.912)	-	98.838	(74.636)	24.202
General Losses	72.640	(39.067)	33.573	1.829.253	(1.612.672)	216.581
Motor Third Party Liability	3.342.291	(376.834)	2.965.457	8.912.369	(818.158)	8.094.211
Fidelity Guarantee	26.750	(18.633)	8.117	-	-	-
Legal Protection	12.196	(1.220)	10.976	-	-	-
General Liability	32.157	(21.955)	10.202	10.954	-	10.954
Financial Losses	-	-	-	2.690	(2.421)	269
Health	873	-	873	-	-	-
Total	**147.319.248**	**(19.442.553)**	**127.876.695**	**49.725.226**	**(12.914.899)**	**36.810.327**

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

	31 December 2010					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	798.379	(528.054)	270.325	5.971.628	(3.949.681)	2.021.947
Marine	1.667.939	(1.146.335)	521.604	5.765.326	(3.962.372)	1.802.954
Accident	76.192	(30.250)	45.942	3.819	(1.516)	2.303
Motor Own Damage	85.005.532	(10.869.001)	74.136.531	25.867.604	(3.307.492)	22.560.112
Water Crafts	-	-	-	97.812	(92.409)	5.403
General Losses	127.207	(78.050)	205.257	917.029	(562.659)	354.370
Motor Third Party Liability	2.609.859	(410.000)	2.199.859	6.637.856	(1.042.787)	5.595.069
General Liability	4.395	(3.248)	1,147	-	-	-
Total	**90.289.503**	**(13.064.939)**	**77.380.665**	**45.261.074**	**(12.918.916)**	**32.342.158**

e. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are calculated for the policies in effect as of the balance sheet date on a daily basis.

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

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code article No: 323 and IAS 39 Impairment Principles, the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. 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 17.788.654 (31 December 2010: TL 17.948.102), 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 2.883.354 (31 December 2010: TL 3.283.354). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 20.919.266 (31 December 2010: TL 20.113.901) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

g. Rediscount of Receivables and Payables

Receivables and payables from insurance operations are carried at book values in the financial statements. Since IFRS 4 is not applicable, these receivables and payables are amortized in accordance with IAS 39 and measured at their costs.

h. 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.

i. Subsequent Events

Subsequent events include all events between the balance sheet date and the issuance of the financial statements, even if they are occurred after the issuance of other financial information or the announcement about the profit publicly.

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

The Company revises its financial statements in accordance with this new situation in the occurrence of any subsequent events which have impact on financial statements (Note 46).

j. 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 amount is measured by 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.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements (Note 23.2).

k. 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; if estimated changes are for the following periods, changes are applied on the current period and following years prospectively.

l. Taxation and deferred tax

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

Corporate Tax

Corporate tax for 2011 is payable at a rate of 20% in Turkey (2010: 20%). Corporate tax rate is applied on tax base which is the income of the Company adjusted for certain disallowable expenses, exempt income (such as dividend income) and other deductions in accordance with tax legislation. No further tax is payable unless the profit is distributed.

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

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

If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset 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, tax losses on the returns can be offset against period income for up to 5 years. However, tax losses cannot be offset against retained earnings.

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 (TÜİK TEFE increase rate). Since these conditions in question were not fulfilled in 2010 and in 2009, 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. Assets and liabilities mentioned above cannot be accounted for if they originate because of taking the temporary difference, goodwill and other assets and liabilities, which do not affect the commercial or financial profit/loss, in the financial tables for the first time.

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 (Note 35).

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 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 Adoption of New and Revised Standards

Changes in Turkish Financial Reporting Standards:

Changes and interpretations in TMS/TFRS those are effective for the periods and the year starting from 1 January 2011 and not relevant for the financial statements of the Company:

- TMS 32 (amendment), "Financial instruments: Presentation", (is effective for annual periods beginning on or after 1 February 2010),
- TFRIC 19, "Extinguishing financial liabilities with equity instruments", (is effective for annual periods beginning on or after 1 July 2010),
- TFRS 1 (amendment), "First-time adoption of IFRS", (is effective for annual periods beginning on or after 1 July 2010),
- TMS 24 (revised), "Related party disclosures", (is effective for annual periods beginning on or after 1 January 2011),
- TFRIC 14 (amendment), "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction", (is effective for annual periods beginning on or after 1 January 2011),
- Standards in the scope of 2010 Annual Development Project are valid for the reporting periods that start after 1 January 2011. The above mentioned project includes the amendments in 6 standards and 1 comment below:

  - TFRS 1, "First-time adoption of IFRS",
  - TFRS 3, "Business Combinations",
  - TFRS 7, "Financial Instruments: Explanations",
  - TMS 1, "Presentation of Financial Statements",
  - TMS 27, "Consolidated and Unconsolidated Financial Statements",
  - TMS 34, "Interim Financial Reporting",
  - TFRYK 13, "Client Loyalty Programmes".

Changes and interpretations in the standards that are not yet effective and have not been adopted early by the Company:

- TFRS 7 (amendment), "Financial instruments: Disclosures", (is effective for annual periods beginning on or after 1 July 2011),
- TFRS 1 (amendment), "First-time adoption of IFRS", (is effective for annual periods beginning on or after 1 July 2011),
- TMS 12 (amendment), "Income taxes", (is effective for annual periods beginning on or after 1 January 2012),
- TMS 1 (amendment), "Presentation of financial statements", (is effective for annual periods beginning on or after 1 July 2012),
- TMS 19 (amendment), "Employee benefits", (is effective for annual periods beginning on or after 1 January 2013),
- TFRS 9, "Financial instruments", (is effective for annual periods beginning on or after 1 January 2015),
- TFRS 10, "Consolidated financial statements", (is effective for annual periods beginning on or after 1 January 2013),
- TFRS 11, "Joint arrangements", (is effective for annual periods beginning on or after 1 January 2013),
- TFRS 12, "Disclosures of interests in other entities", (is effective for annual periods beginning on or after 1 January 2013),
- TFRS 13, "Fair value measurement", (is effective for annual periods beginning on or after 1 January 2013),
- TMS 27 (revised), "Separate financial statements", (is effective for annual periods beginning on or after 1 January 2013),
- TMS 28 (revised), "Associates and joint ventures", (is effective for annual periods beginning on or after 1 January 2013).

Legislations in effect as of 1 January 2012 in scope of 26 December 2011 dated and 2011/23 numbered "Notice about the Calculation of Incurred But Not Reported Compensation Reserve (IBNR)" ("2011/23 numbered Notice):

- Regarding to 14 January 2011 dated and 2011/1 numbered Regulation, for the branches with negative effect in the calculation of incurred but not reported compensation reserve, amounts taken into account as 50%, are going to be taken as 100% beginning with 1 January 2012.
- In the calculations of incurred but not reported compensation reserve after 1 January 2012, data of accrued claim recovery, salvage and related income is also going to be taken into account.

The Company's work over defining the effects of the changes, came out within the standards and comments above and 2011/23 numbered Notice's appliance, over the Company's subsequent unconsolidated financial tables.

2.2 Consolidation

The Company disposed of AvivaSA Emeklilik ve Hayat A.Ş., its joint venture, on 14 January 2010 by means of a partial spin-off and has no subsidiaries or joint ventures that fall within the scope of consolidation as per "IAS 27 – Consolidated and Unconsolidated Financial Statements" as of 31 December 2011 (31 December 2010: None).

2.3 Segment Reporting

Decision-making within the enterprise business segment reporting is designed to provide uniformity in reporting to the competent authorities. Operating decision maker authorized to take decisions about resources to be allocated to the segment, is responsible for the receipt and evaluation and its performance. Reporting of operating segments described in detail in Note 5.

2.4 Discontinued Operations

The company does not have any discontinued or disposed operations as of 31 December 2011 and 31 December 2010.

2.5 Foreign Currency Translation

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

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 are accounted for.

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 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 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 are amortized over their estimated useful lives (not exceeding 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 "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The Company does not have any financial assets classified as held-to-maturity investments (31 December 2010: 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.

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

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

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

Available-for-sale financial assets

Investments other than "financial assets held-to-maturity", "financial assets held for trading", and "loans and receivables" are described 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, the cumulative gain or loss previously recognized in equity is transferred in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale could not be 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 asset risks attributable to life insurance policyholders

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 and affiliates

An associate is an entity that retains at the shares of voting rights or has significant power over another entity although its share is over 10%. 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 have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. 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 suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

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

Impairment of financial assets

The Company assesses its financial assets or group of financial assets, other than financial asset at fair value through profit and loss, whether there are any indicator of impairment as of each balance sheet date.

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 expected future cash flows calculated by discounting with the 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 the income statement.

Except for available-for-sale financial assets, if, in the 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, 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.

Any increase in fair value of available-for-sale financial assets subsequent to an impairment loss is recognized directly in equity.

2.11 Derivative Financial Instruments

None (31 December 2010: None).

2.12 Netting of Financial Instruments (Offsetting)

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts, 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, demand deposits and other short-term highly liquid investments, which their maturities are 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 (Note 14).

2.14 Share Capital

As of 31 December 2011, the Company's nominal capital is TL 306.000.000 (31 December 2010: 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:

	31 December 2011		31 December 2010	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	33,11	101.322.754	61,98	189.658.800
Ageas Insurance International NV	33,11	101.322.754	-	-
Other	33,78	103.354.492	38,02	116.341.200
	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 nominal value of TL 189.658.802 that belong to H.Ö. Sabancı Holding ("Holding") portfolio, was signed with Ageas Insurance International N.V. at 18 February 2011. 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding' s portfolio has been transferred to Ageas Insurance International N.V. on 29 July 2011 with a sale price of USD 220.029.000 except for adjustments to sale price.

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

Company's ultimate owners have purchased Aksigorta shares in circulation in Istanbul Stock Exchange amounting to 1.298.670.800 units in total and increased their shares equally until 31 December 2011.

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 31 December 2011, the Company's registered share capital is TL 500.000.000 (31 December 2010: TL 500.000.000).

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

2.15 Insurance and Investment Contracts - Classification

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.

The insurance contracts and the reinsurance contracts hold by the Company are also included in the 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 eliminated.

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, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

The Company has excess of loss 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 agreement 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, personal accident, health, professional liability, machinery breakdown and compulsory bus liability branches. Mentioned reinsurance aggrements, the reinsurer's liability continues even after expiration 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 25 February 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by SSI regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 27 August 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 15 September 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated 17 October 2011 and numbered 2011/18 (the "Communiqué numbered 2011/18") (Note 19).

Within this framework, the Company is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued after 25 February 2011 in "Compulsory Transportation Liability", "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 as TL 11.113.969 (31 December 2010: None) and an unearned premium reserve amounting to TL 6.303.656 (31 December 2010: None) on a daily basis on these premiums and; classified under the accounts of "Premiums ceded to SSI" and "Change in SSI share of Unearned Premiums Reserve", respectively (Note 19).

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

2.16 Insurance and Investment Contracts With Discretionary Participation Features

None (31 December 2010: None).

2.17 Investment Contracts without Discretionary Participation Features

None (31 December 2010: None).

2.18 Borrowings

None (31 December 2010: None).

2.19 Taxes

The Company is subject to Turkish corporate taxes. Provision is recognized in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate used in 2011 and 2010 is 20%.

In Turkey, advance tax returns are calculated and accrued on a quarterly basis. The advance corporate income tax rate used in 2011 and 2010 is 20%. Losses are allowed to be carried maximum 5 years in order to deduct from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between the dates 1-25 April, following the closing of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

Income 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 24 April 2003 by the end of 22 July 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.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of their investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. Investments without investment incentive certificates do not qualify for tax allowance.

2.20 Employee Benefits

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

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

2.21 Provisions

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 amount is measured by 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.

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

2.22 Accounting of revenues

Written premium & Commission income

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 28 July 2010.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's income statement. 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 is recognized as an income in the financial statements when the right to receive payment is established.

2.23 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.

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

Financial charges except for the portion capitalized, are recorded in the income statement except for the portion capitalized in accordance with the company's general policy of borrowing explained above in detail.

The payment of the finance 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 lesser are also charged to the income statement on a straight-line basis over the lease period).

2.24 Profit Share Distribution

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2009, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (31 December 2010: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated 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.

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

2.25 Convenience Translation into English

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

3. Significant Accounting Estimates and Requirements

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

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

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.

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

The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. On principle, 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 manages 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, surplus and catastrophic coverage. In addition, the Company has facultative reinsurance agreements signed separately for certain risks based on certain policies.

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)

The Company issues insurance contracts in 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 (net off reinsurance share) are summarized as below:

	31 December 2011(*)			31 December 2010(**)		
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	29.413.275	(21.129.185)	8.284.090	26.159.445	(19.165.495)	6.993.950
Marine	10.181.490	(6.488.775)	3.692.715	7.280.474	(4.385.262)	2.895.212
Accident	3.770.624	(1.412.661)	2.357.963	5.282.774	(2.353.094)	2.929.680
Motor Own Damage	60.230.197	(6.990.312)	53.239.885	45.940.281	(7.212.639)	38.727.642
Air Crafts	1	-	1	22.112	(22.112)	-
Water Crafts	1.179.481	(1.026.113)	153.368	2.231.326	(2.083.001)	148.325
General Losses	23.754.362	(18.310.114)	5.444.248	26.973.653	(21.300.306)	5.673.347
Motor Third Party Liability	116.543.707	(13.450.068)	103.093.639	141.792.756	(22.261.466)	119.531.290
Air Crafts Liability	2.044.451	(2.044.451)	-	533.369	(533.369)	-
General Liability	19.407.763	(15.084.725)	4.323.038	15.916.740	(12.713.544)	3.203.196
Financial Losses	4.251.380	(1.037.822)	3.213.558	3.622.285	(3.478.422)	143.863
Legal Protection	94.301	(9.430)	84.871	22.461	(2.246)	20.215
Credit	847.196	(847.196)	-	(25.244)	25.244	-
Health	19.328.940	(395.027)	18.933.913	22.536.138	(1.506.324)	21.029.814
Fidelity Guarantee	689.365	(499.619)	189.746	135.849	(95.271)	40.578
Life	3.733.469	(3.149)	3.730.320	3.779.414	(4.903)	3.774.511
Total	**295.470.002**	**(88.728.647)**	**206.741.355**	**302.203.833**	**(97.092.210)**	**205.111.623**

(*) Total claim liability includes all outstanding claims reserves as of the balance sheet date and incurred but not reported claims reserve calculated based on Test IBNR method.
(**) Total claim liability includes all outstanding claims reserves as of the balance sheet date and incurred but not reported claims reserve calculated based on ACLM.

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

4.1.2.3 Comparison of incurred claims with past estimations (claims development process)

Outstanding Claims Reserve:

	31 December 2011				31 December 2010		
	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	(13.096.491)	241.855.905	(72.250.581)	169.605.324	241.980.996	(85.472.163)	156.508.833
Claim Provisions(*)	11.422.568	49.880.628	(16.474.917)	33.405.711	56.443.423	(11.615.144)	44.828.279
Clean-cut Effect(**)	7.373.512	-	-	-	-	-	-
Non-life Total	5.699.589	291.736.533	(88.725.498)	203.011.035	298.424.419	(97.087.307)	201.337.112
Life	44.191	3.733.469	(3.149)	3.730.320	3.779.414	(4.903)	3.774.511
Grand Total	**5.743.780**	**295.470.002**	**(88.728.647)**	**206.741.355**	**302.203.833**	**(97.092.210)**	**205.111.623**

	31 December 2010				31 December 2009		
	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	(18.543.466)	241.980.996	(85.472.163)	156.508.833	262.385.286	(124.419.919)	137.965.367
Claim Provisions(*)	10.291.553	56.443.423	(11.615.144)	44.828.279	61.193.165	(6.073.333)	55.119.832
Renewable Amounts(***)	14.032.833	-	-	-	-	-	-
Clean-cut Effect(**)	1.368.929	-	-	-	-	-	-
Non-life Total	7.149.849	298.424.419	(97.087.307)	201.337.112	323.578.451	(130.493.252)	193.085.199
Life	55.742	3.779.414	(4.903)	3.774.511	3.830.253	-	3.830.253
Grand Total	**7.205.591**	**302.203.833**	**(97.092.210)**	**205.111.623**	**327.408.704**	**(130.493.252)**	**196.915.452**

(*) Claim provisions include all additional provisions except for unpaid claims provision in the total outstanding claim reserve as at the balance sheet date.
(**) Company has clean-cut agreement in auto-accident branch and as per these agreements, the Company has realized the release of premium and claims portfolio as of 31 December 2010. According to the same agreement, admission of the portfolio is also realized in 2011. The effects of the admission of portfolio are included in carried forward reinsurance share of outstanding claims provision and carried forward reinsurance share of unearned premiums provision.
(***) Renewable Amounts consists of expected claim recovery provision deducted from outstanding claims provisions, in accordance with the circular numbered 2010/16 and dated 18 October 2010.

	31 December 2011			31 December 2010		
	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 - 1 January	241.980.996	(85.472.163)	156.508.833	262.385.286	(124.419.919)	137.965.367
Opened in the Period	653.345.266	(94.718.771)	558.626.495	600.644.147	(125.089.040)	475.555.107
Paid from Current Period (-)	(465.048.507)	76.816.797	(388.231.710)	(432.086.620)	109.314.955	(322.771.665)
Paid from Previous Period (-)	(188.421.850)	31.123.556	(157.298.294)	(175.066.814)	44.290.704	(130.776.110)
Period End Reported Claims	**241.855.905**	**(72.250.581)**	**169.605.324**	**255.875.999**	**(95.903.301)**	**159.972.698**

The claim development table used in chain ladder calculation in accordance with the Regulation on Technical Reserves is explained below:

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

Gross claim development table prepared in accordance with realized claim principal as of 31 December 2011:

Accident period	1 January 2005-31 December 2005	1 January 2006-31 December 2006	1 January 2007-31 December 2007	1 January 2008-31 December 2008	1 January 2009-31 December 2009	1 January 2010-31 December 2010	1 January 2011-31 December 2011	Gross Claim
Claim realized in the accident period	582.004.908	67.088.556	69.300.927	61.082.044	59.769.751	40.727.433	14.185.749	894.159.368
1 year later	1.013.555.872	101.939.985	57.631.617	60.386.803	52.818.885	24.745.724	-	1.311.078.886
2 years later	828.808.540	106.923.243	55.980.948	52.259.749	27.873.946	-	-	1.071.846.426
3 years later	1.026.304.101	129.659.614	72.373.133	47.010.891	-	-	-	1.275.347.739
4 years later	1.208.258.415	198.337.329	103.214.508	-	-	-	-	1.509.810.252
5 years later	1.119.612.753	89.473.205	-	-	-	-	-	1.209.085.958
6 years later	1.079.104.099	-	-	-	-	-	-	1.079.104.099
Total Gross Claims	**6.857.648.688**	**693.421.932**	**358.501.133**	**220.739.487**	**140.462.582**	**65.473.157**	**14.185.749**	**8.350.432.728**

Gross claim development table prepared in accordance with realized claim principal as of 31 December 2010:

Accident period	1 January 2004-31 December 2004	1 January 2005-31 December 2005	1 January 2006-31 December 2006	1 January 2007-31 December 2007	1 January 2008-31 December 2008	1 January 2009-31 December 2009	1 January 2010-31 December 2010	Gross Claim
Claim realized in the accident period	414.689.427	30.616.586	39.529.462	44.807.385	34.380.691	26.585.381	15.443.050	606.051.983
1 year later	552.942.592	64.157.443	69.077.345	62.178.692	62.810.271	24.497.729	-	835.664.072
2 years later	956.053.973	101.002.015	59.140.925	65.506.828	34.013.571	-	-	1.215.717.312
3 years later	765.770.012	108.011.472	59.613.148	32.762.230	-	-	-	966.156.862
4 years later	941.209.212	132.283.665	46.887.307	-	-	-	-	1.120.380.184
5 years later	1.115.849.060	153.581.336	-	-	-	-	-	1.269.430.395
6 years later	874.284.455	-	-	-	-	-	-	874.284.455
Total Gross Claims	**5.620.798.730**	**589.652.517**	**274.248.188**	**205.255.135**	**131.204.533**	**51.083.110**	**15.443.050**	**6.887.685.265**

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

Company has clean-cut agreement in auto-accident branch and as per these agreements, the Company has realized the release of premium and claims portfolio as of 31 December 2010. According to the same agreement, admission of the portfolio is also realized in 2011. The effects of the admission of portfolio are included in returned reinsurance share of outstanding claims provision and returned reinsurance share of unearned premiums provision.

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

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company's objective in capital management is to safeguard the Company's ability to continue as a going concern so that it can continue 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 capital 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 19 January 2008. As at 31 December 2011, the minimum capital requirement of the Company is 285.755.747 TL (31 December 2010: TL 240.360.823) . The Company's capital as of 31 December 2011 is TL 132.761.200 (31 December 2010 142.127.671) higher than the minimum capital requirement.

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 through its financial assets, reinsurance assets and insurance liabilities. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial 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 market differences of equity shares.

Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities. These risks are monitored by the analysis of exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of 31 December 2011 are disclosed in Note 12.4.

Sensitivity to foreign currency risk

The Company's sensitivity to a 10% appreciation/depreciation in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets 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.

	31 December 2011		31 December 2010	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	1.297.450	677.457	1.464.840	678.157
Profit / Loss (Decrease)	(1.297.450)	(677.457)	(1.464.840)	(678.157)

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

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 is related to 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.

	31 December 2011	31 December 2010
Total		Effect on profit and profit reserves
Market interest rate increase / (decrease)	TL	TL
+5%	(2.049.607)	(1.766.088)
-5%	2.259.434	1.992.565
Financial assets held for trading		Effect on profit
Market interest rate increase / (decrease)	TL	TL
+5%	(124.904)	(1.766.088)
-5%	132.558	1.992.565
Financial assets available for sale		Effect on profit and profit reserves
Market interest rate increase / (decrease)	TL	TL
+5%	(1.924.703)	-
-5%	2.126.876	-

Price risk

The Company is exposed to price risk due to its investments in shares. Shares are held for strategical purposes rather than trading purposes. These investments are not actively traded by the Company.

As of 31 December 2011, when the unit prices of shares had been changed by 10% with all other variables held constant, net profit/loss would not be affected since shares are not actively traded by the Company although they are classified as available for sale assets.

Credit risk

Credit risk is the risk that counterparties may be unable to meet the terms of their agreements. Credit risk is managed by guarantees received and procedures applied for the selection of the counterparties. 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 31 December 2011, the Company has presented its receivables from insurance operations, guarantees received for these receivables 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 holding adequate cash and cash equivalents in order to fulfill its current and possible liabilities.

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

Table of liquidity risk

31 December 2011

	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	94.050.370	103.552.311	318.361.776	-	-	3.930.212	519.894.669
Financial Assets Available for Sale	-	2.239.663	43.734.378	11.474.786	-	130.566	57.579.393
Financial Assets Held for Trading	-	6.810.375	1.114.651	-	-	-	7.925.026
Investments with Risks on Policy Holders	-	-	5.615.562	-	-	-	5.615.562
Receivables From Main Operations	116.715.309	149.761.079	179.103.668	832.307	-	-	446.412.363
Due from Related Parties	48.689	-	52.628	-	-	-	101.317
Other Receivables	-	6.029.309	-	-	-	-	6.029.309
Prepaid Expenses and Income Accruals	12.735.209	21.682.360	51.367.957	4.932.718	16.927	-	90.735.171
Other Current Assets	190.307	-	3.384.481	-	-	-	3.574.788
Financial Assets	-	-	-	-	-	30.116.653	30.116.653
Tangible Fixed Assets	-	-	-	-	-	34.175.529	34.175.529
Intangible Fixed Assets	-	-	-	-	-	8.854.103	8.854.103
Other Non-current Assets	-	-	-	-	-	2.128.644	2.128.644
Total Assets	**223.739.884**	**290.075.097**	**602.735.101**	**17.239.811**	**16.927**	**79.335.707**	**1.213.142.527**
Payables From Main Operations	-	-	95.298.531	-	-	-	95.298.531
Due to Related Parties	-	-	175.066	-	-	-	175.066
Other Payables	-	28.596.179	-	9.685.292	-	-	38.281.471
Insurance Technical Reserves	134.468.895	199.568.314	239.092.195	34.639.703	74.827	-	607.843.934
Taxes and Other Liabilities and Relevant Provisions	-	13.273.694	-	-	-	-	13.273.694
Deferred Income and Expense Accruals	3.009.654	17.415.162	12.139.556	1.165.727	4.000	-	33.734.099
Long Term Insurance Technical Reserves	-	-	-	3.368.712	15.708.383	-	19.077.095
Provisions for Other Risks	-	-	-	-	-	2.650.075	2.650.075
Shareholders' Equity	-	-	-	-	-	402.808.562	402.808.562
Total Liabilities and Shareholders' Equity	137.478.549	258.853.349	346.705.348	48.859.434	15.787.210	405.458.637	1.213.142.527
Liquidity Surplus / (Deficit)	86.261.335	31.221.748	256.029.753	(31.619.623)	(15.770.283)	(326.122.930)	-

Aksigorta A.Ş. Convenience Translation of Notes to the Financial Statements for the Year Ended 31 December 2011

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

Table of liquidity risk

31 December 2010

	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	74.957.397	198.450.119	-	-	-	2.859.184	276.266.700
Financial Assets Available for Sale	-	-	-	-	-	130.566	130.566
Financial Assets Held for Trading	-	-	15.160.896	205.580.525	-	-	220.741.421
Investments with Risks on Policy Holders	-	-	7.229.910	-	-	-	7.229.910
Receivables From Main Operations	98.144.760	125.932.625	150.606.520	699.879	-	-	375.383.784
Due from Related Parties	-	-	47.142	-	-	-	47.142
Other Receivables	-	2.407.895	-	-	-	-	2.407.895
Prepaid Expenses and Income Accruals	9.454.153	16.096.189	38.133.689	3.661.869	12.566	-	67.358.466
Other Current Assets	102.246	-	5.921.984	-	-	-	6.024.230
Financial Assets	-	-	-	-	-	30.116.653	30.116.653
Tangible Fixed Assets	-	-	-	-	-	35.780.296	35.780.296
Intangible Fixed Assets	-	-	-	-	-	7.844.050	7.844.050
Prepaid Expenses and Income Accruals	-	-	-	5.780	-	-	5.780
Other Non-Current Assets	-	-	-	-	-	4.013.745	4.013.745
Total Assets	**182.658.556**	**342.886.828**	**217.100.141**	**209.948.053**	**12.566**	**80.744.494**	**1.033.350.638**
Payables From Main Operations	-	-	60.547.066	-	-	-	60.547.066
Due to Related Parties	645.118	-	175.066	-	-	-	820.184
Other Payables	-	12.374.341	-	-	-	-	12.374.341
Insurance Technical Reserves	122.454.579	175.121.590	184.698.475	29.097.697	57.145	-	511.429.486
Taxes and Other Liabilities and Relevant Provisions	-	15.624.239	-	-	-	-	15.624.239
Deferred Income and Expense Accruals	3.079.289	26.674.210	12.420.432	1.192.699	4.093	-	43.370.723
Long Term Insurance Technical Reserves	-	-	-	4.528.117	10.844.089	-	15.372.206
Provisions for Other Risks	-	-	-	-	-	2.167.753	2.167.753
Other Long Term Liabilities	-	-	-	-	-	235	235
Shareholders' Equity	-	-	-	-	-	371.644.405	371.644.405
Total Liabilities and Shareholders' Equity	126.178.986	229.794.380	257.841.039	34.818.513	10.905.327	373.812.393	1.033.350.638
Liquidity Surplus / (Deficit)	56.479.570	113.092.448	(40.740.898)	175.129.540	(10.892.761)	(293.067.899)	-

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

Categories of Financial Instruments

	31 December 2011		31 December 2010	
Current Financial Assets	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Financial Assets Available for Sale	57.579.393	57.579.393	130.566	130.566
Financial Assets Held for Trading	7.925.026	7.925.026	220.741.421	220.741.421
Financial Investments with Risks on Policy Holders	5.615.562	5.615.562	7.229.910	7.229.910
Non-Current Financial Assets				
Affiliates	30.116.653	30.116.653	30.116.653	30.116.653
Total Financial Assets	**101.236.634**	**101.236.634**	**258.218.550**	**258.218.550**

Fair value of financial instruments

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 disclosed in the following table in terms of valuation methods is divided into three categories. "Category 1", represents the fair measurement of financial instruments based on the information obtained from organized markets (market data), the "Category 2" represents the fair measurement of financial instruments based on the information obtained from the transactions defined as imputed cost; and "Category 3" represents the fair measurement of financial instruments based on present value of the future cash flows.

Fair values of financial assets and level classifications

	31 December 2011	Category 1	Category 2	Category 3
Financial Assets Held for Trading	7.925.026	7.925.026	-	-
Government Bonds & Treasury Bills	7.925.026	7.925.026	-	-
Financial Assets Available for Sale	57.579.393	57.579.393	-	-
Unlisted Equity Shares	130.566	130.566	-	-
Government Bonds & Treasury Bills	57.448.827	57.448.827	-	-
Financial Investments with Risks on Policy Holders	5.615.562	5.615.562	-	-
Affiliates(*)	30.116.653	-	-	-
Total	**101.236.634**	**71.119.981**	**-**	**-**

Fair values of financial assets and level classifications

	31 December 2010	Category 1	Category 2	Category 3
Financial Assets Held for Trading	220.741.421	220.741.421	-	-
Government Bonds & Treasury Bills	220.741.421	220.741.421	-	-
Financial Assets Available for Sale	130.566	130.566	-	-
Unlisted Equity Shares	130.566	130.566	-	-
Financial Investments with Risks on Policy Holders	7.229.910	7.229.910	-	-
Affiliates(*)	30.116.653	-	-	-
Total	**258.218.550**	**228.101.897**	**-**	**-**

(*) *As the work for the determination of Merter BV's fair value has not been completed, cost value has been taken as the carrying value.*

The following methods and assumptions are used in fair value estimation of financial instruments whose fair values could not 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 considered in the measurement of fair value of government bonds and 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.

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 the premium production and net technical income of the segments are considered while determining a separate operating segment.

The company has been operating in Turkey. Since the effect of the foreign operations on financial statements is extremely low, geographic segment information is not given.

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

Segment results for the year ended 31 December 2011:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Motor Third Party Liability
TECHNICAL INCOME	**66.255.406**	**14.839.529**	**346.027.689**	**150.447.454**
1- Earned Premiums (Net of Reinsurer Share)	50.563.841	12.422.769	325.948.529	143.505.774
1.1 - Premiums (Net of Reinsurer Share)	57.679.975	12.489.802	367.011.878	165.674.672
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(7.116.134)	(347.702)	(41.063.349)	(21.896.915)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	280.669	-	(271.983)
2- Other Technical Income (Net of Reinsurance Share)	15.691.565	2.416.760	20.079.160	6.941.680
TECHNICAL EXPENSES	**(55.421.396)**	**(6.024.829)**	**(367.803.639)**	**(131.152.441)**
1- Total Claims (Net of Reinsurer Share)	(21.450.132)	(2.195.398)	(273.104.246)	(94.049.083)
1.1- Claims Paid (Net of Reinsurer Share)	(19.665.955)	(1.392.851)	(262.652.788)	(113.584.851)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(1.784.177)	(802.547)	(10.451.458)	19.535.768
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(3.437.733)	-	(1.266.673)	-
3- Operating Expenses	(30.533.531)	(3.829.431)	(93.432.720)	(37.103.358)
	10.834.010	**8.814.700**	**(21.775.950)**	**19.295.013**
Investment income	-	-	-	-
Depreciation expense	-	-	-	-
Provisions account	-	-	-	-
Tax expense	-	-	-	-
Financial expenses	-	-	-	-
Other	-	-	-	-
Net Profit / (Loss)	**10.834.010**	**8.814.700**	**(21.775.950)**	**19.295.013**

Segment results for the year ended 31 December 2010:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Motor Third Party Liability
TECHNICAL INCOME	**62.586.868**	**12.074.472**	**260.841.635**	**136.624.170**
1- Earned Premiums (Net of Reinsurer Share)	44.838.155	9.289.412	240.082.486	127.810.914
1.1 - Premiums (Net of Reinsurer Share)	45.405.885	9.571.965	266.831.282	119.316.804
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(567.730)	(1.885)	(26.748.796)	8.494.110
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	(280.668)	-	-
2- Other Technical Income (Net of Reinsurance Share)	17.748.713	2.785.060	20.759.149	8.813.256
TECHNICAL EXPENSES	**(47.562.808)**	**(7.263.570)**	**(249.635.133)**	**(151.590.850)**
1- Total Claims (Net of Reinsurer Share)	(15.090.734)	(3.565.731)	(183.427.146)	(115.359.070)
1.1- Claims Paid (Net of Reinsurer Share)	(18.109.984)	(3.726.331)	(196.887.175)	(108.291.603)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	3.019.250	160.600	13.460.029	(7.067.467)
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(2.515.609)	-	(1.202.544)	-
3- Operating Expenses	(29.956.465)	(3.697.839)	(65.005.443)	(36.231.780)
	15.024.060	**4.810.902**	**11.206.502**	**(14.966.680)**
Investment income	-	-	-	-
Depreciation expense	-	-	-	-
Provisions account	-	-	-	-
Tax expense	-	-	-	-
Financial expenses	-	-	-	-
Other	-	-	-	-
Net Profit / (Loss)	**15.024.060**	**4.810.902**	**11.206.502**	**(14.966.680)**

Aksigorta A.Ş. Convenience Translation of Notes to the Financial Statements for the Year Ended 31 December 2011

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

Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
81.418.245	**18.128.915**	**11.729.699**	**151.357.441**	**967.362**	**-**	**841.171.740**
65.623.903	11.985.342	10.948.692	148.338.394	111.704	-	769.448.948
75.651.520	14.283.787	13.337.144	156.178.193	111.378	-	862.418.349
(9.986.142)	(2.298.445)	(2.385.859)	(7.839.799)	326	-	(92.934.019)
(41.475)	-	(2.593)	-	-	-	(35.382)
15.794.342	6.143.573	781.007	3.019.047	855.658	-	71.722.792
					-	-
(54.866.806)	**(15.943.420)**	**(11.172.050)**	**(161.060.800)**	**(745.761)**	-	**(804.191.142)**
(10.360.412)	(8.114.757)	(7.368.384)	(121.350.608)	(1.793.204)	-	(539.786.224)
(7.403.285)	(9.161.652)	(6.384.718)	(123.446.509)	(1.837.395)	-	(545.530.004)
(2.957.127)	1.046.895	(983.666)	2.095.901	44.191	-	5.743.780
(15.542)	(144.347)	-	-	1.118.491	-	(3.745.804)
(44.490.852)	(7.684.316)	(3.803.666)	(39.710.192)	(71.048)	-	(260.659.114)
26.551.439	**2.185.495**	**557.649**	**(9.703.359)**	**221.601**	**-**	**36.980.598**
-	-	-	-	-	57.604.191	57.604.191
-	-	-	-	-	(5.093.561)	(5.093.561)
-	-	-	-	-	(4.897.220)	(4.897.220)
-	-	-	-	-	(5.655.167)	(5.655.167)
-	-	-	-	-	(41.641.560)	(41.641.560)
-	-	-	-	-	(5.267.962)	(5.267.962)
26.551.439	**2.185.495**	**557.649**	**(9.703.359)**	**221.601**	**(4.951.279)**	**32.029.319**

Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
54.837.666	**15.004.680**	**5.424.221**	**130.747.474**	**1.173.347**	**-**	**679.314.533**
36.971.740	8.746.286	4.986.051	126.482.628	195.400	-	599.403.072
42.532.174	12.686.766	5.548.000	132.942.714	195.070	-	635.030.660
(5.636.464)	(3.940.480)	(561.949)	(8.779.957)	330	-	(37.742.821)
76.030	-	-	2.319.871	-	-	2.115.233
17.865.926	6.258.394	438.170	4.264.846	977.947	-	79.911.461
					-	-
(29.069.054)	**(15.573.044)**	**(5.992.021)**	**(149.874.482)**	**(974.502)**	-	**(657.535.464)**
(1.193.372)	(8.499.892)	(3.339.468)	(115.922.513)	(2.272.953)	-	(448.670.879)
(3.835.008)	(8.703.912)	(3.342.082)	(110.651.680)	(2.328.695)	-	(455.876.470)
2.641.636	204.020	2.614	(5.270.833)	55.742	-	7.205.591
(6.898)	(144.209)	-	-	1.364.311	-	(2.504.949)
(27.868.784)	(6.928.943)	(2.652.553)	(33.951.969)	(65.860)	-	(206.359.636)
25.768.612	**(568.364)**	**(567.800)**	**(19.127.008)**	**198.845**	**-**	**21.779.069**
						-
-	-	-	-	-	55.934.782	55.934.782
-	-	-	-	-	(4.060.835)	(4.060.835)
-	-	-	-	-	(18.178.878)	(18.178.878)
-	-	-	-	-	(7.476.726)	(7.476.726)
-	-	-	-	-	(39.192.951)	(39.192.951)
-	-	-	-	-	(7.328.451)	(7.328.451)
25.768.612	**(568.364)**	**(567.800)**	**(19.127.008)**	**198.845**	**(20.303.059)**	**1.476.010**

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

6. Tangible fixed assets

31 December 2011

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
1 January	38.837.294	49.550	24.040.903	2.348.015	65.275.762
Additions	-	-	879.138	66.965	946.103
Disposals	-	(17.500)	(2.424.351)	-	(2.441.851)
31 December	38.837.294	32.050	22.495.690	2.414.980	63.780.014
Accumulated Depreciation					
1 January	(10.530.131)	(23.726)	(17.800.470)	(2.033.686)	(30.388.013)
Charge for the Period	(776.586)	(6.410)	(1.359.830)	(105.881)	(2.248.707)
Disposals	-	3.792	2.275.372	-	2.279.164
31 December	(11.306.717)	(26.344)	(16.884.928)	(2.139.567)	(30.357.556)
Net Book Value as of 31 December	27.530.577	5.706	5.610.762	275.413	33.422.458

31 December 2010

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
1 January	38.585.311	32.050	23.420.621	2.346.367	64.384.349
Additions	251.983	17.500	620.282	1.648	891.413
31 December	38.837.294	49.550	24.040.903	2.348.015	65.275.762
Accumulated Depreciation					
1 January	(9.753.549)	(14.983)	(16.396.115)	(1.821.291)	(27.985.938)
Charge for the Period	(776.582)	(8.743)	(1.404.355)	(212.395)	(2.402.075)
31 December	(10.530.131)	(23.726)	(17.800.470)	(2.033.686)	(30.388.013)
Net Book Value as of 31 December	28.307.163	25.824	6.240.433	314.329	34.887.749

The Company has not accounted for any impairment provision for tangible fixed assets in the current period.

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

7. Investment Properties

31 December 2011

Cost Value	Land	Buildings	Total
1 January	286.578	754.899	1.041.477
Disposals	-	(187.288)	(187.288)
31 December	286.578	567.611	854.189
Accumulated Depreciation			
1 January	-	(148.930)	(148.930)
Charge for the Period	-	(16.178)	(16.178)
Disposals	-	63.990	63.990
31 December	-	(101.118)	(101.118)
Net Book Value as of 31 December	286.578	466.493	753.071

31 December 2010

Cost Value	Land	Buildings	Total
1 January	5.816.175	1.717.810	7.533.985
Disposals	(5.529.597)	(962.911)	(6.492.508)
31 December	286.578	754.899	1.041.477
Accumulated Depreciation			
1 January	-	(426.271)	(426.271)
Charge for the Period	-	(12.367)	(12.367)
Disposals	-	289.708	289.708
31 December	-	(148.930)	(148.930)
Net Book Value as of 31 December	286.578	605.969	892.547

The fair value of investment properties was determined by an independent valuation company as of 31 December 2011 and 31 December 2010. The valuation company, which is authorized by the Capital Markets Board, has the necessary qualifications and experience in the valuation of the related real estate. Valuation work which is performed in accordance with International Valuation Standards, is based on the reference prices of similar real estate transactions in the market. However, investment properties are not accounted for with their fair values.

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

8. Intangible Fixed Assets

31 December 2011

Cost Value	Rights
1 January	11.756.263
Additions	3.838.729
31 December	15.594.992
Accumulated Amortization	
1 January	(3.912.213)
Charge for the Period	(2.828.676)
31 December	(6.740.889)
Net Book Value as of 31 December	8.854.103

31 December 2010

Cost Value	Rights
1 January	10.196.503
Additions	1.559.760
31 December	11.756.263
Accumulated Amortization	
1 January	(2.265.820)
Charge for the Period	(1.646.393)
31 December	(3.912.213)
Net Book Value as of 31 December	7.844.050

The Company has not recognized any impairment loss for its intangible fixed assets in the current period (31 December 2010: None).

The Company has no goodwill in the financial statements.

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

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 31 December 2011, the Company has an affiliate as Merter BV amounting to TL 30.116.653 (31 December 2010: TL 30.116.653) with a 25% participation rate. Company has no effect on this affiliate's management and this subsidiary is carried with its cost value, the Company's final participation rates in the entities which own a shopping mall and an office building are 12,5% each.

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

	31 December 2011			31 December 2010		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
	TL	TL	TL	TL	TL	TL
Government Bonds	56.538.854	57.448.827	57.448.827	-	-	-
Equity Shares (Unlisted)	130.566	-	130.566	130.566	-	130.566
Total	**56.669.420**	**57.448.827**	**57.579.393**	**130.566**	**-**	**130.566**

Financial Investments with Risks on Policy Holders

	31 December 2011			31 December 2010		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
	TL	TL	TL	TL	TL	TL
Government Bonds	5.206.276	5.615.562	5.615.562	6.935.943	7.229.910	7.229.910

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

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

31 December 2011

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	130.566	-	130.566
Unlisted		130.566	-	130.566
Total		**130.566**	**-**	**130.566**

31 December 2010

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	130.566	-	130.566
Unlisted		130.566	-	130.566
Total		**130.566**	**-**	**130.566**

31 December 2011

Financial Assets Held for Trading	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	7.722.550	7.925.026	7.925.026
Total	**7.722.550**	**7.925.026**	**7.925.026**

31 December 2010

Financial Assets Held for Trading	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	218.053.824	220.741.421	220.741.421
Total	**218.053.824**	**220.741.421**	**220.741.421**

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

None (31 December 2010: None).

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

None (31 December 2010: None).

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

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:

Unlisted	31 December 2011			31 December 2010		
	Participation Rate	Cost Value	Book Value	Participation Rate	Cost Value	Book Value
	%	TL	TL	%	TL	TL
Merter BV	25	30.116.653	30.116.653	25	30.116.653	30.116.653

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

None (31 December 2010: None).

11.6 Value increases of financial assets in the last three years

Type of Financial Asset	31 December 2011	31 December 2010	31 December 2009
Financial Assets Available for Sale	(865.162)	-	1.734.945.658

Value increases reflect the difference between the book value and cost of the financial assets at the 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. Financial Instruments

The Company does not apply any hedge accounting.

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.

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

12. Receivables and Payables

12.1 Details of the Company's receivables

	31 December 2011	31 December 2010
Receivables from Insurance Operations	443.786.697	372.922.655
Receivables from Policy Holders	4.382	9.194
Receivables from Agencies	380.366.064	321.655.019
Receivables from Insurers and Reinsurers	49.622.518	40.697.169
Subrogation Receivables (Note 2.1.1)	36.810.327	32.342.158
Provision for Subrogation Receivables (-) (Note 2.1.1)	(20.919.266)	(20.113.801)
Other Receivables	144.133	170.627
Rediscount on Receivables from Insurance Operations (-)	(2.241.461)	(1.837.711)
Provision for Receivables From Insurance Operations (-)	(2.883.354)	(3.283.354)
Doubtful Receivables From Main Operations	44.185.986	43.775.432
Provisions for Doubtful Receivables From Main Operations (-)	(38.707.920)	(38.061.903)
Cash Deposited For Insurance and Reinsurance Companies	30.954	30.954
Total	**446.412.363**	**375.383.784**

Aging of receivables from insurance operations is as follows:

	31 December 2011	31 December 2010
0-60 days	11.611.959	8.264.269
61-90 days	1.074.134	1.465.607
90+	3.258.264	5.954.501
Not due receivables	427.842.340	357.238.278
Total	**443.786.697**	**372.922.655**

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

	31 December 2011		31 December 2010	
Type of Guarantee	**Receivables**	**Doubtful Receivables**	**Receivables**	**Doubtful Receivables**
Letters of Guarantee	35.775.792	-	32.032.497	-
Real Estate Pledges	73.654.108	6.871.797	77.136.853	7.386.197
Government Bonds and Equity Shares	84.090	-	79.090	-
Other	664.518	-	743.540	-
Total	**110.178.508**	**6.871.797**	**109.991.980**	**7.386.197**

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

	2011	2010
Opening Balance, 1 January	(38.061.903)	(35.146.519)
Charge for the Period	(8.651.890)	(10.137.215)
Collections	8.005.873	7.221.831
Closing Balance, 31 December	(38.707.920)	(38.061.903)

Aging of overdue and doubtful receivables from insurance activities is as follows:

	31 December 2011	31 December 2010
0-30 days	24.574	102.265
31-60 days	-	20.113.802
61-90 days	-	13.023
Over 90 days	44.161.412	23.546.342
Total	**44.185.986**	**43.775.432**

12.2 Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company

Due to shareholders presented in the balance sheet amounting to TL 175.066 consists of dividend payables to the shareholders transferred from prior periods (31 December 2010: TL 175.066).

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 107.439.002 (31 December 2010: TL 108.389.874).

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

12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

31 December 2011

Banks (Foreign Currency)	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	999.127	1,8889	1.887.251
EUR	1.672.782	2,4438	4.087.945
GBP	8.738	2,9170	25.489
CHF	146	2,0062	293
Other			5.976
Total			**6.006.954**

Receivables from Insurance Operations	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	14.233.456	1,8889	26.885.575
EUR	4.773.493	2,4438	11.665.462
GBP	4.749	2,9170	13.853
CHF	925	2,0062	1.856
Other			976
Total			**38.567.722**

Outstanding Claims Reserve	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	(926.504)	1,8980	(1.758.505)
EUR	(457.397)	2,4556	(1.123.184)
Other			(5.466)
Total			**(2.887.155)**

Payables from Insurance Operations	**Amount in Foreign Currency**	**Exchange Rate**	**Amount (TL)**
USD	(7.437.267)	1,8889	(14.048.254)
EUR	(3.216.734)	2,4438	(7.861.055)
Other			(83.506)
Total			**(21.992.815)**

Net Foreign Currency Position	**19.694.706**

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

31 December 2010

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	565.470	1,5376	869.467
EUR	867.611	2,0551	1.783.027
GBP	7.733	2,3827	18.425
CHF	185	1,6395	303
Total			**2.671.222**

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	15.261.059	1,5376	23.465.404
EUR	9.123.663	2,0551	18.750.040
GBP	2.680	2,3827	6.386
CHF	8.582	1,6395	14.070
Other			10.294
Total			**42.246.194**

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(983.799)	1,5376	(1.512.689)
EUR	(551.778)	2,0551	(1.133.959)
Total			**(2.646.648)**

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(5.315.937)	1,5376	(8.173.785)
EUR	(6.139.621)	2,0551	(12.617.535)
GBP	(36.871)	2,3827	(87.853)
Other			(3.851)
Total			**(20.883.024)**

Net Foreign Currency Position	**21.387.744**

13. Derivative Financial Instruments

As of 31 December 2011 and 31 December 2010, the Company has no derivative financial instruments.

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

14. Cash and Cash Equivalents

	31 December 2011	31 December 2010
Cash at Banks	519.894.669	276.266.700
Time Deposit	515.964.457	273.407.516
Demand Deposit	3.930.212	2.859.184
Total	**519.894.669**	**276.266.700**
Interest Accrual on Cash and Cash Equivalents (-)	(3.950.486)	(2.080.470)
Cash Flow Based Grand Total	515.944.183	274.186.230
Blocked Deposits	101.833.705	9.940.715

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 31 December 2011 and 31 December 2010 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.

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 (31 December 2010: 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 (31 December 2010: 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 (31 December 2010: TL 0,01 per share).

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

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	Number of Shares	
	31 December 2011	31 December 2010
Beginning of the Period, 1 January	30.600.000.000	30.600.000.000
Issued in the Current Period	-	-
End of the Period, 31 December	**30.600.000.000**	**30.600.000.000**

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 Capital Markets Board 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 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2009, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (31 December 2009: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated 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.

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

15.3.6 Equity shares held by the company, its affiliates or its subsidiaries

None (31 December 2010: None).

15.3.7 Equity shares held for future sale for forward transactions and contracts

None (31 December 2010: None).

15.4 Share based payments

None (31 December 2010: None).

15.5 Subsequent events

Disclosed in note 46.

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

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 interpretations

	31 December 2011	31 December 2010
Unrealised Gains of Financial Assets Available for Sale	(1.081.452)	-
Deferred Tax Effect	216.290	-
Total	**(865.162)**	**-**

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 (31 December 2010: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (31 December 2010: None).

16.4 Hedging against financial risks

None (31 December 2010: None).

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the current period and amounts recognized in the current profit or loss taken from shareholders' equity

	31 December 2011	31 December 2010
	Increase / (Decrease)	Increase / (Decrease)
Beginning of the Period, 1 January	-	1.734.945.658
Increase / decrease in value recognized under the shareholders' equity in the current period	(865.162)	(1.734.945.658)
End of the Period, 31 December	**(865.162)**	**-**

16.6 Income and loss related to affiliates recognized directly in equity in the current period

None (31 December 2010: None).

16.7 Revaluation increases in tangible fixed assets

None (31 December 2010: None).

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

None (31 December 2010: None).

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

17. Insurance Liabilities and Reinsurance Assets

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

	31 December 2011		31 December 2010	
	Amount to be Provided	Current Blockage	Amount to be Provided	Current Blockage
Branch	TL	TL	TL	TL
Life	7.617.488	8.002.514	8.527.084	9.303.656
Government Bonds		5.618.002		7.128.645
Time Deposit		2.384.512		2.175.011
Non-Life	75.557.085	101.955.426	85.887.920	103.603.780
Government Bonds		2.506.233		95.838.076
Time Deposit		99.449.193		7.765.704
Total	**83.174.573**	**109.957.940**	**94.415.004**	**112.907.436**

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves

	31 December 2011 Mathematical Reserves		31 December 2010 Mathematical Reserves	
	Unit	TL	Unit	TL
Beginning of the Period, 1 January	537	4.528.117	759	5.939.459
Participations in the Current Period	-	215.721	-	444.560
Leavings in the Current Period	(163)	(1.375.126)	(222)	(1.855.902)
End of Period, 31 December	**374**	**3.368.712**	**537**	**4.528.117**

Mathematical reserves amounting to TL 2.570.229 (31 December 2010: TL 3.149.961) and reserves for the policies with financial assets at insurees' risk amounting to TL 798.483 (31 December 2010: TL 1.378.156) and cancelled policies together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Available For Sale under Financial Investments at Insurees' Risk are valued with fair value as explained in note 11; as of 31 December 2011, there is no difference between the fair value and discounted value accounted in Life Mathematical Reserve (31 December 2010: None).

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

17.3 Insurance guarantees given to non life insurances based on insurance branches

Branch	31 December 2011 Amount	31 December 2010 Amount
Motor Third Party Liability	2.060.035.998.091	1.413.940.913.099
Fire and Natural Disaster	103.775.053.369	86.252.975.464
General Losses	70.645.403.455	53.465.383.541
Marine	48.853.563.632	44.282.883.713
Accident	44.219.296.539	40.995.350.874
General Liability	37.608.696.688	8.231.505.830
Motor Own Damage	19.290.202.594	14.450.872.195
Financial Losses	9.893.068.460	5.980.302.373
Legal Protection	7.441.268.647	6.486.681.475
Air Crafts Liability	1.798.945.845	3.954.567.545
Credit	709.150.774	380.987.189
Health	697.057.249	528.079.499
Air Crafts	628.895.963	579.774.229
Water Crafts	352.782.471	477.909.890
Fidelity Guarantee	321.901.503	241.862.855
Life	9.403.712	11.554.716
Total	**2.406.280.688.992**	**1.680.261.604.487**

17.4 Pension investment funds established by the Company and their unit prices

None (31 December 2010: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (31 December 2010: None).

17.6 Number of portfolio amounts of additions, disposals, reversals, and current individual and group pension participants

None (31 December 2010: None).

17.7 Valuation methods used in profit share calculation for life insurances with profit shares

None (31 December 2010: None).

17.8 Number of the additions and their group or individual gross and net share participations in the current period

None (31 December 2010: None).

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

17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

None (31 December 2010: None).

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

None (31 December 2010: None).

17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

None (31 December 2010: None).

17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves

None (31 December 2010: None).

17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period

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:

	1 January -31 December 2011 Profit Share Distribution Rate (%)	1 January - 31 December 2010 Profit Share Distribution Rate (%)
TL (Life Insurance)	7,31%	7,48%

17.15 Explanation of information that describes amounts arose from insurance agreements

None (31 December 2010: None).

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

17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company:

Reinsurance Assets

	31 December 2011	31 December 2010
Receivables from Reinsurance Companies	49.622.518	40.697.168
Cash Deposited For Insurance & Reinsurance Companies	30.954	30.954
Reinsurance Share of Unearned Premiums Reserve	139.116.703	130.787.189
Reinsurance Share of Outstanding Claims Reserve	88.728.647	97.092.210
Reinsurance Share of Unexpired Risks Reserve	288.299	2.089.278
Total	**277.787.121**	**270.696.799**

Reinsurance Liabilities

	31 December 2011	31 December 2010
Payables from Insurance Operations	95.298.531	60.547.066
Payables to Agencies	21.938.906	23.642.900
Rediscount on Payables from Insurance Operations (-)	(275.925)	(63.419)
Payables to Insurance and Reinsurance Companies	73.635.550	36.967.585
Total	**95.298.531**	**60.547.066**

Income / Expense on Reinsurance Agreements

	31 December 2011	31 December 2010
Premiums Ceded to Reinsurers (-)	(274.318.266)	(251.255.581)
Commissions Received	39.060.761	41.666.750
Reinsurance Share of Unearned Premiums Reserve	14.622.690	(7.086.199)
Reinsurance Share of Unexpired Risks Reserve	(1.800.979)	(9.664.578)
Reinsurance Share of Outstanding Claims Reserve	(990.051)	(36.587.956)
Reinsurance Share of Claims Paid	107.940.353	153.605.659
Total	**(115.485.492)**	**(109.321.905)**

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

	31 December 2011			31 December 2010		
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	(101.176.720)	5.228.662	23.494.419	(95.839.895)	(34.355.274)	35.369.145
General Losses	(53.655.381)	(1.300.802)	19.143.438	(33.935.909)	(3.619.934)	21.002.554
Motor Own Damage	(41.423.617)	6.230.447	34.779.044	(41.420.469)	(377.598)	38.480.856
Motor Third Party Liability	(31.192.587)	3.375.953	13.848.508	(22.194.984)	6.110.678	20.182.954
Financial Losses	(13.266.897)	(4.834.818)	5.319.914	(22.194.774)	7.216.373	2.057.201
General Liability	(12.246.373)	4.560.019	3.615.193	(8.626.571)	(4.581.079)	3.133.134
Marine	(9.587.653)	2.824.680	1.936.382	(6.939.938)	(4.487.188)	6.996.199
Air Crafts Liability	(3.711.430)	1.577.904	809	(4.300.421)	(861.245)	175.587
Accident	(2.720.851)	(917.098)	814.349	(3.045.745)	788.835	782.677
Fidelity Guarantee	(2.188.351)	415.343	48.992	(1.635.677)	11.991	148.906
Credit	(1.460.872)	917.262	21.440	(897.838)	(613.196)	(296.313)
Water Crafts	(1.153.630)	(3.763.529)	3.689.965	(2.099.975)	1.727.301	9.286.162
Air Crafts	(1.059.806)	(1.224.120)	18.820	(2.763.054)	(9.779.992)	733.974
Legal Protection	(520.743)	(21.532)	14.567	(502.354)	2.238.187	7.493
Health	1.082.000	(1.231.781)	1.194.513	(4.791.697)	(12.757.758)	15.545.130
Life	(35.355)	1.727	-	(66.280)	1.166	-
Total	**(274.318.266)**	**11.838.317**	**107.940.353**	**(251.255.581)**	**(53.338.733)**	**153.605.659**

The Company, as a ceding company, defers its commission income obtained from reinsurance.

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

	2011	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	60.547.066	270.696.800
Movement in the Current Period	34.751.465	7.090.321
End of the Period, 31 December	95.298.531	277.787.121

	2010	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	69.629.307	327.235.269
Movement in the Current Period	(9.082.241)	(56.538.469)
End of the Period, 31 December	60.547.066	270.696.800

18. Investment Contract Liabilities

Disclosed in Note 17.2.

19. Trade and Other Payables, Deferred Income

19.1 Sub-classifications of presented items in line with the Company's operations

	31 December 2011	31 December 2010
Payables to agencies	21.938.906	23.642.900
Rediscount on Payables from Insurance Operations	(275.925)	(63.419)
Payables to Insurance and Reinsurance Companies	73.635.550	36.967.585
Payables from Insurance Operations	**95.298.531**	**60.547.066**
Payables to Contracted Enterprises	13.034.775	4.296.521
Payables to Turkish Catastrophe Insurance Pool	4.383.609	1.845.247
Payables to Suppliers	3.383.916	1.103.062
Turkish Catastrophe Insurance Pool Payables to Agencies	494.568	463.499
Payables to Tarım Sigortaları A.Ş.	-	3.380.913
Payables to SSI regarding medical expenses(*)	7.058.985	-
Other	240.326	1.285.334
Other Payables	**28.596.179**	**12.374.576**
Deferred Commission Income	21.439.084	21.921.777
Expense Accruals	12.295.015	21.448.946
Deferred Income and Expense Accruals	**33.734.099**	**43.370.723**
Total Short Term Liabilities	**157.628.809**	**116.292.365**
Payables to SSI regarding medical expenses(**)	9.685.292	-
Total Long Term Liabilities	**9.685.292**	**-**
Total Trade and Other Payables, Deferred Income	**167.314.101**	**116.292.365**

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

(*) Payables to SSI regarding medical expenses - Short term:

	31 December 2011	31 December 2010
Eliminated incurred but not reported claims provision	272.061	-
Notified liability amount for 2011 short term	1.261.021	-
Premium amount transferred to SSI between 27 August 2011 - 31 December 2011	4.494.840	-
Difference between the notified liability amount and the liability amount calculated	2.001.016	-
Premium payments to SSI in current period	(969.953)	-
Total	**7.058.985**	**-**

(*) Payables to SSI regarding medical expenses - Long term:

	31 December 2011	31 December 2010
Eliminated incurred but not reported claims provision	544.122	-
Cancelled outstanding claim files	2.522.041	-
Notified premiums between 25 February 2011 - 26 August 2011	6.619.129	-
Total	**9.685.292**	**-**

(*) As it is stated in Note 2.15, the Company is required to transfer the premiums, as defined in the Communique numbered 2011/17 and regarding to the policies in related branches written after 25 February 2011, to SSI regarding the treatment expenses related with the traffic accidents that incurred after the regulations is in effect. In line with the statements mentioned above, the Company calculated TL 11.113.969 (31 December 2010: None) ceded premium and TL 6.303.656 (31 December 2010: None) unearned premium reserve reinsurance share on a daily basis and classified respectively under the accounts of "Premiums transferred to SSI and "Unearned Premium Reserve SSI Share". In accordance with the Communique numbered 2011/17 and 2011/18, TL 4.494.840 amount of the premiums transferred to SSI is accounted under "Other Payables - Short term" and TL 969.953 of the amounts were paid as of 31 December 2011 and are deducted from this account. TL 6.619.129 amount of the premiums transferred to SSI is accounted under "Other Payables - Long Term".

(**) As explained in Note 2.15, in line with the Communique numbered 2011/18, the Company has closed the outstanding claim files including the treatment expenses related to the claims incurred prior to the effective date of law and "incurred but not reported claim reserve to be eliminated", accounted for under "Paid Claims". The Company, in line with the Communique numbered 2011/18, has calculated the incurred but not reported claim reserve as of 31 March 2011, by both including and excluding the information related to treatment expenses and stated the calculation difference as "incurred but not reported claim reserve amount to be eliminated". In this respect, the Company, has transferred total amount of TL 4.599.245 claim reserve, TL 3.783.062 of which is outstanding claim reserve related to the claims incurred before the law and TL 816.183 of which is "incurred but not reported claim reserve amount to be eliminated" to "Paid Claims" and TL 1.533.082 of the amount classified as "Other Payables-Short term" and TL 3.066.163 of the amount classified as "Other Payables-Long term". In line with the Communique numbered 2011/17, in the case that there is a difference between the liabilities notified by the Treasury and the amount calculated by the Company in accordance with the prementioned methodology, the related differences are accounted for under "Other Payables" in the balance sheet and other technical income or expense in the income statement. Accordingly, the Company has accounted for an additional liability of TL 2.001.016 and recorded as other technical expense in the income statement.

The reserve regarding the claims including the treatment expenses related to the claims incurred prior to the effective date of law that the Company calculated for the upcoming years in line with the above mentioned methodology, is going to be revised at 2012 and 2013 and the difference between the calculated reserve and the liabilities notified by the Treasury are going to be accounted for under the income statements of the related years.

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

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	31 December 2011	31 December 2010
Unearned Premiums Reserve- Net(*)	400.786.528	306.037.195
Unexpired Risks Reserve- Net	316.051	280.668
Outstanding Claims Reserve-Net(**)	206.741.355	205.111.623
Life Mathematical Reserve-Net	2.570.229	3.149.961
Provision for Policies Investment Risk of Life Insurance Policyholders	798.483	1.378.156
Equalization Reserve-Net	15.708.383	10.844.089
Total	**626.921.029**	**526.801.692**

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 4.127.325, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been net off.
As explained in note 2.15, unearned premium reserve reinsurance share includes TL 6.303.656 SSI share of unearned premium reserve calculated on a daily basis over the premium ceded to SSI amounting to TL 11.113.969 as of 31 December 2011.
(**) The Company has clean-cut agreements in the motor-accident branch, and based on these agreements it has performed the 2010 premium and claim portfolio withdrawals as of December 31, 2010. According to the same agreement, portfolio entries were made in 2011. TL 7.373.513, the effect of 2010 portfolio entries was netted off from the provisions for outstanding claims account in the current period (Note 4.1.2.4).

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 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 2 November 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on 22 March 2007 as effective from the date of publishment in the Official Gazette no: 26479 on 31 March 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 8 May 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.

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

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 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TL 2.731,85 for each period of service as of 31 December 2011 (31 December 2010: TL 2.517,01).

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. IAS 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 31 December 2011 and 31 December 2010, 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. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4,8% and a discount rate of 11%, resulting in a real discount rate of approximately 4,66%. The anticipated rate of forfeitures is considered and estimated rate of the Company's retirement pay is also taken into account.

As the maximum liability is updated semiannually, the maximum amount of TL 2.805,04 effective from 1 January 2012 has been taken into consideration in calculation of provision from employment termination benefits (As of 1 January 2011, the ceiling on retirement pay is TL 2.623,23).

22. Retirement and Welfare Liabilities

Movement of employee termination benefits provisions are presented in the statement below:

	2011	2010
Beginning of the Period, 1 January	2.167.753	1.971.587
Charge for the Period	1.074.025	1.111.849
Retirement Payments	(591.703)	(915.683)
End of the Period, 31 December	**2.650.075**	**2.167.753**

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

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	2011		2010	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the Period, 1 January	2.150.394	749.883	1.854.519	721.420
Movements in the Current Period	(173.906)	106.932	295.875	28.463
End of the Period, 31 December	1.976.488	856.815	2.150.394	749.883

23.2 Off-balance sheet commitments

Company' s statement of pledges and commitments as of 31 December 2011 and 2010 are presented below;

		31 December 2011		31 December 2010	
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			243.621		1.400.880
	TL	232.415	232.415	1.342.302	1.342.302
	USD	5.933	11.206	38.097	58.578
D. Total amount of other CPMs given			3.337.540		872.608
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			3.337.540	-	872.608
	TL	3.337.540	3.337.540	863.521	863.521
	USD		-	5.910	9.087
Total			**3.581.161**		**2.273.488**

Other pledges and commitments provided by the Company have no share on the equity (31 December 2010: None).

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

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	31 December 2011	31 December 2010
Outstanding Claims under Litigation(*)	86.521.267	88.050.383
Total	**86.521.267**	**88.050.383**

	31 December 2011	31 December 2010
Subrogation Receivable Litigations	29.854.943	30.022.897
Trade Receivable Litigations and Executions	12.142.213	11.931.992
Total	**41.997.156**	**41.954.889**

(*) *As explained in Note 2.1.1, the Company has deducted outstanding claim reserve under litigation by TL 8.805.614 as of 31 December 2011 (31 December 2010: None).*

24. Net Insurance Premium Revenue

Non-life Branches	1 January- 31 December 2011	1 January- 31 December 2010
Motor Own Damage	367.011.881	266.831.280
Motor Third Party Liability(*)	165.674.672	119.316.804
Health	156.178.193	132.942.714
Fire and Natural Disaster	57.679.974	45.009.191
General Losses	47.543.450	30.362.623
Financial Losses	20.649.337	3.303.356
Accident	20.624.000	17.083.359
Marine	12.112.763	9.284.109
General Liability	9.616.477	5.780.716
Legal Protection	4.688.594	4.522.072
Water Crafts	377.039	287.856
Fidelity Guarantee	135.235	102.780
Credit	15.323	8.706
Air Crafts Liability	32	24
Air Crafts	1	-
Total Non-life Branches	862.306.971	634.835.590
Life	111.378	195.070
Total	**862.418.349**	**635.030.660**

(*) *In accordance with the Communique numbered 2011/17, ceded premium of motor third party liability branch, includes premiums ceded to SSI amounting to TL 11.113.969 (31 December 2010: None) (Note 2.15).*

Amounts in the table above are presented at net by gross premiums less reinsurance shares.

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

25. Fee Income

None (31 December 2010:None).

26. Investment Income/(Expense)

Financial Assets Held for Trading	1 January- 31 December 2011	1 January- 31 December 2010
Interest Income	167	171
Repo Income	3.137	188.970
Total	**3.304**	**189.141**

Financial Assets Available for Sale	1 January- 31 December 2011	1 January- 31 December 2010
Interest Income	42.982.402	46.377.034
Dividend Income(*)	-	20.185
Total	**42.982.402**	**46.397.219**

(*) Dividend Income	1 January- 31 December 2011	1 January- 31 December 2010
Ak Yatırım	-	2.802
Tursa	-	17.383
Total	**-**	**20.185**

(*) *Income which is classified under the income from affiliates, consist of the dividends received from the investments classified under the Company's available for sale financial assets portfolio.*

Investment Properties	1 January- 31 December 2011	1 January- 31 December 2010
Rent Income	264.808	231.806
Total	**264.808**	**231.806**
Grand Total	**43.250.514**	**46.818.166**

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

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	1 January- 31 December 2011	1 January- 31 December 2010
Valuation Differences Recognized under Shareholders' Equity	(865.162)	-
Total	**(865.162)**	**-**

28. Assets Held At Fair Value through Profit and Loss

Net gain/loss of assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 5.692.738 (31 December 2010: TL 2.339.656).

29. Insurance Rights and Demands

Outstanding Claims Reserve	1 January- 31 December 2011	1 January- 31 December 2010
Motor Third Party Liability	19.535.768	(7.067.467)
Health	2.095.901	(5.270.833)
Accident	571.717	(409.117)
General Losses	230.920	340.556
Marine	(797.504)	(302.917)
Air Crafts Liability	-	12.223
Water Crafts	(5.044)	463.517
Legal Protection	(64.655)	3.364.949
Fidelity Guarantee	(149.168)	7.791
General Liability	(1.121.663)	(285.688)
Fire and Natural Disaster	(1.290.140)	2.951.125
Financial Losses	(3.069.695)	(114.319)
Motor Own Damage	(10.236.848)	13.460.029
Total Non-life	5.699.589	7.149.849
Life	44.191	55.742
Total(*)	**5.743.780**	**7.205.591**

(*) Comparison of current period and previous period is presented in note 4.1.2.4.

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

30. Investment Agreement Rights

None (31 December 2010: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Types

	1 January- 31 December 2011	1 January- 31 December 2010
Distribution Channel Commissions (-)	(170.302.482)	(136.138.915)
Employee Wages and Expenses (-)	(37.203.350)	(34.450.856)
Information Technology Expenses (-)	(5.699.839)	(4.543.775)
Depreciation Expenses (-)	(5.093.561)	(4.060.835)
Outsourcing Service Expenses (-)	(3.451.254)	(1.678.544)
Repair and Maintenance Expenses (-)	(3.354.363)	(2.919.439)
Meeting and Training Expenses (-)	(2.971.725)	(2.543.561)
Transportation Expenses (-)	(2.811.783)	(2.697.086)
Advertisement Expenses (-)	(2.799.969)	(3.979.788)
Social Relief Expenses (-)	(2.021.022)	(1.820.329)
Rent Expenses (-)	(978.298)	(887.994)
Communication Expenses (-)	(930.981)	(1.034.635)
Other (-)	(5.784.355)	(3.452.860)
Total(*)	**(243.402.982)**	**(200.208.617)**

The table above does not include other expenses amounting to TL 22.349.693 (31 December 2010: TL 10.211.854) in operating expenses and; includes depreciation expenses amounting to TL 5.093.561 (31 December 2010: TL 4.060.835).

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

33. Employee Benefit Expenses

	1 January- 31 December 2011	1 January- 31 December 2010
Salary and Bonus Payments	(35.855.483)	(33.514.877)
Insurance Payments	(463.832)	(427.108)
Other Payments	(884.035)	(508.871)
Total (Note 32)	**(37.203.350)**	**(34.450.856)**

34. Financing Costs

34.1 Financial Expenses

None (31 December 2010: None).

34.2 Current period' s financial expenses related to shareholders, affiliates and subsidiaries:

None (31 December 2010: None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None (31 December 2010: None).

34.4 Interest, rent and similar balances with shareholders, affiliates and subsidiaries

In the current period TL 72.084 (31 December 2010: TL 50.805) of rent income was generated from Hacı Ömer Sabancı Holding, shareholder of the Company.

34.5 The company does not apply hedge accounting.

34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.

None (31 December 2010: None).

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

35. Income Tax

Current Tax Liability	31 December 2011	31 December 2010
Corporate Tax Liability Provision on Period Profit	5.655.167	7.476.726
Prepaid Taxes and Other Liabilities on Period Profit (-)	(2.660.185)	-
	2.994.982	7.476.726

Tax (Expense) / Income is Formed by the Items Below:	1 January-31 December 2011	1 January-31 December 2010
Current Tax Income / (Expense)	(5.655.167)	(7.476.726)
Deferred Tax Income / (Expense) due to Temporary Differences	(2.101.392)	5.439.936
Total Tax Income / (Expense)	(7.756.559)	(2.036.790)

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	1 January-31 December 2011	1 January-31 December 2010
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	216.290	-
Total	**216.290**	**-**

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

Items that are subject to deferred tax and corporate tax are summarized as follows:

Deferred Tax Assets / (Liabilities)	**31 December 2011**	**31 December 2010**
Valuation Differences of Financial Assets	216.290	-
Useful Life Differences of Tangible and Intangible Assets	(805.146)	(2.086.626)
Retirement Pay Provision	530.015	433.551
Unused Vacation Provision	395.298	430.079
Payable / Receivable Discounts	448.292	367.542
Technical Reserves	319.653	4.048.248
Doubtful Receivable Provisions	576.671	656.671
Other	447.571	164.280
Deferred Tax Assets / (Liabilities), Net	**2.128.644**	**4.013.745**

Movements of Deferred Tax Assets / (Liabilities):	**2011**	**2010**
Beginning of the Period, 1 January	4.013.745	(1.502.741)
Deferred Tax Income Recognized in the Income Statement	(2.101.392)	5.439.936
Deferred Tax Income Recognized in the Shareholders' Equity	216.291	76.550
Closing Balance, 31 December	**2.128.644**	**4.013.745**

Reconciliation of period tax expense with net income for the period is as below:

Reconciliation of Tax Provision:	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Income Before Tax	39.785.877	3.512.801
Tax Calculated: 20%	(7.957.175)	(702.560)
Effect of Additions	(3.098.175)	(11.339.613)
Effect of Allowances	5.400.183	4.565.447
Corporate Tax Payable and Provision for Other Statutory Liabilities	(5.655.167)	(7.476.726)
Deferred Tax Income / (Expense)	**(2.101.392)**	**5.439.936**

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

36. Net Foreign Exchange Gain / Loss

	1 January-31 December 2011	1 January-31 December 2010
Recognized in Profit / Loss:		
Foreign Exchange Income	14.312.764	9.069.589
Foreign Exchange Expense	(12.264.931)	(7.811.937)
	2.047.833	1.257.652

37. Earnings per Share

	2011	2010
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, 31 December	30.600.000.000	30.600.000.000
Weighted Average Number of Outstanding Shares	30.600.000.000	30.600.000.000
Net Profit for the Period / (Loss) (TL)	32.029.319	1.476.010
Earnings / (Loss) per Share (TL)	0,105	0,005

38. Dividends per share

In the Ordinary General Meeting of the Company dated on 14 April 2011, it has been decided to transfer net profit stated on financial statements of year 2010 to capital reserves and not to distribute dividends.

39. Cash Generated from the Operations

Net cash amount that generated from main operations, net cash generated from/used for investments, and net cash used for financing operations are TL 75.182.270, TL 166.575.683 and TL 0 respectively (31 December 2010: TL 16.865.383 TL (4.200.059) and TL (30.600.000)).

40. Equity Share Convertible Bonds

None (31 December 2010: None).

41. Cash Convertible Privileged Equity Shares

None (31 December 2010: 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 (31 December 2010: None).

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

45. Related Parties

The details of transactions between the Company and other related parties are disclosed below:

Due from / to Related Parties

Company	31 December 2011	31 December 2010
Sabancı Üniversitesi	4.211.051	572.967
Enerjisa Enerji Üretim A.Ş	3.338.065	7.071.466
Ak Finansal Kiralama A.Ş	2.800.100	2.615.963
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	591.028	378.386
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	453.260	39.272
Akçansa Çimento San. ve Tic. A.Ş	280.934	477.870
Başkent Elektrik Dağıtım A.Ş	185.885	7.945
Temsa Global San. ve Tic. A.Ş	94.715	109.960
Yünsa Yünlü San. ve Tic. A.Ş	78.254	34.776
Çimsa Çimento San. ve Tic. A.Ş	60.750	62.648
Akbank Türk A.Ş.	55.941	41.819
Hacı Ömer Sabancı Holding A.Ş	47.772	59.608
Teknosa İç ve Dış Ticaret A.Ş	36.439	51.928
Pmsa Philip Morris Sabancı Pazarlama ve Satış A.Ş.	35.132	8.543
Olmuksa International Paper Sabancı Ambalaj San. ve Tic. A.Ş.	19.173	36.033
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş	14.893	151.703
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	14.061	24.788
Avivasa Emeklilik ve Hayat A.Ş	11.188	(8.127)
Diasa Dia Sabancı Süpermarketler Ticaret A.Ş.	6.178	410.623
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	390	770
Ak Yatırım Menkul Değerler A.Ş	-	(117)
Ak Portföy Yönetimi A.Ş	-	5.659
Dönkasan Dönüşen Kağıt Ham Maddeleri San. ve Tic. A.Ş	-	2.886
AEO (Hilton International)	-	236
Ak Yatırım Ortaklığı A.Ş.	(26)	435
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş	(282)	15.059
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	(747)	4.310
TOTAL	**12.334.154**	**12.177.409**

(*) TL 52.628 (31 December 2010: TL 47.142) of due from related parties is presented under the "Due from Related Parties" in the financial statements and the remaining amount is presented under the "Receivables from Insurance Operations" account.

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

Premium Production

Insuree	1 January-31 December 2011	1 January-31 December 2010
Enerjisa Enerji Üretim A.Ş.	21.712.677	14.422.273
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	8.468.485	7.614.138
Ak Finansal Kiralama A.Ş.	7.193.578	8.374.631
Akbank Türk A.Ş.	4.827.118	4.749.721
Sabancı Üniversitesi	4.606.334	4.747.926
Temsa Global San. ve Tic. A.Ş	4.082.970	3.505.960
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	3.773.432	3.031.994
Akçansa Çimento San. ve Tic. A.Ş	3.483.576	2.810.039
Çimsa Çimento San. ve Tic. A.Ş	3.210.359	2.998.799
Başkent Elektrik Dağıtım A.Ş	2.921.432	1.846.937
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş	2.791.560	3.406.732
Pmsa Philip Morris Sabancı Paz. ve Satış A.Ş.	2.679.828	847.563
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	2.283.115	400.699
Olmuksa International Paper Sabancı Ambalaj San. ve Tic. A.Ş.	2.209.539	1.944.651
Avivasa Emeklilik ve Hayat A.Ş	2.136.721	1.441.186
Hacı Ömer Sabancı Holding A.Ş	2.033.313	731.879
Yünsa Yünlü San. ve Tic. A.Ş	1.107.466	778.919
Teknosa İç ve Dış Ticaret A.Ş	1.028.154	2.172.984
Diasa Dia Sabancı Süpermarketler Ticaret A.Ş.	367.270	586.086
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş	279.717	180.788
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	255.572	275.848
Ak Yatırım Menkul Değerler A.Ş	249.254	169.633
Ak Portföy Yönetimi A.Ş	147.251	61.988
Dönkasan Dönüşen Kağıt Ham Maddeleri San. ve Tic. A.Ş	107.957	91.911
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	70.289	122.851
Hacı Ömer Sabancı Vakfı	56.388	47.625
Ak Yatırım Ortaklığı A.Ş.	19.808	6.759
AEO (Hilton International)	1.890	11.838
TOTAL	**82.105.052**	**67.382.358**

Interest Income Received from Related Parties

Company	1 January-31 December 2011	1 January-31 December 2010
Akbank T.A.Ş	33.707.715	27.951.820
Total	**33.707.715**	**27.951.820**

The detail of dividend income received from related parties is presented in Note 26.

The company has donated TL 1.769.000 to Hacı Ömer Sabancı Foundation in 2011.

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

46. Subsequent Events

Employee termination benefits' limit is being revised every six months, the limit that being used by the Company in order to calculate provision for employee termination benefits is 2.805,04 TL which is valid from 1 January 2012 (Employee termination benefits' limit that valid from 01 January 2011 is TL 2.623,23).

Share of the parent company Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. are 35,2% for both companies as of 14 March 2012.

47. Other

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet:

Other Receivables	31 December 2011	31 December 2010
Temporary Accounts Used for Claim Payments	1.291.764	822.605
Other Receivables	1.480.952	1.527.633
Receivables from Tarım Sigortaları A.Ş.	3.165.740	-
Total	**5.938.456**	**2.350.238**

Other Payables	31 December 2011	31 December 2010
Payables to Contracted Enterprises	13.034.775	4.296.521
Payables to Turkish Catastrophe Insurance Pool	4.383.609	1.845.247
Payables to Suppliers	3.383.916	1.103.062
Turkish Catastrophe Insurance Pool Payables to Agencies	494.568	463.499
Payables to Tarım Sigortaları A.Ş.	-	3.380.913
Payables to Social Security Institution	7.058.985	-
Other	240.326	1.285.334
Total	**28.596.179**	**12.374.576**

Other Long Term Payables	31 December 2011	31 December 2010
Payables to Social Security Institution	9.685.292	-
Total	**9.685.292**	**-**

Long Term Liabilities- Other Technical Provisions	31 December 2011	31 December 2010
Equalization Reserve	15.708.383	10.844.089
Total	**15.708.383**	**10.844.089**

Aksigorta A.Ş. Convenience Translation of Notes to the Financial Statements for the Year Ended 31 December 2011

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

Prepaid Expenses and Income Accruals	31 December 2011	31 December 2010
Deferred Commission Expenses	90.527.147	67.192.405
Prepaid Expenses	208.024	171.841
Total	**90.735.171**	**67.364.246**

Deferred Income and Expense Accruals	31 December 2011	31 December 2010
Deferred Commission Income	21.439.084	21.921.777
Expense Accruals	12.295.015	21.448.946
Total	**33.734.099**	**43.370.723**

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	1 January-31 December 2011	1 January-31 December 2010
Provisions Account (+/-)	(4.897.220)	(18.178.878)
2009 Period Expected Subrogation and Salvage Income	-	(14.032.833)
Provisions for Doubtful Receivable	(466.503)	(1.423.697)
Retirement Pay Provision	(1.074.025)	(1.006.707)
Provisions for Other Expenses	(3.356.692)	(1.715.641)
Discount Account (+/-)	(191.244)	156.900
Compulsory Earthquake Insurance Account (+/-)	295.331	337.751
Deferred Tax Asset Account (+/-)	-	5.439.936
Deferred Tax Liability Expense (-)	(2.101.392)	-
Other Income and Profit	2.304.626	5.464.047
Other Expenses and Losses (-)	(5.575.283)	(18.727.085)
Total	**(10.165.182)**	**(25.507.329)**

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

	Note	Audited Current Period (01/01/2011 - 31/12/2011)(*)	Audited Previous Period (01/01/2010 - 31/12/2010)(*)
I. DISTRIBUTION OF PERIOD PROFIT			
1.1 PERIOD PROFIT		-	-
1.2 TAXES AND DUTIES PAYABLE (-)		-	-
1.2.2 Corporate tax (Income tax)		-	-
1.2.2. Income witholding tax		-	-
1.2.3 Other taxes and duties		-	-
A. NET PERIOD PROFIT (1.1-1.2)		-	-
1.3 PRIOR PERIODS' LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVES		-	-
1.5 COMPULSORY LEGAL FUNDS TO BE RETAINED AND INVESTED IN THE COMPANY (-)		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]		-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To Holders of Ordinary Shares		-	-
1.6.2 To Holders of Preferred Shares		-	-
1.6.3 To Holders of Participating Redeemed Shares		-	-
1.6.4 To Holders of Bonds Participating to Profit		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS (-)(**)		-	-
1.10.1 To Holders of Ordinary Shares		-	-
1.10.2 To Holders of Preferred Shares		-	-
1.10.3 To Holders of Participating Redeemed Shares		-	-
1.10.4 To Holders of Bonds Participating to Profit		-	-
1.10.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.11 SECOND LEGAL RESERVES (-)(**)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES		-	-
2.1 DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To Holders of Ordinary Shares		-	-
2.3.2 To Holders of Preferred Shares		-	-
2.3.3 To Holders of Participating Redeemed Shares		-	-
2.3.4 To Holders of Bonds Participating to Profit		-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE		-	-
3.1 TO OWNERS OF ORDINARY SHARES		-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3 TO OWNERS OF PREFERRED SHARES		-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PREFERRED SHARES		-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)		-	-

(*) *The statements of profit distribution have not been prepared yet for the period 1 January - 31 December 2011 (31 December 2010: None).*

HEADQUARTERS
Meclis-i Mebusan Cad. No: 67
34427 Fındıklı/İSTANBUL
Tel: (212) 393 43 00
Faks: (212) 334 39 00

REGIONAL OFFICES

ADANA
Sabancı İş Merkezi Atatürk Bulvarı,
Dörtyolağzı Kat:1 No:3 01060 ADANA
Tel: (322) 355 78 00
Faks: (322) 363 09 38

MEDITERRANEAN
Deniz Mahallesi, Konyaaltı Cad. Antmarin
İş Merkezi No: 24 Kat: 4 D: 9-10 ANTALYA
Tel: (242) 245 59 00
Faks: (242) 248 14 49

ANKARA
Gazi Mustafa Kemal Bulvarı No: 137
06570 Maltepe/ANKARA
Tel: (312) 582 50 00
Faks: (312) 231 28 21

BURSA
Fevzi Çakmak Cad. Berk2 Plaza Kat: 6
Osmangazi/BURSA
Tel: (224) 275 30 00
Faks: (224) 224 15 82

AEGEAN
Fevzipaşa Bulvarı No: 172/1-A
35240 Basmane/İZMİR
Tel: (232) 455 85 00
Faks: (232) 483 23 34

İSTANBUL 2
Atatürk Havalimanı Karşısı Dünya Ticaret
Merkezi A3 Blok Kat: 14 No: 427-428
34149 Yeşilköy/İSTANBUL
Tel: (212) 463 68 00
Faks: (212) 465 78 99

İSTANBUL 3
Bayar Cd. Şehit İlknur Keleş Sokak
Dural Plaza B Blok K: 1 No: 5
34742 Kozyatağı/İSTANBUL
Tel: (216) 665 75 00
Faks: (216) 463 14 82

BLACK SEA
Pazar Mah. Necipbey Cad. Koçbıyık İşhanı
No: 24 Kat: 2-3 55020 SAMSUN
Tel: (362) 311 52 00
Faks: (362) 435 73 70

REPRESENTATIVE OFFICES

DENİZLİ
Saraylar Mah. Demirciler Cad.
2. Ticari Yol Yıldız İş Merkezi
No: 56/1 Kat: 2 20100 DENİZLİ
Tel : (258) 265 34 17 (pbx)
Faks :(258) 265 38 64
Tel: (212) 393 4690 - 4691

TRABZON
Yeşiltepe Mah. Yavuz Selim Bulvarı
No: 351 B Blok K: 1 D: 2
61040 TRABZON
Tel: (462) 223 62 63
Faks: (462) 223 32 77-78
Tel: (212) 393 4695 - 4696

SERVICE CENTER
Meclis-i Mebusan Cad. No: 67
34427 Fındıklı/İSTANBUL
Tel: (212) 393 70 00
444 27 27

AKSigorta
Service Center
444 27 27

Produced by Tayburn
Tel: (90 212) 227 04 36
www.tayburnkurumsal.com

aksigorta.com.tr