

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

Aksigorta Anonim Őirketi

**Financial Statements as of March 31, 2013 together
with the Independent Auditor's Review Report**

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

**Aksigorta Anonim Şirketi
Independent auditors' review report as of March 31, 2013**

To the Board of Directors of Aksigorta Anonim Şirketi,

Introduction

1. We have reviewed the accompanying interim balance sheet of Aksigorta Anonim Şirketi ("the Company") as of March 31, 2013 and the related statement of income, statement of changes in equity, cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the prevailing accounting principles and standards set out as per the insurance legislation. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope of the review

2. We have conducted our review in accordance with regulation regarding limited review policies in force due to the insurance legislation. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with related insurance legislation. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that interim financial statements do not give a true and fair view of the financial position of Aksigorta Anonim Şirketi as of March 31, 2013 and its financial performance and its cash flows regarding to the three-months period during the same period ended in accordance with the prevailing accounting principles and standards (see financial statement Note 2) set out by the insurance legislation.

Emphasis of matter

4. The Company was subject to tax investigation in the year 2012 regarding corporate tax calculation for the year 2010 and additional tax amounting to TL 60,9 million and related penalty amounting to TL 91,4 million were charged to the Company on February 4, 2013. The tax investigation was related to the spin off transaction which was subject to tax investigation in 2010. The tax charged to the Company as a result of the first investigation in 2010 amounting to TL 101,5 million and the tax penalty amounting to TL 152,3 million were reconciled with the Ministry of Finance, where TL the tax penalty amounting to TL 152,3 million was waived, the total tax burden of TL 101,5 million was decreased to TL 8,5 million and paid in the year 2011. The Company appealed for a reconciliation settlement process to Ministry of Finance on March 4, 2013 for the tax charge dated February 4, 2013. As of the date of this report, there is uncertainty on the process regarding this issue and the results of this process.

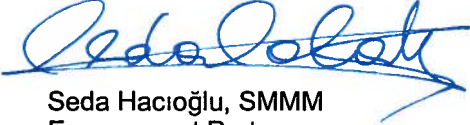
Other matter

5. The financial statements of the Company which were prepared in accordance with the accounting principles and standards set out as per the insurance legislation as of December 31, 2012 were subject to full-scope audit by another independent audit firm. In their independent auditor's report dated February 18, 2013, independent audit firm expressed unqualified opinion on the financial statements prepared at December 31, 2012

Additional paragraph for convenience translation to English:

6. As of December 31, 2012, the accounting principles described in Note 2 to the accompanying financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The effects of differences between accounting principles and standards described in Note 2 and 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 of the Company in accordance with IFRS.

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



Seda Hacıoğlu, SMMM
Engagement Partner

April 29, 2013
Istanbul, Turkey

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

We confirm that the accompanying financial statements and notes to these financial statements as of 31 March 2013 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

İstanbul, 29 April 2013



Erkan ŞAHİNLER
Chief Financial Officer



Uğur GÜLEN
Chief Executive Officer



Halil KOLBAŞI
Actuary
Licence No: 72



Gülnur KURT
Accounting Manager

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT MARCH 31, 2013**

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

AKSIGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
ASSETS			
I- CURRENT ASSETS	Note	Reviewed Current Period (31/03/2013)	Audited Previous Period (31/12/2012)
A- Cash and Cash Equivalents		704.943.856	739.798.890
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	557.940.078	586.948.648
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	147.003.778	152.850.242
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11.1	94.243.343	40.127.863
1- Financial Assets Available for Sale	11.1	87.932.525	33.884.888
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1	-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	6.310.818	6.242.975
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables From Main Operations		340.692.339	294.690.957
1- Receivables From Insurance Operations	12.1	340.564.471	292.775.394
2- Provision for Receivables From Insurance Operations (-)	12.1	(1.866.354)	(1.866.354)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)	12.1	(2.935.770)	(1.292.903)
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	53.674.821	50.069.028
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(48.775.783)	(45.025.162)
D- Due from Related Parties		69.456	63.248
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	69.456	63.248
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		23.032.731	8.304.568
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		106.174	136.892
4- Other Receivables	47	22.926.557	8.167.676
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		106.241.336	99.106.525
1- Deferred Commission Expenses		105.167.811	98.457.174
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47	1.073.525	649.351
G- Other Current Assets		1.179.717	6.103.124
1- Inventories		22	22
2- Prepaid Taxes and Funds		1.059.832	6.103.102
3- Deferred Tax Assets		-	-
4- Business Advances		119.863	-
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		1.270.402.778	1.188.195.175

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT MARCH 31, 2013**

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

AKSIGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
ASSETS			
II- NON CURRENT ASSETS	Note	Reviewed	Audited
		Current Period (31/03/2013)	Previous Period (31/12/2012)
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		32.011.717	32.275.150
1- Investment Properties	7	844.932	854.189
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	38.702.881	38.837.294
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	21.348.964	21.193.789
6- Vehicles	6	32.050	32.050
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.447.156	2.447.156
8- Leased Tangible Fixed Assets	6	351.395	351.395
9- Accumulated Depreciation (-)	6, 7	(31.715.661)	(31.440.723)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Fixed Assets		12.998.806	12.013.551
1- Rights	8	17.518.338	17.310.744
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(10.703.523)	(10.006.232)
7- Advances Regarding Intangible Assets	8	6.183.991	4.709.039
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-current Assets		3.576.953	4.551.823
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	3.576.953	4.551.823
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		78.704.129	78.957.177
TO TAL ASSETS (I+II)		1.349.106.907	1.267.152.352

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT MARCH 31, 2013**

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

AKSİGORTA ANONİM ŞİRKETİ			
DETAILED BALANCE SHEET			
LIABILITIES			
III- SHORT TERM LIABILITIES	Note	Reviewed	Audited
		Current Period	Previous Period
		(31/03/2013)	(31/12/2012)
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	94.765.342	74.900.628
1- Payables Due to Insurance Operations	19.1	94.765.342	74.900.628
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		554.236	454.331
1- Due to Shareholders	12.2	176.580	176.580
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		377.656	277.751
6- Due to Other Related Parties		-	-
D- Other Payables	19.1	30.343.537	33.450.426
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses	19.1	10.784.534	12.061.079
3- Other Payables	19.1	19.558.823	21.389.347
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		702.178.631	646.634.777
1- Unearned Premiums Reserve - Net	20	499.552.828	448.114.008
2- Unexpired Risk Reserves - Net	20	3.249.170	10.020.873
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	199.376.633	188.499.896
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		9.731.068	17.537.018
1- Taxes and Dues Payable		6.680.128	10.808.679
2- Social Security Premiums Payable	23.1	1.183.591	99.887
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		2.296	10.703
5- Corporate Tax Liability Provision on Period Profit	35	1.865.662	14.453.854
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(609)	(7.836.105)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		11.315.423	11.893.738
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23.4	11.315.423	11.893.738
H- Deferred Income and Expense Accruals	19.1	29.302.430	22.361.119
1- Deferred Commission Income	19.1	29.302.430	22.361.119
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Short Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
III - Total Short Term Liabilities		878.190.487	807.232.037

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT MARCH 31, 2013**

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

AKSİGORTA ANONİM ŞİRKETİ			
DETAILED BALANCE SHEET			
LIABILITIES			
IV- LONG TERM LIABILITIES	Note	Reviewed Current Period (31/03/2013)	Audited Previous Period (31/12/2012)
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	19.1	8.736.853	9.235.187
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses	19.1	8.736.853	9.235.187
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		26.965.457	24.797.373
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2, 20	2.439.977	2.597.676
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20, 47	24.525.480	22.199.697
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		2.432.765	2.290.103
1- Provision for Employment Termination Benefits	22	2.432.765	2.290.103
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		38.135.075	36.322.663

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT MARCH 31, 2013**

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

AKSIGORTA ANONİM ŞİRKETİ			
DETAILED BALANCE SHEET			
SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	Note	Reviewed	Audited
		Current Period (31/03/2013)	Previous Period (31/12/2012)
A- Paid in Capital		306.000.000	306.000.000
1- (Nominal) Capital	15	306.000.000	306.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		4.460.787	4.460.787
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		4.460.787	4.460.787
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		62.077.029	62.950.566
1- Legal Reserves		62.767.184	62.767.184
2- Statutory Reserves		62	62
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		(242.095)	-
5- Revaluation of Financial Assets	11.6, 16	(448.122)	183.320
6- Other Profit Reserves		-	-
D- Previous Years' Profits		50.186.299	1.513.576
1- Previous Years' Profits		50.186.299	1.513.576
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		10.057.230	48.672.723
1- Net Profit of the Period		10.057.230	48.672.723
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution		-	-
Total Shareholders' Equity		432.781.345	423.597.652
Total Liabilities and Shareholders' Equity (III+IV+V)		1.349.106.907	1.267.152.352

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIOD JANUARY 1 - MARCH 31, 2013

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

AKSIGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT			
I-TECHNICAL PART	Note	Reviewed Current Period 01/01/2013- 31/03/2013	Previous Period 01/01/2012- 31/03/2012
A- Non-Life Technical Income		262.156.284	233.064.235
1- Earned Premiums (Net of Reinsurer Share)		250.703.897	219.479.979
1.1 - Written Premiums (Net of Reinsurer Share)	24	281.024.231	262.033.382
1.1.1 - Gross Written Premiums (+)		410.892.873	370.349.730
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(126.431.997)	(105.079.907)
1.1.3 - Ceded Premiums to SSI (-)	17.16	(3.436.645)	(3.236.441)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(37.092.037)	(42.800.157)
1.2.1 - Unearned Premiums Reserve (-)		(84.802.291)	(77.678.742)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16	50.289.790	34.462.529
1.2.3 - SSI of Unearned Premiums Reserve (+)	17.16	(2.579.536)	416.056
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		6.771.703	246.754
1.3.1 - Unexpired Risks Reserve (-)		8.245.948	535.053
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16	(1.474.245)	(288.299)
2- Investment Income Transferred from Non-Technical Part		7.558.260	10.200.960
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1 - Gross Other Technical Income (+)		-	-
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		3.894.127	3.383.296
B- Non-Life Technical Expense (-)		(245.859.339)	(221.762.812)
1- Total Claims (Net of Reinsurer Share)		(167.244.583)	(154.016.557)
1.1- Claims Paid (Net of Reinsurer Share)		(163.415.959)	(159.564.902)
1.1.1 - Gross Claims Paid (-)		(199.868.523)	(180.501.104)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	36.452.564	20.936.202
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(3.828.624)	5.548.345
1.2.1 - Outstanding Claims Reserve (-)		51.041.194	(206.022.370)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(54.869.818)	211.570.715
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) (+/-)		(2.325.783)	(1.295.255)
4- Operating Expenses (-)	32	(67.752.759)	(60.620.545)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		(8.536.214)	(5.830.455)
6.1.- Gross Other Technical Expenses (-)		(8.536.214)	(5.830.455)
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non Life Technical Net Profit (A-B)		16.296.945	11.301.423
D- Life Technical Income		252.198	236.312
1- Earned Premiums (Net of Reinsurer Share)		5.721	11.225
1.1 - Written Premiums (Net of Reinsurer Share)	24	7.298	14.127
1.1.1 - Gross Written Premiums (+)		9.325	19.240
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(2.027)	(5.113)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(1.577)	(2.902)
1.2.1- Unearned Premium Reserves (-)		(34)	689
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	17.16	(1.543)	(3.591)
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		193.510	172.281
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		52.967	52.806
4.1- Gross Other Technical Income (+/-)		52.967	52.806
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
E- Life Technical Expense		(194.114)	(211.711)
1- Total Claims (Net of Reinsurer Share)		(262.064)	(341.410)
1.1- Claims Paid (Net of Reinsurer Share)		(262.749)	(300.021)
1.1.1- Gross Claims Paid (-)		(262.749)	(300.021)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	685	(41.389)
1.2.1 - Outstanding Claims Reserve (-)		949	(40.820)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(264)	(569)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		159.351	197.981
3.1- Mathematical Reserves (-)		157.699	195.006
3.1.1 - Actuarial Mathematical Reserve (-)		513.016	922.267
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		(355.317)	(727.261)
3.2- Reinsurer Share of Mathematical Reserves (+)		1.652	2.975
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		1.652	2.975
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	1
5- Operating Expenses (-)	32	(89.185)	(66.318)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		(2.216)	(1.965)
F- Life Technical Profit (D-E)		58.084	24.601
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- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIOD JANUARY 1, MARCH 31, 2013

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT			
I-NON TECHNICAL PART	Note	Reviewed	
		Current Period 01/01/2013- 31/03/2013	Previous Period 01/01/2012- 31/03/2012
C- Non Life Technical Profit (A-B)		16.296.945	11.301.423
F- Life Technical Profit (D-E)		58.084	24.601
I - Individual Retirement Technical Profit (G-H)		-	-
J- Total Technical Profit (C+F+I)		16.355.029	11.326.024
K- Investment Income		13.632.513	18.568.466
1- Income From Financial Investment	26	6.787.579	5.565.867
2- Income from Sales of Financial Investments	26	754.723	3.622.250
3- Revaluation of Financial Investments	26	3.413.376	6.233.705
4- Foreign Exchange Gains	36	2.599.836	3.061.198
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building	26	74.783	83.481
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		2.216	1.965
L- Investment Expenses (-)		(11.639.551)	(14.780.518)
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 (-)		(7.558.260)	(10.200.960)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(2.867.063)	(3.051.523)
7- Depreciation Expenses (-)	32	(1.214.228)	(1.528.035)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	47	(6.425.099)	(3.970.247)
1- Provisions Account (+/-)	47	(5.427.292)	(3.068.859)
2- Discount account (+/-)	47	-	(171.451)
3- Mandatory Earthquake Insurance Account (+/-)	47	223.213	169.573
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	(1.132.731)	(70.406)
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	1.092.317	316.966
8- Other Expense and Losses (-)	47	(1.180.606)	(1.146.070)
9- Prior Period Income	47	-	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		10.057.230	9.119.099
1- Profit / (Loss) Before Tax		11.922.892	11.143.725
2- Corporate Tax Liability Provision (-)	35	(1.865.662)	(2.024.626)
3- Net Profit (Loss)		10.057.230	9.119.099
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 JANUARY 1 – MARCH 31, 2013**

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

AKSIGORTA A.Ş.

AKSIGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY

(Reviewed)

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I- Closing Balance of Prior Period (31/12/2012)	306.000.000	-	183.320	-	-	62.767.184	62	4.460.787	48.672.723	1.513.576	423.597.652
II - Amendments in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III - Current Balance (I + II) (01/01/2013)	306.000.000	-	183.320	-	-	62.767.184	62	4.460.787	48.672.723	1.513.576	423.597.652
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	-	-	-	-	-	-	-	(242.095)	-	-	(242.095)
D- Revaluation of financial assets (Note 16.1)	-	-	(631.442)	-	-	-	-	-	-	-	(631.442)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	10.057.230	-	10.057.230
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	-	(48.672.723)	48.672.723	-
II- Closing Balance (31/03/2013) (I+ A+B+C+D+E+F+G+H+I+J)	306.000.000	-	(448.122)	-	-	62.767.184	62	4.218.692	10.057.230	50.186.299	432.781.345

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1 – MARCH 31, 2013**

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

AKSİGORTA A.Ş.

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I- Closing Balance of Prior Period (31/12/2011)	306.000.000	-	(865.162)	-	-	59.802.506	62	4.328.261	32.029.319	1.513.576	402.808.562
II - Amendments in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III - Current Balance (I + II) (01/01/2012)	306.000.000	-	(865.162)	-	-	59.802.506	62	4.328.261	32.029.319	1.513.576	402.808.562
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	-	-	-	-	-	-	-	132.526	-	-	132.526
D- Revaluation of financial assets (Note 16.1)	-	-	899.147	-	-	-	-	-	-	-	899.147
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	9.119.099	-	9.119.099
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	-	(32.029.319)	31.896.793	(132.526)
II- Closing Balance (31/12/2012) (I+ A+B+C+D+E+F+G+H+I+J)	306.000.000	-	33.985	-	-	59.802.506	62	4.460.787	9.119.099	33.410.369	412.826.808

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOW
FOR THE PERIOD JANUARY 1 – MARCH 31, 2013**

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

AKSİGORTA ANONİM ŞİRKETİ CASHFLOW STATEMENT			
	Note	Reviewed	
		Current Period 31/03/2013	Previous Period 31/03/2012
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		372.725.592	344.253.808
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(324.940.121)	(319.359.046)
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)		47.785.471	24.894.762
8. Interest payments (-)		-	-
9. Income tax payments (-)		(2.924.885)	(4.876.260)
10. Other cash inflows		12.240.059	17.544.432
11. Other cash outflows (-)		(38.237.801)	(37.844.075)
12. Net cash generated from the operating activities	39	18.862.844	(281.141)
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		263.433	203.420
2. Purchase of tangible assets (-)		-	-
3. Acquisition of financial assets (-)		(57.461.013)	(53.130.062)
4. Sale of financial assets		(67.843)	7.772.714
5. Interest received		11.165.103	14.826.674
6. Dividends received		-	-
7. Other cash inflows		2.619.960	3.505.744
8. Other cash outflows (-)		(13.174.242)	(13.992.304)
9. Net cash generated from the investing activities	39	(56.654.602)	(40.813.814)
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 (-)		-	-
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	39	-	-
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		(267.227)	9.675
E Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		(38.058.985)	(41.085.280)
F. Cash and cash equivalents at the beginning of the period	14	738.410.283	515.944.181
G. Cash and cash equivalents at the end of the period (E+F)	14	700.351.298	474.858.901

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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

1. General Information

1.1 Name of the Parent Company and the ultimate owner

Aksigorta Anonim Şirketi (“the Company”) is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of March 31, 2013. 38,02% (December 31, 2012: %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 TL 189.658.802 nominal value 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 are going to be sold to Ageas Insurance International N.V. with a sale price of USD 220.029.000. According to the joint administration agreement that signed with Ageas Insurance International N.V. at 18 February 2011, Holding’s previous administrative controls over Aksigorta A.Ş. are going to remain equally with Ageas Insurance International N.V.

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 non-life insurance branches, including primarily fire, marine, 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, Ege, Karadeniz and Akdeniz 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

	January 1- March 31, 2013	January 1- December 31,
Top executive	12	11
Manager and assistant manager	109	101
Specialist/responsible	589	582
Total	710	694

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 1.063.520 in total for the current year (January 1 – March 31, 2012: TL 744.184).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2013**

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

1. General Information (Continued)

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)

The Company's distribution of investment income and operating expenses is made based on the standards and policies set out in relation to distribution keys used, in the financial statements prepared in accordance with the Undersecretariat of the Treasury's Circular on the Insurance Uniformed Chart of Accounts issued on 4 January 2008.

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 to sub-branches the operating expenses transferred to technical division, the last three-year weighted average of number of policies generated in the current period, the premium amount written as gross and number of claims were taken into account.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements (Aksigorta A.Ş.) as of 31 December 2012.

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

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

1.10 Subsequent Events

The Company's financial statements are approved and authorized for issuance as of April 29, 2013 by the Board of Directors and signed by General Manager Uğur Gülen, Assistant General Manager Erkan Şahinler, Accounting Manager Gülnur Kurt and Actuary Halil Kolbaşı. Detailed information about this issue is disclosed in Note 46.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

Accounting Standards

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2013**

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

2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

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

The Company accounts and recognizes its insurance technical provisions in its financial statements 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 and published in Official Gazette dated 17 July numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury ("Treasury").

According to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, except the communiqués which will be prepared by Treasury, the operations of the insurance companies should be accounted for according to the above mentioned regulation, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by Turkish Accounting Standards Board ("TASB") and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were out of the scope this application for the year 2008. In addition, the companies are obliged to perform 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. According to the second article of the before mentioned Communiqué , associations other than insurance, reinsurance and pension companies are excluded until 31 March 2010.

In addition to other authority and duties, Public Oversight, Accounting and Auditing Standards Authority (KGK) founded in accordance with Legislative Decree published in Official Gazette dated November 2, 2011, is authorized to set and issue Turkish Accounting Standards in compliance with the international standards in order to ensure relevance, transparency, reliability, understandability, comparability and consistency of financial statements of the parties who are liable to keep books in accordance with the laws they are subject to and making secondary legislation and take necessary decisions for implementation of the Turkish Accounting Standards, and approve legislation to be prepared by the institutions and bodies having authorization to regulate in respect of their own fields. KGK has been continuing process of setting TAS. Until the standards and legislation to be issued by the Authority in accordance with this Legislative Decree come into force, implementation of the existing legislation related to these aspects shall be continued. As of reporting period, this situation has not caused any changes on principles and specific accounting policies used in preparation of financial statements.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2013**

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

2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

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.

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 of March 31, 2013, 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 March 31, 2013 is presented in comparison with its balance sheet as of December 31, 2012; income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – March 31, 2013 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – March 31, 2012.

In order to correlate comparative information of current periods financial statements, the Company reclassifies credit card receivables.

c. Technical Reserves

Unearned Premium Reserve

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

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Deferred commission expense and income

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

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios.

Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

In accordance with the "Regulation to Revise the Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" numbered 2012/13 and dated 18 July 2012, the opening outstanding claims provision amount as of December 31, 2012 used in the derivation of expected loss ratio determined for the calculation of unexpired risk reserve as of March 31, 2013 has been recalculated in accordance with the new methodology to conform to the current period.

The Company has calculated and accounted for net unexpired risk reserve amounting to TL 3.249.170 at March 31, 2013 (December 31, 2012: TL 10.020.87) (Note 20).

Claims provision

The Company accounts for outstanding claims 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 salvage, subrogation and similar gains are not deducted.

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The Company accounts for additional provision for claims incurred but not reported which is calculated as the difference between the outstanding claims provision and the amount calculated by using the actuarial chain ladder methods in accordance with the framework of the Circular on “Actuarial Chain Ladder Method” numbered 2010/12 and dated 20 September 2010 effective from 30 September 2010 and other related regulations.

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 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 a 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 accordance with the circular dated 26 December 2011 and numbered 2011/23 “Explanations Related Calculation of Incurred But Not Reported Claims Provision (IBNR)” (the “Circular numbered 2011/23”), unlike the previous year, accrued claim recovery, salvage income is taken into account in ACLM calculations as of March 31, 2013. In addition, according to the Circular numbered 2011/23, negative results in the ACLM calculations are fully included in IBNR calculation.

In accordance with the “Regulation to Revise the Regulation Regarding to Technical Reserves of the Insurance, Reinsurance and Retirement Companies and the Assets on which These Reserves are Placed” dated 17 July 2012 and published in the Official Gazette numbered 28356, starting from March 31, 2013, the calculation method used for testing of the adequacy of the result for incurred but not reported claim amount calculated by ACLM is cancelled.

With respect to the Notice, 80% of result the incurred but not reported claim calculations may be taken into account for only year 2010 for the determination of the amount to be accounted for in the financial statements within the year 2010. The amounts will be taken into account at minimum 90% of the result of the new incurred but not reported claims for 2011, and all of the amount has to be taken into account in 2012. In this respect, the Company has taken 100% (December 31, 2012: 100%) of the provision for claims incurred but not reported into account and has accounted for a net additional outstanding claim provision amounting to TL 29.561.539 as at March 31, 2013 (December 31, 2012: TL 14.881.171)

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

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), the Insurance Companies, for the first time as of December 31, 2011, can calculate a recover ratio over the case amounts regarding to the cases against the company by branch and according to realizations of the last five years by taking into account completion dates of the cases, and can make a deduction using this recover rate over the current outstanding compensation reserve amount. As of March 31, 2013, the Company has calculated recover ratios by dividing the lawsuit amount finalized in the favour of the company to the all lawsuit cases finalized by using claim files all stages of the judicial in the last three years for motor own damage and compulsory traffic branches and in the two years for the other branches. The principal amounts have been taken into consideration and interest and other charges have been excluded from recover ratio calculations. In accordance with the Communiqué numbered 2011/23, the deduction from the outstanding claims under legal follow-up has been made using the ratio 25% for the branches with recover ratios over 25%. 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 TL 11.896.060 at March 31, 2013 (December 31 2012 : TL 11.896.060). 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.

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The winning ratios calculated on a sub-branch basis as of March 31, 2013 and December 31, 2012, are explained below:

Sub-branch	March 31, 2013	December 31, 2012
Third Party Liability	25,0%	25,0%
Electronic Device	1,1%	1,1%
Commodity	25,0%	25,0%
Personal Accident	25,0%	24,8%
Theft	25,0%	25,0%
Glass Breakage	25,0%	25,0%
Employer Financial Liability	23,2%	25,0%
Obligatory Liability Insurance for Motor Cars	25,0%	25,0%
LPG Compulsory Liability Insurance	25,0%	25,0%
Construction	25,0%	25,0%
Employment	25,0%	25,0%
Motor Vehicles Liability	25,0%	25,0%
Machinery Breakdown	25,0%	25,0%
Professional Indemnity Insurance	25,0%	25,0%
Bus Compulsory Personal Accident	25,0%	25,0%
Health	25,0%	25,0%
Water Craft	14,3%	14,1%
Compulsory Traffic	16,7%	18,0%
Fire	25,0%	25,0%
Compulsory Highway Transportation Liability	17,8%	17,8%

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 March 31, 2012 and December 31 2012. The gross and net reserve amounts on branch basis calculated by using ACLM and as a result of these calculations to be allocate as additional or to be deducted from reserves in the event of negative results of the calculated, as of March 31, 2013 are explained below:

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Branch	Applied Method (**)	March 31, 2013		December 31, 2012	
		Gross Additional Reserve (100%)	Net Additional Reserve (100%)	Gross Additional Reserve (100%)	Net Additional Reserve (100%)
Motor Vehicles Liability (*)	Munich Chain	53.760.711	52.805.901	45.910.242	42.815.965
General Liability (*)	Munich Chain	6.912.278	1.807.597	5.012.029	1.276.741
Financial Losses (*)	Munich Chain	2.263.752	2.044.673	2.449.087	2.282.526
Legal Protection (*)	Munich Chain	2.084.441	2.084.441	(330.109)	(330.109)
Health (*)	Standard Chain	1.849.435	1.826.404	(533.124)	(524.593)
Air Vehicles Liability (*)	Munich Chain	188.542	1	2.214	-
Water vehicles (*)	Standard Chain	174.697	59.624	743.082	276.296
Air Vehicles (*)	Munich Chain	(29.547)	-	(28.914)	-
Credit	Munich Chain	(223.419)	(6.853)	72.072	1.916,00
Accident	Munich Chain	(404.429)	(205.191)	1.043.308	560.874
Fire and Natural Disaster	Munich Chain	(447.322)	(99.442)	2.327.846	517.981
Breach of Trust	Munich Chain	(624.890)	(158.794)	(847.659)	(232.492)
Transportation	Munich Chain	(2.973.130)	(1.276.176)	(3.543.502)	(1.328.474)
General Losses	Munich Chain	(4.933.289)	(181.450)	20.364.068	701.890
Motor Own Damage	Standard Chain	(29.742.449)	(29.139.196)	(33.489.679)	(31.137.350)
Total		27.855.381	29.561.539	39.150.961	14.881.171

(*) For the branches with negative results according to the ACLM calculation, 100% of the negative results is taken into account according to the Communique dated 26 December 2012 numbered 2011/23.

(**) In the Sector Communique No. 2013/8 dated April 5, 2013, it is stated that the insurance companies can change their ACLM methods and start to apply these changes as of first quarter of the year 2013, and they have to inform the Treasury about rationales of the applied changes. In this context, the Company has changed the method of Munich Chain and preferred Standard Chain method in Motor Own Damage branch, and informed the Treasury about its rationales of the applied changes in accordance with Communique no:2/12 dated April 15, 2013. As of December 31, 2012, had the Company used Standard Chain method instead of Munich Chain in Motor Own Damage, ACLM calculation would have caused more negative result amounting to TL 3.601.673.

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	March 31, 2013	December 31, 2012
Compulsory Traffic	90.455	89.448

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

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 ACLM and the test IBNR method.

The provision calculated by ACLM are performed in gross basis; and is net off based on the reinsurance agreements in force. The Company has used the reinsurance share of outstanding claims to net off the provision by considering its reinsurance agreements in force. In this context, the Company has taken into consideration reinsurance ratio of total outstanding claim reserves, as the method of netting, as of March 31, 2013 and December 31, 2012.

Equalization Reserve

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

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

The Company has calculated TL 24.525.48 (December 31, 2012: TL 22.199.697) of equalisation reserve as of March 31, 2013 (Note 20).

Life 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 total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables valid for Turkish insurance companies and prepared by considering mortality statistics prepared abroad.

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

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 Treasury, the Company recognizes receivables from salvage and subrogation under the account "Receivables from main operations" on an accrual basis as of March 31, 2012 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. However, a 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 and doubtful receivables provision for salvage and subrogation are TL 15.789.596 (December 31, 2012: TL 14.121.324) and TL 2.935.770 (December 31, 2012: TL 1.292.903) respectively (Note 12.1)

The amounts of the net salvage and subrogation income which are collected and the accrued income amounts from salvage and subrogation receivables as at 31 December 2011 for the claims paid by the Company are as follows:

	March 31, 2013					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	429.303	(75.410)	353.893	281.312	(65.888)	215.424
Transportation	286.992	(46.274)	240.718	544.543	(63.082)	481.461
Accident	-	-	-	-	-	-
Motor Own Damage	37.510.809	(752.489)	36.758.320	13.543.894	(270.878)	13.273.016
Water Vehicles	-	-	-	-	-	-
General Losses	33.678	(25.499)	8.179	43.156	(30.086)	13.070
Motor Vehicles Liability	1.227.274	(24.613)	1.202.661	1.752.570	(35.051)	1.717.519
Breach of Trust	450	(340)	110	-	-	-
General Liability	17.285	(340)	16.945	58.000	1.100	56.900
Financial Losses	420	(378)	42	-	-	-
Health	-	-	-	32.206	-	32.206
Total	39.506.211	(925.343)	38.580.868	16.255.681	(466.085)	15.789.596

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

	December 31, 2012					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	1.381.845	(580.391)	801.454	423.539	(34.094)	389.445
Transportation	1.175.927	(506.318)	669.609	485.652	(68.313)	417.339
Accident	88.007		88.007	-	-	-
Motor Own Damage	186.383.547	(13.005.141)	173.378.406	12.419.610	(869.373)	11.550.237
Water Vehicles	7.927	(5.746)	2.181	-	-	-
General Losses	46.215	(26.514)	19.701	4.928	(2.812)	2.116
Motor Vehicles Liability	4.629.962	(314.503)	4.315.459	1.794.801	(125.636)	1.669.165
Breach of Trust	3.500	(2.811)	689	-	-	-
Legal Protection	-		-	-	-	-
General Liability	106.438	(30.862)	75.576	65.006	(4.190)	60.816
Financial Losses	850,00	-	85	-	-	-
Health	79.427	-	79.427	32.206	-	32.206,00
Total	193.903.645	(14.473.051)	179.430.594	15.225.742	(1.104.418)	14.121.324

e. Premium Income and Claims

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

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

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code article No: 323 and TAS 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 17.638.491 (December 31, 2012: TL 17.756.592), 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 1.866.354 (December 31, 2012: TL 1.866.354). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 31.137.292 (December 31, 2012: TL 27.268.570) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

g. Earnings per Share

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

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

h. Subsequent Events

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

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

i. Provisions, Contingent Liabilities and Assets

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

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

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

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

j. Changes in Accounting Policies, Accounting Estimates and Errors

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

k. Corporate Taxation and Deferred Tax

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

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

2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Corporate Tax

Corporation tax is payable at a rate of 20% on the total income of the Company and its Subsidiaries registered in Turkey in 2013 (also in 2012) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

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

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

In accordance with Tax Law No.5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TEFE increase rate). Since these conditions in question were not fulfilled in 2013 and 2012, no inflation adjustments were performed (Note 35).

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2. Summary of the Accounting Policies (Continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Deferred income tax

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

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 recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised (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 full in Turkish Lira (TL).

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of the Accounting Policies (Continued)

2.1.6 Adoption of New and Revised Standards

The accounting policies adopted in preparation of the financial statements as at 31 March 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

- i) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and,
- ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the financial statements of the Company.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and did not have an impact on the financial position or performance of the Company.

TAS 19 Employee Benefits (Amended)

Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. Since the Company recognizes the actuarial gain and loss in profit and loss statement, the retrospective effects of the amendment to recognise actuarial gain and loss in the comprehensive income statement are disclosed in Note 16.1.

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2. Summary of the Accounting Policies (Continued)

2.1.6 Adoption of New and Revised Standards (Continued)

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the TASB also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have an impact on the financial position or performance of the Company.

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the TASB also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have an impact on the financial position or performance of the Company.

TFRS 10 Consolidated Financial Statements

TFRS 10, TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment will not have an impact on the financial position or performance of the Company.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard did not have an impact on the financial position or performance of the Company.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Company did not provide this disclosure in the interim period.

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. The new disclosures are only required for periods beginning after TFRS 13 is adopted. Some of the disclosures about the financial instruments mentioned above, have to be provided in the financial statements according to TAS 34.16 A (j). This amendment did not have an impact on the financial statements of the Company.

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

2. Summary of the Accounting Policies (Continued)

2.1.6 Adoption of New and Revised Standards (Continued)

TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

Transition Guidance (Amendments to TFRS 10, TFRS 11 and TFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TASB has also amended TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have an impact on the financial statements of the Company.

Improvements to TFRSs

Annual Improvements to TFRSs – 2009 – 2011 Cycle, which contains amendments to its standards, is effective for annual periods beginning on or after January 1, 2013. This project did not have an impact on the financial position or performance of the Company.

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

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2. Summary of the Accounting Policies (Continued)

2.1.6 Adoption of New and Revised Standards (Continued)

Standards issued but not yet effective and not early adopted

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

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS 9 Financial Instruments. This amendment has not yet been endorsed by the EU. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

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2. Summary of the Accounting Policies (Continued)

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 "TAS 27 – Consolidated and Unconsolidated Financial Statements" as of March 31, 2013 (December 31, 2012: None).

2.3 Segment Reporting

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

2.4 Discontinued Operations

The company does not have any discontinued or disposed operations as of March 31, 2013 and December 31, 2013.

2.5 Foreign Currency Translation

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

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

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

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

2.6 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.6 Property, Plant and Equipment (Continued)

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:

	<u>Useful Life</u>
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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of the Accounting Policies (Continued)

2.8 Intangible Assets

Intangible assets acquired

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

Computer software

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

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economical benefit are amortized over their estimated useful lives (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 "available-for-sale" (AFS) financial assets, "financial assets at fair value through profit and loss" and "loans and receivables".

Effective interest method

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

Available-for-sale financial assets

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.9 Financial Assets (Continued)

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

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

Financial Assets at Insured's Risk

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

Loans and receivables

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

Associates

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

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

2. Summary of the Accounting Policies (Continued)

2.10 Impairment of Assets

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

Impairment of financial assets

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

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

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

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

Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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2. Summary of the Accounting Policies (Continued)

2.11 Derivative Financial Instruments

None (December 31, 2012: None)

2.12 Offsetting Financial Instruments

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

2.13 Cash and Cash Equivalents

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

2.14 Share Capital

As of March 31, 2013, the Company's nominal capital is TL 306.000.000 (December 31, 2012: 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:

	March 31, 2013		December 31, 2012	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	36,00	110.160.000	36,00	110.160.000
Ageas Insurance International NV	36,00	110.160.000	36,00	110.160.000
Other	28,00	85.680.000	28,00	85.680.000
	100,00	306.000.000	100,00	306.000.000

Agreement related to the sale of %50 of 18.965.880.200 units of Aksigorta A.Ş. shares with TL 189.658.802 nominal value that belong to H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at 18 February 2011. 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to %50 of the Holding's portfolio are going to be sold to Ageas Insurance International N.V. with a sale price of USD 220.029.000. According to the joint administration agreement that signed with Ageas Insurance International N.V. at 18 February 2011, Holding's previous administrative controls over Aksigorta A.Ş. are going to remain equally with Ageas Insurance International N.V.

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 March 31, 2013, Company has TL 500.000.000 registered share capital. (December 31, 2012: TL 500.000.000).

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

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2. Summary of the Accounting Policies (Continued)

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. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

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

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

Investment Contracts:

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

Reinsurance agreements

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

The Company has excess of loss 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 aggregation 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 bus compulsory chair branches. Mentioned reinsurance agreements, 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 Social Security Institution ("SSI") regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

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

2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts - Classification (Continued)

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 27 August 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 15 September 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated 17 October 2011 (the "Communiqué numbered 2011/18"), the regulation (the "Communiqué numbered 2012/3") making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 16 March 2012 and numbered 2012/3 and the communiqué about changes related "the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 30 April 2012 and numbered 2012/6 (Note 2.24) (the "Communiqué numbered 2012/6"). Within this framework, the Group is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of 25 February 2011 the notice numbered 2012/3 and the communiqué numbered 2012/6 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - March 31, 2013 accounting period as TL 3.436.645 (January 1 – March 31, 2012: TL 3.236.441) and an unearned premium reserve amounting to TL 8.455.405 (March 31, 2012: 6.719.713) as of March 31, 2013; classified under the accounts of "Premiums ceded to SSI" and "Change in SSI share of of Unearned Premiums Reserve", respectively (Note 19).

In the Board of Directors meeting of The Association of the Insurance and Reinsurance Companies of Turkey dated 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 (December 31, 2012: None).

2.17 Investment Contracts without Discretionary Participation Features

None (December 31, 2012: None).

2.18 Borrowings

None (December 31, 2012: None).

2.19 Deferred Tax

The Company is subject to Turkish corporate taxes. Provision is made 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 2013 and 2012 is 20 %.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of the Accounting Policies (Continued)

2.19 Deferred Tax (Continued)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate used in 2013 and 2012 is 20%. Losses are allowed to be carried 5 years maximum to be deducted 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 1-25 April following the close 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.

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" ("TAS 19") and classifies in balance sheet under the account "Provision of Employment Termination Benefits".

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

2.21 Provisions

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.21 Provisions (Continued)

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

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

2.22 Accounting for revenues

Written Premium

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 profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method

Dividend income

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

2.23 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.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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2. Summary of the Accounting Policies (Continued)

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 2011, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota. Furthermore, it has been agreed upon to let public entities perform dividend distributions 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 assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

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

4. Insurance and Financial Risk Management

4.1 Insurance Risk

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

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

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

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4. Insurance and Financial Risk Management (Continued)

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

4.1.2.1 Sensitivity to insurance risk

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

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

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

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

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

	March 31, 2013			December 31, 2012		
	Gross Total	Reinsurance	Net Total	Gross Total	Reinsurance	Net Total
Total Claims Liability (*)	Claims	Share of Total	Claims	Claims	Share of Total	Claims
Yükümlülüğü (*)	Liability	Claims	Liability	Liability	Claims	Liability
Fire and Natural Disaster	48.582.438	(37.756.245)	10.826.193	54.588.965	(42.416.056)	12.172.909
Transportation	1.563.988	(892.614)	671.374	1.995.795	(1.247.505)	748.290
Accident	2.114.520	(1.039.376)	1.075.144	3.739.484	(1.722.436)	2.017.048
Motor Own Damage	23.867.831	(477.008)	23.390.823	35.102.956	(2.456.948)	32.646.008
Air Vehicles	(19.426)	19.428	2	(18.913)	18.914,00	1
Water Vehicles	560.199	(368.429)	191.770	1.226.704	(770.038)	456.666
General Losses	84.226.147	(76.372.951)	7.853.196	131.105.483	(126.796.949)	4.308.534
Motor Vehicles Liability	118.111.828	(2.374.012)	115.737.816	113.229.867	(7.902.308)	105.327.559
Air Vehicles Liability	1.603.046	(1.603.038)	8,00	1.525.527	(1.525.527)	-
General Liability	25.142.192	(18.629.413)	6.512.779	22.383.629	(16.744.025)	5.639.604
Financial Losses	5.270.722	(512.538)	4.758.184	6.300.190	(429.836)	5.870.354
Legal Protection	2.150.784	-	2.150.784	(281.913)	-	-281.913
Credit	563.956	(546.659)	17.297	736.601	(717.019)	19.582,00
Health	22.405.299	(279.117)	22.126.182	15.823.005	(253.323)	15.569.682
Breach of Trust	609.979	(454.974)	155.005	337.277	(244.770)	92.507
Life	3.912.075	(1.999)	3.910.076	3.915.287	(2.222)	3.913.065
Total	340.665.578	(141.288.945)	199.376.633	391.709.944	(203.210.048)	188.499.896

(*) Total claim liability includes all outstanding claims reserves as of the balance sheet date and incurred but not reported claims as the actuarial chain ladder method and additional reserves from outstanding claims reserve adequacy calculation.

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4. Insurance and Financial Risk Management (Continued)

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

Outstanding Claim and Compensation Provision:

	March 31, 2013				December 31, 2012		
	Effect on	Gross Total	Reinsurance		Gross Total	Reinsurance	Net Total
	Current Period		Share of Total	Net Total			
(Net)	Claims Liability	Claims Liability	Claims Liability	Claims Liability	Claims Liability	Claims Liability	Claims Liability
Unpaid Claims	3.800.642	308.898.122	(142.993.104)	165.905.018	348.643.696	(178.938.036)	169.705.660
Claim Provisions (*)	(14.680.368)	27.855.381	1.706.158	29.561.539	39.150.961	(24.269.790)	14.881.171
Clean-cut Effect (**)	7.048.798	-	-	-	-	-	-
Non-life Total	(3.830.928)	336.753.503	(141.286.946)	195.466.557	387.794.657	(203.207.826)	184.586.831
Life	2.989	3.912.075	(1.999)	3.910.076	3.915.287	(2.222)	3.913.065
Grand Total	(3.827.939)	340.665.578	141.288.945	199.376.633	391.709.944	(203.210.048)	188.499.896

	March 31, 2012				December 31, 2011		
	Effect on	Gross Total	Share of Total		Gross Total	Share of Total	Net Total
	Current Period		Claims	Net Total			
(Net)	Claims Liability	Liability	Claims Liability	Claims Liability	Claims Liability	Claims Liability	Claims Liability
Unpaid Claims	(12.909.327)	382.063.210	(199.548.559)	182.514.651	241.855.905	(72.250.581)	169.605.324
Claim Provisions (*)	10.973.207	115.695.653	(93.263.149)	22.432.504	49.880.628	(16.474.917)	33.405.711
Clean-cut Effect (**)	7.484.465	-	-	-	-	-	-
Non-life Total	5.548.345	497.758.863	(292.811.708)	204.947.155	291.736.533	(88.725.498)	203.011.035
Life	(41.389)	3.774.289	(2.580)	3.771.709	3.733.469	(3.149)	3.730.320
Grand Total	5.506.956	501.533.152	(292.814.288)	208.718.864	295.470.002	(88.728.647)	206.741.355

(*) Claim provisions include all additional provisions within unpaid claims in the total outstanding compensation provision in the balance sheet date

(**) Company has clean-cut agreement in auto-accident branch and as per these agreements, the Company has realized 2012 premium and claims portfolio outputs by December 31, 2012. As per the same agreement, portfolio inputs are also made in 2013. Effect of 2013 portfolio input has influenced fiscal year Ceded Reinsurance Share of Outstanding Claims Provision and Ceded Reinsurance Share of Unearned Premiums Provision

	March 31, 2013			March 31, 2012		
	Gross Total	Reinsurance	Net Total	Reinsurance		
	Claims Liability	Share of Total Claims Liability	Claims Liability	Gross Total Claims Liability	Share of Total Claims Liability	Net Total Claims Liability
Beginning of Period	348.643.696	(178.938.036)	169.705.660	241.855.905	(72.250.581)	169.605.324
Opened in the Period	160.385.698	(507.632)	159.878.066	321.008.430	(148.234.180)	172.774.250
Paid from Current Period (-)	(142.425.358)	25.941.820	(116.483.537)	(128.668.871)	14.899.451	(113.769.420)
Paid from Previous Period (-)	(57.705.914)	10.510.744	(47.195.171)	(52.132.254)	6.036.751	(46.095.503)
Period End						
Reported Claims	308.898.122	(142.993.104)	165.905.018	382.063.210	(199.548.559)	182.514.651

Claim development tables used within the new actuarial chain ladder method calculations, prepared with accordance to Technical Reserves Regulations are presented below.

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4. Insurance and Financial Risk Management (Continued)

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

Gross claim development table prepared on the principles of incurred claims by March 31, 2013:

Accident period	April 1, 2006- March 31, 2007	April 1, 2007- March 31, 2008	April 1, 2008- March 31, 2009	April 1, 2009- March 31, 2010	April 1, 2010- March 31, 2011	April 1, 2011- March 31, 2012	April 1, 2012- March 31, 2013	Gross Claim
Claim realized in the accident period	985.856.037	111.765.496	58.608.516	63.260.786	51.881.182	33.168.422	13.546.191	1.318.086.630
1 year later	877.052.734	105.971.624	58.821.436	53.074.189	43.973.234	20.327.079	-	1.159.220.296
2 years later	1.121.326.911	180.921.083	99.868.563	68.900.507	26.460.411	-	-	1.497.477.475
3 years later	1.174.464.317	161.649.651	105.338.210	67.737.972	-	-	-	1.509.190.149
4 years later	1.084.067.886	96.903.417	37.152.782	-	-	-	-	1.218.124.085
5 years later	1.766.459.217	214.471.086	-	-	-	-	-	1.980.930.303
6 years later	1.227.973.487	-	-	-	-	-	-	1.227.973.487
Total Gross Claims	8.237.200.589	871.682.357	359.789.507	252.973.454	122.314.827	53.495.501	13.546.191	9.911.002.426

Gross claim development table prepared on the principles of incurred claims by December 31, 2012:

Accident period	January 1, 2006- December 31, 2006	January 1, 2007- December 31, 2007	January 1, 2008- December 31, 2008	January 1, 2009- December 31, 2009	January 1, 2010- December 31, 2010	January 1, 2011- December 31, 2011	January 1, 2012- December 31, 2012	Gross Claim
Claim realized in the accident period	1.011.842.627	101.352.913	56.984.505	59.498.078	51.209.080	36.721.141	14.255.701	1.331.864.045
1 year later	826.181.084	106.189.520	54.913.719	51.180.435	43.673.609	17.711.753	-	1.099.850.120
2 years later	1.021.742.196	127.369.757	70.169.844	63.355.521	24.901.605	-	-	1.307.538.923
3 years later	1.203.931.351	195.662.380	130.903.082	64.771.861	-	-	-	1.595.268.674
4 years later	1.115.043.403	124.401.659	43.161.565	-	-	-	-	1.282.606.627
5 years later	1.292.330.601	114.887.091	-	-	-	-	-	1.407.217.692
6 years later	1.641.039.757	-	-	-	-	-	-	1.641.039.757
Total Gross Claims	8.112.111.019	769.863.320	356.132.715	238.805.895	119.784.294	54.432.894	14.255.701	9.665.385.838

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4. Insurance and Financial Risk Management (Continued)

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

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio withdrawals related to these agreements are recognized by the Company as of December 31, 2012. In accordance with these agreements, portfolio additions are also recognized in 2013. The reinsurance share of outstanding claim reserve and unearned premium reserve have been affected from these portfolio additions in 2013.

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

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

The Company measures its adequacy semi-annually in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on 19 January 2008. As of December 31, 2012, as a result of the Company's capital adequacy calculation, it is TL 267.349.097 higher than required capital adequacy. As of December 2012, the Company's equity is TL 178.447.968 higher than adequate amount of equity.

4.2.2 Financial risk factors

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

Market risk

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

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of March 31, 2011 are presented in details in Note 12.4.

Sensitivity to exchange rate risk

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

	March 31, 2013		December 31, 2012	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	941.376	244.887	(359.369)	360.343
Profit / Loss (Decrease)	(941.376)	(244.887)	359.369	(360.343)

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Interest rate risk

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

	March 31, 2013	December 31, 2012
Total	Effect on profit and profit reserves	
Market interest rate increase / (decrease)	TL	
+%1	(2.187.394)	(376.267)
-%1	2.361.962	385.886
Financial assets held for trading	Effect on profit	
Piyasa faizi artışı / (azalışı)	TL	
+%1	-	-
-%1	-	-
Financial assets available for sale	Effect on profit and profit reserves	
Market interest rate increase / (decrease)	TL	
+%1	(2.187.394)	(376.267)
-%1	2.361.962	385.886

Price risk

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

As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, since the Company's equity investments are classified as available for sale assets and if they are not disposed of or impaired, net profit/loss would not be affected.

Credit risk

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

As of March 31, 2013, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

Liquidity risk

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

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk table

March 31, 2013

	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	354.437.265	157.292.091	187.607.828	-	-	5.606.672	704.943.856
Financial Assets Available for Sale	-	-	16.216.730	31.860.204	40.392.388	125.125	88.594.447
Investments with Risks on Policy Holders	-	-	-	5.648.896	-	-	5.648.896
Receivables From Main Operations	89.091.047	114.302.280	136.651.697	647.315	-	-	340.692.339
Due from Related Parties	-	-	69.456	-	-	-	69.456
Other Receivables	-	23.032.731	-	-	-	-	23.032.731
Prepaid Expenses and Income Accruals	14.760.914	25.131.228	60.612.242	5.717.333	19.619	-	106.241.336
Other Current Assets	119.885	-	1.059.832	-	-	-	1.179.717
Financial Assets	-	-	-	-	-	30.116.653	30.116.653
Tangible Fixed Assets	-	-	-	-	-	32.011.717	32.011.717
Intangible Fixed Assets	-	-	-	-	-	12.998.806	12.998.806
Other Non-current Assets	-	-	-	-	-	3.576.953	3.576.953
Total Assets	458.409.111	319.758.330	402.217.785	43.873.748	40.412.007	84.435.926	1.349.106.907
Payables From Main Operations	-	-	94.765.342	-	-	-	94.765.342
Due to Related Parties	377.657	-	176.580	-	-	-	554.237
Other Payables	-	30.344.537	-	8.736.853	-	-	39.080.210
Insurance Technical Reserves	149.320.587	216.314.823	336.543.221	-	-	-	702.178.631
Taxes and Other Liabilities and Provisions	-	9.731.068	-	-	-	-	9.731.068
Cost Expense Provisions	-	-	11.315.423	-	-	-	11.315.423
Accruals	4.112.767	7.002.200	16.589.003	1.592.994	5.466	-	29.302.430
Long Term Insurance Technical Reserves	-	-	-	2.439.977	24.525.480	-	26.965.457
Provisions for Other Risks	-	-	-	-	-	2.432.765	2.432.765
Shareholders' Equity	-	-	-	-	-	432.781.344	432.781.344
Total Liabilities and Shareholders' Equity	153.811.011	263.391.448	459.389.569	12.769.824	24.530.946	435.214.109	1.349.106.907
Liquidity Surplus / (Deficit)	304.598.100	56.366.882	(57.171.784)	31.103.924	15.881.061	(350.778.183)	-

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk table

December 31, 2012

	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	486.975.505	180.091.312	70.243.832	-	-	2.488.241	739.798.890
Financial Assets Available for Sale	41.289	39.679	16.861.300	16.817.495	-	125.125	33.884.888
Investments with Risks on Policy Holders	-	6.242.975	-	-	-	-	6.242.975
Receivables From Main Operations	77.061.686	98.868.816	118.200.543	559.912	-	-	294.690.957
Due from Related Parties	-	-	63.248	-	-	-	63.248
Other Receivables	-	8.304.568	-	-	-	-	8.304.568
Prepaid Expenses and Income Accruals	13.819.037	23.527.633	56.388.971	5.352.516	18.368	-	99.106.525
Other Current Assets	22	-	6.103.102	-	-	-	6.103.124
Financial Assets	-	-	-	-	-	30.116.653	30.116.653
Tangible Fixed Assets	-	-	-	-	-	32.275.150	32.275.150
Intangible Fixed Assets	-	-	-	-	-	12.013.551	12.013.551
Other Non-current Assets	-	-	-	-	-	4.551.823	4.551.823
Total Assets	577.897.539	317.074.983	267.860.996	22.729.923	18.368	81.570.543	1.267.152.352
Payables From Main Operations	-	-	74.900.628	-	-	-	74.900.628
Due to Related Parties	277.751	-	176.580	-	-	-	454.331
Other Payables	-	33.450.426	-	9.235.187	-	-	42.685.613
Insurance Technical Reserves	135.015.483	203.718.910	270.713.084	37.101.834	85.466	-	646.634.777
Taxes and Other Liabilities and Provisions	-	17.537.018	-	-	-	-	17.537.018
Cost Expense Provisions	-	-	11.893.738	-	-	-	11.893.738
Accruals	3.138.513	5.343.483	12.659.313	1.215.638	4.172	-	22.361.119
Long Term Insurance Technical Reserves	-	-	-	2.597.676	22.199.697	-	24.797.373
Provisions for Other Risks	-	-	-	-	-	2.290.103	2.290.103
Shareholders' Equity	-	-	-	-	-	423.597.652	423.597.652
Total Liabilities and Shareholders' Equity	138.431.747	260.049.837	370.343.343	50.150.335	22.289.335	425.887.755	1.267.152.352
Liquidity Surplus / (Deficit)	439.465.792	57.025.146	(102.482.347)	(27.420.412)	(22.270.967)	(344.317.212)	-

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Categories of Financial Assets:

Current Financial Assets	March 31, 2013		December 31, 2012	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	88.594.447	88.594.447	33.884.888	33.884.888
Financial Assets Held for Trading	-	-	-	-
Financial Investments with Risks on Policy Holders	5.648.896	5.648.896	6.242.975	6.242.975
Non-Current Financial Assets				
Affiliates	30.116.653	30.116.653	30.116.653	30.116.653
Total Financial Assets	124.359.996	124.359.996	70.244.516	70.244.516

Fair value of financial assets

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

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

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

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Fair values of financial assets and level
classifications

	December 31, 2012	Category 1	Category 2	Category 3
Financial Assets Available for Sale	88.594.447	88.594.447	-	-
Unlisted Equity Shares	125.125	125.125	-	-
Government Bonds & Treasury Bills	88.469.322	88.469.322	-	-
Financial Investments with Risks on Policy Holders	5.648.896	5.648.896	-	-
Affiliates (*)	30.116.653	-	-	-
Total	124.359.996	94.243.343	-	-

	December 31, 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	-	-

(*) As the working for determining the fair value of Merter BV, one of the affiliates, has not been completed, cost value has been used for valuation

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

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Financial assets:

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

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

Financial liabilities:

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

5. Segment information

5.1 Operating segments

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

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

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

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5. Segment information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at March 31, 2013:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	21.556.475	3.594.413	102.611.405	59.960.668	22.970.524	3.744.121	3.611.797	44.106.880	252.199	-	262.408.482
1- Earned Premiums (Net of Reinsurer Share)	20.326.292	3.048.511	98.192.904	58.663.066	22.048.953	3.335.993	3.187.267	41.900.911	5.721	-	250.709.618
1.1 - Premiums (Net of Reinsurer Share)	28.362.588	3.506.905	111.724.045	26.658.963	22.317.347	4.445.974	10.458.386	73.550.023	7.298	-	281.031.529
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(8.036.296)	(468.023)	(13.531.141)	25.242.816	(269.181)	(1.109.981)	(7.271.119)	(31.649.112)	(1.577)	-	(37.093.614)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	9.629	-	6.761.287	787	-	-	-	-	-	6.771.703
2- Other Technical Income (Net of Reinsurance Share)	1.230.183	545.902	4.418.501	1.297.602	921.571	408.128	424.530	2.205.969	246.478	-	11.698.864
TECHNICAL EXPENSES	(15.757.937)	(1.129.614)	(84.208.433)	(64.947.118)	(18.657.168)	(1.625.132)	(8.087.137)	(51.446.800)	(194.114)	-	(246.053.453)
1- Total Claims (Net of Reinsurer Share)	(5.063.525)	(466.857)	(57.621.265)	(50.971.500)	(6.268.019)	(428.342)	(7.674.584)	(38.750.491)	(262.064)	-	(167.506.647)
1.1- Claims Paid (Net of Reinsurer Share)	(6.410.242)	(808.670)	(69.576.089)	(45.049.831)	(5.080.627)	(1.708.749)	(2.587.760)	(32.193.991)	(262.749)	-	(163.678.708)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	1.346.717	341.813	11.954.824	(5.921.669)	(1.187.392)	1.280.407	(5.086.824)	(6.556.500)	685	-	(3.827.939)
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(1.568.605)	-	(702.169)	-	(14.304)	(40.705)	-	-	157.135	-	(2.168.648)
3- Operating Expenses	(8.390.236)	(662.757)	(20.955.229)	(12.206.131)	(12.435.434)	(998.828)	(412.553)	(11.691.591)	(89.185)	-	(67.841.944)
4- Other Technical Expenses (Net of Reinsurer Share) (-)	(735.571)	-	(4.929.770)	(1.769.487)	60.589	(157.257)	-	(1.004.718)	-	-	(8.536.214)
	5.798.538	2.464.799	18.402.972	(4.986.450)	4.313.356	2.118.989	(4.475.340)	(7.339.920)	58.085	-	16.355.029
Investment income	-	-	-	-	-	-	-	-	-	13.632.513	13.632.513
Depreciation expense	-	-	-	-	-	-	-	-	-	(1.214.228)	(1.214.228)
Provisions account	-	-	-	-	-	-	-	-	-	(5.427.292)	(5.427.292)
Tax expense	-	-	-	-	-	-	-	-	-	(1.865.662)	(1.865.662)
Financial expenses	-	-	-	-	-	-	-	-	-	(10.425.323)	(10.425.323)
Other	-	-	-	-	-	-	-	-	-	(997.807)	(997.807)
Net Profit / (Loss)	5.798.538	2.464.799	18.402.972	(4.986.450)	4.313.356	2.118.989	(4.475.340)	(7.339.920)	58.085	(6.297.799)	10.057.230

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5. Segment information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at March 31, 2012:

	Fire and Natural Disaster	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	15.252.899	4.156.081	93.516.193	44.308.284	23.777.393	3.454.584	6.425.460	42.173.341	236.312	-	233.300.547
1- Earned Premiums (Net of Reinsurer Share)	13.271.444	3.594.257	91.127.781	42.240.224	22.265.588	3.257.373	5.936.163	37.787.149	11.225	-	219.491.204
1.1 - Premiums (Net of Reinsurer Share)	20.510.532	4.014.017	87.552.943	47.235.454	18.522.364	4.030.515	6.503.102	73.664.455	14.127	-	262.047.509
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(7.239.088)	(419.760)	3.574.838	(5.267.213)	3.771.046	(773.142)	(569.532)	(35.877.306)	(2.902)	-	(42.803.059)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	-	-	271.983	(27.822)	-	2.593	-	-	-	246.754
2- Other Technical Income (Net of Reinsurance Share)	1.981.455	561.824	2.388.412	2.068.060	1.511.805	197.211	489.297	4.386.192	225.087	-	13.809.343
TECHNICAL EXPENSES	(13.132.427)	(195.392)	(79.061.923)	(59.286.817)	(8.198.228)	(17.767.720)	(2.250.815)	(41.869.489)	(211.712)	-	(221.974.523)
1- Total Claims (Net of Reinsurer Share)	(6.536.505)	225.526	(55.241.637)	(49.459.385)	3.556.297	(16.731.601)	(221.347)	(29.607.905)	(341.410)	-	(154.357.967)
1.1- Claims Paid (Net of Reinsurer Share)	(4.804.913)	(706.881)	(82.037.528)	(37.571.533)	(2.698.365)	(2.040.337)	(1.540.183)	(28.165.162)	(300.021)	-	(159.864.923)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(1.731.592)	932.407	26.795.891	(11.887.852)	6.254.662	(14.691.264)	1.318.836	(1.442.743)	(41.389)	-	5.506.956
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(1.141.255)	-	(61.451)	-	(30.629)	(61.920)	-	-	196.016	-	(1.099.239)
3- Operating Expenses	(5.156.779)	(420.918)	(19.290.981)	(9.634.190)	(11.722.968)	(969.508)	(2.029.468)	(11.395.733)	(66.318)	-	(60.686.863)
4- Other Technical Expenses (Net of Reinsurer Share) (-)	(297.888)	-	(4.467.854)	(193.242)	(928)	(4.691)	-	(865.851)	-	-	(5.830.454)
	2.120.472	3.960.689	14.454.270	(14.978.533)	15.579.165	(14.313.136)	4.174.645	303.852	24.600	-	11.326.024
Investment income	-	-	-	-	-	-	-	-	-	18.568.466	18.568.466
Depreciation expense	-	-	-	-	-	-	-	-	-	(1.528.035)	(1.528.035)
Provisions account	-	-	-	-	-	-	-	-	-	(3.068.859)	(3.068.859)
Tax expense	-	-	-	-	-	-	-	-	-	(2.024.626)	(2.024.626)
Financial expenses	-	-	-	-	-	-	-	-	-	(13.252.483)	(13.252.483)
Other	-	-	-	-	-	-	-	-	-	(901.388)	(901.388)
Net Profit / (Loss)	2.120.472	3.960.689	14.454.270	(14.978.533)	15.579.165	(14.313.136)	4.174.645	303.852	24.600	(2.206.925)	9.119.099

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6. Property, plant and equipment

March 31,2013

<u>Cost Value</u>	Owner	Vehicles	Furnitures and	Other Tangible	Total
	Occupied		Leased Tangible	Assets	
	Properties		Assets	(Including Leasehold Improvements)	
1 January	38.837.294	32.050	21.545.184	2.447.156	62.861.684
Additions	-	-	348.098	-	348.098
Disposals	(134.413)	-	(192.923)	-	(327.336)
March 31	38.702.881	32.050	21.700.359	2.447.156	62.882.446
<u>Accumulated Depreciation</u>					
1 January	(12.082.503)	(32.050)	(16.951.006)	(2.256.932)	(31.322.491)
Charge for the Period	(190.193)	-	(293.764)	(28.861)	(512.818)
Disposals	-	-	165.180	-	165.180
March 31	(12.272.696)	(32.050)	(17.079.590)	(2.285.793)	(31.670.129)
Net Book Value as of March 31	26.430.185	-	4.620.769	161.363	31.212.317

March 31,2012

<u>Cost Value</u>	Owner	Vehicles	Furnitures and	Other Tangible	Total
	Occupied		Leased Tangible	Assets	
	Properties		Assets	(Including Leasehold Improvements)	
1 January	38.837.294	32.050	22.495.690	2.414.980	63.780.014
Additions	-	-	331.499	-	331.499
March 31	38.837.294	32.050	22.827.189	2.414.980	64.111.513
<u>Accumulated Depreciation</u>					
1 January	(11.306.717)	(26.344)	(16.884.928)	(2.139.567)	(30.357.556)
Charge for the Period	(194.147)	(1.603)	(305.311)	(29.112)	(530.173)
March 31	(11.500.864)	(27.947)	(17.190.239)	(2.168.679)	(30.887.729)
Net Book Value as of March 31	27.336.430	4.103	5.636.950	246.301	33.223.784

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

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7. Investment Properties

March 31, 2013

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	286.578	567.611	854.189
Disposals	-	(9.257)	(9.257)
March 31	286.578	558.354	844.932
<u>Accumulated Depreciation</u>			
1 January	-	(118.232)	(118.232)
Charge for the Period	-	(4.119)	(4.119)
Disposals	-	76.819	76.819
March 31	-	(45.532)	(45.532)
Net Book Value as of March 31	286.578	512.822	799.400

March 31, 2012

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	286.578	567.611	854.189
March 31	286.578	567.611	854.189
<u>Accumulated Depreciation</u>			
1 January	-	(101.118)	(101.118)
Charge for the Period	-	(4.746)	(4.746)
March 31	-	(105.864)	(105.864)
Net Book Value as of March 31	286.578	461.747	748.325

The fair value of investment properties was determined by an independent valuation company as of March 31, 2013 and 2012. Since it has not been detected any impairment, the fair values of investment properties have not been disclosed in financial statements.

In the period of January 1- March 31, 2013, the Company has obtained rental income from investment properties amounting to TL 74.783 (January 1 – March 31, 2012: TL 83.481)

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8. Intangible Fixed Assets

March 31, 2013

<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	4.709.039	17.310.744	22.019.783
Additions	1.474.952	207.594	1.682.546
March 31	6.183.991	17.518.338	23.702.329
<u>Accumulated Amortization</u>			
1 January	-	(10.006.232)	(10.006.232)
Charge for the Period	-	(697.291)	(697.291)
March 31	-	(10.703.523)	(10.703.523)
Net Book Value as of March 31	6.183.991	6.814.815	12.998.806

March 31, 2012

<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	-	15.594.992	15.594.992
Additions	309.744	425.530	425.530
March 31	309.744	16.020.522	16.020.522
<u>Accumulated Amortization</u>			
1 January	-	(6.740.889)	(6.740.889)
Charge for the Period	-	(993.116)	(993.116)
March 31	-	(7.734.005)	(7.734.005)
Net Book Value as of March 31	309.744	8.286.517	8.286.517

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

The Company has not recognized any impairment loss for its intangible fixed assets in the current period (March 31, 2012: None)

The Company has no goodwill amount in its financial statements.

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9. Investments in Affiliates

An affiliate is an entity, over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. As of March 31, 2013, the Company has an affiliate as Merter BV amounting to TL 30.116.653 (December 31, 2012: TL 30.116.653) with a 25 % of participation. Since the company do not have any effect on management of this affiliate the value of the affiliate is carried in financials over that amount.

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

	March 31, 2013	December 31, 2012
Financial Assets Available for Sale	87.932.525	33.884.888
Financial Investments with Risks on Policy Holders	6.310.818	6.242.975
Total	94.243.343	40.127.863

Financial Assets Available for Sale

	March 31, 2013			December 31, 2012		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
	TL	TL	TL	TL	TL	TL
Government Bonds	88.031.042	87.807.400	87.807.400	32.447.915	33.759.763	33.759.763
Equity Shares (Unlisted)	125.125	-	125.125	125.125	-	125.125
Total	88.156.167	87.807.400	87.932.525	32.573.040	33.759.763	33.884.888

Financial Investments with Risks on Policy Holders

	March 31, 2013			December 31, 2012		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
	TL	TL	TL	TL	TL	TL
Government Bonds	6.333.933	6.310.818	6.310.818	5.672.011	6.242.975	6.242.975

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11. Financial Assets (Continued)

11.1 Subcategories of Financial Assets (Continued)

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

March 31, 2013

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	125.125	-	125.125
Unlisted		125.125	-	125.125
Total		125.125	-	125.125

December 31, 2012

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	125.125	-	125.125
Unlisted		125.125	-	125.125
Total		125.125	-	125.125

The Company do not have assets held for trading as of March 31, 2013 and December 31, 2012.

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

None (December 31, 2012: None).

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

None (December 31, 2012: None).

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11. Financial Assets (Continued)

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:

Affiliates

Unlisted	March 31, 2013			December 31, 2012		
	Participation	Cost Value	Book Value	Participation	Cost Value	Book Value
	Rate	TL	TL	Rate	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 (December 31, 2012: None).

11.6 Value increases of financial assets in the last three years

Type of Financial Asset	March 31, 2013	December 31, 2012	December 31, 2011
Financial Assets Available for Sale	(448.122)	183.320	(865.162)

Value increases reflect the difference between the book value and cost value of the financial assets at period end.

11.7 Financial Instruments

- i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.
- ii) Information on the book value of the financial assets is disclosed in Note 11.1.
- iii) Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.
- iv) Financial assets overdue or impaired are presented in Note 11.1.

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11. Financial Assets (Continued)

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.

12. Receivables and Payables

12.1 Details of the Company's receivables

	March 31, 2013	December 31, 2012
Receivables from insurance operations		
Receivables from agencies	308.096.543	267.352.233
Receivables from reinsurance companies	16.597.760	11.220.047
Receivables for salvage and claim recovery - net (Note 2.1.1)	15.789.596	14.121.324
Receivables from insurance operations	340.483.899	292.693.604
Other receivables	80.572	81.790
Cash deposited for insurance and reinsurance companies	30.954	30.954
Receivables from insurance and reinsurance companies	111.526	112.744
Claim recovery receivables under legal follow-up	31.137.292	27.268.570
Doubtful receivables from main operations	22.537.529	22.800.458
Receivables from main operations	394.270.246	342.875.376
Provision for due from insurance operations (-) (*)	(1.866.354)	(1.866.354)
Provision for doubtful claim recovery and salvage receivables (-) (Note 2.1.1) (**)	(2.935.770)	(1.292.903)
Provision for doubtful receivables from main operations (-) (***)	(17.638.491)	(17.756.592)
Provision for net claim recovery receivables under legal follow-up (-) (***)	(31.137.292)	(27.268.570)
Total provision amount for doubtful receivables	(53.577.907)	(48.184.419)
Receivables from main operations - net	340.692.339	294.690.957

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

(**) In balance sheet disclosed under provision for receivables from reinsurance operations.

(***) In balance sheet disclosed under provision for receivables from main operations

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12. Receivables and Payables (Continued)

12.1 Details of the Company's Receivables

Aging of receivables from insurance operations is as follows:

	March 31, 2013 December 31, 2012	
0-60 days	9.821.848	7.095.923
61-90 days	1.327.676	1.821.343
90+	3.123.649	3.292.436
Not due receivables	326.322.251	280.596.646
Total	340.595.425	292.806.348

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

Type of Guarantee	March 31, 2013		December 31, 2012	
	Receivables	Doubtful Receivable	Receivables	Doubtful Receivable
Letters of Guarantee	29.454.238	5.000	28.924.738	5.000
Real Estate Pledges	68.793.146	5.986.547	71.983.035	6.141.547
Government Bonds and Equity	89.090	-	89.090	-
Other	583.617	-	627.857	-
Total	98.920.091	5.991.547	101.624.720	6.146.547

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

	2013	2012
Opening Balance, 1 January	(45.025.162)	(38.707.920)
Charge for the Period	(6.003.954)	(4.650.769)
Collections	2.253.333	3.008.558
Closing Balance, March 31	(48.775.783)	(40.350.131)

Aging of receivables from insurance operations is as follows:

	March 31, 2013 December 31, 2012	
0-30 days	14.490	2.891
90+	53.660.331	50.066.137
Total	53.674.821	50.069.028

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

Due to shareholders presented in the balance sheet amounting to TL 176.580 consists of unclaimed dividend payments attributable to prior periods (December 31, 2012: TL 176.580).

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12. Receivables and Payables (Continued)

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 104.911.638 (December 31, 2012: TL 107.771.267).

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

March 31, 2013

	Amount in Foreign Currency	Exchange Rate	Amount (TL)
Banks (Foreign Currency)			
USD	8.470.333	1,8087	15.320.291
EUR	3.670.830	2,3189	8.512.288
GBP	1.930	2,7441	5.296
CHF	14.787	1,9011	28.112
Other			4.709
Total			<u>23.870.696</u>
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
Receivables from Insurance Operations			
USD	25.273.007	1,8087	45.711.288
EUR	6.691.465	2,3189	15.516.838
GBP	29.691	2,7441	81.475
CHF	27.295	1,9011	51.891
Other			474
Total			<u>61.361.966</u>
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
Outstanding Claims Reserve			
USD	(1.322.029)	1,8120	(2.395.517)
EUR	(573.747)	2,3230	(1.332.814)
Other			(1.453)
Total			<u>(3.729.784)</u>
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
Payables from Insurance Operations			
USD	(27.216.599)	1,8087	(49.226.663)
EUR	(8.732.498)	2,3189	(20.249.790)
Other			(18.675)
Total			<u>(69.495.128)</u>
Net Foreign Currency Position			<u>12.007.750</u>

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12. Receivables and Payables (Continued)

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

December 31, 2012

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	1.632.629	1,7826	2.910.324
EUR	1.310.359	2,3517	3.081.571
GBP	3.730	2,8708	10.708
CHF	14.787	1,9430	28.731
Other			5.072
Total			<u>6.036.406</u>

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	11.545.002	1,7826	20.580.121
EUR	8.984.174	2,3517	21.128.082
GBP	57.827	2,8708	166.010
CHF	4.986	1,9430	9.688
Other			638
Total			<u>41.884.539</u>

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(1.472.326)	1,7912	(2.637.230)
EUR	(550.468)	2,3630	(1.300.756)
Other			(153)
Total			<u>(3.938.139)</u>

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(13.721.288)	1,7826	(24.459.568)
EUR	(8.211.797)	2,3517	(19.311.683)
Other			(14.111)
Total			<u>(43.785.362)</u>

Net Foreign Currency Position			<u>197.444</u>
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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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13. Derivative Financial Instruments

As of March 31, 2013 and December, 31 2012, the Company has no derivative financial instruments.

14. Cash and Cash Equivalents

	March 31, 2013	December 31, 2012
Cash at Banks	557.940.078	586.948.648
Time Deposit	552.333.406	584.460.407
Demand Deposit	5.606.672	2.488.241
Bank Guaranteed Credit Card Receivables with Maturities less than three months	147.003.778	152.850.242
Total	704.943.856	739.798.890
Interest Accrual on Cash and Cash Equivalents (-)	(4.592.558)	(1.388.608)
Cash Flow Based Grand Total	700.351.298	738.410.282
Blocked Deposits	95.157.525	95.005.640

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 March 31, 2013 and December 31, 2012 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 (December 31, 2012: 30.600.000.000 shares with a nominal amount of TL 0,01each).

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

None (December 31, 2012: None).

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15. Share Capital (Continued)

15.3.3 Nominal value of an equity share or equity shares without having nominal value

Nominal value of equity shares is TL 0,01 per share (December 31, 2012: TL 0,01 per share).

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

	Number of Shares	
	March 31, 2013	December 31, 2012
Beginning of the Period, 1 January	30.600.000.000	30.600.000.000
Issued in the Current Period	-	-
End of the Period	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 CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (December 31, 2012: 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 (December 31, 2012: None).

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

None (December 31, 2012: None).

15.4 Share based payments

None (December 31, 2012: None).

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15. Capital (Continued)

15.5 Subsequent events

Disclosed in note 46.

16. Other Provisions and Capital Component of Discretionary Participation

16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

	March 31, 2013	December 31, 2012
Valuation difference of financial assets available for sale	(560.152)	229.150
Deferred Tax Effect	112.030	(45.830)
Total	(448.122)	183.320

In accordance with changes regarding "TAS 19 – Employee Benefits" effective as of January 1, 2013, actuarial loss amounting to TL 242.095 resulting from retirement pay liability calculation has been accounted to special funds under equity.

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (December 31, 2012: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2012: None).

16.4 Hedging against financial risks

None (December 31, 2012: 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

	March 31, 2013	December 31, 2012
	Increase / (Decrease)	Increase / (Decrease)
Beginning of the Period, 1 January	183.320	(865.162)
Increase / decrease in value recognized under the shareholders' equity in the current period	(631.442)	1.048.482
End of the Period	(448.122)	183.320

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

None (December 31, 2012: None).

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16. Other Provisions and Capital Component of Discretionary Participation (Continued)

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2012: None).

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

None (December 31, 2012: None).

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:

Branch	March 31, 2013		December 31, 2012	
	Amount to be Provided TL	Current Blockage TL	Amount to be Provided TL	Current Blockage TL
Life	6.489.427	8.946.027	6.641.056	8.866.908
Government Bonds		6.303.793		6.242.216
Time Deposit		2.642.234		2.624.692
Non-Life	88.536.551	101.706.270	97.129.861	101.411.162
Government Bonds		9.190.979		9.030.214
Time Deposit		92.515.291		92.380.948
Total	95.025.978	110.652.297	103.770.917	110.278.070

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

	2013		2012	
	Unit	Mathematical Reserves TL	Unit	Mathematical Reserves TL
Beginning of the Period, 1 January	490	2.597.676	374	3.368.712
Participations in the Current Period	-	20.500	-	40.257
Leavings in the Current Period	(15)	(178.199)	(32)	(235.262)
End of Period, March 31	475	2.439.977	342	3.173.707

Mathematical reserves amounting to TL 2.084.660 (December 31, 2012: TL 2.172.168) and Reserves for the policies, investment risk of which belongs to life insurance polich holders amounting to TL 355.317 (December 31, 2012: TL 425.508) and cancelled polich numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Ready For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of March 31, 2013, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2012: None).

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

Branch	March 31, 2013	December 31, 2012
Motor Vehicles Liability	2.079.233.518.223	2.386.848.559.534
Fire and Natural Disaster	293.730.035.952	171.740.549.853
General Losses	144.153.961.003	127.262.876.858
Transportation	37.501.734.578	41.411.143.938
Accident	27.471.893.643	26.420.749.007
General Liability	25.108.095.522	23.619.356.546
Motor Own Damage	19.297.989.997	18.747.522.382
Financial Losses	26.648.929.362	13.809.812.239
Air Vehicles Liability	8.871.483.860	9.664.263.100
Legal Protection	7.075.714.849	6.791.626.848
Health	5.292.903.705	5.126.036.000
Credit	1.472.636.409	2.242.403.049
Air Vehicles	894.803.402	860.261.676
Water Vehicles	354.423.613	369.187.530
Breach of Trust	355.581.471	354.649.228
Life	4.892.977	5.350.676
Total	2.677.468.598.566	2.835.274.348.464

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

None (December 31, 2012: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (December 31, 2012: None).

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

None (December 31, 2012: None).

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

None (December 31, 2012: None).

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

None (December 31, 2012: None).

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

None (December 31, 2012: 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 (December 31, 2012: 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 (December 31, 2012: None).

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

None (December 31, 2012: None).

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All of disposals of life insurances in current period are individual and units and amounts are represented in Note 17.2

17.14 Profit share distribution rate of life insurees in the current period

In the current period, profit share distribution rate of life insurees are calculated as below:

	January 1- March 31, 2013 Profit Share Distribution (%)	January 1- December 31, 2012 Profit Share Distribution (%)
TL (Life Insurance)	8,94%	9,00%

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2012: None).

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized
when the insurer is a ceding company:**

Reinsurance Assets

	March 31, 2013	December 31, 2012
Receivables from Reinsurance Companies	16.597.760	11.220.047
Cash Deposited For Insurance & Reinsurance Companies	30.954	30.954
Reinsurance Share of Unearned Premiums Reserve	198.556.391	166.809.244
Reinsurance Share of Outstanding Claims Reserve	141.291.209	203.210.049
Reinsurance Share of Unexpired Risks Reserve	729.800	2.204.045
Total	357.206.114	383.474.339

Reinsurance Liabilities

	March 31, 2013	December 31, 2012
Payables to Insurance and Reinsurance Companies	73.033.110	53.491.556
Payables to Agencies	21.732.232	21.409.072
Deferred Commissions Income	29.302.430	22.361.119
Total	124.067.772	97.261.747

Income / Expense on Reinsurance Agreements

	January 1- March 31, 2013	January 1- March 31, 2012
Premiums Ceded to Reinsurers (-)	(129.870.669)	(108.321.461)
Commissions Received	11.488.425	11.092.324
Reinsurance Share of Unearned Premiums Reserve	47.712.171	34.462.529
Reinsurance Share of Unexpired Risks Reserve	(1.474.246)	(288.299)
Reinsurance Share of Outstanding Claims Reserve	(54.867.819)	211.570.715
Reinsurance Share of Claims Paid	36.452.564	20.936.202
Total	(90.559.574)	169.452.010

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

Branch	March 31, 2013			March 31, 2012		
	Reinsurance		Reinsurance Share of Claims Paid	Reinsurance		Reinsurance Share of Claims Paid
	Premiums Ceded	Share of Technical Reserves		Premiums Ceded	Share of Technical Reserves	
Fire and Natural Disaster	(59.798.318)	17.576.696	4.612.948	(44.000.413)	12.300.054	3.598.984
General Losses	(42.416.347)	(28.143.238)	26.421.060	(29.874.597)	224.351.392	6.019.863
Motor Own Damage	(2.947.923)	(1.884.679)	1.417.840	(6.549.217)	(2.101.441)	6.173.513
Motor Vehicles Liability	(4.223.842)	(2.311.259)	920.239	(7.005.746)	(3.062.254)	2.836.468
Financial Losses	(4.865.660)	898.453	169.004	(4.420.802)	2.311.185	53.271
General Liability	(6.368.224)	5.366.945	1.499.119	(5.021.408)	13.326.226	748.469
Transportation	(5.636.338)	1.692.426	640.129	(5.773.178)	(554.339)	1.349.180
Air Vehicles Liability	(929.229)	(736.339)	162.943	(1.367.087)	(232.769)	-
Credit	(1.114.902)	209.411	5.235	(2.338.602)	761.907	50
Breach of Trust	(204.384)	(157.084)	171.350	(337.109)	(335.392)	56.887
Accident	(659.388)	(572.123)	223.969	(550.194)	(624.747)	84.268
Air Vehicles	(166.673)	(214.098)	26.376	(342.583)	77.533	-
Water Vehicles	(316.301)	(383.398)	148.585	(541.135)	(287.624)	14.457
Health	(221.113)	24.479	33.767	(194.277)	(58.776)	792
Legal Protection	-	(1)	-	-	(126.010)	-
Life	(2.027)	(155)	-	(5.113)	(4.160)	-
Total	(129.870.669)	(8.633.964)	36.452.564	(108.321.461)	245.740.785	20.936.202

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

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

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

Disclosed in note 4.1.2.4.

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17. Insurance Liabilities and Reinsurance Assets (Continued)

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	2013	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	97.261.747	383.474.339
Movement in the Current Period	26.806.025	(26.172.322)
End of the Period, March 31	124.067.772	357.302.017

	2012	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	116.737.615	277.787.121
Movement in the Current Period	(19.475.868)	105.687.218
End of the Period, 31 December	97.261.747	383.474.339

18. Investment Contract Liabilities

Disclosed in Note 17.3.

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19. Trade and Other Payables, Deferred Income

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

	March 31, 2013	December 31, 2012
Payables to agencies	21.732.233	21.409.073
Payables to insurance and reinsurance companies	73.033.109	53.491.555
Payables from Insurance Operations	94.765.342	74.900.628
Payables to contracted enterprises	6.552.742	7.898.757
Payables to Turkish Catastrophe Insurance Pool	9.666.110	8.728.804
Payables to suppliers	2.058.450	3.192.230
Turkish Catastrophe Insurance Pool Payables to agencies	787.061	685.811
Other	494.460	883.745
Other Payables	19.558.823	21.389.347
Payables to SSI regarding medical expenses (*)	10.784.534	12.061.079
Deferred commission income	29.302.430	22.361.119
Expense accruals	11.315.423	11.893.738
Deferred Income and Expense Accruals	40.617.853	34.254.857
Total Short Term Liabilities	154.942.018	130.544.832
Payables to SSI regarding medical expenses (*)	8.736.853	9.235.187
Total Long Term Liabilities	8.736.853	9.235.187
Total Trade and Other Payables, Deferred Income	163.678.871	139.780.019

(*) Movement of the payable to SSI related to medical expenses is presented below:

Beginning of the period; January 1, 2012	16.744.277
Premiums ceded to SSI (4)	21.773.981
Correction notified in 2012 related to premium ceded to SSI between 25 February 2011 - 26 August 2011 (5)	1.082.977
The difference between notified liabilities for the year 2011 amount and the amount calculated (6)	4.734.085
Premium payments to SSI	(23.039.054)
End of the period - December 31	21.296.266
Beginning of the period; January 1, 2013	21.296.266
Premiums ceded to SSI (4)	3.436.645
Correction notified in 2012 related to premium ceded to SSI between 25 February 2011 - 26 August 2011 (5)	1.082.977
The difference between notified liabilities for the year 2011 amount and the amount calculated (6)	1.540.003
Premium payments to SSI	(7.834.504)
End of the period - March 31	19.521.387

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

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

- (1) As disclosed in Note 2.15, in accordance with the Communiqué numbered 2011/18, the Company has closed outstanding claim files regarding the claims related to treatment expenses dated before the enforcement of the Law and "incurred but not reported claims to be closed" calculated with respect to the related treatment expenses and classified the respective amounts to the "Paid claims" account. In accordance with the Communiqué numbered 2011/18, the Company has performed the ACLM provision calculations both including and excluding data related to treatment expenses as of 31 March 2011 and the difference between these calculations is determined as "incurred but not reported claims to be closed". Accordingly, the Company transferred the closed claim files regarding the claims related to treatment expenses dated before the enforcement of the Law amounting to TL 3.783.062 and "incurred but not reported claims to be closed" calculated in accordance with the Communiqué numbered 2011/18 amounting to TL 816.183 totally amounting to TL 4.599.245 to the account "Paid Claims" and classified the total amount to the account "Payables to SSI regarding medical expenses-long term". In accordance with the Communiqué numbered 2011/18, the difference between the respective liability amount notified by Treasury to the companies and the amount calculated as a result of the abovementioned calculations with respect to the related period is accounted for under "Payables to SSI regarding medical expenses-short term", "Payables to SSI regarding medical expenses- long term" and charged to other technical income or expense account. In this context, the Company has deducted TL 1.533.082 from short term payables, TL 3.066.163 from long term payables from the related liability accounts and recognized a corresponding amount of income in the current period income statement.
- (2) As disclosed in Note 2.15, in certain branches, regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law, the Company is required to cede a certain amount of premiums written within the period of 1 January – 30 June 2012 to SSI to be determined in accordance with the Communiqué numbered 2011/17 and 2012/18 numbered Sector Notice. Based on the aforementioned regulations, the Company has recorded the amount of the premiums to be ceded to SSI as TL 11.113.969 as of 1 January – 30 June 2012 and calculated an reinsurance share of unearned premium reserve amounting to TL 6.303.656 as of 30 June 2012. The amount of ceded premiums to SSI is classified under the account "Payables to SSI regarding treatment expenses - short term" and the payments made till 30 June 2012 are excluded from that account.
- (3) In accordance with the Communiqué numbered 2011/17, The provision calculated in accordance with the abovementioned principles with respect to the claims related to treatment expenses dated before the enforcement of the Law for the charges to be received in the subsequent years will be determined in accordance with the liability notifications in 2012 and 2013 and the difference between the calculated provision and finalised liability will be accounted for under the income statements of related periods. Regarding to this methodology, The company has excluded amount to TL 2.001.016 in accounts in order to account as other technical incomes for year of 2011 within notified liabilities.
- (4) As disclosed in Note 2.15, in certain branches, regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law, the Company is required to cede a certain amount of premiums written within the period of January 1 - March 31, 2013 to SSI to be determined in accordance with the Communiqué numbered 2011/17 and 2012/6 numbered Sector Notice. Based on the aforementioned regulations, the Company has recorded the amount of the premiums to be ceded to SSI as TL 3.436.645 as of January 1 - March 31, 2013 and calculated an reinsurance share of unearned premium reserve amounting to TL 8.455.405 as of March 31, 2013. The amount of ceded premiums to SSI is classified under the account "Payables to SSI regarding treatment expenses - short term" and the payments made till March 31, 2013 are excluded from that account.
- (5) In accordance with the 2012/3 numbered Communiqué, the Company has recalculated the certain amount of premiums to be ceded to SSI in relation with the policies issued after 25 February 2011 till the effective date of the regulation 26 August 2011 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches according to the fixed prices designated in accordance with the vehicle types in 2012/3 numbered Communiqué. Based on the aforementioned regulations, the Company has recorded the additional amount of the premiums to be ceded to SSI as TL 1.540.003 as of January 1 – March 31, 2013.
- (6) In accordance with the Communiqué numbered 2011/17 and 2012/4, the difference between the respective liability amount notified by Treasury to the companies and the amount calculated as a result of the abovementioned calculations with respect to the related period is accounted for under "Payables to SSI regarding medical expenses" in balance sheet and charged to other technical income or expense account in income statement. In this context, the Company has added TL 4.734.085 to the related liability account by considering the January 1 – December 31, 2013 liability and recognized a corresponding amount of income in the current period "Other Technical Income". The provision calculated in accordance with the abovementioned principles with respect to the claims related to treatment expenses dated before the enforcement of the Law for the charges to be received in the subsequent years will be determined in accordance with the liability notifications by Treasury in 2012 and 2013 and the difference between the calculated provision and finalised liability will be accounted for under the income statements of related periods.

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

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	March 31, 2013	December 31, 2012
Unearned Premiums Reserve- Net (*)	499.552.828	448.114.008
Unexpired Risks Reserve- Net	3.249.170	10.020.873
Outstanding Claims Reserve-Net (**)	199.376.633	188.499.896
Mathematical Reserves-Net	2.439.977	2.597.676
Equalization Reserve-Net	24.525.480	22.199.697
Total	729.144.088	671.432.150

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 1.616.394, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off.

As disclosed in note 2.15, the reinsurers' share of unearned premiums includes SSI share for the period between January 1 – March 2013 which is TL 8.455.405 (January 1 – December 31, 2012: TL 11.034.941)

(**) Company owns clean cut agreement in motor own damage branch, according to the agreement the premium and claim disposals for 2012 has taken part on December 31, 2012. According to the same agreements the portfolio additions have been made within the year 2013. The effect of portfolio additions TL 7.048.798 in 2012 netted – off from outstanding claims (note 4.1.2.4) (December 31, 2012: TL 7.757.417)

21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities. The details of deferred tax are presented in Note 35.

22. Retirement and Welfare Liabilities

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ("SSI") as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on 30 November 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on 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.

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22. Retirement and Welfare Liabilities (continued)

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.

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 3.125,01 for each period of service as of March 31, 2013 (December 31, 2012: TL 3.125,01).

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. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at March 31, 2013 and December 31, 2012, 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 6,2 % (December 31, 2012: 4,8%) and a discount rate of 9,9% (December 31, 2012: 11%), resulting in a real discount rate of approximately 3,5% (December 31, 2012: 4,66%). The anticipated rate of forfeitures is considered and estimated rate of the Company's retirement pay is also taken into account.

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22. Retirement and Welfare Liabilities (Continued)

As the maximum liability is updated semi annually, the maximum amount of TL 3.033,98 effective from January 1, 2013 has been taken into consideration in calculation of provision from employment termination benefits (As of January 1, 2012, the ceiling on severance pay is TL 2.805,04 per month).

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

	March 31, 2013	March 31, 2012
Beginning of the Period, January 1	2.290.103	2.650.075
Charge for the Period	113.948	269.433
Actuarial Gain/Loss	242.095	-
Retirement Payments (-)	(213.381)	(554.534)

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	March 31, 2013		March 31, 2012	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the Period, January 1	1.625.430	99.887	1.976.488	856.815
Movements in the Current Period	328.620	1.083.704	259.780	99.909
End of the Period	1.954.050	1.183.591	2.236.268	956.724

23.2 Contingent Liabilities

Company' s statement of pledges and commitments as of 31 December 2012 and 2011 are presented below:

	March 31, 2013		March 31, 2012	
	Amount in Original Currency	Amount (TL)	Amount in Original Currency	Amount (TL)
Collaterals, Pledges and Mortgages Given by the Company (CPM)				
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		72.332		116.947
	TL	61.700	106.469	106.469
	USD	5.878	5.878	10.478
D. Total amount of other CPMs given		10.669.714		10.669.714
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		10.669.714		10.669.714
	TL	10.669.714	10.669.714	10.669.714
Total		10.742.046		10.786.661

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23. Other Liabilities and Expense Accruals (Continued)

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	March 31, 2013	December 31, 2012
Outstanding Claims under Litigation (*)	88.857.023	89.992.650
Total	88.857.023	89.992.650

	31 March 2013	31 December 2012
Subrogation Receivable Litigations, Gross	40.134.331	36.978.122
Trade Receivable Litigations and Executions	11.397.290	11.491.644
Total	51.531.621	48.469.766

(*) As disclosed in note 2.1.1, net amount of discount was made over outstanding claim amount is TL 11,896,061 (December 31, 2012: 11,896,060 TL).

23.4 Provision for Expense Accruals

	March 31, 2013	December 31, 2012
Performance premium provision	4.372.826	3.511.728
Commission provision	2.594.016	4.353.370
Unused vacation provision	1.954.050	1.625.430
Expense provision	1.302.991	210.926
Guarantee fund provision	250.288	2.166.337
Other	841.252	25.947
Total	11.315.423	11.893.738

24. Net Insurance Premium Revenue

	January 1- March 31, 2013	January 1- March 31, 2012
Non-life Branches		
Motor Own Damage	111.788.878	87.613.873
Health	73.550.023	73.664.455
Fire and Natural Disaster	28.362.587	20.510.532
Motor Vehicles Liability	26.658.963	47.235.454
General Losses	20.460.775	15.304.753
Financial Losses	9.072.065	7.349.146
Accident	4.223.645	3.088.865
Transportation	3.373.341	3.898.083
General Liability	2.454.785	2.337.798
Legal Protection	836.386	817.150
Water Vehicles	133.564	115.934
Breach of Trust	99.708	87.159
Credit	9.423	10.105
Air Vehicles Liability	50	46
Air Vehicles	38	29
Total Non-life Branches	281.024.231	262.033.382
Life	7.298	14.127
Total	281.031.529	262.047.509

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25. Fee Income

None (December 31, 2012:None).

26. Investment Income/(Expense)

	January 1- March 31, 2013	January 1- March 31, 2012
Interest Income	10.955.678	15.421.822
Rent Income	74.783	83.481
Total	11.030.461	15.505.303

27. Net Accrual Income on Financial Assets

	January 1- March 31, 2013	January 1- March 31, 2012
Financial Assets Available for Sale		
Valuation differences recognized under shareholders' equity	(448.122)	33.985
Total	(448.122)	33.985

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 4.168.073 (January 1 – March 31, 2012: TL 9.855.229).

29. Insurance Rights and Demands

	January 1- March 31, 2013	January 1- March 31, 2012
Outstanding Claims Reserve		
Motor Own Damage	11.954.824	26.795.892
Fire and Natural Disaster	1.346.717	(1.731.592)
Financial Losses	1.112.171	(3.089.803)
Accident	941.903	391.248
Water Vehicles	264.897	(9.644)
Transportation	76.916	942.051
Credit	2.284	-
Breach of Trust	(62.498)	29.551
General Liability	(870.911)	(4.453.835)
Legal Protection	(2.432.696)	(54.613)
General Losses	(3.544.664)	276.945
Motor Vehicles Liability	(6.061.057)	(12.102.463)
Health	(6.556.510)	(1.442.743)
Air Vehicles	-	(2.649)
Total Non-life	(3.828.624)	5.548.345
Life	685	(41.389)
Total (*)	(3.827.939)	5.506.956

(*) For current previous period comparison please refer to note 4.1.2.4.

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30. Investment Agreement Rights

None (December 31, 2012:None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Types

	January 1- March 31, 2013	January 1- March 31, 2012
Production Commissions (-)	(56.717.529)	(52.296.584)
Reinsurance Commissions (+)	11.488.425	11.092.324
Employee Wages and Expenses (-) (*)	(13.208.095)	(12.194.378)
Information Technology Expenses (-)	(1.779.998)	(1.705.521)
Transportation Expenses (-)	(883.178)	(780.101)
Meeting and Training Expenses (-)	(1.808.403)	(437.857)
Repair and Maintenance Expenses (-)	(739.360)	(727.848)
Advertisement Expenses (-)	(802.002)	(352.456)
Social Relief Expenses (-)	(721.537)	(605.135)
Rent Expenses (-)	(367.848)	(353.995)
Outsourcing Service Expenses (-)	(507.557)	(708.916)
Communication Expenses (-)	(298.051)	(294.099)
Other (-)	(1.496.811)	(1.322.297)
Total	(67.841.944)	(60.686.863)

The Company makes payments to pension contribution (3% of the monthly gross salary) for the employees who fulfill conditions and this amount is presented in employees wages and expenses.

33. Employee Benefit Expenses

	January 1- March 31, 2013	January 1- March 31, 2012
Salary and Bonus Payments	(12.296.312)	(11.738.964)
Insurance Payments	(156.109)	(138.029)
Other Payments	(755.674)	(317.385)
Total (Note 32)	(13.208.095)	(12.194.378)

34. Financing Costs:

34.1 Financial Expenses

None (December 31, 2012:None).

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

None (December 31, 2012:None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None (December 31, 2012:None).

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34. Financing Costs (Continued)

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

None (As of January 1 – March 31, 2012 rent income from shareholder Hacı Ömer Sabancı Holding TL 13.268)

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 (December 31, 2012:None).

35. Income Tax

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
<u>Current Tax Liability</u>		
Corporate Tax Liability Provision on Period Profit	1.865.662	14.453.854
Prepaid Taxes and Other Liabilities on Period Profit (-)	(609)	(7.836.105)
	<u>1.865.053</u>	<u>6.617.749</u>
	January 1-	January 1-
<u>Tax (Expense) / Income is Formed by the Items Below:</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Current Tax Income / (Expense)	(1.865.662)	(2.024.626)
Deferred Tax Income / (Expense) due to Temporary Differences	(1.132.731)	(70.406)
Total Tax Income / (Expense)	<u>(2.998.393)</u>	<u>(2.095.032)</u>

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.

<u>Deferred Tax</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	112.030	(45.830)
	<u>112.030</u>	<u>(45.830)</u>

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35. Corporate Tax (Continued)

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

Deferred Tax Assets / (Liabilities)	March 31, 2013	December 31, 2012
Useful life differences of tangible and intangible assets	68.389	279.296
Retirement pay provision	438.134	458.021
Unused vacation provision	390.810	325.086
Technical reserves	791.226	2.459.634
Doubtful receivable provisions	373.271	373.271
Other	1.515.123	656.515
Deferred Tax Assets / (Liabilities), Net	3.576.953	4.551.823

Movements of Deferred Tax Assets / (Liabilities):	January 1- March 31, 2013	January 1- March 31, 2012
Beginning of the Period, 1 January	4.551.823	2.128.644
Deferred Tax Income Recognized in the Income Statement	(1.132.731)	(70.406)
Deferred Tax Income Recognized in the Shareholders' Equity	157.861	(224.787)
Closing Balance	3.576.953	1.833.451

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

	January 1- March 31, 2013	January 1- March 31, 2012
Income Before Tax	13.055.623	11.371.323
Tax Calculated: 20%	(2.611.125)	(2.274.265)
Effect of Additions	(3.473.160)	(2.553.460)
Effect of Allowances	4.218.623	2.803.098
Corporate Tax Payable and Provision for Other Statutory Liabilities	(1.865.662)	(2.024.626)
Deferred Tax Income / (Expense)	(1.132.731)	(70.406)

36. Net Foreign Exchange Gain/Loss

	January 1- March 31, 2013	January 1- March 31, 2012
Recognized in Profit / Loss:		
Foreign Exchange Income	2.599.836	3.061.198
Foreign Exchange Expense	(2.867.063)	(3.051.523)
	(267.227)	9.675

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37. Earnings per Share

	2013	2012
Number of Equity Shares Outstanding Beginning Period, 1 January	<u>30.600.000.000</u>	<u>30.600.000.000</u>
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding End of Period, March 31	<u>30.600.000.000</u>	<u>30.600.000.000</u>
Weighted Average Number of Outstanding Shares (Unit of 1; 0,01 TL)	30.600.000.000	30.600.000.000
Net Profit for the Period / (Loss) (TL)	<u>10.057.230</u>	<u>9.119.099</u>
Earnings / (Loss) per Share (TL)	<u>0,033</u>	<u>0,030</u>

38. Dividends per share

Pursuant to the decision taken in the Company's Ordinary General Meeting held on 30 May 2012, all of the net profit consisted in financial statements which represents 2011 operating results have been distributed to shareholders after legal reserves are calculated over. The amount that distributed is TL 28.932.115 and profit per share is TL 0,09.

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 in order : TL 18.620.749, TL (56.679.734) and none (January 1 – March 31, 2012: TL (281.141), TL (40.804.140) and none),

40. Equity Share Convertible Bonds

None (December 31, 2012:None).

41. Cash Convertible Privileged Equity Shares

None (December 31, 2012:None).

42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

43. Commitments

Total amount of off balance sheet commitments are presented in Note 23.2.

44. Business Combinations

None (December 31, 2012:None).

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45. Related Parties

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

Due from/to related parties

Company	March 31, 2013	December 31, 2012
Enerjisa Enerji Üretim A.Ş	5.899.878	10.936.303
Başkent Elektrik Dağıtım A.Ş	3.487.092	(28.221)
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş	3.065.282	2.893.114
Ak Finansal Kiralama A.Ş	2.995.978	3.342.333
Advansa SASA	2.680.140	491.127
Avivasa Emeklilik ve Hayat A.Ş	2.356.094	87.654
Teknosa İç ve Dış Ticaret A.Ş	1.764.176	22.331
Temsa Global San. ve Tic. A.Ş	1.636.744	536.194
Akbank Türk A.Ş.	1.599.054	249.708
Pmsa Philip Morris Sabancı Pazarlama ve Satış A.Ş.	1.400.825	17.629
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	1.259.875	13.416
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	770.773	619.523
Sabancı Üniversitesi	482.790	3.984.954
Çimsa Çimento San. ve Tic. A.Ş	404.228	(2.026)
Akçansa Çimento San. ve Tic. A.Ş	319.389	296.777
Yünsa Yünlü San. ve Tic. A.Ş	280.191	(2.804)
Olmuksa International Paper Sabancı Ambalaj San. ve Tic. A.Ş.	261.328	32.978
Diasa Dia Sabancı Süpermarketler Ticaret A.Ş.	220.692	85.802
Hacı Ömer Sabancı Holding A.Ş	171.103	(10.524)
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş	84.342	8.362
Ak Yatırım Ortaklığı A.Ş.	59.276	(114)
Dönkasan Dönüşen Kağıt Ham Maddeleri San. ve Tic. A.Ş	37.006	144
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	35.028	(1.350)
Akpörföy Yönetimi A.Ş.	32.598	-
Hacı Ömer Sabancı Vakfı	13.730	(179)
AEO (Hilton International)	1.898	-
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	1.451	(678)
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	(14.180)	21.362
Total	31.306.782	23.102.688

(*) Amount TL 69.456 (December 31, 2013: TL 63.248) of related party receivable balance is presented under "Other Related Party Receivable" line of financial statements. Rest of the balance is presented under "Receivable from Insurance Operations" line of financial statements.

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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

45. Related Parties (Continued)

Premium production

Insured	January 1- March 31, 2013	January 1- March 31, 2012
Enerjisa Enerji Üretim A.Ş.	6.414.079	5.947.448
Advansa SASA	2.369.257	2.104.368
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	2.259.503	2.693.265
Ak Finansal Kiralama A.Ş.	2.230.837	1.878.843
Akbank Türk A.Ş.	1.667.457	1.430.343
Temsa Global	1.570.790	1.145.249
Başkent Elektrik	1.450.738	1.102.816
Carrefour Sabancı Ticaret Merkezi A.Ş.	1.341.377	879.662
Sabancı Üniversitesi	1.336.075	1.498.160
Kordsa Sabancı Global	963.205	1.028.263
Teknosa İç Ve Dış Tic A.Ş.	884.509	281.950
Çimsa Çimento san. Ve Tic. A.Ş.	846.361	943.859
PHILIP MORRIS SA	806.916	736.813
PHILSA PHILIP MORRIS	750.376	684.147
Olmuksa Mukavva San. Tic A.Ş.	599.585	633.147
Avivasa Hayat ve Emeklilik A.Ş.	593.428	578.947
Akçansa Çimento San. Ve Tic. A.Ş.	469.992	858.346
Yünsa Yünlü San. Ve Tic. A.Ş.	334.722	333.053
Hacı Ömer Sabancı Holding	246.574	261.013
Diasa Dia Sabancı Süpermarketleri Tic. A.Ş.	83.128	61.201
Bimsa Uluslar. İş, Bilgi ve Yönetim Sist. A.Ş.	81.056	68.969
Akyatırım Menkul Değerler A.Ş.	77.379	64.054
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	73.182	77.216
Akpörföy Yönetimi A.Ş.	47.656	47.520
Dönkasan A.Ş.	37.385	32.146
Exsa Export San. Mam. Satış Araş. A.Ş.	21.903	21.645
VAKSA	21.890	15.604
AEO (Hilton International)	2.296	2.142
Ak Yatırım Ortaklığı A.Ş.	-	6.004
Total	27.581.657	25.416.191

Interest Income Received from Related Parties

Company	January 1- March 31, 2013	January 1- March 31, 2012
Akbank T.A.Ş.	6.596.326	10.348.401
Total	6.596.326	10.348.401

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

The Company has donated TL 3.100.000 to Hacı Ömer Sabancı Foundation in 2012.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2013**

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

46. Subsequent Events

After balance sheet date, there has not been any changes regarding operations of the Company, documentation and policies of the Company.

On April 16, 2013, the Company held general assembly meeting of the year 2012. At the meeting, distribution of dividend amounting to TL 44.676.000 has been decided and started payments as of April 18, 2013.

47. Other

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

Other Receivables	March 31, 2013	December 31, 2012
Prepaid premiums of excess of loss contracts	14.874.598	-
Receivables from Tarm Sigortaları A.Ş.	5.217.174	6.001.742
Other Receivables	2.834.785	2.165.934
Total	22.926.557	8.167.676

Other Short Term Payables	March 31, 2013	December 31, 2012
Payables to contracted enterprises	6.552.742	7.898.757
Payables to Turkish Catastrophe Insurance Pool	9.666.110	8.728.804
Payables to suppliers	2.058.450	3.192.230
Turkish Catastrophe Insurance Pool Payables to agencies	787.061	685.811
Other	494.460	883.745
Total	19.558.823	21.389.347

Other Prepaid Expenses	March 31, 2013	December 31, 2012
Prepaid Expenses	1.073.525	649.351
Total	1.073.525	649.351

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	January 1- March 31, 2013	January 1- March 31, 2012
Provisions Account (+/-)	(5.427.292)	(3.068.859)
Provisions for doubtful receivable	(3.919.196)	(1.695.399)
Retirement pay provision	(113.948)	(128.835)
Provisions for other expenses	(1.394.148)	(1.244.625)
Discount account (+/-)	-	(171.451)
Compulsory earthquake insurance account (+/-)	223.213	169.573
Deferred tax asset account (+/-)	(1.132.731)	(70.406)
Other income and profit	1.092.317	316.966
Gain on property sale	663.980	-
Other	458.337	316.966
Other expenses and losses (-)	(1.180.606)	(1.146.070)

AKSİGORTA A.Ş.

Appendix I

CONVENIENCE TRANSLATION OF THE STATEMENT OF PROFIT DISTRIBUTION

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

AKSİGORTA ANONİM ŞİRKETİ Profit Distribution Statement

	Note	Reviewed Current Period (01/01/2013 - 31/03/2013) (*)	Not Reviewed Previous Period (01/01/2012 - 31/03/2012) (*)
I. Distribution of profit for the period			
1.1. Profit for the period		-	-
1.2. taxes payable and legal liabilities		-	-
1.2.1. Corporation tax (Income tax)		-	-
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and legal liabilities		-	-
A. Net profit for the period (1.1 - 1.2)		-	-
1.3. Previous years' losses (-)		-	-
1.4. First legal reserve		-	-
1.5. Legal reserves kept in the company (-)		-	-
B. Net distributable Profit for the period [(a - (1.3 + 1.4 + 1.5)]		-	-
1.6. First dividend to shareholders (-)		-	-
1.6.1. To common shareholders		-	-
1.6.2. To preferred shareholders		-	-
1.6.3. To owners of participating redeemed shares		-	-
1.6.4. To owners of profit-sharing securities		-	-
1.6.5. To owners of profit and loss sharing securities		-	-
1.7. Dividends to personnel (-)		-	-
1.8. Dividends to founders (-)		-	-
1.9. Dividends to board of directors (-)		-	-
1.10. Second dividends to shareholders (-)		-	-
1.10.1. To common shareholders		-	-
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. Second legal reserve (-)		-	-
1.12. Statutory reserves (-)		-	-
1.13. Extraordinary reserves		-	-
1.14. Other reserves		-	-
1.15. Special funds		-	-
II. Distribution from reserves		-	-
2.1. distributed reserves		-	-
2.2. second legal reserve (-)		-	-
2.3. dividends to shareholders (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2. To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4. To owners of profit-sharing securities		-	-
2.3.5. To owners of profit and loss sharing securities		-	-
2.4. Dividends to employees (-)		-	-
2.5. Dividends to board of directors (-)		-	-
III. Profit per share		-	-
3.1. To common shareholders		-	-
3.2. To common shareholders (%)		-	-
3.3. To preferred shareholders		-	-
3.4. To preferred shareholders (%)		-	-

(*) As of March 31, 2013 and 2012, the profit distribution table has not been prepared since there has not been profit distribution