

**AVİVASA EMEKLİLİK VE HAYAT
ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS AS OF
31 DECEMBER 2013 AND INDEPENDENT
AUDITOR’S REPORT**

Translated into English from
The Original Turkish Report

AvivaSA Emeklilik ve Hayat Anonim Şirketi

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AVİVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Avivasa Emeklilik ve Hayat Anonim Şirketi**

We have audited the accompanying financial statements of Avivasa Emeklilik ve Hayat Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 December 2013, and statement of income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Independent Auditor's Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Avivasa Emeklilik ve Hayat Anonim Şirketi as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the applicable accounting principles and standards issued (Note 2), based on insurance laws and regulations.


Other Matter

The financial statements of the Company as of and for the year ended 31 December 2012 were audited by another auditor and expressed an unqualified opinion in their audit report dated 8 February 2013.

Additional paragraph for the English translation:

The effect of the differences between the accounting principles summarized in Note 2 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Company's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Müjde Şehsuvaroğlu, SMMM
Partner


İstanbul, 21 February 2014

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ


**THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**


We assure you that our financial report and the related disclosures and notes prepared as of 31 December 2013 in accordance with the requirements set out by Republic of Turkey Prime Ministry Undersecretariat of the Treasury are in compliance with the provisions of the Decree on “Financial Reporting of Insurance and Reinsurance Companies and Pension Funds” and our Company’s accounting records.

İstanbul, 21 February 2014


Meral Kurdaş
Member of the Board of
Directors, General Manager


M. Fırat Kuruca
Executive Vice President
Finance


Zehra Eksen Altınok
Division Manager
Accounting&Finance


Nevin Mermer
Actuary

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Assets

		Audited Current Period	Audited Previous Period
	Note	31 December 2013	31 December 2012
I- CURRENT ASSETS			
A- Cash and Cash Equivalents	2.12, 14	314,537,220	299,185,453
1- Cash	14	401	1,844
2- Cheques Received		-	-
3- Banks	14	226,279,431	235,212,090
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months		-	-
6- Other Cash and Cash Equivalents	14, 47.1	88,257,388	63,971,519
B- Financial Assets and Investments with Risks on Policyholders	11	345,957,494	409,546,878
1- Financial Assets Available for Sale	11	22,066,114	30,929,539
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11	57,828,778	16,389,210
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policyholders	11	266,062,602	362,228,129
7- Equity Shares		-	-
8- Impairment on Financial Assets (-)		-	-
C- Receivables From Main Operations		22,189,292	20,798,841
1- Receivables From Insurance Operations	12.1	14,914,669	9,848,772
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited With Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	12.1	134,537	404,067
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation	12.1	7,140,086	10,546,002
9- Doubtful Receivables From Main Operations		-	-
10- Provisions for Doubtful Receivables From Main Operations (-)		-	-
D- Due from Related Parties	12.1	1,782,259	170,148
1- Due from Shareholders	12.2	241,117	150,812
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Entities Under Common Control		-	-
5- Due from Personnel		3,056	3,391
6- Due from Other Related Parties	45	1,538,086	15,945
7- Discount 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	12.1	251,844	122,353
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		19,617	19,616
4- Other Receivables	47.1	229,877	100,387
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		2,350	2,350
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		16,468,755	15,876,940
1- Deferred Expenses	47.1	15,089,269	14,606,922
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	47.1	-	110,196
4- Other Prepaid Expenses	47.1	1,379,486	1,159,822
G- Other Current Assets		80,001	67,578
1- Inventories		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		80,001	67,578
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		701,266,865	745,768,191

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Assets

		Audited Current Period	Audited Previous Period
	Note	31 December 2013	31 December 2012
II- NON CURRENT ASSETS			
A- Receivables From Main Operations		5,157,603,420	4,195,622,493
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 with Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	12.1	137,057,150	144,089,197
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations	17.5	5,020,546,270	4,051,533,296
9- Doubtful Receivables from Main Operations	12.1	-	570,351
10- Provision for Doubtful Receivables from Main Operations	12.1	-	(570,351)
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Entities Under Common Control		-	-
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	12.1	21,931	20,861
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		21,931	20,861
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	45.2	838,932	849,457
1- Long-term Investments		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Entities Under Common Control		-	-
7- Capital Commitments to Entities Under Common Control (-)		-	-
8- Financial Assets and Investments with Risks on Policyholders		-	-
9- Other Financial Assets	45.2	838,932	910,051
10- Impairment on Financial Assets (-)	45.2	-	(60,594)
E- Tangible Assets	6.3.4	6,016,157	5,800,125
1- Investment Properties		-	-
2- Impairment on Investment Properties (-)		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments	6.3.4	7,006,784	6,203,529
5- Furnitures and Fixtures	6	9,718,549	9,093,613
6- Vehicles	6	-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6.3.2, 47.1	10,178,130	9,483,000
8- Leased Tangible Fixed Assets	6.3.4	1,175,521	1,175,521
9- Accumulated Depreciation (-)	6.3.4	(22,062,827)	(20,155,538)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Assets	8	10,517,606	4,831,598
1- Rights		-	-
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8, 47.1	28,440,212	26,745,795
6- Accumulated Amortizations (-)	8	(24,739,635)	(22,840,417)
7- Advances Regarding Intangible Assets	8	6,817,029	926,220
G- Prepaid Expenses and Income Accruals		2,618,476	972,619
1- Deferred Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		2,618,476	972,619
H- Other Non-current Assets	21,35	8,182,649	4,104,724
1- Cash Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21, 35	8,182,649	4,104,724
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		5,185,799,171	4,212,201,877
Total Assets (I+II)		5,887,066,036	4,957,970,068

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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Liabilities

		Audited Current Period	Audited Previous Period
	Note	31 December 2013	31 December 2012
III- SHORT TERM LIABILITIES			
A- Borrowings		1	1,189,478
1- Borrowings from Financial Institutions	2.17	-	1,189,477
2- Finance Lease Payables		1	1
3- Deferred Finance Lease Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Instruments Issued		-	-
7- In Excess of Par of Financial Instruments (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations	19	109,639,447	77,637,044
1- Payables From Insurance Operations		5,918,543	5,106,963
2- Payables From Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables From Pension Operations		103,631,681	72,461,918
5- Payables From Other Operations		89,223	68,163
6- Discount on Other Payables From Main Operations, Notes Payable (-)		-	-
C- Due to Related Parties	19	4,435,880	3,414,468
1- Due to Shareholders	12.2	84,213	42,590
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Entities Under Common Control		-	-
5- Due to Personnel		485,021	647,861
6- Due to Other Related Parties	45	3,866,646	2,724,017
D- Other Payables	19	10,473,673	7,130,879
1- Guarantees and Deposits Received		-	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables	47.1	10,473,673	7,130,879
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		82,694,659	109,377,169
1- Unearned Premiums Reserve - Net	17.15	41,611,410	39,841,313
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	7,973,447	42,568,631
4- Outstanding Claims Reserve - Net	17.15	33,109,802	26,967,225
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Provisions		4,464,683	5,317,765
1- Taxes and Dues Payable		3,025,184	3,090,455
2- Social Security Premiums Payable		1,455,299	1,185,201
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Provision on Period Profit	35	6,762,489	14,215,051
6- Advance Taxes and Other Liabilities on Period Profit (-)		(6,778,702)	(13,174,011)
7- Provisions for Other Taxes and Liabilities	47.1	413	1,069
G- Provisions for Other Risks		18,015,841	14,008,318
1- Provision for Employee Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23.2	18,015,841	14,008,318
H- Deferred Income and Expense Accruals	47.1	1,369,607	2,013,028
1- Deferred Income		631,937	978,810
2- Expense Accruals		737,670	1,034,218
3- Other Deferred Income and Expense Accruals		-	-
I- Other Short Term Liabilities		2,716,292	2,587,221
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities	23.2	2,716,292	2,587,221
III - Total Short Term Liabilities		233,810,083	222,675,370

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Liabilities

		Audited Current Period	Audited Previous Period
	Note	31 December 2013	31 December 2012
IV- LONG TERM LIABILITIES			
A- Borrowings		-	-
1- Borrowings From Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Financial Instruments Issued		-	-
6- In Excess of Par of Financial Instruments (-)		-	-
7- Other Borrowings (Financial Liabilities)		-	-
B- Payables From Main Operations		5,019,219,444	4,051,425,340
1- Payables From Insurance Operations		-	-
2- Payables From Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables From Pension Operations	17.5, 17.6	5,019,219,444	4,051,425,340
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 Entities Under Common Control		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Guarantees and Deposits Received		-	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		467,506,970	508,214,858
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	458,684,847	502,070,369
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17.15	8,822,123	6,144,489
F- Other Liabilities and Provisions	47.1	6,466,255	5,153,850
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals	47.1, 42	6,466,255	5,153,850
G- Provisions for Other Risks	22	2,571,128	1,810,014
1- Provision for Employee Termination Benefits		2,571,128	1,810,014
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		5,495,763,797	4,566,604,062

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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Shareholders' Equity

		Audited Current Period	Audited Previous Period
	Note	31 December 2013	31 December 2012
V- SHAREHOLDERS' EQUITY			
A- Paid in Capital	2.13	51,971,980	51,971,980
1- (Nominal) Capital	2.13	35,779,197	35,779,197
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital	2.13	16,192,783	16,192,783
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Capital to be registered		-	-
B- Capital Reserves		66,865,115	66,865,115
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Gain on Sale of Assets to be Transferred to Capital		-	-
4- Translation Reserves		-	-
5- Other Capital Reserves	15, 47.1	66,865,115	66,865,115
C- Profit Reserves		8,395,144	11,081,037
1- Legal Reserves	15	3,545,456	1,606,831
2- Statutory Reserves	15	5,306,815	2,122,467
3- Extraordinary Reserves	15	5,456,146	5,439,061
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	15	(5,913,273)	1,912,678
6- Other Profit Reserves		-	-
D- Retained Earning		-	-
1- Retained Earnings		-	-
E- Previous Years' Losses (-)		(484,878)	-
1- Previous Years' Losses		(484,878)	-
F- Net Profit of the Period		30,744,794	38,772,504
1- Net Profit of the Period		30,744,794	38,772,504
2- Net Loss of the Period		-	-
3- Net Profit of the Period not Subject to Distribution		-	-
Total Shareholders' Equity		157,492,156	168,690,636
Total Liabilities and Shareholders' Equity (III+IV+V)		5,887,066,036	4,957,970,068

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 (Amounts expressed in Turkish Lira (TL) unless otherwise stated).

I- TECHNICAL DIVISION	Note	Audited Current Period 1 January– 31 December 2013	Audited Previous Period 1 January– 31 December 2012
A- Non-Life Technical Income		32,078,100	29,550,903
1- Earned Premiums (Net of Reinsurer Share)		32,078,100	29,550,903
1.1 - Premiums (Net of Reinsurer Share)	24	32,328,162	32,284,665
1.1.1 - Gross Premiums (+)	24	32,382,317	32,341,198
1.1.2 - Ceded Premiums to Reinsurers (-)	24	(54,155)	(56,533)
1.1.3- Premiums Transferred to SSI(-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(250,062)	(2,733,762)
1.2.1 - Unearned Premiums Reserve (-)		(248,652)	(2,738,176)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		(1,410)	4,414
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Division		-	-
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 Sovtage Income (+)		-	-
B- Non-Life Technical Expenses (-)		(33,289,879)	(24,461,436)
1- Total Claims (Net of Reinsurer Share)		(3,209,200)	(4,913,444)
1.1- Claims Paid (Net of Reinsurer Share)		(3,075,421)	(3,914,495)
1.1.1 - Gross Claims Paid (-)		(3,078,121)	(3,914,495)
1.1.2 - Reinsurance Share of Claims Paid (+)		2,700	-
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(133,779)	(998,949)
1.2.1 - Outstanding Claims Reserve (-)		(298,708)	(1,019,314)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		164,929	20,365
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) (+/-)		(425,723)	(427,529)
4- Operating Expenses (-)	31	(29,497,715)	(19,109,003)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurer Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		(157,241)	(11,460)
6.1- Other Gross Technical Expenses (-)		(157,241)	(11,460)
6.2- Reinsurer Share of Other Gross Technical Expenses (+)		-	-
C- Non Life Technical Profit/(Loss) (A-B)		(1,211,779)	5,089,467
D- Life Technical Income		293,799,634	199,876,969
1- Earned Premiums (Net of Reinsurer Share)		190,150,508	148,556,583
1.1 - Premiums (Net of Reinsurer Share)	24	191,670,543	155,993,929
1.1.1 - Gross Premiums (+)	24	200,505,353	165,202,464
1.1.2 - Ceded Premiums to Reinsurers (-)	24	(8,834,810)	(9,208,535)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(1,520,035)	(7,437,346)
1.2.1 - Unearned Premiums Reserve (-)		(1,476,410)	(8,660,842)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		(43,625)	1,223,496
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Life Branch Investment Income		84,369,468	44,852,671
3- Accrued (Unrealized) Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share)	47.1	19,299,655	7,049,001
4.1- Other Gross Technical Income (+/-)		19,299,655	7,049,001
4.2- Ceded Other Technical Income (+/-)		-	-
5- Accrued Subrogation Income (+)		(19,997)	(581,286)
E- Life Technical Expense		(261,742,287)	(191,725,149)
1- Total Claims (Net of Reinsurer Share)		(173,135,464)	(134,009,698)
1.1- Claims Paid (Net of Reinsurer Share)		(167,126,666)	(128,851,915)
1.1.1 - Gross Claims Paid (-)		(169,710,964)	(130,685,431)
1.1.2 - Reinsurance Share of Claims Paid (+)		2,584,298	1,833,516
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(6,008,798)	(5,157,783)
1.2.1 - Outstanding Claims Reserve (-)		(6,849,620)	(6,363,221)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		840,822	1,205,438
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	37,849,518	47,394,464
3.1 - Life Mathematical Reserves		37,849,518	47,394,464
3.1.1- Actuarial Mathematics provision(+/-)		32,527,743	45,722,785
3.1.2- Dividend Equivalent (Provision Provision for Policyholders Investment Risk.)		5,321,775	1,671,679
3.2- Reinsurance Share of Life Mathematical Reserves		-	-
3.2.1- Provision of Reinsurance Actuarial Mathematics (+)		-	-
3.2.2- Reinsurer's Share of Profit Share (Provision Provision for Policyholders Investment Risk.) (+)		-	-
4- Changes in Technical Reserves for Investments with Risks on Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(2,251,911)	(1,680,139)
5- Operating Expenses (-)	31	(83,655,468)	(75,307,522)
6- Investment Expenses (-)	36	(38,644,436)	(26,703,583)
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non-Technical Divisions (-)		(1,904,526)	(1,418,671)
F- Life Technical Profit/(Loss) (D-E)		32,057,347	8,151,820
G- Private Pension Technical Income	25	130,185,735	135,711,254
1- Fund Management Fee	25	81,552,634	83,548,762
2- Management Fee Deduction	25	17,143,326	32,023,292
3- Entrance Fee Income	25	30,366,067	20,023,033
4- Management Fee In Case Of Temporary Suspension		717,614	-
5- Income from Individual Service Charges		-	-
6- Increase in Market Value of Capital Commitment Advances	25	246,759	13,275
7-Other Technical Income	25	159,335	102,892
H- Private Pension Technical Expenses		(160,012,198)	(115,523,398)
1- Fund Management Expenses (-)		(12,574,088)	(8,943,434)
2- Decrease in Market Value of Capital Commitment Advances (-)		(117,676)	(62)
3- Operating Expenses (-)	31	(141,098,632)	(100,811,574)
4- Other Technical Expenses (-)	47.1	(6,221,802)	(5,768,328)
I- Private Pension Technical Profit/(Loss) (G-H)		(29,826,463)	20,187,856

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 (Amounts expressed in Turkish Lira (TL) unless otherwise stated).

II- NON TECHNICAL DIVISION	Note	Audited Current Period 1 January- 31 December 2013	Audited Previous Period 1 January- 31 December 2012
C- Non Life Technical Profit/(Loss) (A-B)		(1,211,779)	5,089,467
F- Life Technical Profit /(Loss) (D-E)		32,057,347	8,151,820
I- Private Pension Technical Profit/(Loss) (G-H)		(29,826,463)	20,187,856
J- Total Technical Profit/(Loss) (C+F+I)		1,019,105	33,429,143
K- Investment Income		41,623,543	29,459,852
1- Income From Financial Investment	26	20,603,501	23,366,209
2- Income from Sales of Financial Investments	26	2,118,404	553,440
3- Revaluation of Financial Investments	27	10,898,587	959,644
4- Foreign Exchange Gains	36	6,092,274	2,601,117
5- Dividend Income from Affiliates	26	6,251	21,162
6- Income from Subsidiaries and Entities Under Common Control		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives		-	539,608
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Division		1,904,526	1,418,672
L- Investment Expenses (-)		(10,519,182)	(7,924,824)
1- Investment Management Expenses (Including Interest) (-)		(415,065)	(279,647)
2- Valuation Allowance of Investments (-)		-	1,408
3- Losses On Sales of Investments (-)		(5,649,643)	(696,314)
4- Investment Income Transferred to Non-Life Technical Division (-)		-	-
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(632,038)	(4,093,816)
7- Depreciation Charges (-)	6.1	(3,822,436)	(2,856,455)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)		9,150,921	(1,976,616)
1- Provisions (+/-)		(1,106,142)	(216,462)
2- Discounts (+/-)		-	-
3- Specialty Insurances (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Asset (+/-)	21, 35	2,782,134	473,668
6- Deferred Tax Liability Accounts (+/-)		-	-
7- Other Income and Revenues	47.1	15,242,974	4,932,512
8- Other Expenses and Losses (-)	47.1	(9,528,954)	(8,073,744)
9- Prior Period Income	47.3	2,450,982	962,673
10- Prior Period Losses (-)	47.3	(690,073)	(55,263)
N- Net Profit / (Loss)		30,744,794	38,772,504
1- Profit (Loss) Before Tax		41,274,386	52,987,555
2- Corporate Tax Charge and Other Fiscal Liabilities (-)	35	(10,529,592)	(14,215,051)
3- Net Profit (Loss)		30,744,794	38,772,504
4- Inflation Adjustment Account (+/-)		-	-

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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

	Note	Audited Current Period 31 December 2013	Audited Previous Period 31 December 2012
A. Cash Flows from the Operating Activities			
1. Cash inflows from the insurance operations		436,718,833	197,938,752
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		2,204,367,038	1,820,021,359
4. Cash outflows due to the insurance operations (-)		(186,302,990)	(161,378,360)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		(2,315,463,738)	(1,681,615,687)
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		139,926,808	174,966,064
8. Interest payments (-)		-	-
9. Income tax payments (-)		(30,933,460)	(50,450,107)
10. Other cash inflows		2,795,726	1,931,479
11. Other cash outflows (-)		(145,315,504)	(131,644,427)
12. Net cash generated from/(used in) operating activities		(34,134,096)	(5,196,991)
B. Cash flows from the investing activities			
1. Sale of tangible assets		-	2,735
2. Purchase of tangible assets (-)	6	(9,724,475)	(7,667,126)
3. Acquisition of financial assets (-)	11.4	(2,343,898,587)	(424,762,744)
4. Sale of financial assets		2,394,460,455	439,016,157
5. Interest received		36,729,545	50,972,758
6. Dividends received		6,251	4,377
7. Other cash inflows		-	-
8. Other cash outflows (-)		-	-
9. Net cash generated from/(used in) the investing activities		77,573,189	57,566,156
C. Cash flows from the financing activities			
1. Issue of equity shares		-	-
2. Cash inflows from borrowings		-	-
3. Payments of financial leases (-)		-	-
4. Dividends paid (-)		(31,075,782)	(21,154,166)
5. Other cash inflows		24,373,499	110,403,178
6. Other cash outflows (-)		(1,745,160)	(24,373,499)
7. Cash generated from/(used in) the financing activities		(8,447,443)	64,875,513
D. Effects of Exchange Rate Differences on Cash and Cash Equivalents		3,106,979	(259,230)
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		38,098,629	116,985,447
F. Cash and cash equivalents at the beginning of the period		274,214,620	157,229,173
G. Cash and cash equivalents at the end of period (E+F)	2.12	312,313,249	274,214,620

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Audited Current Period											
31 December 2013											
	Capital	Treasury Shares	Investment Revaluation Reserves	Inflation Adjustment to Shareholders' Equity	Exchange Differences Arising on Translation of Foreign Operations	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit / (Loss) For the Period	Previous Periods' Profits / (Losses) (-)	Total
CURRENT PERIOD											
I- Balance at (31/12/2012)	35,779,197	-	1,912,678	16,192,783	-	1,606,831	2,122,467	72,304,176	38,772,504	-	168,690,636
II-Changes in Accounting Policies (Not 2)	-	-	-	-	-	-	-	-	-	-	-
III-Restated Balance (I + II) (01/01/2013)	35,779,197	-	1,912,678	16,192,783	-	1,606,831	2,122,467	72,304,176	38,772,504	-	168,690,636
A- Capital increase (A1 + A2)											
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal Resources	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expenses) recognized directly in equity (*)	-	-	-	-	-	-	-	-	-	(484,878)	(484,878)
D- Valuation gains on assets	-	-	(7,825,951)	-	-	-	-	-	-	-	(7,825,951)
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period	-	-	-	-	-	-	-	-	30,744,794	-	30,744,794
I- Payment of dividends	-	-	-	-	-	-	-	-	(33,632,445)	-	(33,632,446)
J- Transfers to reserves	-	-	-	-	-	1,938,625	3,184,348	17,086	(5,140,059)	-	-
II- Balance at (31/12/2013) (III+ A+B+C+D+E+F+G+H+I+J)	35,779,197	-	(5,913,273)	16,192,783	-	3,545,456	5,306,815	72,321,262	30,744,794	(484,878)	157,492,156
Audited Previous Period											
31 December 2012											
	Capital	Treasury Shares	Investment Revaluation Reserves	Inflation Adjustment to Shareholders' Equity	Exchange Differences Arising on Translation of Foreign Operations	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit / (Loss) For the Period	Previous Periods' Profits / (Losses) (-)	Total
PREVIOUS PERIOD											
I- Balance at (31/12/2011)	35,779,197	-	284,403	16,192,783	-	289,045	11,494	72,275,898	31,989,774	(5,634,052)	151,188,542
II-Changes in Accounting Policies (Not 2)	-	-	-	-	-	-	-	-	-	-	-
III-Restated Balance (I + II) (01/01/2012)	35,779,197	-	284,403	16,192,783	-	289,045	11,494	72,275,898	31,989,774	(5,634,052)	151,188,542
A- Capital increase (A1 + A2)											
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal Resources	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expenses) recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-
D- Valuation gains on assets	-	-	1,628,275	-	-	-	-	-	-	-	1,628,275
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period	-	-	-	-	-	-	-	-	38,772,504	-	38,772,504
I- Payment of dividends	-	-	-	-	-	-	-	-	(22,898,685)	-	(22,898,685)
J- Transfers to reserves	-	-	-	-	-	1,317,786	2,110,973	28,278	(9,091,089)	5,634,052	-
II- Balance at (31/12/2012) (III+ A+B+C+D+E+F+G+H+I+J)	35,779,197	-	1,912,678	16,192,783	-	1,606,831	2,122,467	72,304,176	38,772,504	-	168,690,636

(*) 484,878 TL accounted under retained earnings, is after tax actuarial loss resulting from retirement pay provision and not disclosed under income statement

Detailed explanations on shareholders' equity is disclosed in Note 15.

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1. General Information

1.1 Parent Company and the ultimate owner

Partners of AvivaSA Emeklilik ve Hayat Anonim Şirketi (Company), each with its 49.83% share in partnership, are Aviva Europe SE and Hacı Ömer Sabancı Holding. Aviva Plc. and Hacı Ömer Sabancı Holding Anonim Şirketi are the ultimate controller of the Company. The company operates as a joint venture.

1.2 The Company's address and legal structure, address of its registered country and registered Office

Company is located at Saray Mahallesi Dr. Adnan Büyükdenez Cad. No:12 34768 Ümraniye – İstanbul.

Other contact information of the Company are as follows:

Phone : (216) 633 33 33
Fax : (216) 634 35 69
Web : www.avivasa.com.tr
E-mail address : avivasa@avivasa.hs03.kep.tr

AvivaSA Emeklilik ve Hayat Anonim Şirketi ("the Company") was established on 31 October 2007 by the merger of Ak Emeklilik Anonim Şirketi ("Ak Emeklilik") with Aviva Hayat ve Emeklilik Anonim Şirketi (Aviva Emeklilik).

Ak Emeklilik was established in İstanbul on 6 December 1941 with the title of Doğan Sigorta A.Ş. On 3 October 1995, title of the Company has been converted to "Akhayat Sigorta Anonim Şirketi" and declared on the Trade Registry Gazette. The Company has been transformed into a pension company with the official letter of the Republic of Turkey Prime Ministry Undersecretariat of Treasury (the "Turkish Treasury") dated 3 December 2002 numbered 77941. Based on the decision of the Company's Board of Directors dated 11 December 2002 numbered 26 and the Extraordinary General Meeting held on 23 January 2003, it has been decided to amend the main agreement for change in company title and scope of the operations and to add Article 40 related to Pension Investment Fund Portfolio and Portfolio Managers. The title of Company has been converted to "Ak Emeklilik Anonim Şirketi" and declared on Trade Registry Gazette dated 31 January 2003 numbered 5730.

Following the frame agreed upon the merger contract dated 27 July 2007 and pursuant to Turkish Commercial Code Article 451 and Corporate Tax Law Article 19-20, Ak Emeklilik has acquired Aviva Emeklilik together with all assets and liabilities as a whole through dissolution without liquidation. Ak Emeklilik has become the successor of Aviva Emeklilik. Merger transaction has been realized pursuant to valuations of expert committee assigned by Decision No. 2007/876 D. of Kadıköy Commercial Court of First Instance No. 3 dated 11 July 2007 based on expert report dated 16 July 2007 based on balance sheets of Ak Emeklilik and Aviva Emeklilik as of 31 May 2007 together with other information. This merger has been published on Trade Registry Gazette No. 6930 dated on 6 November 2007 and new title has become "AvivaSA Emeklilik ve Hayat Anonim Şirketi".

After the merger, shareholders of the company are Aviva International Holdings Limited ("Aviva International") (49.83% share ratio) and Aksigorta Anonim Şirketi ("Aksigorta") (share ratio of 49.83%).

Aksigorta Anonim Şirketi has transferred its shares of AvivaSA Emeklilik ve Hayat A.Ş. to Hacı Ömer Sabancı Holding A.Ş. within the scope of clause "b" of Paragraph 3 of Article 3 of Corporate Tax Law numbered 5520 and under the provisions of "Partial Division of Corporations and Limited Liability Companies Procedures and Operations Joint Communiqué on Principles of Editing" published in the Official Gazette No. 25230 dated 16.09.2003. This process has been registered and declared on 12 January 2010 and published Turkey Trade Registry Gazette numbered 7481 at 18 January 2010.

Aviva International Holdings Limited has transferred its shares of AvivaSA Emeklilik ve Hayat A.Ş. to Aviva Europe SE on 28 October 2011.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1. General Information (continued)

1.3. Main operations of the Company

AvivaSA Emeklilik ve Hayat Anonim Şirketi (Company) is a pension company which is engaged in two main categories as pension and life insurance operations. In addition, Company writes personal accident insurance policies.

Ak Emeklilik received operating license from Prime Ministry Undersecretariat of Treasury to operate in the pension branch on 7 July 2003. Private pension funds was recorded by Capital Markets Board (CMB) on 26 September 2003. As of 27 October 2003 also started to sell pension products.

Aviva Emeklilik received operating license from Prime Ministry Undersecretariat of Treasury to operate in the pension branch on 26 August 2003. Private pension funds was recorded by Capital Markets Board (CMB) on 27 October 2003. Company's private pension plans have been approved on 12 December 2003 and pension products started to sell on 15 December 2003. Based on the 15th decision of Board of Directors on 8 October 2007 Aviva Emeklilik pension funds transferred to Ak Emeklilik on 31 October 2007. From 1 November 2007 the Company's pension investment funds managed by Ak Portfoy. As of 20 December 2011, AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu managed by Ata Portföy Yönetimi A.Ş.

The names of Pension Investment funds were changed on 20 November 2008 in accordance with CBM permit. The changes were put into effect as of 5 December 2008.

As of the balance sheet date, the Company has twenty four pension investment funds in total (As at 31 December 2012: Nineteen pension investment funds in total). Pension Funds of the Company are as follows:

Pension Investment Fund Name	Establishment date	Starting unit share value (TL)
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Esnek Emeklilik Yatırım Fonu	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Karma Likit Emeklilik Yatırım Fonu (*)	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu (*)	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	08.11.2005	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	28.12.2006	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası Likit Karma Emeklilik Yatırım Fonu (*)	20.08.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	20.08.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	20.08.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Karma Emeklilik Yatırım Fonu (*)	20.08.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	20.08.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu – Grup	05.01.2005	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Esnek Emeklilik Yatırım Fonu	05.01.2005	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Grup Emeklilik Yatırım Fonu	05.01.2005	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Grup Emeklilik Yatırım Fonu	17.08.2010	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu	20.12.2011	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Alternatif Esnek Emeklilik Yatırım Fonu	20.12.2011	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	02.05.2013	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu (*)	02.05.2013	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	20.06.2013	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. BRIC Ülkeleri Esnek Emeklilik Yatırım Fonu	10.05.2013	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	25.10.2013	0.010000

(*) Company decided to apply to CMB for changing the name of AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Alternatif Esnek Emeklilik Yatırım Fonu" as "AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kira Sertifikalı Emeklilik Yatırım Fonu" according to the 11 October 2013 dated approval of the decision of the Board of Directors.
Company decided to apply to CMB for foundation of "AvivaSA Emeklilik ve Hayat A.Ş. Alternatif Standart Emeklilik Yatırım Fonu" according to the 11 October 2013 dated approval of the decision of the Board of Directors.
Company decided to apply to CMB for changing the name of "AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Karma Emeklilik Yatırım Fonu" as "AvivaSA Emeklilik ve Hayat A.Ş. Birinci Esnek Emeklilik Yatırım Fonu", "AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu" as "AvivaSA Emeklilik ve Hayat A.Ş. İkinci Esnek Emeklilik Yatırım Fonu", "AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası Likit Karma Emeklilik Yatırım Fonu" as "AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası Birinci Likit Esnek Emeklilik Yatırım Fonu", "AvivaSA Emeklilik ve Hayat A.Ş. Karma Likit Emeklilik Yatırım Fonu" as "AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası İkinci Likit Esnek Emeklilik Yatırım Fonu" according to the 31 December 2013 dated approval of the decision of the Board of Directors

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1. General Information (continued)

1.4. Details of the Company's operations and nature of field of activities: Disclosed in Note 1.3

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

	31 December 2013	31 December 2012
Key management personnel	120	129
Other personnel	1,298	1,179
	1,418	1,308

1.6 As of 31 December 2013, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 4,629,811 (1 January – 31 December 2012: TL 4,190,445)

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 , outsourced benefits and services and other operating expenses)

All the revenues arised from direction of the assets providing for the life technical provisions to investment by the Company are recognized under the technical section investment revenues account. Other investment revenues are classified under non-technical section. Based on the circular no 2010/9 published by the Undersecretariat of Treasury to be valid as of January 01, 2011, changes were applied in the methods and principles related to the keys to be used in the financial statements. Accordingly, the operating expenses transferred to the technical section were apportioned to the retirement and insurance sections according to the ratio of the number of the policies and retirement agreements in force as of the end of each year for the last 3 years and the arithmetical average of the premium rate of the contribution shares produced and earned premiums in the last 3 years. With respect to the life and non-life parts of the expenses apportioned to the insurance section; it is distributed according to the average of 3 rates which are reached by proportioning the number of policies produced in the last 3 years, for each section, gross written premium amount and damage notification number to the total number of policies produced, gross written premium amount and the number of damage notification.

1.8 Stand-alone or consolidated financial statements: The accompanying financial statements comprise only the AvivaSA Emeklilik ve Hayat A.Ş. financial informations.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date: Company name and other identification information are given in 1.1, 1.2 and 1.3 notes. There is no change in the aforementioned information subsequent to the balance sheet date.

1.10 Subsequent events: The financial statements of the Company as at 31 December 2013, approved by the Board of Directors on 21 February, 2014

Explanations related to subsequent events are disclosed in Note 46 – Subsequent events.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

The Company prepares its financial statements in Turkish Lira (TL) according to the Insurance Chart of Accounts within the scope of "Communiqué on Insurance Chart of Accounts and Prospectus" (Communiqué on Chart of Accounts) of the Undersecretariat of Treasury published in the Official Gazette no 25686 dated 30 December 2004 and entered into force on 1 January 2005.

As based on the announcement of Undersecretariat of Treasury no 2008/20 dated May 02, 2008, the Company prepares its financial statements in compliance with the principles of the Undersecretariat of Treasury related to the insurance and reinsurance companies, and the accounting principles and standards set forth in the applicable regulations in compliance with the Insurance Law no 5684 (Insurance Law) published in the Official Gazette no 26552 dated June 14, 2007 and Individual Retirement Savings and Investment System Law (Individual Retirement Law) no 4632 dated March 28, 2001 and the relevant regulations.

Although the 4th standard of the Turkish Accounting Standards Board ("TASB") for the 'Insurance contracts' became effective on 25 March 2006 for the accounting periods that begin on or after 31 December 2005, it is stated that TFRS 4 will not be implemented at this stage since the second phase of the International Accounting Standards Board project about the insurance contracts has not been completed yet. In this context, "Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") is published in the 7 August 2007 dated Official Gazette, numbered 26606 and became effective on 1 January 2008. Subsequent to the publication of the Communiqué on Technical Reserves, some other circulars and sector announcements which contain explanations and regulations related to application of the Communiqué on Technical Reserves are published. Accounting policies applied for the insurance contracts based on these communiqué, circulars and other sector announcements are summarized on its own caption in the following sections.

The Company presents its financial statements in compliance with the "Communiqué on the Presentation of the Financial Statements" published in the Official Gazette no 26851 dated April 18, 2008 by Undersecretariat of Treasury, arranged within the scope of the Insurance Law of and "Regulation on Financial Reporting of the Insurance and Reinsurance Companies and Individual Retirement Companies" (Regulation on Financial Reporting) published in the Official Gazette no 26582 dated July 14, 2007 and entered into force on January 01, 2008.

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. Except the situations mentioned above, Turkey Accounting Standarts/ Turkey Financial Reporting Standarts and additional amendments (TAS/TFRS) regulated by Public Oversight, Accounting and Audit Standards Institutions (the "Institution") are taken into account.

2.1.2 Other accounting policies appropriate for the understanding of the financial statements Preparation of Financial Statements in Hyperinflationary Periods

With respect to the 4 April 2005 dated and 19387 numbered declaration of the Turkish Treasury, the Company restated its financial statements as at 31 December 2004 and prepared opening balances of the financial statements of 2005 in accordance with the "Restatement of Financial Statements in Hyperinflationary Periods" of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated 15 November 2003 and numbered 25290. Inflation accounting is no longer applied starting from 1 January 2005, in accordance with the same declaration of the Turkish Treasury

2.1.3 Functional and presentation currency

The accompanying financial statements are presented in TL, which is the Company's functional currency

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

2.1.4 Rounding level of the amounts presented in the financial statements

Financial information presented in TL, has been rounded to the nearest TL values.

2.1.5 Basis of measurement used in the preparation of the financial statements

As indicated in detail in note 2.1.2, non-monetary assets and liabilities in the balance sheet and the equities items including capital as of December 31, 2013 and 2012 are calculated by indexing the entries until December 31, 2004 up to December 31, 2004, and by carrying over the entries after this date from their nominal values. The financial statements are prepared as based on the historical cost principle except for the mentioned inflation adjustments and the current financial assets which are recognized by their fair values.

2.1.6 Accounting policies, changes in accounting estimates and errors

The Company prepares its financial statements in accordance with accounting policies set out in Note 2.1.1.

Adoption of new and revised standards

Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements are set out below.

The Company's new and revised standards affecting presentation and disclosure

TAS 19 Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under the previous version of TAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a ‘net-interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application. The company has considered the effects of the retrospective application and concluded that the effect is not material and therefore has not restated the prior period financial statements.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (continued)

Adoption of new and revised standards (continued)

Standards and interpretations those are effective in 2013 with no impact on the 2013 financial statements

Amendments to TAS 1	<i>Presentation of Items of Other Comprehensive Income</i>
Amendments to TAS 1	<i>Clarification of the Requirements for Comparative Information</i>
TFRS 10	<i>Consolidated Financial Statements</i>
TFRS 11	<i>Joint Arrangements</i>
TFRS 12	<i>Disclosure of Interests in Other Entities</i>
TFRS 13	<i>Fair Value Measurement</i>
Amendments to IFRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IFRS 10, IFRS 11 and IFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide</i>
IAS 27 (as revised in 2011)	<i>Separate Financial Statements</i>
IAS 28 (as revised in 2011)	<i>Investments in Associates and Joint Ventures</i>

New and revised TFRSs in issue but not yet effective

The Company has not applied the following new and revised TFRSs that have been issued but are not yet effective:

IFRS 9	<i>Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures²</i>
Amendments to IFRS 10, 11, IAS 27	<i>Investment Entities¹</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 January 2015.

2.2 Consolidation

The Company has no subsidiaries and affiliates as of balance sheet date.

2.3 Segment Reporting

Segment reporting is related to main operations of Company. Since Turkey is the main geographical area that Company operates, segment reporting has not been presented. The decision of not subjecting the balance sheet items to segment reporting but the income statement items is taken based on the sub items affecting the Company's management.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

2.4 Foreign currency transactions

Transactions are recorded in TL, which represents the Company's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TL at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of comprehensive income as foreign exchange gains or losses. As of the balance sheet date, foreign currency denominated receivables and payables are stated with the Central Bank foreign currency rates. If a rate of exchange is determined on the agreement in valuation of the liabilities, then the rates of exchange written in the agreement are taken into consideration at first. Unit-based policies are valued over TCMB foreign exchange purchase rate while profit share policies are valued over TCMB effective sales rate.

Foreign currency exchange rates used by the Company as at respective dates are as follows

31 December 2013	US Dollar / TL	Euro / TL	GBP / TL
Currency exchange rate	2.1343	2.9365	3.5114
Effective sales exchange	2.1413	2.9462	3.5350
31 December 2012	US Dollar / TL	Euro / TL	GBP / TL
Currency exchange rate	1.7826	2.3517	2.8708
Effective sales exchange	1.7939	2.3665	2.8901

2.5 Tangible assets

Property, plant and equipment regulated according to TAS 16 "Property, Plant and Equipment" section.

Tangible assets are recorded at their historical costs that have been adjusted according to the inflation rates until the end of 31 December 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs indexed to the inflation rates for 31 December 2004. Tangible assets that have been purchased after 1 January 2005 have been recorded at their costs excluding their exchange rate differences and finance expenses less impairment losses if any.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Maintenance and repair cost incurred in the ordinary course of the business are recorded as expense. There are no pledges, mortgages and other encumbrances on tangible fixed assets.

As of 31 December 2013 and 2012, depreciation for the tangible assets is calculated in accordance with straight-line and prorata depreciation method at their historical costs.

Depreciation rates and estimated useful lives are as follows:

Furniture and fixture	2-15 years
Machinery and equipment	4 years
Vehicles	5 years
Other tangible assets (includes leasehold improvements)	5 years

As of the each reporting date, it is evaluated whether there is any indication showing that the assets had a decrease in value. In case there is such an indication, then the recoverable amount of the relevant asset is estimated. When the value of the assets exceeds the recoverable sum, then the impairment provision expense is recognized in the income statement. Recoverable sum is the higher of the net sales price of the asset and the usage value.

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2. Summary of Significant Accounting Policies (continued)

2.6 Investment Properties

As at balance sheet date, the Company does not have any investment property.

2.7 Intangible Assets

Intangible assets are recorded at cost in compliance with the “TAS 38 – Accounting for intangible assets”.

Intangible fixed assets are recognized over their cost values initially and are carried over the rearranged cost values by multiplying the adjustment coefficient convenient for the purchase year until December 31, 2004 and are carried over the purchase cost for those purchased after the year 2005. The economic benefit to be provided to the corporation by the relevant asset for the capitalization of the non-tangible fixed assets should be determinable and the cost of the asset should be reliably measurable.

Purchased intangible assets are accounted for at cost, less accumulated amortization and accumulated impairment losses.

If there is a change in circumstances, cost of intangible assets are revised in order to observe whether there is an impairment or not.

Intangible assets are composed of software programmes and development costs, there are amortised with straight line amortisation method and the useful life is 3 years.

2.8 Financial assets

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is:

- cash,
- a contractual right to receive cash or another financial asset from another enterprise,
- a contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable, or,
- an equity instrument of another enterprise

A financial asset or liability is calculated over the transaction costs which is the fair value given first (for a financial asset) and acquired (for a financial liability), and if any, by addition of the transaction expenses. Following the first entry, financial assets are valued without deduction of the transaction costs to occur in case of a sale over fair value. Fair value describes the price for the purchase-sale of a financial instrument between the applicant parties in a current transaction, except for the obligatory sale and liquidation. Quoted market price, if any, is the value which best reflects the fair value of a financial instrument. Estimated fair values of the financial instruments are determined by the Company by using the available market information and appropriate valuation methods.

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Company derecognizes a financial liability when liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

All the usual financial asset purchase and sales are recognized on the date of transaction, in other words, on the date on which the Company undertakes to purchase or sell the financial asset. The mentioned purchases or sales are generally the purchases sales that require the delivery of the financial asset within the period of time determined by the practices and arrangements in the market.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Current financial assets

Company classifies its current financial assets as available for sale financial assets, financial assets designated as at fair value through profit or loss, financial assets with risks on saving life policyholders, and receivables from main operations.

a) Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

(a) Financial investments at the Company's risk

i) Public securities:

A part of the government bonds and treasury bills at the Company's risk, is classified as marketable financial assets. Marketable financial assets are valued over their fair values. In determination of the fair values of the Government bonds, treasury bills, asset-backed securities and private sector bonds, the best purchase order prices waiting among the current orders published on the balance sheet date by İstanbul Stock Exchange Market (Borsa İstanbul) as based on the letter of the Undersecretariat of Treasury no 12741 dated March 03, 2005, are used. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the internal efficiency method are followed up in the financial assets valuation account under equities

The interest income acquired is followed up in the investment income in the income statement.

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the Company's own risk are classified as marketable financial assets and are valued over their fair values. The Company subjects the foreign currency Eurobonds to valuation over the rates of exchange announced by Central Bank of Turkish Republic (TCMB) as of the date of the balance sheet. Eurobonds are valued by the purchase quotation of the over the counter market at 15:15 - 15:30 on the Reuters screen on the balance sheet dates. The differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the internal efficiency method are followed up in the financial assets valuation account under equities.

The interest income acquired is followed up in the investment income in the income statement.

The Company recognized the rate of exchange income and expense due to the foreign exchange Eurobonds under the investment income and expense accounts in the attached income statement.

b) Financial investments with risks on policyholders classified as available for sale:

Financial investments with risks on policyholders consist of public securities, foreign currency Eurobonds and time deposits.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Current financial assets (continued)

b) Financial investments with risks on policyholders classified as available for sale (continued)

i) Public securities:

Government bonds and treasury bills at the insureds' own risk, are classified as marketable financial assets within the financial assets at the life policy holders' own risk. Marketable financial assets are valued over their fair values. In determination of the fair values of the government bonds, treasury bills, the best purchase order prices waiting among the current orders published on the balance sheet date by Borsa İstanbul, are used. The portion of the differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the internal efficiency method, belonging to the insured, is recognized under Insurance Technical Provisions - Life Mathematical Provisions account, as indicated by the Undersecretariat of Treasury. The portion of the differences between the fair value of the mentioned securities and the value calculated by the relevant interest rates according to the internal efficiency method, belonging to the Company is followed up in the financial assets valuation account under shareholders equity.

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the insureds' own risk are classified as marketable financial assets at the life policy holders' own risk and are valued over their fair values. The Company subjects the foreign currency Eurobonds to valuation over the rates of exchange announced by TCMB as of the date of the balance sheet. Eurobonds are valued by the purchase quotation of the over the counter market at 15:15 - 15:30 on the Reuters screen on the balance sheet dates. The portion of the differences between the fair value of the mentioned foreign currency Eurobonds and the value calculated by the relevant interest rates according to the internal efficiency method, belonging to the insured, is recognized under Insurance Technical Provisions - Life Mathematical Provisions account, as indicated by the Undersecretariat of Treasury in the letter no 12741 dated March 03, 2005. The portion of the differences between the fair value of the mentioned foreign currency Eurobonds and the value calculated by the relevant interest rates according to the internal efficiency method, belonging to the Company is followed up in the financial assets valuation account under shareholders equity.

The Company recognized the rate of exchange income and expense due to the foreign currency Eurobonds at the insureds' own risk under the technical income and expense accounts in the attached income statement.

c) Financial assets held for trading

Financial assets held for trading are the assets that are acquired in order to provide profit from the fluctuations in the prices and similar issues in the short term in the market or, apart from the reason of acquisition, these are the assets that are a part of the portfolio that is for providing profit in the short term.

i) Public securities:

A part of the government bonds and treasury bills at the Company's risk, is classified as financial assets held for trading. Following the first date of recognition, securities held for trading are followed up over the fair value by taking into account the best purchase order among the current orders in the stock market with respect to the concerned securities. All the realized and unrealized profit and losses related to the financial investments for trading purposes are included in the income statement in the relevant period.

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2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Current financial assets (continued)

c) Financial assets held for trading (continued)

ii) Other securities:

The private sector bonds and asset-backed securities at the Company's risk, are classified as financial assets held for trading. Following the first date of recognition, the private sector bonds are followed up over the fair value by taking into account the best purchase order among the current orders in the stock market with respect to the concerned securities. All the realized and unrealized profit and losses related to the financial investments for trading purposes are included in the income statement in the relevant period.

Other non-current financial assets

As of the balance sheet date, other non-current financial assets of the Company are the investments defined as marketable financial assets, but which are invested in the financial instruments without any registered market price in an active market and based on equities for which fair value cannot be measured reliably (Note 45.2). The mentioned investments are reflected from the acquisition costs corrected according to the inflation until December 31, 2004, if any, with the value found as a result of deduction of the free shares taken as a result of addition of the revaluation fund onto the capital.

By the end of the period, the investment acquisition cost is compared with the net realizable value and in case the net realizable value is lower than the acquisition cost, then the value loss provision is allocated.

Loans and receivables

The loans and receivables created by the receivables from the main operations are the financial assets which have fixed or determinable payments and are not traded in an active market and which the Company did not classify as marketable or held for trading. The receivables arising of insurance activities are classified under this group. These assets are entered into the balance sheet over their book values.

If there is any solid indication that the matured receivables from insurance activities cannot be collected, then provision is allocated for the receivable. In case receivables which are not possible to be collected are detected, these are completely deleted.

Loans to policyholders

Following the expiry of the period of three years in life policies, the insured can demand a part of the accumulated sum as a loan. The Company provides loans for the policy holders who completed their 3rd years up to the specific ratio of the accumulated sum with profit share on that date on the surrender table of the relevant tariff.

The Company does not apply loan interest to the policies with unit basis, and realizes debt repayment transaction over the unit price on the loan repayment date. The Company applies loan interest for the accumulated life policies other than these policies. The loan interest rate applied is determined at a rate over the annual profit share rate.

The surrender payments for the policy for which a loan is used are entered as expense and the relevant policy is closed. The technical provisions allocated related to the closed policy are entered as revenue and closed.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Pension System Accounts

Receivables from pension operations

Pension business receivables consist of 'receivable from pension investment funds for fund management fees', 'entry fee receivable from participants' and 'receivables from clearing house on behalf of the participants'. "Receivables from Pension Operations" classified within non-current assets are composed of the receivables from the custodian company and shows the receivables on fund-basis from the custodian company on behalf of the participants and it operates together with the payables to the participants account under the debts from the retirement activities where the fund-basis obligations belonging to the participants are kept in the liabilities

Individual Retirement government participation share is the sum paid to the individual retirement account of the participant by the government in compliance with the additional 1st article of the Law no 4632. Twenty five percent of the contribution share paid on the basis of participants on behalf of the citizens of Turkish Republic and those who are Turkish Republic citizens and lost Turkish citizenship by taking permission for ceasing to be a citizen according to the 28th article of Turkish Citizenship Law no 5901 dated 29.5.2009 and their descendants and transferred as cash to the company accounts, is paid by the government as the government share to the participant's individual retirement account in compliance with the additional 1st article of the Law no 4632, on condition not to exceed the annual total gross minimum wage determined for the relevant calendar year.

Payables from pension operations

"Payables from Pension Operations" classified within the current liabilities are composed of the participants temporary account, payables to the individual retirement intermediaries, payables to the custodian company, portfolio management company and pension monitoring center. The Participants Temporary Account, is the account item which enables the follow up of the money not directed to an investment yet on behalf of the participants and the sums to be paid to the participants or to be transferred to another company, in case the participant leaves the system or transfers his accumulation to another company, following the sale of the fund shares of the participant and after deduction of the entrance fees and similar deductions, if any, arising of the mentioned sales transaction. This account is credited if collection is made from the participants or in case the money from the sale of the fund shares of the participants are transferred to the Company account. The account is debited and closed after the money is directed to the fund or the person leaves, or it is transferred to another company.

"Payables from Pension Operations" classified within the non-current liabilities are composed of the debts to the participants. It shows the liabilities of the Company on fund-basis on behalf of the participant (the sums deposited by the participants for the funds which shall be paid to the participant when due).

If the retirement agreement is not rejected by the company, following the completion of the blocking period, if any, it enters into force on the date of entry of the first payment made as contribution share, into the company accounts as cash. If the proposal is rejected by the company, then the payment instructions given are cancelled and if any, all the payments effected are returned to the payer within five business days without any deduction.

The participant has the right to withdraw within sixty days following the signing of the proposal form or approval of the proposal. The payment instructions given are cancelled following the delivery of the notification of withdrawal to the company and all the payments effected are returned to the payer within fifteen business days, if any, together with the investment income, without any deduction, except the fund total expense deduction.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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2. Summary of Significant Accounting Policies (continued)

2.9 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. 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 that subject to impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The impartial indicators related to the impairment of a financial asset or financial asset group include the following:

- a) Issuer or undertaker being under a considerable financial trouble,
- b) Violation of the agreement,
- c) Due to economic or legal reasons related to the financial trouble of the debtor, the creditor grants a privilege to the debtor, which would not be granted under any other condition,
- d) High probability of the debtor for bankruptcy or any other financial restructuring,
- e) Elimination of the active market related to the mentioned financial asset due to the financial difficulties.

The Company assesses its financial assets at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

According to TAS 39, 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. Moreover, in case there is an impartial indication with respect to the decrease of value, accumulated impairment sum arising of the difference between the cost value and the current value, which is created under the equities, is anticipated to be removed from the equities and recognized as loss in the income statement.

In case there is an impartial indication that there is a decrease of value loss in the loans and receivables, then the relevant loss is recognized in the income statement. Moreover, the Company reserves a provision for doubtful receivables arising of the main activities for the doubtful receivables related to its agencies and insureds, which are under administrative and legal follow up and for uncollectible sums or the sums which do not have the possibility of collection anymore.

Total mortgages or guarantees on assets amounts disclosed in Note 17.1, doubtful receivables for overdue and not overdue balances disclosed in Note 12, accruals and expenses for the period are presented in Note 47.5

2.10 Derivative financial instruments

As at balance sheet date, the Company does not hold any derivative financial instruments.

According to TAS 39, derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

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2. Summary of Significant Accounting Policies (continued)

2.11 Offsetting of financial assets

Financial assets and liabilities are off-set and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously

2.12 Cash and cash equivalents

Cash and cash equivalent, which is a base for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having original maturity less than 3 months which are ready to be used by the Company or not blocked for any other purpose. Cash and cash equivalent are presented at their acquisition costs.

The basis of cash flow statement, cash and cash equivalents are as follows:

	31 December 2013	31 December 2012
Cash	401	1,844
Banks	226,279,431	235,212,090
Other cash and cash equivalents	88,257,388	63,971,519
Total cash and cash equivalents	314,537,220	299,185,453
Accrued interest	(478,812)	(597,334)
Term deposits with maturities of 3 months or more	(1,745,159)	(24,373,499)
Total	312,313,249	274,214,620

The other cash and cash-equivalent assets are composed of the receivables for which the provision is obtained as of the balance sheet date but not yet transferred to the current accounts since the blockage term did not expire yet.

2.13 Share capital

As at 31 December 2013 and 31 December 2012, the share capital and ownership structure of the Company are as follows:

Name of shareholder	31 December 2013		31 December 2012	
	Pay rate	Pay amount	Pay rate	Pay amount
Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding)	49.83	17,830,354	49.83	17,830,354
Aviva Europe SE	49.83	17,830,354	49.83	17,830,354
Other	0.33	118,489	0.34	118,489
Nominal capital	100.00	35,779,197	100.00	35,779,197
Positive Inflation Adjustment to share capital		16,192,783		16,192,783
Paid-in capital		51,971,980		51,971,980

As of 31 December 2013 and 31 December 2012, Company's nominal capital consists of 3,577,919,700 equity shares having nominal par value of TL 0,01 each.

There is no privileges on common shares representing share capital and registered capital system in the Company

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2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and investment contracts – classification

Insurance contract: It is defined as a contract in which the Company accepts a considerable insurance risk by agreeing to compensate the loss of the policy holder in case of realization of a predefined future uncertain event causing the policy holder to be influenced negatively (the event covered by the insurance). Insurance risk includes all the risks, except the financial risk. All the premiums collected within the frame of insurance contracts are recognized as income under written premiums account.

The contracts in which the variable is not specific to any one of the parties of the contract, which takes into account a non-financial variable, which anticipates payment as based on only the changes in a certain interest rate, financial instrument price, product price, foreign exchange rate, interest or price indexes, credit score or credit index or one or more other variables, are classified as investment contracts.

Articles of associations produced by the company; are the life policies including the personal accident, risk and accumulated policies and individual retirement contracts.

In accumulated life insurance products of the Company, in case the rate of return to be obtained as a result of direction of the accumulations of the insured to investment is below the "technical interest", then the difference in between is provided by the Company and if it is above this rate, then it is distributed to the insureds as profit share in addition to the guarantee factor. In these products, all the premiums collected from the policy holders and all the income as a result of direction of the accumulations to investment are recognized in the income statement in compliance with the accounting policies, and the part directed to accumulation on behalf of the policy holder as liability under the life mathematical provisions account in the financial statements

The company issues individual retirement contracts within the individual retirement system that is structured in order to provide a reliable saving for the individuals, to direct, regulate and encourage these savings,.

The contribution shares collected in the individual retirement contracts are recognized as liabilities under payables to the participants account and the same sum is shown as receivables under the receivables from custodian company account.

Reinsurance contracts

Reinsurance provides the transfer of a part or all of the responsibility undertaken by the insurance company, to the reinsurer company. This is as a guarantee or a protection measure for the insurance companies.

It accommodates functions such as spreading the risk, increase, support of the work acceptance capacities and flexibilities of the insurance companies, control of the catastrophic damages to be caused by the surplus of the accumulations. Reinsurers transfer their knowledge and experience, which they acquired in time as a result of working with different insurance companies and markets, to the insurance companies as technical information.

Since it is required that all the details of the transactions and processes should be included in the reinsurance contracts, it is required to clearly indicate the scope, identification, technical details of the work to be transferred to the reinsurer, work acceptance and compensation evaluation method, general and special conditions, the legal aspects of the contract, and the parties explicitly as the cedent and reinsurer

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2. Summary of Significant Accounting Policies (continued)

2.15 Insurance contracts and investment contracts with discretionary participation feature

The feature of voluntary participation in the insurance and investment contracts, is a right that is based on the contract with respect to the additional benefits listed below as well as the guaranteed benefits:

- (i) A candidate to constitute a significant part of the total benefits as based on the contract;
- (ii) In which the sum and timing is in discretion of the issuer as based on the contract; and
- (iii) It is based on the following as a requirement of the contract:
 - (1) The performance of a certain pool of contracts or a type of certain contract type;
 - (2) Realized and/or unrealized investment income of a certain asset pool held by the issuer; or
 - (3) Profit or loss of the company, fund or any other entity issuing the contract.

As of the balance sheet date, the Company does not have insurance contracts and investment contracts with discretionary participation feature.

2.16 Investment contracts without DPF

None.

2.17 Liabilities

Financial liabilities mean the liabilities which are created as a result of the transactions that shall require giving cash or any other financial assets to another entity. The financial liabilities are shown in the financial statements of the company over the costs amortized according to effective interest method. This financial liability is deleted when it is paid.

As of 31 December 2013, there is no loan used. (As of 31 December 2012 short-term TL interest free loans consist of tax spot loans and carried at amortized cost.)

2.18 Income Tax

Corporate Tax

Statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As at of balance sheet date, the Company does not have any deductible tax losses.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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2. Summary of Significant Accounting Policies (continued)

2.18 Corporate Tax (continued)

Deferred taxes

In accordance with TAS 12 – Income taxes, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit

The deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes

2.19 Employee benefits

Employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2013 is TL 3,254.44 (31 December 2012: TL 3,125.01).

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19 – Employee Benefits. The major actuarial assumptions used in the calculation of the total liability as at 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013	31 December 2012
Expected Rate of Salary/Limit Increase	%4.5	%4.5
Discount Rate	%8	%8

Other employee benefits

The company pay compulsory social insurance Premium to Social Insurance Institution. The Company has no liability as long as the premiums are paid. These premiums are recognized as personnel expenses.

This provision calculated for deserved but for the unused vacation and accounted in short term liabilities

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2. Summary of Significant Accounting Policies (continued)

2.20 Provisions

Provisions, contingent liabilities and contingent assets

Provision is made for an existing obligation resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as “contingent” and disclosed in the footnotes to the financial statements.

A contingent asset is a possible asset 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 Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset.

Technical Provisions

The technical reserves within the technical insurance accounts in the financial statements and the reinsurer share of such reserves are recognized in compliance with the following principles and in compliance with the "Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and Assets in which such Reserves shall be invested" ("Technical Reserves Regulations") published by the Undersecretariat of Treasury in the Official Gazette no 26606 dated August 7, 2007 prepared as based on the 16th article of the Insurance Law no 5684 dated June 14, 2007 and 8th article of the Individual Retirement Savings and Investment System Law no 4632 dated March 28, 2001, with "Regulation on the Amendment of the Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested" (Technical Reserves Amendment Regulation) published in the Official Gazette no: 27655 dated June 28, 2010 and entered into force as of September 30, 2010 and with "Sector Declaration on Regulation on the Amendment of the Regulation on the Technical Reserves of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested " no 2012/13 dated June 18, 2012 and with the other declarations and announcements made related to this issue.

Reserve for unearned premiums revenue

In accordance with the 9th article of the “Communiqué Related to Changes in the Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” issued on 28 July 2010 dated 27655 numbered Official Gazette and entered into force on 30 September 2010, unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the balance sheet date for all short- term insurance policies. In the case of annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period.

Unearned premium reserves; The commencement date and expiry date of insurance is considered as a half day in the calculation of unearned Premium reserves under the Undersecretariat of Treasury’s Communiqué

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2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

Reserve for unearned premiums revenue

In Technical Provisions Regulation, it is stated that the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the sums paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, shall be recognized under deferred income and deferred expenses accounts and other relevant accounts.

As of 31 December, the gross amount of unearned premiums reserve is 44,231,754 TL (31 December 2012: 42,506,691 TL).

As of 31 December 2013, deferred commission income is 631,937 TL (31 December 2012: 978,810 TL) and deferred commission expense amount is 15,089,269 TL (31 December 2012: 14,606,922 TL).

Reserve for unexpired risks

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future claims and compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio.

Expected claim/premium ratio is calculated by dividing incurred losses (reserve for outstanding claims, net + claims paid, net – reserve for outstanding claims carried forward, net) to earned premiums (written premiums, net + reserve for unearned premiums carried forward, net net – reserve for unearned premiums, net) In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration

In compliance with the "Regulation on the Amendment of the Regulation on the Technical Provisions of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested" published in the Official Gazette no 28356 dated July 17, 2012, the Undersecretariat of Treasury, if the estimated claim premium ratio exceeds 95% in future periods for the estimated claim premium ratio of insurance branches, the amount calculated multiplying ratio exceeding 95% by net unearned premiums reserve is called net provision for unexpired risk reserve, and the amount calculated multiplying ratio exceeding 95% by gross unearned premiums reserve is called gross provision for unexpired risk reserve. The Undersecretariat of Treasury can change this test method as of the branches, can have qualification tests with different test methods and can request the allocation of provisions for the continuing risks within the frame of this test method.

As at 31 December 2013 and 31 December 2012, related test have not resulted any deficiency in the premiums of the Company.

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2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

Outstanding claims reserve

Outstanding claims reserve is provided for outstanding claims incurred and calculated but not actually paid in prior or current period, or outstanding claims for which the related amount is not calculated, carried at estimated value incurred but not reported.

In compliance with the insurance legislation and technical reserves regulation of the Undersecretariat of Treasury, the Company accounts for outstanding claim reserve for the damage and compensations incurred, but not reported yet. Outstanding claims reserve for the damages and compensations realized but not reported yet are calculated separately for the life and personal accident branches as based on the methods determined in the regulation for the damages and compensations realized in the previous period but not reported yet.

In Life Insurance branch, the calculation of the incurred but not reported compensations, are made by taking into account on the basis of the main coverage and additional coverage so that the compensations as of the end of the period cover the last 12 months in compliance with the "Circular on the Calculation principles of Outstanding Compensations Reserve incurred but not reported at Life Insurance Branch" no 2010/14. The compensations realized before these dates but notified after these dates are accepted to be incurred but not reported compensations. During the calculation of the incurred but not reported compensations, the weighted average of the insurance and reinsurance companies related to these sums for the last 5 or more years, found by dividing the compensations incurred before these dates but reported afterwards into the annual average coverages of the previous year are taken into consideration. For finding the annual average coverage on the basis of coverage as of the years; within the frame of IBNR circular, "average coverage" in the interim period calculations is calculated by going back 1 year (4 quarters) and dividing the total of the period end and period start coverage sums into two. Incurred but not reported compensations for the current accounting period is found by multiplying the weighted average which is calculated as explained above with the annual average coverage sum as of the current year. In these calculations the income items such as recourse, salvage and the like are taken into account as deducted. The outstanding files which are notified during the current accounting period or the previous accounting periods but which are not in the outstanding claims of the current period for any reason whatsoever and which are reprocessed in the next year are also included in the incurred but not reported compensations of the relevant branch.

Incurred but not reported compensations in the personal accident branch are calculated over the claims (outstanding and paid claims total) realized in compliance with the "Circular on Actuarial Chain Ladder Method" no 2010/12. The company does not have any substantial damages which shall be subject to substantial damage elimination method. As a result of the calculation made for the personal accident branch, Loss-Premium method is selected and as indicated in the circular no 2011/10, 100% of the sum calculated at the end of 2013 are reflected onto the financial statements. The Company did not apply deduction in the outstanding compensation provision for the files in the process of a lawsuit in compliance with the circular no 2011/23.

As of 31 December 2013, the Company has provided TL 8,041,728 (31 December 2012: TL 7,391,250) of net outstanding claims provision in relation to incurred but not reported claims in its financial statements in total including TL 5,397,418 for life branch (31 December 2012: TL 4,576,068) and TL 2,644,310 for non-life branch (31 December 2012: TL 2,815,182).

Mathematical provisions and provision for profit share

In accordance with the Communiqué on Technical Reserves, companies performing in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts.

If the mathematical provisions are undertaken with the actuarial mathematical provision calculated separately as based on the technical principles in the tariff for each policy in force, then it is composed of the total of the profit share provisions allocated for the insureds from the income obtained from direction of such provisions to investment.

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2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

Mathematical provisions and provision for profit share (continued)

Actuarial mathematical provisions are the difference between the cash values of the premiums taken for the risk undertaken by the companies and the liabilities to the insureds and beneficiaries. Actuarial mathematical provisions are allocated as based on the formulas and principles given in the technical principles of the tariffs for the life insurances with a term longer than one year. Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method).

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit sharing tariffs, obtained from the financial assets backing liabilities of the Company against the policyholders and other beneficiaries for the contracts which the Company is liable to give profit sharing.

As of 31 December 2013 and 2012, total amount of actuarial mathematical provisions and profit sharing have been approved by Actuary. Total mathematical reserves are TL 350,404,777 as of 31 December 2013 (31 December 2012: TL 381,222,270).

The mathematical and profit share provisions of the policies written in the unit price based funds of the company's are evaluated daily according to TL, US Dollar and Euro profit share technical principles approved by TR Undersecretariat of Treasury and Foreign Trade on January 14, 1993 and September 12, 1996. The income from the investments belonging to the insured is distributed as the income of the investment instrument related to the interest method accrued daily.

Daily Profit Share System according to Profit Share Technical Principles and Life Insurances Regulation of TR Prime Ministry Undersecretariat of Treasury Insurance General Directorate approved on November 01, 1999 is applied for the life, mathematical and profit share of the accumulated policies written in the other funds of the company (profit share based). Profit share values calculated according to the profit share ratios calculated as based on the daily proceeds of TL, US Dollar and Euro investment instruments are reflected onto the insureds' accounts daily.

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2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

Equalization reserves

As a requirement of the Technical Provisions Regulation, the companies are required to allocate equalization reserves at the rate of 12% of the net premiums corresponding to each year, for the credit and earthquake coverage in order to balance the fluctuations in the compensation rates to occur in the following accounting periods and cover the catastrophic risks. Allocation of reserves is continued until 150% of the highest sum of the net premiums written in the last financial years is reached.

In "Sector Declaration Related to the Application of Relevant Legislation Concerning Technical Provisions" no 2009/9 published by Undersecretariat of Treasury on March 27, 2009, it is indicated that the insurance companies are required to allocate equalization reserves for the tariffs in which they provide additional earthquake coverage for death and disabilities due to earthquake, and in life and accident branches, and the method of calculation of the equalization reserves is re-determined under " Regulation on the Amendment of the Regulation on the Technical Provisions of the Insurance and Reinsurance and Retirement Companies and the Assets in which such Provisions shall be Invested" no 27655 published by the Undersecretariat on June 28, 2010. In the 5th paragraph of the 9th article "Equalization Reserve" of the mentioned Regulation, it is stated that the companies shall use their own statistical data during the calculation of the equalization reserves in the life insurances in which death coverage is provided, and that the companies which do not have the data set required for the calculation shall assume 11% of the death net premium (expense share included) as the earthquake premium and shall allocated reserves at the rate of 12% of this sum.

Within this scope, the company calculated equalization reserve at the rate of 12% of the sum which is obtained by assuming 11% of the death net premium as the earthquake premium, including the expense share

As of 31 December 2013, the gross amount of equalization reserve of the Company is TL 9,321,483 (31 December 2012 – TL 6,522,503) and net amount of TL 8,822,123 (31 December 2012 – TL 6,144,489).

2.21 Revenue Recognition

Written premiums

Written premiums represent premiums on policies written during the year net of taxes, premiums. Annual policies are accounted according to the accrual basis, long term policies are accounted according to the cash basis.

Company's long term policies written under other funds are also accounted according to accrual basis.

The commissions taken and paid

The commissions taken and paid are composed of the commissions paid in relation to the written premiums and the commissions taken in relation to the premiums transferred to the reinsurance companies. The company recognizes the commissions taken and paid in compliance with the accrual principle. The commission expenses paid to the intermediaries with respect to the production of the insurance policies and the commission income taken from the reinsurers are explained under unearned premiums provision note.

The company evaluated the expenses that can be subject to deferment with respect to the Individual Retirement System as outside the scope of TFRS 4 and handled these within the scope of TAS 39 and TAS 18. The commissions paid with respect to the Individual Retirement System are not subjected to deferment as of the reporting period.

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2. Summary of Significant Accounting Policies (continued)

2.21 Revenue Recognition (continued)

Interest Income

Interest income is recognized periodically basis by using effective interest rate method.

Dividend Income

Dividend is recognized as income when the collection is realized.

Income from Pension Operations

Total fund expense deduction

Fund operation income which is in consideration of the management and representation of the funds and the equipment, personnel and accounting services allocated to the funds are entered as income in the Company accounts and are shared between the Company and the company managing the retirement funds (Manager) within the frame of the ratios set forth in the agreement. The whole fees mentioned are entered as fund operation income within the technical income of the Company and the part belonging to the Manager is entered as the sum paid in consideration of fund operation within the technical expenses of the Company. In this context, the ratio related to the total of the expenses to be incurred from the fund are determined in the fund's internal regulations in a way not exceed the maximum rates indicted on the fund group basis, including the deduction related to the fund operation expenses. The mentioned accounts are shown in the retirement technical income/expense accounts of the income statements attached.

Management fee deduction

In compliance with the 22nd article of "Regulation on Individual Retirement System" published in the Official Gazette dated 9 November 2012, administrative expense deduction is applied at the rate of maximum two percent over the contribution shares paid to the Individual Retirement account. Moreover, in case of interruption of the payment in compliance with the 14th article of the same regulation, additional administrative expense deduction as two Turkish Liras for each whole month interrupted is taken from the accumulation of the participant during the interruption period.

Entrance fee income

In compliance with the 20th article of "Regulation on Individual Retirement System" published in the Official Gazette dated November 09, 2012, this is the sum which is required to be paid to the Company during the initial entrance into the individual retirement system or during the signing of a retirement contract in a different company for the first time. Entrance fee is collected from the participant or the sponsor entity within the frame of the principles indicated in this article, by taking into account the monthly gross minimum wage applicable on the date on which the proposal is signed or the proposal is approved in distant sale.

Entrance fee is collected as advance or as deferred to the transfer date or the date of exit from the system. The part of the entrance fee that is collected as advance cannot exceed ten percent of the monthly gross minimum wage applicable on the date on which the proposal is signed or approved. The total of the entrance fees collected as advance or deferred cannot exceed;

a) Seventy five percent of the monthly gross minimum wage applicable on the date on which the proposal is signed or approved for those leaving the company within three years as of the effective date of the contract,

b) Fifty percent of the monthly gross minimum wage applicable on the date on which the proposal is signed or approved for those leaving the company before six years upon completion of the three years as of the effective date of the contract

c) Twenty five percent of the monthly gross minimum wage applicable on the date on which the proposal is signed or approved for those leaving the company before ten years upon completion of the six years as of the effective date of the contract.

Deferred entrance fees are collected at the moment of exit or transfer within the frame of the conditions defined in the contract as of the effective date of the contract and are recognized as income. Entrance fees collected as advance or in installments are accrued on the date when the contract is executed and the participant enters the system and are reflected in the income accounts.

Entrance fee is not collected in case the participant leaves the individual retirement system due to death or continuous disability or retirement. The mentioned account is shown retirement technical income-entrance fee income in the attached income statement

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2. Summary of Significant Accounting Policies (continued)

2.22 Leasing transactions

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

2.23 Dividend distribution

The Company distributes the profit share within the frame of the profit distribution policies to be determined by the general assemblies and in compliance with the relevant provisions of the legislation and as based on the decision of the general assembly. The Company pays the profit share as determined in its articles of association or the profit distribution policies.

2.24 Related parties

Related party of the Company that are associated with a person or entity that prepares financial statements.

- (a) A person or a close member of the family of that person considered related to Company if;
 - (i) controls, is controlled by, or is under common control with the Company
 - (ii) has an interest in the Company that gives it significant influence over the Company,
 - (iii) the party is member of the key management personnel of the Company and its parent
- (b) Parties are considered related to the Company if;
 - (i) The Company and the reporting Company are the members of the same group (in other words, each main partnership, subsidiary and other subsidiaries are related to the others).
 - (ii) The Company is the participation or business partnership of the other entity (or the member of the group in which the other entity is a member).
 - (iii) Both Companies are the business partnership of the same third party.
 - (iv) One of the Companies is the business partnership of a third Company and the other Company is the participation of the mentioned third Company.
 - (v) The Company has benefit plans provided for the employees of the reporting Company or a Company related to the reporting Company, when they leave work. If the reporting Company has such a plan, then the sponsoring employees are also related to the reporting Company.
 - (vi) The Company is controlled or is under common control by a person defined in article (a).
 - (vii) A person defined in paragraph (i) of the article (a) has a significant effect on the Company or is a member of the key executive personnel of the mentioned Company (or the main partner of this Company).

The transaction with the related party is the transfer of the sources, services or liabilities between the reporting Company and the related party regardless of whether there is a consideration for such transfer or not.

In the financial statements dated December 31, 2013 and December 31, 2012 and the relevant explanatory footnotes, the companies included in Aviva Group and Sabancı Holding, other than the partners and the Company Management are defined as the other related parties.

2.25 Earning per share

Earning per share is calculated by dividing the net profit for the period distributable to the shareholders into the weighted average number of the shares within the year.

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2. Summary of Significant Accounting Policies (continued)

2.26 Other monetary balance sheet items

Reflected in the balance sheet at their book values.

2.27 Subsequent events

Post-balance sheet events that provide additional information about the Company's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the Notes when material.

3. Significant accounting estimates and judgments

Preparation of financial statements requires the Company make use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Realized results can be different from the estimations. Estimations are regularly reviewed and the required corrections are carried out and are reflected onto the income statements in the period in which they are realized. The estimations used are mainly related to insurance outstanding claims and compensation reserves, life mathematical reserves, calculation of the fair values of the financial assets, provision for severance pay, impairment provision for the assets, other provisions for expenses and deferred tax assets and the significant assumptions and evaluations by consideration of the main sources of the interpretations that can have significant effect on the sums reflected onto the financial statements and the estimations available on the balance sheet date or to occur in future, are as follows:

- a) The severance pay liability is determined using actuarial calculations which are based on making assumptions about discount rates, future salary increases and employee turnover. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. The details for the provisions for employee benefits are given in Note 2.19 and Note 22.
- b) Provisions for doubtful receivables reflect the sums which the Company management believes shall compensate the future losses related to the receivables which are available as of the balance sheet date but which has a risk of non-collection within the frame of the current economic conditions. When evaluating whether the receivables are impaired or not, the past performances of the debtors, other than the related entity, their credibility in the market and their performances from the balance sheet date until the approval date of the financial statements and renegotiated conditions are also taken into consideration. The provisions for doubtful receivables as of the relevant balance sheet date are given in Note 12.1.
- c) Deferred tax assets are recognized to the extent that it is strongly probable to benefit from the temporary differences and accumulated loss by obtaining profit which is subject to future taxation. When determining the amount of the deferred tax assets to be recognized, it is required to make significant estimations and judgments related to the future taxable profits (Note 21).
- d) While allocating provisions for lawsuits, the probability of losing such lawsuits and the results to be borne if lost are evaluated within the direction of the opinions of the legal advisors of the Company and the Company Management makes their best forecasts by use of the available data and allocates the required provisions accordingly (Note 42). With respect to the technical and other provisions, other estimations and assumptions of the Company are explained in detail in the relevant footnotes.

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4. Insurance and financial risk management

Risk and internal control management and risk factors

Risk and Internal Control Company Management handles its operations within the framework of “Regulation on Internal Systems of Insurance and Reinsurance Companies as well as of Pension Companies”.

Risk Management and Internal Control operations aim to provide Board of Directors with assurance with respect to:

- Adherence to legal liabilities and to corporate Risk Management Policies and Standards,
- Identification of all incurred structural risks and establishment of risk acceptance criteria,
- Designing and implementation of internal control mechanisms and actions compatible with such risks, and reporting of such risks in a transparent way.

Risk management is a fundamental approach which ensures protection against situations which might give birth to inconvenient consequences in the process of achievement of the Company’s objectives. Interaction of management concept with decision-making processes pursuing a risk-based approach ensures that available resources are utilized in an efficient way and, thus, enables us to meet expectations of all stakeholders, including our customers and shareholders, at an optimal level. In this approach called triple-defense, the sharing of responsibility and empowerment is reflected in the table below:

	Responsibilities	Powers and Duties
1 st Line of Defense	Company Management	Identification, evaluation, effective management and reporting of risks, and achievement of strict observance of Corporate Policies. Setting-up and continued implementation of an effective internal control system.
2 nd Line of Defense	Risk Management and Internal Control, Legal Affairs	Provision of support to Company management with respect to identification, evaluation, management and reporting of risks, surveillance for adherence to, as well as for any diversions from, Corporate Policies, and, in sum, provision of support for good functionality of AvivaSA Risk Management Model. Giving assurance that Company assets are well protected through Internal Control structure and that its operations are handled in an efficient and effective way and in strict compliance with the governing Laws and other applicable legislative acts, Company’s internal policies and rules, as well as with insurance business practices and that accounting and safe functioning and integrity of financial reporting system is achieved and that information are acquired in a timely manner.
3 rd Line of Defense	Internal Audit	Providing Board of Directors with assurance as to effectiveness of Company’s risk management and internal control platform through audits conducted in an impartial and independent way under applicable legislation.

Risks facing the Company are identified and evaluated by upper (senior/top) management within the framework of AvivaSA Risk Model. Due consideration is given to likelihood of occurrence of risks, as well as to likely impacts thereof, as part of such evaluation. Risks and relevant risk management activities (internal controls and actions) are kept under close monitoring.

Risk Management Department is in charge of identifying, measuring and monitoring of risks facing AvivaSA and of taking actions set up to keep risks at such limits as defined within the framework of risk appetite, and of reporting thereof. Moreover, it is also responsible, as a unit in charge of harmonization, for implementation of the Law 5549 on Prevention of Laundering Proceeds of Crime, as well as of other applicable legislative acts.

Risk and Internal Control Group Management chairs Regulatory Committee and thus monitors and guides regulatory actions within the Company. This committee is composed of relevant persons from every function of the Company. This Committee reports to Executive Committee.

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4. Insurance and financial risk management (continued)

Risk management activities are carried out by Executive Committee, a body set up within Board of Directors to handle executive operations of the Company, in coordination with Risk and Internal Control Company Directorate. Executive Committee evaluates risk activities on a monthly basis through Operational Risk Committee, an internal body represented by its own members, and ensures that results thereof are reported.

Risk and Internal Control Company Management reports to Board of Directors, Board of Auditors and Board of Directors' Risk Committee in accordance with the data generated from Operational Risk Committee.

AvivaSA Internal Control Unit, a body set up within Risk and Internal Control Company Management, aims to contribute under the following headings while carrying out its functions:

- Creation of a strong and effective internal control awareness within AvivaSA,
- Continuous improvement of internal control processes and practices with optimal effectiveness and cost efficiency,
- Sharing of best practices relating to internal control and surveillance within AvivaSA.

Internal Control Unit works in compliance with its own governance manual and implementation methodology for achievement of an effective internal control platform, and reports to General Manager.

Internal control activities are among fundamental responsibilities of corporate functions. Company Management, which forms the first line of defense, is responsible for protection of Company assets within the Company in relation to its own processes and for conduct of operations in an effective and efficient way and strict compliance with the Laws and other applicable legislative acts and Company's internal policies and rules, as well as with insurance business practices, and for identifying internal control points which would ensure reliability and integrity of accounting and financial reporting system and timely acquisition of information, as well as for getting such controls work in an effective way. Primary scope of Internal Control Unit operations is to scrutinize and evaluate adequacy and effectiveness of internal control measures and processes put in action in the first line of defense of AvivaSA and to report results thereof to upper management. It is individual functions that carry out controls in a regular way and that take necessary corrective actions; these are monitored by Risk Management and Internal Control; are audited by Internal Audit.

Reports containing aspects of risk monitoring, evaluation and management activities, as well as internal control activities, are presented to Board of Directors' Risk and Audit Committees at regular intervals.

And fundamental purpose of risk management and internal control audit activities done by Internal Audit is to ascertain whether risk and internal control management performs its duties undertaken by itself as the second line of defense or not and to ensure that necessary corrections are made accordingly.

Risk Management Policies

Fundamental principles and standards in relation to risk management system and processes are identified in Risk Management Policies. Policies are approved by Board of Directors and, as such, any amendments thereto are subject to prior approval of Board of Directors.

Board of Directors is ultimately responsible for identifying risk management principles and standards applicable Company-wide and for updating risk policies depending on changes in operating conditions and for establishing effective risk management system and processes and for getting them work properly and for monitoring Company's riskiness level and for establishing relevant risk limits, as well as for controlling the situation vis-a-vis such limits and for implementing necessary precautions with respect thereto.

AvivaSA Risk Management Model is composed of six policies as well as twenty business standards built upon such policies. AvivaSA is aware of importance of coherent and controlled business processes in risk management process. For this reason, each policy is supported by business standards designed to provide maximal effectiveness in relevant business processes. Majority of business standards is under responsibility of the first line of defense. Within the Company, someone is in charge of each standard, and business standards are revised at least once a year.

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4. Insurance and financial risk management (continued)

Risk Management Policies (continued)

Risk model put in implementation is indicative of structural risks of the company doing business in life and pension sector and of data specific to such risks, of risk factors and of up to which limits such risks might be accepted by the company, as well as of how they would be managed. Risk Management Policies are practical guidances which describe how the Company could manage its financial, operational and nominal loss risks with highest effectiveness.

Risk measurement results and Company's risk appetite are taken as fundamental components in identification of risk limits. Apart from risk limits, indicators of developments and incidents likely to have negative impact on riskiness level are identified as early signal and are, as such, monitored.

Primary risks facing the Company are Insurance Risk, Market Risk and Credit Risk.

Insuring Risk

This denotes the likelihood of premiums collected by the Company turning out to be insufficient to cover its indemnity liabilities and profit share payouts, as well as a situation where the payouts for incurred losses and indemnities turn out to be higher than expected. Primary analyses regarding Insuring Risk management and monitoring processes are as follows:

- Analysis of profitability on product basis
- Claims ratios (Claim-premium ratio)
- Cancellation, negotiation, death amounts and rates
- NBC (New Business Contributions), PVNBP (Present value of new business premiums), EEV (European Embedded Value)

The Company makes such analyses in order to manage claims/premium balance well, to identify its liabilities in an accurate way and to make sure whether provisions enough to cover all such liabilities are available or not. Insuring risk facing the Company on branch basis is as follows:

a) Life Branch

Short Term

Life Insurance (TL, USD, EURO),
Protection Insurance (USD),
Major Health Risk Insurance (USD),

In mentioned types of insurance, both individual and group contracts are executed

Long Term

Protection Insurances (TL, USD),
Credit Life (TL, USD),
Cumulative (long term) Life Insurances (TL, USD, EURO),
In mentioned types of insurance, both individual and group contracts are executed.

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4. Insurance and financial risk management (continued)

b) Personal Accident (Non-Life) Branch

Accidental death insurances are offered as individual or group contracts.

Risks for life and accident insurances can be summed up as mortality rates, sickness rates, continuity risk and investment risk.

The most important components in managing all these risks are reinsurance agreements and underwriting. Reserves set apart for covering minimum interest guaranteed in certain life insurance contracts are invested in risk-free treasury bills and government bonds for further gains.

Interest rate guaranteed for cumulative policies is 6% for TL policies, while 2% for USD policies.

Interest rate guaranteed for other policies is 9% for TL policies, while 2.5% for foreign currency policies.

And rates of profit shares distributed for 2013 and 2012 are given in the table below:

	31 December 2013 Profit Shares	31 December 2012 Profit Shares
TL (unit-based)	7.42%	8.33%
USD (unit-based)	4.54%	6.33%
TL (other)	9.29%	9.51%
USD (other)	6.66%	6.48%
EURO (other)	4.80%	4.79%

c) Pension (Retirement) Branch

Individual retirement savings plans are available. Investment risk on pension contracts is borne by participants themselves. Participants are able to invest their funds for further gains according to their own investment preferences. And the risk facing the Company in this branch is the continuity risk.

Management of Insurance Risk

Purpose in managing risks arising from insurance contracts and policies designed to reduce such risks:

Insurance risk is defined as a risk transferred by insured to insurer, apart from financial risk. Transferred risk is about an uncertain future incident. Uncertainty arises from lack of information about whether the incident is going to happen or not or about its size or timing.

The ratio of premiums collected by insurer to indemnities paid out to insured denotes a company's capacity to cover insurance risk.

As at 31 December 2013 and 31 December 2012, Company's claims/premium ratios in relevant branches are given below. It is observed that premiums collected provide a capacity to cover any incurred claims:

Expected net claims ratio	31 December 2013	31 December 2012
Life	15%	12%
Personal Accident (Casualty)	10%	13%

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4. Insurance and financial risk management (continued)

As at 31 December 2013 and 31 December 2012, that part of total risk which is ceded to reinsurers is given below on a risk coverage basis.

31 December 2013						
Life						
Death by Natural Cause	Accidental Death	Accidental Disability	Sickness Disability	Dangerous Diseases	Public Transport	Unemployment
2.76%	0.52%	1.42%	1.03%	2.57%	0.08%	0.02%
Personal Accident						
Death by Natural Cause	Accidental Death	Accidental Disability	Accident-Caused Treatment Costs			
-	0.15%	0.21%	-			
31 December 2012						
Life						
Death by Natural Cause	Accidental Death	Accidental Disability	Sickness Disability	Dangerous Diseases	Public Transport	
2.81%	0.52%	1.75%	1.32%	2.94%	0.07%	
Personal Accident						
Death by Natural Cause	Accidental Death	Accidental Disability	Accident-Caused Treatment Costs			
-	0.15%	0.21%	-			

Susceptibility to Insurance Risk

Company's policy production strategy is based on optimal distribution of risk to reinsurance companies according to policy type, as well as to kind and size of risk taken. At 31 December 2013 ve 31 December 2012 Company has both proportional and non-proportional reinsurance treaties.

Outstanding claims are reviewed and updated periodically by claims department of the Company.

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4. Insurance and financial risk management (continued)

The Company executes insurance contracts in life insurance and personal accident branches. Accordingly, in such insurance contracts, insurance risk concentration according to nature of the subject-matter of insurance are summed up below in gross and net figures (post-reinsurance):

31 December 2013	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	31,167,780,632	1,378,101,830	29,789,678,802
Personal accident	26,809,810,623	98,140,953	26,711,669,670
Total	57,977,591,255	1,476,242,783	56,501,348,472

31 December 2012	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	23,743,593,952	1,187,729,863	22,555,864,089
Personal accident	27,725,569,588	99,467,067	27,626,102,521
Total	51,469,163,540	1,287,196,930	50,181,966,610

Company's gross outstanding claims at 31 December 2013 and 31 December 2012 are given in the table below.

Outstanding Claims	31 December 2013	31 December 2012
Life	30,264,942	23,415,322
Personal accident	6,297,445	5,998,737
Total	36,562,387	29,414,059

Under Regulation on Technical Reserves, being part of insurance legislative acts, reserves set apart and effects of such reserves on balance sheets of 31 December 2013 and 31 December 2012 are given below:

- **Unexpired Risk Reserve:**

This is the reserve set apart for covering the last 12 months, as of each accounting period, against the likelihood that indemnities which might be suffered on account of still-in-effect insurance contracts might be higher than unearned premium reserve set apart for relevant contracts.

Effect on Balance Sheet of 31 December 2013: No reserve has been set apart as the net claims ratio (claims-premium ratio) expected in life and personal accident branch did not go over 95%, being the statutory rate specified in the Regulation (31 December 2012 – not set apart as it did not go beyond 95%).

- **Unearned Premium Reserve**

Unearned Premium Reserve is computed at gross premiums. In cumulative life insurances, cumulative premium is deducted from gross premium.

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4. Insurance and financial risk management (continued)

Amount of gross unearned Premium reserves computed at 31 December 2013 has been computed as TL 27,708,548 for life branch (31 December 2012 – TL 26,232,138), for personal accident branch TL 16,523,206 (31 December 2012 – TL 16,274,554)

- Equalization reserve

In order to equalize the fluctuation in compensation rates and to meet the catastrophic risk that may occur in subsequent period, for all branches including guarantees and credits given an additional provision should be made.

Balance sheet effect as at 31 December 2013: For Life Insurance, gross TL 7,262,896 (31 December 2012 – TL 4,891,363), for personal accident insurance, the gross TL 2,058,587 (31 December 2012 – TL 1,631,140) .Total gross amount is TL 9,321,483 (31 December 2012 – TL 6,522,503)

- Incurred but not reported claims (IBNR)

The Company makes its IBNR computation according to such branchial distinction as defined in the Communiqué 2007/1 concerning insurance branches. Accordingly, for life branch, computation is made according to the Circular 2010/14 Concerning Computational Principles as to Reserves for Incurred But Not Reported Outstanding Claims in Life Branch and to the Circular 2010/12 Concerning Actuarial Chain Ladder Method for Personal Accident Branch. Reinsurers' shares computed according to still-in-effect reinsurance agreements are deducted, such that net IBNR and ACLM set apart as reinsurer's share.

Effect on Balance Sheet of 31 December 2013: Totally a net amount of TL 8,041,728 (31 December 2012 – TL 7,391,250) has been set apart as IBNR reserve, of which TL 5,397,418 TL (31 December 2012 – TL 4,576,068) is for Life branch and TL 2,644,310 (31 December 2012 – TL 2,815,182) is for Personal Accident branch

Financial Risk Management

Primary financial instruments used by the Company are cash, time bank deposits, government bonds, treasury bills, private sector bonds and Eurobonds. As at 31 December 2013 and 31 December 2012, all of financial assets booked at their fair values are 1st level financial assets. The Company faces various financial risks in connection with financial instruments it is using as well as with its insurance contract liabilities. Risks arising from instruments so used are market risk, liquidity risk and credit risk. Such risks are managed by Company management as follows

a) Market Risk

This denotes the risk of loss which might occur in value of financial assets held by the Company owing to fluctuations in interest risk, share prices and currency risk. The purpose of the market risk management is to optimize the risk profitability and to control the market risk amount within the direction of the accepted parameters.

Company's Independent/Free and Insured's funds are managed within the framework of investment strategy set by Board of Directors.

i) Currency Risk

Currency risk primarily arises from assets and liabilities carried by the Company in US Dollars and Euros and from variations in exchange rates applied while converting them into TL from relevant foreign currencies.

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4. Insurance and financial risk management (continued)

a) Market Risk (continued)

i) Currency risk (continued)

As at 31 December 2013, on condition that all variables remain constant, effect of a 10% appreciation/devaluation of Eurobonds against TL on owners' equity is TL (467,827).

As at 31 December 2013:

Liabilities and assets in foreign currency		Income/expense effect	
Exchange rate variation (*)	USD	EUR	USD
% 10	3,788,057	508,053	(2,549)
-% 10	(3,788,057)	(508,053)	2,549

As at 31 December 2012, on condition that all variables remain constant, effect of a 10% appreciation/devaluation of Eurobonds against TL on owners' equity is TL 152,189.

As at 31 December 2012:

Liabilities and assets in foreign currency		Income/expense effect	
Exchange rate variation (*)	USD	EUR	USD
% 10	1,810,134	151,252	(79,945)
-% 10	(1,810,134)	(151,252)	79,945

(*) Relevant amounts denote TL converted value of currencies.

ii) Interest Rate Risk

Interest risk denote variations in fair values of financial assets or in future (prospective) cash flows which arise from fluctuations in market interests.

The table below indicates, on condition that all other variables remain constant, the effect on profit and revenue reserves of a 5- point increase/decrease in market interest rates for TL securities, as well as of a 0,5-point increase/decrease for USD and EURO securities. The underlying logic in this projection is that a discount interest rate applicable for each year with effect of the stresses set in different rates by respective years is found using the upward-downward variation which might occur in average market interest rates and that market value of securities are then discounted at such rate in connection with their respective maturity period.

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4. Insurance and financial risk management (continued)

ii) Interest Rate Risk (continued)

As at 31 December 2013:

Effect on Profit/Profit Reserve			
Market interest increase / (decrease) (**)	TL	USD (*)	EUR (*)
%5	(12,900,940)	(5,327,681)	(47,905)
-%5	11,722,774	4,597,596	37,776
Trading financial assets (company)			
Effect on Income/Expense			
Market interest increase / (decrease) (**)	TL	USD (*)	EUR (*)
%5	(1,787,742)	-	-
-%5	1,954,840	-	-
Available for sale financial assets			
Effect on Profit/Profit Reserve			
Market interest increase / (decrease) (**)	TL	USD (*)	EUR (*)
5% Investments with Risks on Policyholders	(10,214,212)	(4,716,479)	(47,455)
5% Available for sale financial assets (company)	(898,986)	(611,202)	-
-5% Investments with Risks on Policyholders	8,989,327	4,093,542	37,422
-5% Available for sale financial assets (company)	778,607	504,054	-

(*) Interest risk computed according to a 0.5% point variation for USD and EUR portfolio.

(**) Amounts are shown in relevant currency.

As at 31 December 2012 :

Effect on Profit/Profit Reserve			
Market interest increase / (decrease) (**)	TL	USD (*)	EUR (*)
%5	(11,211,892)	(2,678,728)	(61,718)
-%5	10,324,779	2,224,698	47,804
Trading financial assets (company)			
Effect on Income/Expense			
Market interest increase / (decrease) (**)	TL	USD (*)	EUR (*)
%5	(700,467)	-	-
-%5	765,939	-	-
Available for sale financial assets			
Effect on Profit/Profit Reserve			
Market interest increase / (decrease) (**)	TL	USD (*)	EUR (*)
5% Investments with Risks on Policyholders	(6,763,875)	(2,603,073)	(61,718)
5% Available for sale financial assets (company)	(3,747,550)	(75,654)	-
-5% Investments with Risks on Policyholders	6,260,996	2,158,396	47,804
-5% Available for sale financial assets (company)	3,297,844	66,302	-

(*) Interest risk computed according to a 1% point variation for USD and EUR portfolio.

(**) Amounts are shown in relevant currency.

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4. Insurance and financial risk management (continued)

ii) Interest Rate Risk (continued)

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. The Company has classified its financial assets as whether held for trading purpose or available for sale and measured its financial assets at their fair values at the end of the period.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

Classification relevant to fair value information

IFRS 7 – Financial instruments: Disclosures requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible. Fair value of financial assets and liabilities shown in the financial statements at fair value are presented below:

	31 December 2013			
	1. Level	2. Level	3. Level	Total
Financial assets:				
Available for sale financial assets (Note 11)	22,066,114	-	-	22,066,114
Financial assets held for trading (Note 11)	57,828,778	-	-	57,828,778
Financial investments with risks on policyholders classified as available for sale (Note 11)	266,062,602	-	-	266,062,602
Total financial assets	345,957,494	-	-	345,957,494
	31 December 2012			
	1. Level	2. Level	3. Level	Total
Financial assets:				
Available for sale financial assets (Note 11)	30,929,539	-	-	30,929,539
Financial assets held for trading (Note 11)	16,389,210	-	-	16,389,210
Financial investments with risks on policyholders classified as available for sale (Note 11)	362,228,129	-	-	362,228,129
Total financial assets	409,546,878	-	-	409,546,878

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4. Insurance and financial risk management (continued)

b) Credit Risk

This denotes the inconvenience faced by the Company owing to failure of third parties, with which the Company has established business relation, to fulfill all or part of their obligations in a timely manner, acting in breach of their contract. Information on doubtful receivables is described in Note 12.

Company's credit risk management action is primarily addressed while tracking down the proper reinsurance companies. Reinsurance placements are covered by reinsurers whose credibility is checked and agreements made in this regard are approved by Board of Directors.

Financial assets, being part of the Company's financial investments, are primarily composed of government borrowing instruments as well as of deposits placed with Turkey-resident banks, and these investments are not considered to be of high credit risk. Information as to Company's financial investments is given in Note 11.

c) Liquidity risk

The Company uses cash assets available at its hand in order to meet its liabilities arising from insurance contracts. Liquidity risk is the risk of failure to get a sufficient amount of cash for paying up debts within a reasonable cost structure. Management sets limits for availability of funds enough to pay up and settle such debts.

The table below indicates the distribution of the Company's contractual financial and insurance liabilities, or by their respective expected time-to-maturity, as of balance sheet date:

As at 31 December 2013, maturity distribution of trading payables and financial payables of the Company not discounted by their respective maturity dates is as follows:

	Demand	0 – 3 month	3 - 6 month	6 month - 1 year	1 year 3 year	More than 3 year	Total
Financial liabilities	-	1	-	-	-	-	1
Payables from insurance operations	55,535	5,863,008	-	-	-	-	5,918,543
Payables from pension operations	85,784,656	17,847,025	-	-	-	-	103,631,681
Payables from other operations	-	89,223	-	-	-	-	89,223
Due to related parties	569,234	3,866,646	-	-	-	-	4,435,880
Other payables	335,914	10,137,759	-	-	-	-	10,473,673
Total	86,745,339	37,803,662	-	-	-	-	124,549,001

As at 31 December 2012, maturity distribution of trading payables and financial payables of the Company not discounted by their respective maturity dates is as follows:

	Demand	0 - 3 month	3 - 6 month	6 month - 1 year	1 year 3 year	More than 3 year	Total
Financial liabilities	-	1,189,478	-	-	-	-	1,189,478
Payables from insurance operations	34,501	4,852,737	102,577	117,148	-	-	5,106,963
Payables from pension operations	65,326,357	7,135,561	-	-	-	-	72,461,918
Payables from other operations	-	68,163	-	-	-	-	68,163
Due to related parties	690,451	2,724,017	-	-	-	-	3,414,468
Other payables	941,402	6,189,477	-	-	-	-	7,130,879
Total	66,992,711	22,159,433	102,577	117,148	-	-	89,371,869

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4. Insurance and financial risk management (continued)

d) Operational risks

Risks other than insuring risk, credit risk and market risk likely to cause a monetary or reputation loss on the part of the Company are defined as operational risks. The Company has classified basic risks which it might face in its Risk catalogue. Risk catalogue is updated according to undefined risks which might be incurred owing to changes operating environment or business processes.

Capital Management

Capital adequacy is computed within the framework of “Regulation on Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies” of Undersecretariat of Treasury promulgated on Official Gazette of 19 January 2009, Nr.26761, at semi-annual periods. Primary purpose set for the Company’s capital management is to build up a strong capital structure for handling and keeping up operations of the Company, as well as to maximize the contribution made to its shareholders. Moreover, third paragraph of article 8 of said Capital Adequacy Regulation, regarding reinsurance risk measurement, has been amended by the Regulation promulgated in Official Gazette of 1 March 2009, Nr.27156.

As at 31 December 2013 and 31 December 2012, the Company has an adequate amount of owners’ equity against losses which might arise on account of its current liabilities as well as of potential risks. As at 31 December 2013 and 31 December 2012, the required owners’ equity (as computed under the above-mentioned Regulation) and of current capital adequacy analysis is as follows:

	31 December 2013	31 December 2012
Total owners’ equity (*)	166,314,279	174,835,125
Required minimum capital reserves	70,267,142	59,979,303
Capital surplus	96,047,137	114,855,822
(*) Compensation reserve excluded in the calculation of regulatory capital adequacy		

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5. Segment Reporting

Segment reporting is presented based on the Company's operations. Since Turkey is the main geographical area that Company operates, segment reporting is not related to the geographical areas. The decision of not subjecting the balance sheet items to segment reporting but the income statement items is taken based on the subitems affecting the Company's management.

31 December 2013	Non-life	Life Protection	Long term Life	Pension	Unallocated	Total
Gross premiums written	32,328,162	178,303,284	22,022,163	-	-	232,653,609
Earned premiums	31,652,377	146,023,742	142,844,534	-	-	320,520,653
Total claims	(3,209,200)	(32,687,796)	(140,447,667)	-	-	(176,344,663)
Commission expenses	(14,488,426)	(27,206,833)	1,264	(56,183,686)	-	(97,877,681)
Fund management income	-	-	-	68,978,546	-	68,978,546
Fund management deduction	-	-	-	17,860,940	-	17,860,940
Enteance fee income	-	-	-	30,366,067	-	30,366,067
Other expense	(157,241)	(1,000,976)	-	(5,933,384)	-	(7,091,601)
Technical income	13,797,510	85,128,137	2,398,131	55,088,483	-	156,412,261
Operating expenses	-	-	-	-	(155,393,156)	(155,393,156)
Finance income	-	-	-	-	37,473,146	37,473,146
Tax expense	-	-	-	-	(7,747,457)	(7,747,457)
Net income						30,744,794

31 December 2012	Non-life	Life Protection	Long term Life	Pension	Unallocated	Total
Gross premiums written	32,284,666	134,084,793	31,117,672	-	-	197,487,131
Earned premiums	29,123,375	96,948,550	121,101,777	-	-	247,173,702
Total claims	(4,913,444)	(20,487,661)	(113,522,037)	-	-	(138,923,142)
Commission expenses	(12,900,680)	(22,135,277)	(39,595)	(29,801,129)	-	(64,876,681)
Fund management income	-	-	-	74,605,328	-	74,605,328
Fund management deduction	-	-	-	32,023,292	-	32,023,292
Enteance fee income	-	-	-	20,023,034	-	20,023,034
Other expense	(11,460)	(1,164,904)	-	(5,652,223)	-	(6,828,587)
Technical income	11,297,791	53,160,708	7,540,145	91,198,302	-	163,196,946
Operating expenses	-	-	-	-	(129,767,804)	(129,767,804)
Finance income	-	-	-	-	19,084,745	19,084,745
Tax expense	-	-	-	-	(13,741,383)	(13,741,383)
Net income						38,772,504

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6. Tangible assets

6.1 Depreciation and amortization for the period:

1 January -31 December 2013: TL 3,822,437, (1 January-31 December 2012: TL 2,856,455).

6.1.1 Depreciation expense 1 January-31 December 2013: TL 1,923,219 TL, (1 January-31 December 2012: TL 1,551,023).

6.1.2 Amortization and depletion expenses 1 January-31 December 2013: TL 1,899,218, (1 January -31 December 2012: TL 1,305,432).

6.2 Changes in the method of calculation of depreciation and amortization expense for the period, caused the increase (+) or decrease (-): Disclosed in Note 2.5. There is no changes.

6.3 Fixed asset in the current Period

6.3.1 Purchased, produced or constructed cost of tangible and intangible fixed assets: TL 9,724,477 (31 December 2012- TL 7,667,126)

6.3.2 Cost of sold or scrapped tangible and intangible fixed assets: None.
(31 December 2012- TL 1,407,055)

6.3.3 Revaluation increases during the period: None.

6.3.3.1 Cost of fixed asset (+): None.

6.3.3.2 Accumulated depreciation (-): None

6.3.4 Construction in progress nature, amount, start and end date, completion rate : The company started works in 2012 in order to unify the basic insurance applications that are used within the structure of the company and to use such applications by integration to all the surrounding systems. Amounting to TL 6,817,029 of expenditures on construction in progress consists Information System Technologies.

Movement in tangible assets in the period from 1 January 2013 to 31 December 2013 is presented below:

Cost	1 January 2013	Additions	Disposals	31 December 2013
Machinery and equipment	6,203,529	803,255	-	7,006,784
Furniture and fixtures	9,093,613	640,866	(15,930)	9,718,549
Other tangible assets	9,483,000	695,130	-	10,178,130
Leased assets	1,175,521	-	-	1,175,521
Total	25,955,663	2,139,251	(15,930)	28,078,984

Accumulated depreciation(-)	1 January 2013	Additions	Disposals	31 December 2013
Machinery and equipment	5,556,375	335,861	-	5,892,236
Furniture and fixtures	6,923,606	560,625	(15,930)	7,468,301
Other tangible assets	6,500,451	1,026,733	-	7,527,184
Leased assets	1,175,106	-	-	1,175,106
Total	20,155,538	1,923,219	(15,930)	22,062,827
Book Value	5,800,125			6,016,157

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6. Tangible assets (continued)

Movement in tangible assets in the period from 1 January 2012 to 31 December 2012 is presented below:

Cost	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Machinery and equipment	5,733,771	496,886	(35,886)	8,758	6,203,529
Furniture and fixtures	8,950,834	1,513,948	(1,371,169)	-	9,093,613
Other tangible assets	8,148,966	1,334,034	-	-	9,483,000
Leased assets	1,184,279	-	-	(8,758)	1,175,521
Total	24,017,850	3,344,868	(1,407,055)	-	25,955,663

Accumulated depreciation(-)	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Machinery and equipment	5,347,317	236,168	(35,868)	8,758	5,556,375
Furniture and fixtures	7,818,232	453,835	(1,348,461)	-	6,923,606
Other tangible assets	5,639,613	860,838	-	-	6,500,451
Leased assets	1,183,682	182	-	(8,758)	1,175,106
Total	19,988,844	1,551,023	(1,384,329)	-	20,155,538

Book Value	4,029,006				5,800,125
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7. Investment properties

None

8. Intangible assets

Movement in intangible assets in the period from 1 January to 31 December 2013 is presented below:

Cost	1 January 2013	Additions	Disposals	31 December 2013
Software	26,745,795	1,694,417	-	28,440,212
Construction in progress	926,220	5,890,809	-	6,817,029
Total	27,672,015	7,585,226	-	35,257,241

Accumulated depreciation (-)	1 January 2013	Additions	Disposals	31 December 2013
Software	22,840,417	1,899,218	-	24,739,635
Total	22,840,417	1,899,218	-	24,739,635

Book value	4,831,598			10,517,606
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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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8. Intangible assets (continued)

Movement in intangible assets in the period from 1 January to 31 December 2012 is presented below:

Cost	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Software	22,658,116	3,396,038	-	691,641	26,745,795
Construction in progress	691,641	926,220	-	(691,641)	926,220
Total	23,349,757	4,322,258	-	-	27,672,015

Accumulated depreciation (-)	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Software	21,534,985	1,305,432	-	-	22,840,417
Total	21,534,985	1,305,432	-	-	22,840,417

Net book value	1,814,772				4,831,598
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9. Investments in associates

None.

10. Reinsurance assets

Outstanding reinsurance balances of the Company presented on balance sheet and income statement, arising from existing reinsurance contracts as of 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013	31 December 2012
Reinsurance share of unearned premiums reserve (Note 17.15)	2,620,344	2,665,378
Reinsurance share of outstanding claim reserve (Note 17.15)	3,452,585	2,446,834
Reinsurers' share of provision equalization (Note 17.15)	499,360	378,014
Reinsurance companies' current account (net)	493,603	(455,271)
Total reinsurance assets / (liabilities)	7,065,892	5,034,955

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

	1 January– 31 December 2013	1 January– 31 December 2012
Ceded premiums to reinsurers (Note 24)	(8,888,965)	(9,265,068)
Commissions received from reinsurers (Note 32)	2,903,680	2,039,795
Reinsurance share of claims paid	2,586,998	1,833,516
Reinsurance share of outstanding claim reserve	1,005,747	1,225,803
Reinsurance shares of unearned premium reserve (Note 17)	(45,034)	1,227,910
Reinsurers' share of provision equalization (Note 17)	121,346	128,775
Total reinsurance income / (expense)	(2,316,228)	(2,809,269)

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11. Financial asset

11.1 Line with operations, sub-classifications of presented items:

31 December 2013	With risk on policyholders			Company portfolio		
	Blocked	Non-blocked	Total	Blocked	Non-blocked	Total
Financial Assets Available-for-sale						
Government bonds and Treasury bills	78,513,796	-	78,513,796	6,301,220	-	6,301,220
Eurobond	154,248,459	-	154,248,459	15,764,894	-	15,764,894
Time deposit	33,300,347	-	33,300,347	-	-	-
Financial assets held for trading						
Asset-Backed Securities	-	-	-	-	5,019,829	5,019,829
Private Sector Bonds	-	-	-	-	36,808,947	36,808,947
Investment Fund	-	-	-	-	16,000,002	16,000,002
Total	266,062,602	-	266,062,602	22,066,114	57,828,778	79,894,892

31 December 2012	With risk on policyholders			Company portfolio		
	Blocked	Non-blocked	Total	Blocked	Non-blocked	Total
Financial Assets Available-for-sale						
Government bonds and Treasury bills	70,240,904	-	70,240,904	30,929,539	-	30,929,539
Eurobond	191,857,257	100,332	191,957,589	-	-	-
Time Deposit	100,029,636	-	100,029,636	-	-	-
Financial assets held for trading						
Asset-Backed Securities	-	-	-	-	5,856,240	5,856,240
Private Sector Bonds	-	-	-	-	10,532,970	10,532,970
Total	362,127,797	100,332	362,228,129	30,929,539	16,389,210	47,318,749

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11. Financial asset (continued)

11.2 Marketable securities except stock issued during the year: None

11.3 Debt securities issued during the year: None.

11.4 Securities are carried at cost on the balance sheet and stock market values of financial assets, the valuation of marketable securities exchange and cost value that ranges from financial fixed assets information:

Securities

	31 December 2013			31 December 2012		
	Cost	Book Value	Fair Value	Cost	Book Value	Fair Value
Financial Assets Available-for-sale						
Government bonds and Treasury bills (TL)	7,698,000	6,301,220	6,301,220	30,641,141	30,929,539	30,929,539
Eurobond (USD)	18,862,187	15,764,894	15,764,894	-	-	-
	26,560,187	22,066,114	22,066,114	30,641,141	30,929,539	30,929,539
Financial assets held for trading						
Asset-Backed Securities	4,722,088	5,019,829	5,019,829	5,120,760	5,856,240	5,856,240
Private Sector Bonds	36,535,082	36,808,947	36,808,947	10,500,000	10,532,970	10,532,970
Investment Fund	16,000,002	16,000,002	16,000,002	-	-	-
	57,257,172	57,828,778	57,828,778	15,620,760	16,389,210	16,389,210
Financial investments with risks on policy holders						
Government bonds and Treasury(TL)	91,169,921	78,513,796	78,513,796	67,257,935	70,240,904	70,240,904
Eurobond (USD)	158,662,496	147,118,584	147,118,584	175,735,083	185,908,997	185,908,997
Eurobond (EUR)	6,598,684	7,129,875	7,129,875	5,284,565	6,048,593	6,048,593
Time Deposit(TL)	32,700,000	33,300,347	33,300,347	87,861,825	91,232,084	91,232,084
Time Deposit (USD)	-	-	-	8,743,653	8,797,551	8,797,551
	289,131,101	266,062,602	266,062,602	344,883,061	362,228,129	362,228,129
Total	372,948,460	345,957,494	345,957,494	391,144,962	409,546,878	409,546,878

The Company's non-current financial assets shown with their cost value (Note 45.2).

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11. Financial Assets (continued)

As of 31 December 2013 and 31 December 2012, available for sale financial assets and financial assets at risk of policyholders movement are as follows:

	31 December 2013	31 December 2012
1 January	409,546,878	423,394,806
Charge for the year	2,343,898,587	424,762,744
Disposal	(2,355,946,888)	(411,235,693)
Valuation (decrease) / increase	6,637,471	(2,401,222)
Disposals through redemption during the period	(6,048,330)	(26,055,361)
Unrealized foreign exchange income (expense)	(99,869)	(14,048,968)
The amount recognized in shareholders' equity	(7,391,591)	2,147,004
Amount recognized in mathematical reserves	(23,164,226)	19,327,533
The amount recognized under the income statement and technical provisions	(21,474,537)	(6,343,965)
Total	345,957,494	409,546,878

The maturity analysis of financial assets:

	31 December 2013						
	Demand	0 - 3 month	3 - 6 month	6 month- 1 year	1-3 year	More than 3 years	Total
Government bonds and Treasury(TL)	-	-	-	-	11,791,947	73,023,069	84,815,016
Eurobond	-	-	-	-	34,239,170	135,774,183	170,013,353
Private sector bonds	-	36,808,947	-	-	-	-	36,808,947
Asset-Backed Securities	-	-	-	5,019,829	-	-	5,019,829
Time deposit	-	33,300,347	-	-	-	-	33,300,347
Investment Fund	16,000,002	-	-	-	-	-	16,000,002
Total	16,000,002	70,109,294	-	5,019,829	46,031,117	208,797,252	345,957,494

31 December 2012							
	Demand	0 - 3 month	3 - 6 month	6 month- 1 year	1-3 Year	More than 3 years	Total
Government bonds and Treasury(TL)	-	7,929,675	-	-	53,458,832	39,781,936	101,170,443
Eurobond	-	4,128,584	-	-	142,052,386	45,776,620	191,957,590
Private sector bonds	-	10,532,970	-	-	-	-	10,532,970
Asset-Backed Securities	-	-	5,856,240	-	-	-	5,856,240
Time deposit	-	65,728,307	-	34,301,328	-	-	100,029,635
Total		88,319,536	5,856,240	34,301,328	195,511,218	85,558,556	409,546,878

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11. Financial Assets (continued)

Analysis of the financial assets in foreign currency:

31 December 2013				
	Currency Type	Currency Amount	Rate	Amount TL
Financial Assets Available-for-sale	USD	7,386,447	2.1343	15,764,894
	TL			6,301,220
Total				22,066,114
Financial assets held for trading	TL			57,828,778
Total				57,828,778
Financial investments with risks on policy holders	USD	68,930,602	2.1343	147,118,584
	EUR	2,428,018	2.9365	7,129,874
	TL			111,814,144
Total				266,062,602
				345,957,494
31 December 2012				
	Currency Type	Currency Amount	Rate	Amount TL
Financial Assets Available-for-sale	TL			30,929,539
Total				30,929,539
Financial assets held for trading	TL			16,389,210
Total				16,389,210
Financial investments with risks on policy holders	USD	109,226,157	1.7826	194,706,548
	EUR	2,572,009	2.3517	6,048,593
	TL			161,472,988
Total				362,228,129
				409,546,878

11.5 The sums of the securities included within the securities and long term securities group, which are issued by the partners, affiliates and subsidiaries of the corporation and the partnerships issuing these: None

11.6 Value increases financial assets in the last three years: None.

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12. Payables and Receivables

12.1 Classifications of receivables as trade receivables from customers, receivables from related parties, advance payments (short term and long-term payments) and others:

	31 December 2013	31 December 2012
Receivables from insurance operations	14,914,669	9,848,772
Loans to the policyholders	137,191,687	144,493,264
Receivables from pension operations	7,140,086	10,546,002
Receivables from related parties	1,782,259	170,148
Other receivables	273,775	143,214
Total	161,302,476	165,201,400
Doubtful receivables from main operations	-	570,351
Provision for doubtful receivables from operating activities	-	(570,351)
Total	161,302,476	165,201,400

Prepaid expenses details are given in note 47.

Aging details of due receivables from insurance operations are presented below:

	31 December 2013	31 December 2012
Receivables from policyholders		
0-3 months	5,032,751	3,944,074
3 -6 months	3,166,866	2,267,734
6- 9 months	1,987,304	1,354,012
9 - 12 months	706,821	483,181
Total	10,893,742	8,049,001

Overdue receivables from insurance operations are as follows:

	31 December 2013	31 December 2012
0-3 months	2,959,727	941,042
3 - 6 months	230,695	363,610
6 - 9 months	189,494	194,955
9 -12 months	36,367	78,157
More than 1 year	15,265	-
Total	3,431,548	1,577,764
Total	14,325,290	9,626,765

As of 31 December 2013, total of receivables from reinsurance companies and subrogation receivables is TL 589,379 (31 December 2012 – TL 222,007)

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12. Payables and Receivables (continued)

Distribution of current loans debt

	31 December 2013	31 December 2012
Up to 3 months	-	224,072
3-6 months	-	66,829
6-9 months	18,926	88,602
9-12 months	115,611	24,564
Total	134,537	404,067
Other (demand)	137,057,150	144,089,197
Total	137,191,687	144,493,264

Movement of provision for receivables from insurance operations is as follows:

	31 December 2013	31 December 2012
1 January	570,351	570,351
Charge for the year	-	-
Provisions written-off	-	-
Write-off receivables	(570,351)	-
31 December	-	570,351

12.2 The Company's receivables from and payables to its shareholders, affiliates and subsidiaries:

	31 December 2013				31 December 2012			
	Receivables		Payables		Receivables		Payables	
	Commercial	Non-Commercial	Commercial	Non-Commercial	Commercial	Non-Commercial	Commercial	Non-Commercial
Affiliates								
Hacı Ömer Sabancı A.Ş.	-	-	-	7,629	-	-	-	21,167
Aviva International	241,117	-	-	26,328	150,812	-	-	-
Other	-	-	-	50,256	-	-	-	21,423
Total	241,117	-	-	84,213	150,812	-	-	42,590

12.3 Total amount of mortgages and other guarantees obtained for receivables

	31 December 2013				31 December 2012			
	USD	EUR	TL	Total (TL)	USD	EUR	TL	Total (TL)
Guarantees and contingencies:								
Letters of guarantee	140,864	58,730	4,906,135	5,105,729	83,782	-	2,246,350	2,330,132
Mortgage securities	-	-	241,200	241,200	-	-	241,200	241,200
Other guarantees and contingencies:	229,844	8,113	151,800	389,757	155,503	6,498	86,800	248,801
Total	370,708	66,843	5,299,135	5,736,686	239,285	6,498	2,574,350	2,820,133

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12. Payables and Receivables (continued)

12.4 Denominated foreign currency and not guaranteed rates of exchange receivables and payables and foreign currency amount separately and TL conversion dates :

Assets	31 December 2013			31 December 2012		
Cash and cash equivalents	Rate	TL Amount		Rate	TL Amount	
EUR	3,074	2.9365	9,026	1,456	2.3517	3,424
GBP	1,677	3.5114	5,888	356	2.8708	1,023
USD	9,006,088	2.1343	19,221,694	3,914,321	1.7826	6,977,668
Total			19,236,608			6,982,115
Financial assets and financial investments at risk policyholders	Rate	TL Amount		Rate	TL Amount	
USD	76,317,048	2.1343	162,883,477	109,226,157	1.7826	194,706,548
EUR	2,428,019	2.9365	7,129,877	2,572,009	2.3517	6,048,593
Total			170,013,354			200,755,141
Receivables from main operations	Rate	TL Amount		Rate	TL Amount	
EUR	51	2.9365	149	9,882	2.3517	23,238
USD	32,845,312	2.1343	70,101,750	35,522,772	1.7826	63,322,894
Total			70,101,899			63,346,132
Receivables from related parties	Rate	TL Amount		Rate	TL Amount	
GBP	68,667	3.5114	241,117	52,533	2.8708	150,812
USD	-	-	-	15	1,7826	27
EUR	360	2.9365	1,057			
Total			242,174			150,839
Other current asset	Rate	TL Amount		Rate	TL Amount	
EUR	-	2.9365	-	-	-	-
GBP	-	3.5114	-	-	-	-
USD	-	2.1343	-	375	1.7826	668
Total			-			668
Other Receivables	Rate	TL Amount		Rate	TL Amount	
EUR	1,000	2.9365	2,937	1,000	2.3517	2,352
USD	200	2.1343	427	200	1.7826	357
Total			3,364			2,709

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12. Payables and Receivables (continued)

Liabilities	31 December 2013			31 December 2012		
Receivables from main operations	Rate	TL Amount		Rate	TL Amount	
EUR	161	2.9365	474	42	2.3517	100
USD	57,875	2.1343	123,523	-	-	-
Total			123,997			100

Receivables from related parties	Rate	TL Amount		Rate	TL Amount	
EUR	-	2.9365	-	121,168	2.3517	284,950
GBP	8,020	3.5114	28,162	-	-	-
USD	200,166	2.1343	427,214	538,709	1.7826	960,303
Total			455,376			1,245,253

Other liabilities	Rate	TL Amount		Rate	TL Amount	
EUR	74,028	2.9365	217,384	4,915	2.3517	11,559
GBP	6,528	3.5114	22,923	-	-	-
USD	247,096	2.1343	527,377	210,629	1.7826	375,467
Total			767,684			387,026

Provision for outstanding claims	Rate	TL Amount		Rate	TL Amount	
EUR	125,151	2.9462	368,720	85,625	2.3665	202,632
USD- (effective sales rate)	1,197,941	2.1413	2,565,151	895,072	1.7939	1,605,670
USD	286,584	2.1343	611,656	257,506	1.7826	459,301
Total			3,545,527			2,267,333

Deferred income and accrued expenses	Rate	TL Amount		Rate	TL Amount	
GBP	63,055	3.5114	221,411	331,365	2.8708	951,282
USD	13,277	2.1343	28,337	24,393	1.7826	42,482
Total			249,748			993,764

Life mathematical reserves	Rate	TL Amount		Rate	TL Amount	
EUR- (effective sales rate)	401,852	2.9462	1,183,938	1,488,170	2.3665	3,521,755
EUR	99,439	2.9365	292,003	231,363	2.3517	544,096
USD- (effective sales rate)	2,735,768	2.1413	5,858,101	7,009,339	1.7939	12,574,054
USD	95,668,567	2.1343	204,185,424	129,565,063	1.7826	230,962,682
Total			211,519,466			247,602,587

13. Derivative financial instruments

The Company does not have any derivative financial instruments as of 31 December 2013. (31 December 2012: None)

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14. Cash and cash equivalents

As at 31 December 2013 and 31 December 2012, cash and cash equivalents are as follows:

	31 December 2013	31 December 2012
Cash on hand	401	1,844
Bank deposits and checks issued	226,279,431	235,212,090
Other cash and cash equivalents	88,257,388	63,971,519
Total	314,537,220	299,185,453

	31 December 2013	31 December 2012
Foreign currency cash and cash equivalents	19,236,608	6,982,115
- demand deposits	153,505	142,983
- time deposits	19,030,814	6,791,229
- credit card collections	52,143	46,635
- cash	146	1,268
TL cash and cash equivalents	295,300,612	292,203,338
- demand deposits	3,623,988	4,612,426
- time deposits / participation accounts	203,471,123	223,665,451
- credit card collections	88,205,246	63,924,885
- cash	255	576
Total	314,537,220	299,185,453

The weighted average interest rates of term deposits:

	31 December 2013	31 December 2012
	Annual interest rate (%)	Annual interest rate (%)
USD	1.81	0.29
TL	9.12	8.44

As of 31 December 2013, TL deposit maturity changes between 2 January 2014 and 25 April 2014, foreign currency deposits maturity between 2 January 2014 and 6 January 2014

As of 31 December 2012, TL deposit maturity changes between 2 January 2013 and 19 April 2013, foreign currency deposits maturity between 7 January 2013 and 5 September 2013

Demand and time deposits in foreign currency:

	31 December 2013				31 December 2012			
	Foreign currency		TL amount		Foreign currency		TL amount	
	Time	Demand	Time	Demand	Time	Demand	Time	Demand
USD	8,916,654	66,673	19,030,814	142,300	3,809,732	80,079	6,791,229	142,748
EUR	-	1,825	-	5,359	-	100	-	235
GBP	-	1,665	-	5,846	-	-	-	-
Total			19,030,814	153,505			6,791,229	142,983

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15. Share Capital

15.1 Distributions to the partners, the sums of the transactions concluded by the entity with the partners, under the own wills of the partners:

In the Ordinary General Assembly of the Company convened on 28 March 2013, it was unanimously decided with respect to the distribution of profit, to allocate TL 1.938.625 of first legal reserves from the after tax net profit of TL 38,772,504 accrued according to the balance sheet of 2012 financial year, to pay the partners total TL 33,632,446 of I. and II. Dividend as TL 0,0094 per share in consideration of their shares, to allocate TL 3,184,348 of second legal reserves and to transfer TL 17,085 to the extraordinary reserves account, and to distribute the dividend to be distributed to the partners as of April 01, 2013. As of December 31, 2013 the dividend payment to the legal entity partners is completed.

15.2 Capital and profit reserves:

Profit reserves:

As of 31 December 2013, the Company's profit reserves are comprised of legal reserves of TL 3,545,456 TL, statutory reserves of 5,306,815 extraordinary reserves of TL 5,456,146 and valuation of financial assets of TL (5,913,273) (31 December 2012 ;1,912,678 TL).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital

Capital reserves:

As of 31 December 2013 and 31 December 2012, Company's capital reserve about TL 66,865,115 occurs the difference between Aviva Emeklilik nominal capital before merger about TL 82,320,000 and Ak Emeklilik capital increase amount about TL 15,779,197; inflation adjustment affiliates about TL 324,236 amount and associate free capital shares increase about TL 76 amount.

Valuation of financial assets:

Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets accounted under "Valuation of Financial Assets"

Valuation of financial assets during the period are as follows:

	2013	2012
1 January	1,912,678	284,403
Fair value gain / (loss), net	(7,825,951)	1,628,275
31 December	(5,913,273)	1,912,678

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15. Share Capital (continued)

15.3 Share capital movement

As of 31 December 2013 and 31 December 2012, there are no capital increase. The share capital of the Company consists of 3,577,919,700 issued shares with TL 0.01 nominal value each.

More detailed information regarding the Company's share capital are disclosed in Note 2.13

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

Details of other reserves in shareholders' equity is disclosed in Note 15.

17. Insurance contract liabilities and reinsurance assets

17.1 Guarantees to be provided for life and non-life branches and guarantees provided for life and non-life branches based on assets is presented below:

Branch	31 December 2013			31 December 2012		
	Required Establishment (*)	Current Blockage (nominal)	Current Blockage (official journal price)	Required Establishment (*)	Current Blockage (nominal)	Current Blockage (official journal price)
Life	386,456,814	389,836,181	408,537,089	407,913,612	405,385,354	417,277,952
Non-life	3,189,964	4,224,290	4,224,290	3,273,205	3,938,453	3,938,453
Total	389,646,778	394,060,471	412,761,379	411,186,817	409,323,807	421,216,405

(*) As of 31 December 2013 and 31 December 2012, the amounts should be established.

Total mortgages or guarantees on assets:

	31 December 2013	31 December 2012
Securities portfolio (nominal values)		
TL	236,903,908	232,402,624
Foreign currency	157,156,563	176,921,183
Total	394,060,471	409,323,807

Mentioned above asset values have been blocked on behalf of the Treasury.

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17. Insurance contract liabilities and reinsurance assets (continued)

17.2 Number of life insurance policies, additions, disposals in the current period, and current life policy holders and their mathematical reserves are presented below:

	31 December 2013		31 December 2012	
	Units	Mathematical reserves TL	Units	Mathematical reserves TL
Opening	1,612,962	381,222,270	1,204,978	415,969,273
Additions	1,223,919	74,786,693	1,007,490	61,771,034
Disposal	1,012,633	105,604,165	599,506	96,518,036
End of period	1,824,248	350,404,798	1,612,962	381,222,270

(1) Mathematical provisions are calculated in accordance with its own technical for each product.

(2) As of 31 December 2013, there are no provision for canceled policies (31 December 2012: None)

- a) Active at the beginning of the period and canceled during the period of the contractual provisions of mathematics are illustrated in outputs, canceled during the period of the unit-based policies, and their mathematical provisions, the input and output are not included in the figures.
- b) As of 31 December 2013, for the amount of the loan allocated TL 137,057,150 (31 December 2012 – TL 144,089,197 TL) the amount of mathematical reserves and TL (20,803,654) (31 December 2012 – TL 19,327,533) the amount of the insured risk on financial assets at fair value shown in entries mathematical reserves

17.3 Insurance coverage given to non-life insurance branches: TL 57,977,591,255 (31 December 2012 – TL 51,469,163,540).

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

As of 31 December 2013, there are 24 (31 December – 19) pension fund established by the company.

Fund Name	Unit price 31 December 2013 (TL)	Unit price 31 December 2012 (TL)
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,027049	0,024112
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu	0,034230	0,036183
AvivaSA Emeklilik ve Hayat A.Ş. Esnek Emeklilik Yatırım Fonu	0,036832	0,038188
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,024309	0,021449
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,037740	0,037500
AvivaSA Emeklilik ve Hayat A.Ş. Karma Likit Emeklilik Yatırım Fonu	0,028684	0,027110
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu	0,016905	0,014573
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	0,019486	0,022084
AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası Likit Karma Emeklilik Yatırım Fonu	0,030506	0,028833
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,038420	0,038131
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	0,037048	0,038279
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Karma Emeklilik Yatırım Fonu	0,017892	0,013699
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	0,038525	0,044066
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu-Grup	0,029904	0,029400
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Esnek Emeklilik Yatırım Fonu	0,029859	0,028101
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Grup Emeklilik Yatırım Fonu	0,030080	0,033827
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Grup Emeklilik Yatırım Fonu	0,012499	0,012716
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu	0,011011	0,011294
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	0,009384	-
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	0,009492	-
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	0,009684	-

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17. Insurance contract liabilities and reinsurance assets (continued)

17.5 Total units and amount of participation certificates in portfolio and circulation:

Participation Certificates in Circulation	31 December 2013		31 December 2012	
	Unit	Amount	Unit	Amount
AvivaSA Emeklilik ve Hayat A.Ş.				
Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	4,166,571,893	112,701,603	3,336,793,261	80,456,759
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu	2,576,645,315	88,198,569	2,545,281,828	92,095,932
AvivaSA Emeklilik ve Hayat A.Ş. Esnek Emeklilik Yatırım Fonu	4,707,359,544	173,381,467	4,151,504,962	158,537,672
AvivaSA Emeklilik ve Hayat A.Ş.				
Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	2,693,566,546	65,477,909	2,451,698,406	52,586,479
AvivaSA Emeklilik ve Hayat A.Ş.				
Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	8,822,267,347	332,952,370	9,138,937,065	342,710,140
AvivaSA Emeklilik ve Hayat A.Ş. Karma Likit Emeklilik Yatırım Fonu	1,378,511,434	39,541,222	1,518,001,307	41,153,015
AvivaSA Emeklilik ve Hayat A.Ş.				
Gelir Amaçlı Uluslararası Borçlanma Araçları Emeklilik Yatırım Fonu	1,325,639,857	22,409,942	1,068,689,723	15,574,015
AvivaSA Emeklilik ve Hayat A.Ş.				
Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	3,578,204,859	69,724,900	2,418,058,625	53,400,407
AvivaSA Emeklilik ve Hayat A.Ş.				
Para Piyasası Likit Karma Emeklilik Yatırım Fonu	11,392,862,165	347,550,653	9,877,401,900	284,795,129
AvivaSA Emeklilik ve Hayat A.Ş.				
Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	44,453,493,463	1,707,903,219	38,352,243,634	1,462,409,402
AvivaSA Emeklilik ve Hayat A.Ş.				
Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	27,342,332,449	1,012,978,733	20,719,039,114	793,104,098
AvivaSA Emeklilik ve Hayat A.Ş.				
Gelir Amaçlı Uluslararası Karma Emeklilik Yatırım Fonu	1,996,844,859	35,727,548	700,199,574	9,592,034
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	7,655,532,979	294,929,408	4,911,509,677	216,430,586
AvivaSA Emeklilik ve Hayat A.Ş.				
Kamu Borçlanma Araçları Emeklilik Yatırım Fonu-Grup	10,518,768,569	314,553,255	9,867,634,743	290,108,461
AvivaSA Emeklilik ve Hayat A.Ş.				
Gelir Amaçlı Esnek Emeklilik Yatırım Fonu	3,661,364,818	109,324,692	3,487,897,003	98,013,394
AvivaSA Emeklilik ve Hayat A.Ş.				
Büyüme Amaçlı Hisse Senedi Grup Emeklilik Yatırım Fonu	1,615,560,816	48,596,070	1,244,601,436	42,101,133
AvivaSA Emeklilik ve Hayat A.Ş.				
Büyüme Amaçlı Esnek Grup Emeklilik Yatırım Fonu	2,097,318,545	26,214,384	1,347,089,858	17,129,595
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu	124,032,871	1,365,726	108,649,657	1,227,089
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	677,211,876	6,354,956	-	-
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	21,034,337,322	199,657,930	-	-
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	999,059,073	9,674,888	-	-
	162,817,486,600	5,019,219,444	117,245,231,773	4,051,425,340

Constructor Participation Certificates	31 December 2013		31 December 2012	
	Unit	Amount	Unit	Amount
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Alternatif Esnek Emeklilik Yatırım Fonu	10,000,000	109,670	10,000,000	107,956
AvivaSA Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu	10,000,000	101,026	-	-
AvivaSA Emeklilik ve Hayat A.Ş. BRIC Ülkeleri Esnek Emeklilik Yatırım Fonu	100,000,000	1,116,130	-	-
	120,000,000	1,326,826	10,000,000	107,956

17.6 Total units and portfolio amounts of additions, disposals, reversals and current individual and group private pension participants:

	31 December 2013		31 December 2012	
	Unit	Amount TL	Unit	Amount TL
Individual				
Additions	191,011	314,021,732	121,318	277,148,695
Disposal	53,019	445,390,338	55,642	1,457,174,987
Current	643,894	4,038,304,788	497,848	3,217,780,421
Group				
Additions	16,924	25,092,804	15,862	99,449,925
Disposal	7,283	80,716,601	6,143	131,639,905
Current	82,986	980,914,656	70,875	833,644,919
Total	726,880	5,019,219,444	568,723	4,051,425,340

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17. Insurance contract liabilities and reinsurance assets (continued)

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

The life mathematical reserves for the accumulated policies written from the Company's accumulated funds are valued daily in compliance with TL and USD profit share technical principles approved by TR Undersecretariat of Treasury Foreign Trade on January 14, 1993 and September 12, 1996. The revenues of the mentioned investments are distributed as the revenues of the relevant investment instruments with the daily accrued interest method.

Daily Profit Share System is applied to the life mathematical reserves for the accumulated life policies written from the Company's other funds in compliance with Profit Share Technical Principles and Life Insurance Regulation approved on November 1, 1999 by TR Prime Ministry, Undersecretariat of Treasury General Directorate of Insurance. Profit share values calculated according to the profit share rates calculated according to the daily yields of TL, USA Dollar and Euro investment instruments are reflected onto the accounts of the insured daily.

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

1 January– 31 December 2013				1 January – 31 December 2012		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL		Participation Share (Gross) TL	Participation Share (Net) TL
Individual	191,011	309,542,438	306,205,219	121,318	151,092,323	147,787,291
Corporate	16,924	21,646,850	21,641,749	15,862	21,760,983	21,747,097
Total	207,935	331,189,288	327,846,968	137,180	172,853,306	169,534,388

In the table above; the contracts become effective in the 2013 and 2012, the total contracts become effective and ceased in the same period, contributions collected regarding these contracts and the contributions transferred to investment in the current period have been specified. Transfer amounts are not included in the current period numbers and balances.

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

1 January– 31 December 2013				1 January – 31 December 2012		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL		Participation Share (Gross) TL	Participation Share (Net) TL
Individual	4,681	88,738,430	88,661,671	2,135	48,874,936	48,788,946
Corporate	1,213	11,908,740	11,908,633	8,132	47,418,981	47,418,658
Total	5,894	100,647,170	100,570,304	10,267	96,293,917	96,207,604

Transferred contribution from another company participant and charged contribution during this period have been explained in report. Contribution from another company combined with an established agreement and new contributions from the amount of the transfer is topic the above table

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

None.

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17. Insurance contract liabilities and reinsurance assets (continued)

17.11 Total units of transfers from the Company's private pension portfolio to other company or not, and together their personal and corporate allocation and gross and net share participations:

	1 January– 31 December 2013			1 January– 31 December 2012		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	53,019	376,834,214	364,750,161	55,642	400,817,797	386,222,504
Corporate	7,283	63,066,574	62,921,743	6,143	43,109,766	42,991,221
Total	60,302	439,900,788	427,671,904	61,785	443,927,563	429,213,725

Unit: Shows the number of participants left the Company.

Participation Share (Gross): Represents the sum of contributions as a result of separation.

Participation Share (Net): Represent the remaining amount after the deduction of gross contribution share.

17.12 Total units of additions of life insurances and their group or individual allocation and gross and net premiums:

	1 January - 31 December 2013		1 April- 31 December 2013	
	Unit(*)	Net Premium Amount TL (**)	Unit(*)	Net Premium Amount TL (**)
Individual	890,889	133,214,158	688,534	73,706,277
Group	333,029	17,310,986	318,954	40,825,231
Total	1,223,918	150,525,145	1,007,488	114,531,508

(*) Premium amount for the period does not include the renewals for 1 policy on 2013 and 1 policy on 2012

(**) Only new post life insurance details are shown in table above; re-enacted and renewal life insurance policies are not taken into consideration.

17.13 Total units of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves:

	1 January- 31 December 2013		1 January - 31 December 2012	
	Unit	Mathematical Reserve TL	Unit	Mathematical Reserve TL
Individual	667,726	104,983,642	344,656	87,628,742
Group	344,907	620,523	254,850	510,660
Total	1,012,633	105,604,165	599,506	88,139,402

There is no mathematical provision calculated for annual life policies.

For TL and USD unit based in policies, policy transaction for entering and exiting in the same period are not shown.

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17. Insurance contract liabilities and reinsurance assets (continued)

17.14 Profit share distribution rate of life insurances

	Profit share distribution rate (%) December 2013	Profit share distribution rate (%) December 2012
TL (unit-based)	% 7.42	% 8.33
USD (unit-based)	% 4.54	% 6.33
TL (other)	% 9.29	% 9.51
USD(other)	% 6.66	% 6.48
EUR(other)	% 4.80	% 4.79

17.15 Amounts from insurance contracts in the financial statements:

	31 December 2013	31 December 2012
Gross insurance liabilities		
Provision for unearned premiums	44,231,754	42,506,691
Provision for outstanding claims	36,562,387	29,414,059
Equalization provision	9,321,483	6,522,503
Mathematical provisions(*)	466,658,294	544,639,000
Total	556,773,917	623,082,253
Reinsurance assets		
Provision for unearned premiums	2,620,344	2,665,378
Provision for outstanding claims	3,452,585	2,446,834
Equalization provision	499,360	378,014
Total	6,572,289	5,490,226
Net insurance liabilities		
Provision for unearned premiums	41,611,410	39,841,313
Provision for outstanding claims	33,109,802	26,967,225
Equalization provision	8,822,123	6,144,489
Mathematical provisions	466,658,294	544,639,000
Total	550,201,629	617,592,027

(*) Movements of mathematical provisions are disclosed in Note 17.2. Provisions are calculated on a net basis as described in Note 2.20.

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17. Insurance contract liabilities and reinsurance assets (continued)

17.15 Amounts from insurance contracts in the financial statements (continued):

Movements in the provision for outstanding claims during the period:

Life	31 December 2013			31 December 2012		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	23,415,322	(2,426,469)	20,988,853	17,052,101	(1,221,031)	15,831,070
Paid claims	(3,823,405)	741,924	(3,081,481)	(2,283,184)	250,188	(2,032,996)
Increase/decrease			-			-
- Outstanding claims for the period	13,262,198	(1,466,892)	11,795,306	10,073,462	(1,236,303)	8,837,159
- Past years' outstanding claims	(2,589,174)	(115,850)	(2,705,024)	(1,427,057)	(219,323)	(1,646,381)
31 December	30,264,941	(3,267,287)	26,997,654	23,415,322	(2,426,469)	20,988,852
Reported damage	23,820,096	(2,219,860)	21,600,236	17,995,465	(1,582,679)	16,412,786
Incurred but not reported	6,444,845	(1,047,427)	5,397,418	5,419,857	(843,790)	4,576,067
Total	30,264,941	(3,267,287)	26,997,654	23,415,322	(2,426,469)	20,988,853

Personal accident	31 December 2013			31 December 2012		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	5,998,737	(20,365)	5,978,372	4,979,423	-	4,979,423
Paid claims	(907,655)	-	(907,655)	(1,138)	-	(1,138)
Increase/decrease						
- Outstanding claims for the period	1,361,083	(4,504)	1,356,579	2,252,655	(20,365)	2,232,290
- Past years' outstanding claims	(154,719)	(160,429)	(315,148)	(1,232,203)	-	(1,232,203)
31 December	6,297,446	(185,298)	6,112,148	5,998,737	(20,365)	5,978,372
Reported damage	3,472,341	(4,504)	3,467,837	3,183,555	(20,365)	3,163,190
Incurred but not reported	2,825,104	(180,794)	2,644,311	2,815,182	-	2,815,182
Total	6,297,445	(185,298)	6,112,148	5,998,737	(20,365)	5,978,372
Total	36,562,387	(3,452,581)	33,109,802	29,414,059	(2,446,834)	26,967,225

Movements in the provision for equalization during the period:

Equalization provision	31 December 2013			31 December 2012		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	6,522,503	(378,014)	6,144,489	4,286,061	(249,239)	4,036,822
Net change	2,798,980	(121,346)	2,677,634	2,236,442	(128,775)	2,107,667
31 December	9,321,483	(499,360)	8,822,123	6,522,503	(378,014)	6,144,489

Movements in the provision for unearned premiums during the period:

Provision for unearned premiums	31 December 2013			31 December 2012		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	42,506,691	(2,665,378)	39,841,313	31,107,673	(1,437,468)	29,670,205
Increase (decrease)						
- Current year provision for unearned premiums	43,104,168	(2,493,183)	40,610,985	41,375,158	(2,547,199)	38,827,958
- Prior years' provision for unearned premiums	(41,379,105)	2,538,217	(38,840,888)	(29,976,140)	1,319,289	(28,656,850)
Net change	1,725,063	45,034	1,770,097	11,399,018	(1,227,910)	10,171,108
31 December	44,231,754	(2,620,344)	41,611,410	42,506,691	(2,665,378)	39,841,313

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17. Insurance contract liabilities and reinsurance assets (continued)

17.15 Amounts from insurance contracts in the financial statements (continued):

As of 31 December 2013 and 31 December 2012, net technical provisions which denominated foreign currency as follows:

	31 December 2013			31 December 2012		
	Foreign Currency	Rate	TL amount	Foreign Currency	Rate	TL amount
Mathematical provisions						
TL	-	-	255,138,829	-	-	297,036,413
USD	2,735,768	2.1413	5,858,101	7,009,339	1.7939	12,574,054
USD	95,668,567	2.1343	204,185,424	129,565,063	1.7826	230,962,682
EUR	401,852.45	2.9462	1,183,938	1,488,170	2.3665	3,521,755
EUR	99,439.04	2.9365	292,002	231,362	2.3517	544,096
			466,658,294			544,639,000
Provision for unearned premiums						
TL	-	-	41,611,410	-	-	39,841,313
			41,611,410			39,841,313
Provision for outstanding claims						
TL	-	-	29,564,274	-	-	24,699,892
USD	1,197,941	2.1413	2,565,151	895,072	1.7939	1,605,670
USD	286,584	2.1343	611,657	257,506	1.7826	459,031
EUR	125,151	2.9462	368,720	85,625	2.3665	202,632
			33,109,802			26,967,225
Equalization provision						
TL	-	-	8,822,123	-	-	6,144,489
			8,822,123			6,144,489

As of 31 December 2013, damage development table is as follows:

Accident year	2006 and earlier								Total
	2007	2008	2009	2010	2011	2012	2013		
Current estimate of claims									
Accident year	329,438	846,145	1,597,244	1,221,544	1,525,863	1,851,084	3,616,998	13,768,123	24,756,439
1 year later	87,644	103,489	227,947	232,100	432,994	286,968	525,525	-	1,896,667
2 year later	1,663	-	-	131,895	93,555	190,815	-	-	417,928
3 year later	344	-	66,650	9,484	85,665	-	-	-	162,143
4 year later	-	-	6,110	50,050	-	-	-	-	56,160
5 year later	-	-	3,100	-	-	-	-	-	3,100
6 year later	-	-	-	-	-	-	-	-	-
7 year later	-	-	-	-	-	-	-	-	-
8 year later	-	-	-	-	-	-	-	-	-
Total	419,089	949,634	1,901,051	1,645,073	2,138,077	2,328,867	4,142,523	13,768,123	27,292,437
Incurred but not reported claims									
									6,444,846
Additional claims according to the actuarial claim development table									
									2,825,104
Total gross provision for outstanding claims as at 31 December 2013									
									36,562,387

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17. Insurance contract liabilities and reinsurance assets (continued)

17.15 Amounts from insurance contracts in the financial statements (continued):

As of 31 December 2012, damage development table is as follows:

Accident year	2005 and earlier	2006	2007	2008	2009	2010	2011	2012	Total
Current estimate of claims									
Accident year	473,849	26,543	581,347	2,058,282	1,512,446	1,802,975	2,108,774	11,081,145	19,645,382
1 year later	-	107,366	2,470	24,500	54,984	245,761	550,246	-	985,327
2 year later	1,082	1,663	-	182,101	167,431	87,929	-	-	440,205
3 year later	-	344	-	66,473	30,180	-	-	-	96,996
4 year later	-	-	-	6,110	-	-	-	-	6,110
5 year later	-	-	-	-	-	-	-	-	-
6 year later	-	-	-	-	-	-	-	-	-
7 year later	5,000	-	-	-	-	-	-	-	5,000
Total	479,931	135,916	583,817	2,337,466	1,765,041	2,136,665	2,659,020	11,081,145	21,179,020
Incurring but not reported									5,419,857
Additional claims according to the actuarial claim development table									2,815,182
Total gross provision for outstanding claims as at 31 December 2012									29,414,059

18. Investment contract liabilities

None

19. Trade and other payables and deferred income

Payables from main operations of the Company as at 31 December 2013 and 31 December 2012 are detailed below:

	31 December 2013	31 December 2012
Payables from main operations	109,639,447	77,637,044
Participants transition accounts (pension payables)	92,166,667	68,325,519
Payables from insurance operations	5,918,543	5,106,963
Other (pension payables)	11,465,014	4,136,399
Other payables from main operations	89,223	68,163
Payables to related parties	4,435,880	3,414,468
Due to shareholder	84,213	42,590
Due to personnel	485,021	647,861
Payables to other related parties	3,866,646	2,724,017
Other payables (Note 47.1)	10,473,673	7,130,879
Total	124,549,000	88,182,391

As of 31 December 2013 and 31 December 2012, trade and other payables which denominated foreign currency are disclosed in Note 12.4

As of the balance sheet date, deferred revenue and expense accruals disclosed in Note 47.1.

As of the balance sheet date, other short term liabilities include provision for unused vacation is 2,716,292 TL (31 December 2012: 2,587,221 TL).

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20. Financial liabilities

As of 31 December 2013 and 31 December 2012, loans used by the Company are disclosed in Note 2.17

21. Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkish Procedure Law purposes and its statutory tax financial statements.

These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below. % 20 tax rate is applied in the calculation of deferred tax asset and liabilities

As at 31 December 2013 and 31 December 2012, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	Deferred Tax Assets / (Liabilities)	Deferred Tax Assets / (Liabilities)	Deferred tax (expense) income	Deferred tax (expense) income
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Deferred tax assets				
Provision for employee termination benefits	514,226	362,003	31,003	107,405
Provision for personnel unused vacation	543,258	517,444	25,814	(76,694)
Provisions for lawsuits	1,293,251	1,030,769	262,482	12,580
Provision for the actuarial chain method	-	-	-	(220,526)
Loan BSMV provision	82	214	(132)	(54)
Trading portfolio price difference	23,700	-	23,700	(37,086)
Expense accruals	3,650,474	2,846,600	803,874	786,742
Equalization provision	1,764,425	-	1,764,425	-
Deposits internal rate of return-linear interest rate difference	12,842	-	12,842	-
	7,302,258	4,757,030	2,924,008	572,367
Deferred tax liabilities				
Differences in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(444,690)	(329,876)	(114,814)	(148,734)
Other revenue reserves	-	-	-	-
Profit commission	-	-	-	-
Internal rate of return-linear Eurobond interest rate difference	(115,164)	(88,104)	(27,060)	50,035
	(559,854)	(417,980)	(141,874)	(98,699)
Available for sale financial assets are recognized in shareholders' equity of deferred tax assets (liabilities)	940,245	(234,326)	-	-
Deferred tax, net	8,182,649	4,104,724	2,782,134	473,668

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21. Deferred Tax (continued)

Movement of deferred tax assets / liabilities as of 31 December 2013 and 31 December 2012 are given below:

	31 December 2013	31 December 2012
1 January	4,104,724	3,583,500
Cancellation available for sale financial assets are recognized in shareholders' equity of deferred tax assets	234,326	281,882
Deferred tax income/ (expense)	2,782,134	473,668
Deferred tax asset / (liability) recognized in equity due to impairment losses on available for sale financial assets	940,245	(234,326)
Deferred tax asset of actuarial loss on retirement pay provision	121,220	-
Total	8,182,649	4,104,724

As of 31 December 2013 and 31 December 2012, there is no loss of accumulated portable

22. Retirement Benefits Obligations

Under the Turkish Labour Law, the Company is required to pay employee termination benefits to each employee who has qualified for such payment. The termination benefit to be paid is subject to upper limit of TL 3,254 as at 31 December 2013 (31 December 2012: TL 3,034).

According to IAS 19, actuarial calculations are necessary to calculate the liabilities of the Company, The provision has been calculated by using "Projection Method" and estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

As of 31 December 2013 and 31 December 2012, movement of actuarial assumptions used to calculate liabilities is presented below:

	31 December 2013	31 December 2012
Discount rate (%)	8%	8%
The estimated rate of salary increase (%)	4.5%	4.5%

Movement of provision for employee termination benefits during the period is presented below:

	31 December 2013	31 December 2012
1 January	1,810,014	1,272,987
Paid during the period	(2,404,128)	(1,561,177)
Provision in the current period	2,559,145	2,098,204
Actuarial loss (*)	606,097	-
Total	2,571,128	1,810,014

(*) In the current year, the assumptions used in the calculation of employee termination benefits have been revised and actuarial loss, net of tax, is accounted for under shareholders equity.

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23. Provisions for other liabilities and charges

23.1 Provisions related to employee benefits, and others: None.

23.2 Provisions for other risks:

Cost of the provision of the Company are as follows:

	31 December 2013	31 December 2012
Dividend to personnel and salary provision	10,456,135	8,403,010
Provision for commissions	2,493,967	920,000
Provision for commissions to sales personnel	5,065,739	4,685,308
Total	18,015,841	14,008,318

Other short-term liabilities consist of unused vacation provisions amounting to TL 2,716,292 (31 December 2012: TL 2,587,221).

Detail of the provision of long-term debts and expense are disclosed in Note 47.

23.3 Total commitment amount which is not included liabilities:

	31 December 2013				31 December 2012			
	USD	EUR	TL	Total	USD	EUR	TL	Total
Guarantees and collaterals given								
Letter of guarantee	17,288	-	2,801,859	2,819,147	14,439	-	2,518,076	2,532,515
	17,288	-	2,801,859	2,819,147	14,439	-	2,518,076	2,532,515
Insurance guarantee								
Life	1,137,595,411	21,307,435	30,008,877,786	31,167,780,632	825,876,946	22,044,750	22,895,672,256	23,743,593,952
Individual accident	-	-	26,809,810,623	26,809,810,623	-	-	27,725,569,588	27,725,569,588
	1,137,595,411	21,307,435	56,818,688,409	57,977,591,255	825,876,946	22,044,750	50,621,241,844	51,469,163,540

24. Net Insurance Premium Income

As of 1 January-31 December 2013 and 1 January-31 December 2012 net premiums are as follows:

	1 January – 31 December 2013			1 January – 31 December 2012		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Non-life	32,382,317	(54,155)	32,328,162	32,341,198	(56,533)	32,284,665
Life	200,505,353	(8,834,810)	191,670,543	165,202,464	(9,208,535)	155,993,929
Total premium revenue	232,887,670	(8,888,965)	223,998,705	197,543,662	(9,265,068)	188,278,594

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25. Fee revenues

Revenue generated from private pension between 1 January -31 December 2013 and 1 January -31 December 2012 are as follows.

	1 January- 31 December 2013	1 January- 31 December 2012
Fund management fee income	81,552,634	83,548,762
Management fee deduction	17,143,326	32,023,292
Entrance fee income	30,366,067	20,023,033
Management fee deduction in case of suspension	717,614	-
Market value increase income of capital commitment advances	246,759	13,275
Other technical income	159,335	102,892
Total	130,185,735	135,711,254

26. Investment income

	1 January- 31 December 2013	1 January- 31 December 2012
Dividend income	6,251	21,162
Net realized gain/ (loss)	20,603,501	23,366,209
Financial assets held for trading, net realized gain / (loss)	1,607,971	1,052,940
Financial assets held for trading- Interest income on deposits	12,877,583	18,765,643
Available-for-sale financial assets, net realized gain / (loss)	474,571	1,701,710
Available-for-sale financial assets - Interest income on deposits	5,643,376	1,845,916
Net sales gain/ (loss)	2,118,404	553,440
Financial assets held for trading	982,108	289,640
Available-for-sale financial assets	1,136,296	263,800
Other income	-	539,608
Total	22,728,156	24,480,419

27. Net Income Accrual on Financial Assets

	1 January- 31 December 2013	1 January- 31 December 2012
Financial Assets Held for Trading	11,374,651	1,017,826
Financial Assets Available-for-Sale	(476,064)	(58,182)
Total	10,898,587	959,644

28. Assets Held at Fair Value through Profit and Loss

Disclosed in Note 26.

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29. Insurance Rights and Claims

Disclosed in Note 17.

30. Investment Agreement Rights

None

31. Other Expenses

	1 January - 31 December 2013	1 January- 31 December 2012
Operating expenses classified under technical section		
Non-life	29,497,715	19,109,003
Life	83,655,468	75,307,522
Pension	141,098,632	100,811,574
Total	254,251,815	195,228,099

Details of the operating expense are disclosed in Note 32.

32. Operating Expenses

	1 January - 31 December 2013	1 January- 31 December 2012
Production commission expenses	100,781,361	66,916,475
Personnel expenses	92,128,458	77,624,510
Management expenses	31,896,152	28,370,217
Outsourced benefits and services	22,156,282	14,229,703
Marketing and sales expenses	9,212,263	9,543,372
Reinsurance commissions	(2,903,680)	(2,039,795)
Other operating expenses	980,978	583,617
Total	254,251,815	195,228,099

33. Employee Benefit Expenses

	1 January - 31 December 2013	1 January - 31 December 2012
Wages and salaries	49,479,892	45,308,139
Commissions and promotions expenses	13,813,418	7,859,828
Other wage expenses	10,922,390	9,864,681
Social security premiums	7,755,175	6,981,984
Other personnel expense	6,951,355	5,551,791
Termination benefits expenses	2,404,128	1,561,177
Notice pay expenses	172,770	142,236
Unused vacation expenses	629,330	354,674
Total	92,128,458	77,624,510

There is no share-based payment transaction.

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34. Financial costs

34.1 Finance expenses:

	1 January- 31 December 2013	1 January- 31 December 2012
Financial expenses (direct expenses include)	-	448

34.2 Financial expense relevant part of the shareholders, affiliates and subsidiaries (Exceed 20% of the total amount will be illustrated separately): None

34.3 Sales and purchases to partners, subsidiaries and investments (Exceed 20% of the total amount will be illustrated separately):

	1 January- 31 December 2013	1 January- 31 December 2012
Purchased services		
Hacı Ömer Sabancı Holding A.Ş.	194,054	205,014
Aviva Europe SE	24,843	-
	218,897	205,014
Services provided		
Hacı Ömer Sabancı Holding A.Ş.	373,261	388,330
Aviva Europe SE	48,880	-
	422,141	388,330

34.4 Paid interest and rent received from partners, subsidiaries and affiliates (Exceed 20% of the total amount will be illustrated separately): 31 December 2013– TL 41,414 (31 December 2012 – TL 29,205).

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35. Corporate Tax

The Company activities are subject to the tax legislation and applications in force in Turkey.

In Turkey, corporate tax rate is 20%. Corporate tax is declared until the evening of the twenty-fifth day of the forth month following the end of the relevant accounting period and is paid as a single installment until the end of the relevant month. In compliance with the tax legislation, advance tax is calculated and paid at the rate of 20% over the earnings as of the quarterly periods and the sums paid this way are set off from the tax calculated over the annual earning.

The financial loss shown on the return according to the Corporate Tax Law, can be deducted from the corporate tax base of the period, on condition not to exceed 5 years. The returns and the relevant accounting records can be inspected at the tax administration office within five years and the tax accounts can be revised.

The dividend payments effected except to those joint stock companies settled in Turkey which are not liable for the corporate tax and income tax and which are exempted from these, and to those real entities which are settled or not settled in Turkey and to those legal entities which are not settled in Turkey, are subject to 15% income tax. The dividend payments from the joint stock companies settled in Turkey to the joint stock companies settled again in Turkey are not subject to income tax. Moreover, income tax is not calculated again in case the profit is not distributed or if added onto the capital

The dividend earnings of the corporations from participation in the capital of another corporation which is subject to full liability (except the profit shares from the participation certificates of the investment funds and share certificates of the investment partnerships) are exempted from the corporate tax. Moreover, 75% of the earnings arising of the sale of the participation shares, real estates, preferential rights, founder shares and dividend shares of the corporations, which are included within their assets at least for a period of two full years, are exempted from the corporate tax, in order to benefit from the exemption, the mentioned earning is required to be kept in a fund account under liabilities and not to be withdrawn for a period of 5 years, and the sales price is required to be collected by the end of the second calendar year following the year in which the sale is made.

The Company should prepare the reports which are required within the scope of "General Communiqué on Distribution of Hidden Income through Transfer Pricing" (Series no:1) published in November 2007 until the time for presentation of corporate tax return

The tax income and expenses included in the income statements for the periods which ended on December 31, 2013 and 2012 are summarized below:

	1 January - 31 December 2013	1 January- 31 December 2012
Current income tax	(10,529,592)	(14,215,051)
Deferred tax income / (expense)	2,782,134	473,668
Total income tax expense	(7,747,456)	(13,741,383)

As the end of 31 December 2013 and 31 December 2012, Deferred tax assets / (liabilities) are summarized below:

	31 December 2013	31 December 2012
Deferred tax assets	8,742,503	4,757,030
Deferred tax liabilities	(559,854)	(652,306)
Deferred tax assets /(liabilities), net	8,182,649	4,104,724

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35. Corporate Tax (continued)

Reconciliation of actual tax expense is as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Income before tax	38,492,252	52,513,887
Tax rate	20%	20%
Tax calculated	(7,698,450)	(10,502,777)
Income not subject to tax	2,804,494	2,130,067
Non-deductible expenses, net	(5,635,636)	(5,842,341)
Provision for income tax expense (-)	(10,529,592)	(14,215,051)
Deferred tax income (Note 21)	2,782,134	473,668
	(7,747,456)	(13,741,383)

The Company has prepaid tax amounting to TL 6,788,702 (31 December 2012– TL 13,174,011)

	1 January- 31 December 2013	1 January- 31 December 2012
Provision for tax	6,762,489	14,215,051
Prepaid tax	(5,810,263)	(11,776,205)
The amount of withholding tax to be deducted	(968,439)	(1,397,806)
Total tax liabilities / (assets)	(16,213)	1,041,040

36. Net Income from the Changes in Foreign Exchange Rates

	1 January- 31 December 2013	1 January- 31 December 2012
The risk of financial investment income on policyholders	65,205,058	16,461,858
The risk of financial investment expenses on policyholders	(38,464,662)	(26,659,323)
Available-for-sale financial assets, revenue	6,092,274	2,601,117
Available-for-sale financial assets, expenses	(632,038)	(4,093,816)
Other foreign exchange revenue transactions	11,271,555	3,505,422
Other operations expenses of foreign exchange	(7,569,864)	(4,831,679)
Total	35,902,323	(13,016,421)

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

37. Earnings per Share

37.1 With the requirement of shown separately for common shares and preference shares, earnings per share and dividend rates: Shareholder of the company's earnings per share calculation is as follows.

	31 December 2013	31 December 2012
Net profit for the period	30,744,794	38,772,504
Total shares 0.01 per each	3,577,919,700	3,577,919,700
Earnings per Share (TL)	0.0086	0.0108

38. Dividends per Share: Regarding the Company's profit for the year 2012, in return for their shares earnings per share is TL 0.0108 for each shareholder. As of 1 April 2013 the total amount of dividend distributed is TL 33,632,445. The company will decide the dividend to be distributed and profit distribution with the shares of shareholders in General Assembly held in 2014.

39. Cash generated from operations: The cash flows from operating activities is presented in the accompanying statement of cash flows.

40. Convertible bond: None.

41. Redeemable preference shares: None

42. Risks

The amount of provision required for the lawsuits against the accompanying financial statements of other long-term debts and expenses are taken into account. As of 31 December 2013, total amount including the lawsuits followed under outstanding claim reserves is TL 15,297,413 (31 December 2012: TL 11,762,579).

43. Commitments

TL 8,819,147 (31 December 2012: TL 2,532,515) amount letters of guarantee given to suppliers and the Executive Directorate by Company.

44. Business mergers

None.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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45. Related party transactions

Benefits provided to executive management

As of 31 December 2013 and 2012, wages and other benefits provided to top management such as; Chairman and members of the Board of Directors, managing director and assistant managing director during the year are shown below:

	1 January- 31 December 2013	1 January- 31 December 2012
Benefits provided to executive management	4,473,361	4,060,471
Total	4,473,361	4,060,471
Employer's share of social security	156,450	129,974
	31 December 2013	31 December 2012
Akbank T.A.Ş –Credit card receivables	87,747,296	63,732,510
Other cash and cash equivalents	87,747,296	63,732,510
Akbank T.A.Ş – Bank deposit	97,208,869	142,741,572
Banks	97,208,869	142,741,572

As of 31 December 2013 and 31 December 2012, The Company's portfolio of financial assets classified as held for trading and financial assets issued by related parties of the Company are as follows:

	31 December 2013			
	Nominal	Cost	Fair Value	Book Value
Private Sector bonds				
Akbank T.A.Ş.	6,520,000	6,520,000	6,530,628	6,530,628
Ak Finansal Kiralama A.Ş.	-	-	-	-
Başkent Elektrik Dağıtım A.Ş.	4,500,000	4,500,000	4,549,590	4,549,590
	11,020,000	11,020,000	11,080,218	11,080,218
	31 December 2012			
	Nominal	Cost	Fair Value	Book Value
Private Sector bonds				
Akbank T.A.Ş.	9,000,000	9,000,000	9,020,160	9,020,160
Ak Finansal Kiralama A.Ş.	1,500,000	1,500,000	1,512,810	1,512,810
	10,500,000	10,500,000	10,532,970	10,532,970

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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45. Related party transactions (continued)

	31 December 2013	31December 2012
Other receivables from related parties		
Aviva Sigorta A.Ş. (Aviva Sigorta)	7,010	-
Akbank T.A.Ş	1,526,946	-
Aviva Sigorta A.Ş. (Aviva Sigorta)	4,130	-
Vista Turizm ve Seyahat A.Ş. (Vista)	-	15,945
	1,538,086	15,945

	31 December 2013	31 December 2012
Other payables to related parties		
Ak Portföy Yönetimi A.Ş.	2,858,071	869,192
AkSigorta A.Ş. (Aksigorta)	31,066	83,972
Bimsa Uluslararası İletişim ve Bilgi Sistemleri A.Ş.	552,196	1,035,477
Emeklilik Gözetim Merkezi A.Ş.	29,387	31,125
TeknoSA İç ve Dış Tic. A.Ş. (TeknoSA)	163,835	207,463
Vista Turizm ve Seyahat A.Ş. (Vista)	188,845	458,919
EnerjiSA A.Ş.	42,983	35,490
Aviva Sigorta A.Ş.	263	2,379
	3,866,646	2,724,017

	31 December 2013	31 December 2012
Payables from main operations		
Ak Portföy Yönetimi A.Ş.	723,250	754,156
	723,250	754,156

	31 December 2013	31 December 2012
Other payables from main operations		
Akbank T.A.Ş	89,223	68,163

	31 December 2013	31 December 2012
Expense accruals from other related parties		
Aviva PLC Europe	221,411	181,018
	221,411	181,018

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45. Related party transactions (continued)

	1 January– 31 December 2013	1 January– 31 December 2012
Purchased services		
Akbank T.A.Ş.	87,594,909	64,033,186
- Paid administrative expenses	1,145,777	47,361
- Commission paid	86,449,132	63,985,825
Ak Portföy Yönetimi A.Ş.	10,995,832	9,223,082
Vista (administrative expenses)	2,666,246	2,510,750
Citibank A.Ş. (commission and bonus expenses and performance bonuses)	154,981	231,071
BimSA (accounting and computing machinery)	464,959	158,282
Aviva Sigorta (car insurance policy expenses and consultancy services for integration project)	-	2,379
Emeklilik Gözetim Merkezi A.Ş. (examination fee, pension costs, joint promotion services)	833,420	1,031,685
Milli Reasürans T.A.Ş. (Premiums Transferred)	22,077	669,551
Aksigorta A.Ş.	2,265,517	2,203,710
EnerjiSA Doğal Gaz Toptan Satış A.Ş.	499,397	432,770
Other	390,114	539,874
	105,887,452	81,036,340
Financial income		
Akbank (interest income)	10,395,029	16,040,509
	10,395,029	16,040,509
Services provided		
Citibank A.Ş.	549,463	1,439,268
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	412,797	414,703
Brisa Bridgestone Sabancı Lastik San. Ve Tic. A.Ş.	304,043	284,673
Temsa Global San. Ve Tic. A.Ş.	288,035	284,357
Akçansa Çimento San. Ve Tic. A.Ş.	171,632	158,552
Enerjisa Doğal Gaz Toptan Satış A.Ş.	256,147	226,208
Çimsa Çimento San. Ve Tic. A.Ş.	166,700	153,617
Sabancı Üniversitesi	212,233	149,522
TeknoSA İç ve Dış ticaret A.Ş.	139,564	129,191
Ak Yatırım Menkul Değerler A.Ş.	49,364	39,247
Advansa Sasa Polyester Sanayi A.Ş.	102,578	111,860
Exsa Satış Araştırma	3,261	3,715
I-Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	54,317	47,074
Olmuksa Olmuk Mukavva San. ve Tic. A.Ş.	133,952	127,616
Yünsa Yünlü San. Tic. A.Ş.	93,790	78,256
Aviva Sigorta A.Ş.	113,031	304,269
Ak Portföy Yönetimi A.Ş.	51,331	43,899
Milli Reasürans T.A.Ş.	10,878	380,496
Philip Morris Sabancı Satış ve Pazarlama A.Ş.	356,712	414,789
Philip Morris Sabancı Sigara ve Tütün A.Ş.	330,783	396,592
Philip Morris Seyahat Perakende Satış A.Ş.	9,659	20,324
Aksigorta A.Ş.	160,057	133,771
Akbank T.A.Ş.	2,898,418	52,197
Others	421,881	388,587
	7,290,626	5,782,783
Dividend income		
Ak Yatırım Menkul Değerler A.Ş.	-	3,968
Ak Portföy Yönetimi A.Ş.	-	106
Tursa Sabancı Turizm ve Yatırım Tic. A.Ş.	-	303
	-	4,377

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
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45. Related party transactions (continued)

45.1 Provision for doubtful receivables is provided for due from shareholders, affiliates and subsidiaries:
None.

45.2 Details of associates and subsidiaries having indirect capital and management relations with the Company; names, amounts and rates of participations in the associates and subsidiaries; profit/loss for the period presented in the recent financial statements of such participations; net profit/loss for the period and period covered by the financial statements; information about whether these financial statements are prepared in accordance with the CMB standards; information about whether these financial statements are audited; details of the audit opinion (if the report includes unqualified, adverse or qualified opinion): As of 31 December 2013 and 2012, There are no subsidiaries of the Company and its subsidiaries. Information on other financial assets is as follows:

31 December 2013	Financial statements							
	Participation rate %	Participation amount	Net period profit (loss)	Period profit (loss)	Current period	CMB compliance with standards	independent audit pass / does not exceed	Independent auditor's opinion
Non-group								
Milli Reasürans A.Ş. (**)	0.1494	575,082				-	Unaudited	-
Emeklilik Gözetim Merkezi A.Ş. (**)	8.3326	263,222				-	Unaudited	-
Enternasyonal Turizm Yatırım A.Ş. (**)	0.0001	2	-	-	-	-	Unaudited	-
Endüstri Holding A.Ş. (**)	0.0001	626	-	-	-	-	Unaudited	-
		838,932						

(**) As of the report date is not available.

31 December 2012	Financial statement							
	Participation rate %	Participation amount	Net period profit (loss)	Period profit (loss)	Current period	CMB compliance with standards	independent audit pass / does not exceed	Independent auditor's opinion
Group								
Tursa A.Ş.	0.008	71,119	3,196,296	3,335,186	31/12/2012	-	Unaudited	-
Non-group								
Milli Reasürans A.Ş. (**)	0.1494	575,082	-	-	-	-	Unaudited	-
Emeklilik Gözetim Merkezi A.Ş. (**)	8.3326	263,222	-	-	-	-	Unaudited	-
Enternasyonal Turizm Yatırım A.Ş. (**)	0.0001	2	-	-	-	-	Unaudited	-
Endüstri Holding A.Ş. (**)	0.0001	626	-	-	-	-	Unaudited	-
		910,051						
Provision for impairment (*)		(60,594)						
Total		849,457						

(*) Tursa A.Ş. provision impairment

(**) As of the report date is not available.

45.3 Bonus shares obtained from associates or subsidiaries through internal resource capital increases:
None(31 December 2012- None).

45.4 On immovable real rights and their values: None

45.5 Guarantees, commitments, guarantee letters, advances and endorsements given in favor of shareholders, associates and subsidiaries: None

46. Events after the reporting period: None

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

47. Other

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

Other cash and cash equivalents consist of credit card receivables that have been blocked for a period of 1 to 31 days by the bank.

Short-term other receivables consist of withholding tax and other receivables from various organizations.

Other tangible assets consists of special costs.

Other intangible assets consist of software.

Other technical provisions and other provisions items consist of provision for equalization.

	31 December 2013	31 December 2012
Prepaid expenses		
Deferred acquisition costs	15,089,269	14,606,922
Health Insurance Costs	602,838	110,196
Other expenses	776,648	1,159,822
	16,468,755	15,876,940
Prepaid expenses and accrued income		
Other Prepaid Expenses	2,618,476	972,619
	2,618,476	972,619
Other payables		
Trade payables	10,137,759	6,189,477
Other payables	335,914	941,402
	10,473,673	7,130,879
Other payables and accrued expenses (long-term)		
Provision for lawsuits	6,466,255	5,153,850
	6,466,255	5,153,850
Provisions for other taxes and similar obligations		
Loan interest BITT provision	413	1,069
	413	1,069
Deferred income and accrued expenses		
Deferred commission income	631,937	978,810
No claim refund of premiums	15,115	43,675
Other general and administrative expenses	722,555	990,543
	1,369,607	2,013,028
Other capital reserves		
Other capital reserves	66,540,803	66,540,803
Subsidiaries inflation adjustment	324,312	324,312
	66,865,115	66,865,115

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

47. Other (continued)

47.1 Items and amounts classified under the “other” account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet (continued)

	1 January- 31 December 2013	1 January- 31 December 2012
Other technical income (Life)		
Loan unit price difference	19,285,837	6,976,119
Other technical income	13,818	19,429
Money not claimed by the owners	-	53,453
	19,299,655	7,049,001
Other technical expenses (Non-Life)		
Other Expenses	157,241	11,460
	157,241	11,460
Other technical expenses (Pension)		
ISE Settlement and Custody Bank maintenance fee	2,358,599	1,564,429
Emeklilik gözetim merkezi service fee	388,377	351,975
Recognition charges	-	549,275
Co-promotion operating expenses	322,455	251,847
Support service fee	930,522	706,582
Other expenses	2,221,849	2,344,220
	6,221,802	5,768,328
Other expenses and losses		
Foreign exchange losses	7,569,864	4,831,679
Non-deductible expenses	400,794	1,842,248
Special communication tax expense	332,174	342,918
Other expenses	1,226,122	1,056,900
	9,528,954	8,073,744
Other income and gains		
Foreign exchange gains	11,271,555	3,505,422
Other income	3,971,419	1,427,090
	15,242,974	4,932,512

47.2 Total amount of each due to/from personnel items classified under “Other Receivables” and “Other Short and Long Term Payables” exceeding one percent of total assets in the balance sheet: None.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

47. Other (continued)

47.3 Descriptive disclosure in relation to amounts and resources of prior period income, expenses, and losses

Previous year's income and profits	1 January- 31 December 2013	1 January- 31 December 2012
Tax Provision (*)	1,493,349	845,645
Cancellation of other technical expenses accrual	18,225	101,120
Cancelled invoices	2,247	14,052
Others	937,161	1,856
Total	2,450,982	962,673

Expenses and losses the previous year	1 January- 31 December 2013	1 January- 31 December 2012
Invoices arriving late	328,543	42,269
Premium adjustment	275,109	573
Other expenses	-	12,421
Adjustment to profit commission	86,421	-
Total	690,073	55,263

(*) This amount consist of the difference between corporate tax base and corporate tax declaration of the years 2012 and 2011.

47.4 Other notes should be included

Discount, provision and other expense

	1 January- 31 December 2013	1 January- 31 December 2012
Provision for unearned premiums, net	1,770,097	10,171,108
Outstanding claims provision, net	6,142,577	6,156,732
Life mathematical provision, net	(37,849,518)	(47,394,464)
Equalization provision, net	2,677,634	2,107,667
Provision for employee termination benefits, net	155,017	537,027
Allowance, net	129,071	(383,468)
Provision for taxes	10,529,592	14,215,051
Deferred tax provision	(2,782,134)	(473,668)
General and administrative expenses, net	83,882	2,152,800
The Commission, net	1,573,967	(645,937)
Staff bonuses, net	2,053,138	2,091,059
Provision for lawsuit	1,392,405	62,902
Other tax provisions	(656)	(272)
	(14,124,928)	(11,403,463)

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THE STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2013
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

The Statement of Profit Distribution

	Note	Current Period (*) (31/12/2013)	Previous Period (31/12/2012)
I. Distribution of profit for the period			
1.1 Profit for the period		41,274,386	52,987,555
1.2 Taxes and surcharges payable (-)		(10,529,592)	(14,215,051)
1.2.1 Corporate tax (Income tax)		(10,529,592)	(14,215,051)
1.2.2 Income withholding tax		-	-
1.2.3 Other taxes and surcharges (deferred tax)		-	-
A. Net profit for the period (1.1-1.2)		30,744,794	38,772,504
1.3 Prior periods' losses (-)		(484,878)	-
1.4 First legal reserve (-)		-	1,938,625
1.5 Compulsory legal funds to be retained in the company (-)		-	-
B. Net profit available for distribution [(A)-(1.3+1.4+1.5)]		-	36,833,879
1.6 First dividend to shareholders (-)		-	1,788,960
1.6.1 To Holders of Ordinary Shares		-	1,788,960
1.6.2 To Holders of Preferred Shares		-	-
1.6.3 To Holders of Participating Redeemed Shares		-	-
1.6.4 To Holders of Bonds Participating to Profit		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7 Dividends to personnel (-)		-	-
1.8 Dividends to founder shareholders (-)		-	-
1.9 Dividends to board of directors (-)		-	-
1.10 Second dividend to shareholders (-)		-	31,843,486
1.10.1 To Holders of Ordinary Shares		-	31,843,486
1.10.2 To Holders of Preferred Shares		-	-
1.10.3 To Holders of Participating Redeemed Shares		-	-
1.10.4 To Holders of Bonds Participating to Profit		-	-
1.10.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.11 Second legal reserve (-)		-	3,184,349
1.12 Statutory reserves (-)		-	-
1.13 Extraordinary reserves		-	17,085
1.14 Other reserves		-	-
1.15 Special funds		-	-
II. Distribution of reserves		-	-
2.1 Distributed reserves		-	-
2.2 Second legal reserves (-)		-	-
2.3 Dividends to shareholders (-)		-	-
2.3.1 To Holders of Ordinary Shares		-	-
2.3.2 To Holders of Preferred Shares		-	-
2.3.3 To Holders of Participating Redeemed Shares		-	-
2.3.4 To Holders of Bonds Participating to Profit		-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates		-	-
2.4 Dividends to personnel (-)		-	-
2.5 Dividends to board of directors (-)		-	-
III. Earnings per share		-	-
3.1 To owners of ordinary shares		-	0.0108
3.2 To owners of ordinary shares (%)		-	%108
3.3 To owners of preferred share		-	-
3.4 To owners of preferred share (%)		-	-
IV. Dividend per share		-	0.0094
4.1 To owners of ordinary shares		-	%94
4.2 To owners of ordinary shares (%)		-	-
4.3 To owners of preferred share		-	-
4.4 To owners of preferred share (%)		-	-

Profit distribution disclosed in Note 15.1

(*) Since profit distribution proposal for the year 2013 has not been prepared by the Board of Directors, the profit distribution table is indicated only in the amount of distributable profit.,