

**AVİVASA EMEKLİLİK VE HAYAT
ANONİM ŞİRKETİ**

1 JANUARY- 30 SEPTEMBER INTERIM
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

Translated into English from
The Original Turkish Report

Translated into English from the Original Turkish Report

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

To the Board of Directors of AvivaSA Emeklilik ve Hayat A.Ş.

Introduction

We have reviewed the accompanying financial statements of Avivasa Emeklilik ve Hayat Anonim Şirketi ("the Company"), which comprise the statement of financial position as at 30 September 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the review standards promulgated by the insurance legislation. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards promulgated by the insurance legislation and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

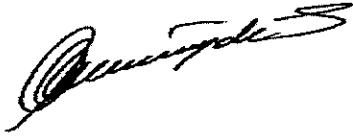
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of Avivasa Emeklilik ve Hayat Anonim Şirketi as of 30 September 2014, and of its financial performance and its cash flows for the nine-month period then ended in accordance with the accounting principles and standards (see Note 2) in force as per the insurance legislation.

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

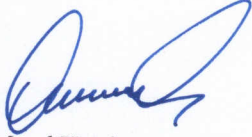
İstanbul, 27 November 2014

AVIVASA EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

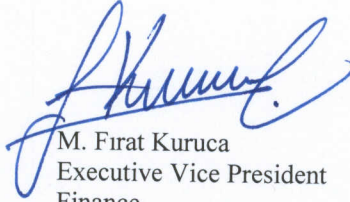
THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

We assure you that our financial report and the related disclosures and notes prepared as of 30 September 2014 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 Private Pension Companies” and our Company’s accounting records.

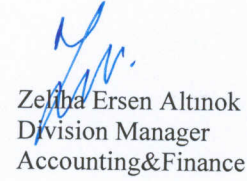
İstanbul, 27 November 2014



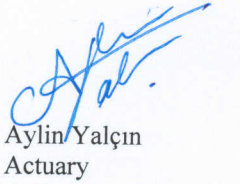
Meral Kurdaş
Member of the Board of
Directors, General Manager



M. Fırat Kuruca
Executive Vice President
Finance



Zehra Ersen Altınok
Division Manager
Accounting&Finance



Aylin Yalçın
Actuary

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 30 SEPTEMBER 2014

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

Assets

	Note	Reviewed Current Period 30 September 2014	Audited Previous Period 31 December 2013
I- CURRENT ASSETS			
A- Cash and Cash Equivalents	2.12, 14	389,166,706	314,537,220
1- Cash	14	532	401
2- Cheques Received		-	-
3- Banks	14	247,572,230	226,279,431
4- Cheques Given and Payment Orders (-)		(23,141)	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months		-	-
6- Other Cash and Cash Equivalents	14, 47.1	141,617,085	88,257,388
B- Financial Assets and Investments with Risks on Policyholders	11	329,123,275	345,957,494
1- Financial Assets Available for Sale	11.1, 11.4	35,160,869	22,066,114
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1, 11.4	62,038,778	57,828,778
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policyholders	11.1, 11.4	231,923,628	266,062,602
7- Equity Shares		-	-
8- Impairment on Financial Assets (-)		-	-
C- Receivables From Main Operations	12	32,541,288	22,189,292
1- Receivables From Insurance Operations	12.1	21,554,085	14,914,669
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	134,123	134,537
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation	12.1	10,853,080	7,140,086
9- Doubtful Receivables From Main Operations		-	-
10- Provisions for Doubtful Receivables From Main Operations (-)		-	-
D- Due from Related Parties	12.1	415,997	1,782,259
1- Due from Shareholders		405,845	241,117
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Entities Under Common Control		-	-
5- Due from Personnel		3,113	3,056
6- Due from Other Related Parties	45	7,039	1,538,086
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	283,158	251,844
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		28,206	19,617
4- Other Receivables		252,602	229,877
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	47.1	24,495,233	16,468,755
1- Deferred Commission Expenses	47.1	18,982,003	15,089,269
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		2,640,396	-
4- Other Prepaid Expenses	47.1	2,872,834	1,379,486
G- Other Current Assets		1,577,179	80,001
1- Stock to be used in following months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		1,563,072	80,001
5- Advances Given to Personnel		14,107	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Asset		777,602,836	701,266,865

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 30 SEPTEMBER 2014

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

Assets

	Note	Reviewed Current Period 30 September 2014	Audited Previous Period 31 December 2013
II- NON CURRENT ASSETS			
A- Receivables From Main Operations		6,414,775,349	5,157,603,420
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	119,427,265	137,057,150
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		6,295,348,084	5,020,546,270
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from 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	52,236	21,931
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		52,236	21,931
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	838,932
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	838,932
10- Impairment on Financial Assets (-)		-	-
E- Tangible Assets	6.3.4	5,855,694	6,016,157
1- Investment Properties		-	-
2- Impairment on Investment Properties (-)		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments	6.3.4	7,351,297	7,006,784
5- Furnitures and Fixtures	6.3.4	10,269,833	9,718,549
6- Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6.3.4, 47.1	10,804,174	10,178,130
8- Leased Tangible Fixed Assets	6.3.4	1,175,521	1,175,521
9- Accumulated Depreciation (-)	6.3.4	(23,745,131)	(22,062,827)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Assets	8	20,621,130	10,517,606
1- Rights		-	-
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8, 47.1	29,520,658	28,440,212
6- Accumulated Amortizations (-)	8	(26,418,358)	(24,739,635)
7- Advances Regarding Intangible Assets	8	17,518,830	6,817,029
G- Prepaid Expenses and Income Accruals		2,194,676	2,618,476
1- Deferred Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals	47.1	2,194,676	2,618,476
H- Other Non-current Assets	21.35	8,699,668	8,182,649
1- Cash Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stock to be used in following months		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21.35	8,699,668	8,182,649
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		6,453,037,685	5,185,799,171
Total Assets (I+II)		7,230,640,521	5,887,066,036

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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 30 SEPTEMBER 2014

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

Liabilities

	Note	Reviewed Current Period 30 September 2014	Audited Previous Period 31 December 2013
III- SHORT TERM LIABILITIES			
A- Borrowings			
	2.17	1,770,754	1
1- Borrowings from Financial Institutions	2.17	1,770,754	-
2- Finance Lease Payables		-	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	160,467,948	109,639,447
1- Payables From Insurance Operations	19	7,342,656	5,918,543
2- Payables From Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables From Pension Operations		153,027,100	103,631,681
5- Payables From Other Operations		98,193	89,223
6- Discount on Other Payables From Main Operations, Notes Payable (-)		-	-
C- Due to Related Parties			
	19	2,341,640	4,435,880
1- Due to Shareholders	12.2	109,919	84,213
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Entities Under Common Control		-	-
5- Due to Personnel		362,454	485,021
6- Due to Other Related Parties	19, 45	1,869,267	3,866,646
D- Other Payables			
	19, 47.1	5,587,521	10,473,673
1- Guarantees and Deposits Received		1,504	-
2- Medical Treatment Payables to Social Security Institution		-	-
3- Other Payables	47.1	5,586,017	10,473,673
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves			
	17.15	101,222,996	82,694,659
1- Unearned Premiums Reserve - Net	17.15	51,539,260	41,611,410
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	9,797,623	7,973,447
4- Outstanding Claims Reserve - Net	17.15	39,886,113	33,109,802
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Provisions			
		8,333,701	4,464,683
1- Taxes and Dues Payable		3,268,158	3,025,184
2- Social Security Premiums Payable		1,718,780	1,455,299
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Provision on Period Profit	35	13,581,811	6,762,489
6- Advance Taxes and Other Liabilities on Period Profit (-)	35	(10,235,251)	(6,778,702)
7- Provisions for Other Taxes and Liabilities	47.1	203	413
G- Provisions for Other Risks			
		15,935,417	18,015,841
1- Provision for Employee Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23.2	15,935,417	18,015,841
H- Deferred Income and Expense Accruals			
	47.1	7,396,820	1,369,608
1- Deferred Income	47.1	852,024	631,937
2- Expense Accruals		6,544,796	737,671
3- Other Deferred Income and Expense Accruals		-	-
I- Other Short Term Liabilities			
	23.2	3,454,905	2,716,292
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities	23.2	3,454,905	2,716,292
III - Total Short Term Liabilities		306,511,703	233,810,084

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 30 SEPTEMBER 2014

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

Liabilities

		Reviewed Current Period	Audited Previous Period
	Note	30 September 2014	31 December 2013
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		6,293,950,562	5,019,219,444
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	6,293,950,562	5,019,219,444
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		445,899,266	467,506,970
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.15	436,793,508	458,684,847
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17.15	9,105,758	8,822,123
F- Other Liabilities and Provisions	47.1	7,515,126	6,466,255
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals	47.1, 42	7,515,126	6,466,255
G- Provisions for Other Risks	22	2,754,615	2,571,128
1- Provision for Employee Termination Benefits		2,754,615	2,571,128
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		6,750,119,569	5,495,763,797

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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

BALANCE SHEET AS OF 30 SEPTEMBER 2014

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

Shareholders' Equity

	Note	Reviewed Current Period 30 September 2014	Audited Previous Period 31 December 2013
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 Capital Restatement Differences	2.13	16,192,783	16,192,783
4- Negative Capital Restatement Differences (-)		-	-
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		15,315,081	8,395,144
1- Legal Reserves	15	12,786,759	3,545,456
2- Statutory Reserves	15	11,494	5,306,815
3- Extraordinary Reserves	15	5,651,268	5,456,146
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	15	(3,134,440)	(5,913,273)
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		39,857,073	30,744,794
1- Net Profit of the Period		39,857,073	30,744,794
2- Net Loss of the Period		-	-
3- Net Profit of the Period not Subject to Distribution		-	-
Total Shareholders' Equity		174,009,249	157,492,155
Total Liabilities and Shareholders' Equity (III+IV+V)		7,230,640,521	5,887,066,036

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (Amounts expressed in Turkish Lira (TL) unless otherwise stated).

	Note	Reviewed	Reviewed	Not Audited	Not Audited
		Current Period	Current Period	Previous Period	Previous Period
		1 January– 30 September 2014	1 July– 30 September 2014	1 January– 30 September 2013	1 July– 30 September 2013
I- TECHNICAL DIVISION					
A- Non-Life Technical Income		25,805,910	9,583,225	24,106,675	8,103,418
1- Earned Premiums (Net of Reinsurer Share)		25,805,910	9,583,225	24,106,675	8,103,418
1.1 - Premiums (Net of Reinsurer Share)		32,893,107	12,059,349	24,140,356	6,910,969
1.1.1 - Gross Premiums (+)	24	32,978,239	12,074,519	24,187,431	6,915,794
1.1.2 - Ceded Premiums to Reinsurers (-)	24	(85,132)	(15,170)	(47,075)	(4,825)
1.1.3 - Premiums Transferred to SS(-)		-	-	-	-
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	47.4	(7,087,197)	(2,476,124)	(33,681)	1,192,449
1.2.1 - Unearned Premiums Reserve (+)	47.4	(7,114,067)	(2,469,733)	(40,875)	1,201,883
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	47.4	26,870	(6,391)	7,194	(9,434)
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 Sotvage Income (+)		-	-	-	-
B- Non-Life Technical Expenses (-)		(26,787,144)	(9,465,633)	(19,825,471)	(6,132,538)
1- Total Claims (Net of Reinsurer Share)		(3,491,090)	(1,114,879)	(2,497,788)	(480,801)
1.1 - Claims Paid (Net of Reinsurer Share)		(1,854,917)	(458,951)	(2,266,048)	(550,273)
1.1.1 - Gross Claims Paid (-)		(1,866,317)	(461,801)	(2,266,048)	(550,273)
1.1.2 - Reinsurance Share of Claims Paid (+)		11,400	2,850	-	-
1.2 - Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(1,636,173)	(655,928)	(231,740)	69,472
1.2.1 - Outstanding Claims Reserve (-)		(1,459,078)	(659,490)	(211,375)	93,110
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		(177,095)	3,562	(20,365)	(23,638)
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) (+/-)		(60,137)	(10,149)	(317,880)	(90,967)
4 - Operating Expenses (-)	31	(23,199,947)	(8,332,345)	(16,919,641)	(5,473,883)
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 (-)	47.1	(35,970)	(8,260)	(90,162)	(86,887)
6.1 - Other Gross Technical Expenses (-)		(35,970)	(8,260)	(90,162)	(86,887)
6.2 - Reinsurer Share of Other Gross Technical Expenses (+)		-	-	-	-
C- Non Life Technical Profit/(Loss) (A-B)		(981,234)	117,592	4,281,204	1,970,880
D- Life Technical Income		202,715,072	69,034,112	225,347,129	62,908,848
1- Earned Premiums (Net of Reinsurer Share)		152,393,337	51,103,428	143,157,376	44,852,525
1.1 - Premiums (Net of Reinsurer Share)	24	155,233,989	49,317,617	146,519,529	42,141,646
1.1.1 - Gross Premiums (+)	24	162,058,157	50,831,838	153,924,650	43,695,425
1.1.2 - Ceded Premiums to Reinsurers (-)	24	(6,824,168)	(1,514,221)	(7,405,121)	(1,553,779)
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	47.4	(2,840,652)	1,785,811	(3,362,153)	2,710,879
1.2.1 - Unearned Premiums Reserve (+)	47.4	(3,235,219)	2,239,683	(3,760,669)	3,349,692
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	47.4	394,567	(453,872)	398,516	(638,813)
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		44,036,838	15,379,277	68,339,555	12,591,823
3- Accrued (Unrealized) Income from Investments		-	-	-	-
4- Other Technical Income (Net of Reinsurer Share)	47.1	6,284,897	2,551,407	13,796,271	5,390,576
4.1 - Other Gross Technical Income (+/-)		6,284,897	2,551,407	13,796,271	5,390,576
4.2 - Ceded Other Technical Income (+/-)		-	-	-	-
5 - Accrued Subrogation Income (+)		-	-	53,927	73,924
E- Life Technical Expense		(169,788,376)	(61,284,800)	(203,756,577)	(57,015,614)
1- Total Claims (Net of Reinsurer Share)		(105,917,287)	(41,628,948)	(135,105,964)	(41,164,255)
1.1 - Claims Paid (Net of Reinsurer Share)		(100,777,149)	(37,062,219)	(127,670,802)	(38,748,337)
1.1.1 - Gross Claims Paid (-)		(102,963,324)	(37,889,070)	(129,377,068)	(39,508,953)
1.1.2 - Reinsurance Share of Claims Paid (+)		2,186,175	826,851	1,706,266	760,616
1.2 - Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	47.4	(5,140,138)	(4,566,729)	(7,435,162)	(2,415,918)
1.2.1 - Outstanding Claims Reserve (-)		(5,055,249)	(4,233,073)	(7,946,269)	(2,387,670)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		(84,889)	(333,656)	511,107	(28,248)
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	27,208,969	6,309,514	29,762,356	7,206,492
3.1 - Life Mathematical Reserves		27,208,969	6,309,514	29,762,356	7,206,492
3.1.1 - Actuarial Mathematics provision(+/-)		26,193,396	6,112,065	26,006,126	5,651,867
3.1.2 - Dividend Equivalent (Provision for Policyholders Investment Risk)		1,015,573	197,449	3,756,230	1,554,625
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 for Policyholders Investment Risk.) (+)		-	-	-	-
4 - Changes in Technical Reserves for Investments with Risks on Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(223,498)	35,043	(1,716,074)	(482,189)
5 - Operating Expenses (-)	31	(67,265,315)	(23,709,459)	(61,528,902)	(21,149,965)
6 - Investment Expenses (-)	36	(22,900,682)	(2,272,354)	(33,971,411)	(907,698)
7 - Unrealized Losses from Investments (-)		-	-	-	-
8 - Investment Income Transferred to Non-Technical Divisions (-)		(690,563)	(18,596)	(1,196,582)	(517,999)
F- Life Technical Profit/(Loss) (D-E)		32,926,696	7,749,312	21,590,552	5,893,234
G- Private Pension Technical Income		121,781,454	43,364,049	94,000,422	32,966,714
1- Fund Management Fee	25	73,095,928	26,598,229	59,462,377	20,583,819
2- Management Fee	25	16,679,361	5,997,071	12,231,326	4,468,812
3- Entrance Fee Income	25	25,578,302	8,399,208	22,032,289	7,711,416
4- Management Fee In Case Of Temporary Suspension	25	6,109,071	2,255,309	-	-
5- Income from Individual Service Charges		-	-	-	-
6- Increase in Market Value of Capital Commitment Advances	25	184,769	70,208	152,034	149,296
7- Other Technical Income	25	134,023	44,024	122,396	53,371
H- Private Pension Technical Expenses		(132,871,181)	(44,830,275)	(112,644,967)	(39,298,826)
1- Fund Management Expenses (-)		(11,626,529)	(5,245,412)	(9,393,930)	(3,085,833)
2- Decrease in Market Value of Capital Commitment Advances (-)		(114,073)	(47,653)	(101,889)	(7,950)
3- Operating Expenses (-)	31	(115,681,243)	(37,924,989)	(98,592,580)	(34,670,843)
4- Other Technical Expenses (-)	47.1	(5,449,336)	(1,612,221)	(4,556,568)	(1,534,200)
I- Private Pension Technical Profit/(Loss) (G-H)		(11,089,727)	(1,466,226)	(18,644,545)	(6,332,112)

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

		Reviewed Current Period 1 January– 30 September 2014	Reviewed Current Period 1 July– 30 September 2014	Not Audited Previous Period 1 January– 30 September 2013	Not Audited Previous Period 1 July– 30 September 2013
II- NON TECHNICAL DIVISION					
	Note				
C- Non Life Technical Profit/(Loss) (A-B)		(981,234)	117,592	4,281,204	1,970,880
F- Life Technical Profit /(Loss) (D-E)		32,926,696	7,749,312	21,590,552	5,893,234
I- Private Pension Technical Profit/(Loss) (G-H)		(11,089,727)	(1,466,226)	(18,644,545)	(6,332,112)
J- Total Technical Profit/(Loss) (C+F+I)		20,855,735	6,400,678	7,227,211	1,532,002
K- Investment Income		38,931,494	9,662,176	32,236,339	7,308,011
1- Income From Financial Investment	26	20,042,553	6,197,808	14,699,056	5,658,417
2- Income from Sales of Financial Investments	26	5,639,377	1,026,031	1,705,307	75,077
3- Revaluation of Financial Investments	27	1,724,762	306,148	10,717,665	(451,597)
4- Foreign Exchange Gains	36	10,709,881	2,113,593	3,911,478	1,508,115
5- Dividend Income from Affiliates	26	-	-	6,251	-
6- Income form Subsidiaries and Entities Under Common Control		-	-	-	-
7- Income Received from Land and Building		-	-	-	-
8- Income from Derivatives	13	124,358	-	-	-
9- Other Investments		-	-	-	-
10- Investment Income transferred from Life Technical Division	26	690,563	18,596	1,196,582	517,999
L- Investment Expenses (-)		(13,009,274)	(1,554,260)	(9,260,878)	(997,989)
1- Investment Management Expenses (Including Interest) (-)		(189,190)	(76,307)	(458,818)	(28,814)
2- Valuation Allowance of Investments (-)		-	-	-	-
3- Losses On Sales of Investments (-)		(894)	-	(5,648,988)	-
4- Investment Income Transferred to Non-Life Technical Division (-)		-	-	-	-
5- Losses from Derivatives (-)		-	-	-	-
6- Foreign Exchange Losses (-)	36	(9,430,077)	(320,282)	(334,150)	(3,894)
7- Depreciation Charges (-)	6.1	(3,389,113)	(1,157,671)	(2,818,922)	(965,281)
8- Other Investment Expenses (-)		-	-	-	-
M- Income and Expenses From Other and Extraordinary Operations (+/-)		6,148,749	3,313,303	5,678,193	3,479,944
1- Provisions (+/-)		(1,970,972)	(511,856)	(766,368)	(293,731)
2- Discounts (+/-)		-	-	-	-
3- Specialty Insurances (+/-)		-	-	-	-
4- Inflation Adjustment (+/-)		-	-	-	-
5- Deferred Tax Asset (+/-)	21,35	1,128,976	1,140,068	1,740,895	851,031
6- Deferred Tax Liability Accounts (+/-)		-	-	-	-
7- Other Income and Revenues	47.1	13,759,971	4,122,635	10,538,272	6,012,055
8- Other Expenses and Losses (-)	47.1	(8,412,400)	(1,430,637)	(6,980,451)	(3,101,814)
9- Prior Period Income	47.3	1,877,409	22,246	1,564,003	14,666
10- Prior Period Losses (-)	47.3	(234,235)	(29,153)	(418,158)	(2,263)
N- Net Profit / (Loss)		39,857,073	13,306,874	30,029,053	8,892,232
1- Profit /(Loss) Before Tax		52,926,704	17,821,897	35,880,865	11,321,968
2- Corporate Tax Charge and Other Fiscal Liabilities (-)	35	(13,069,631)	(4,515,023)	(5,851,812)	(2,429,736)
3- Net Profit (Loss)		39,857,073	13,306,874	30,029,053	8,892,232
4- Inflation Adjustment Account (+/-)		-	-	-	-

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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

CASH FLOWS FOR FOR THE PERIOD ENDED 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

		Reviewed Current Period	Not Audited Previous Period
	Note	30 September 2014	30 September 2013
A. Cash Flows from the Operating Activities			
1. Cash inflows from the insurance operations		188,442,158	319,564,692
2. Cash inflows from the reinsurance operations			
3. Cash inflows from the pension operations		2,349,123,598	1,596,352,886
4. Cash outflows due to the insurance operations (-)		(119,420,847)	(143,368,014)
5. Cash outflows due to the reinsurance operations (-)			
6. Cash outflows due to the pension operations (-)		(2,215,725,041)	(1,669,235,714)
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		202,419,868	103,313,850
8. Interest payments (-)			
9. Income tax payments (-)		(24,409,582)	(23,717,316)
10. Other cash inflows		6,537,518	913,975
11. Other cash outflows (-)		(148,763,307)	(111,721,893)
12. Net cash generated from/(used in) operating activities		35,784,497	(31,211,384)
B. Cash flows from the investing activities			
1. Sale of tangible assets		8,354	-
2. Purchase of tangible assets (-)	6.3.1	(13,332,174)	(4,004,139)
3. Acquisition of financial assets (-)	11.4	(258,513,088)	(2,213,381,468)
4. Sale of financial assets		291,187,659	2,276,177,941
5. Interest received		40,027,184	28,983,506
6. Dividends received		-	6,251
7. Other cash inflows		-	
8. Other cash outflows (-)			
9. Net cash generated from/(used in) the investing activities		59,377,935	87,782,091
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 (-)		(24,195,861)	(31,074,889)
5. Other cash inflows		1,745,159	24,373,499
6. Other cash outflows (-)		-	-
7. Cash generated from/(used in) the financing activities		(22,450,702)	(6,701,390)
D. Effects of Exchange Rate Differences on Cash and Cash Equivalents		1,546,052	2,011,647
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		74,257,782	51,880,964
F. Cash and cash equivalents at the beginning of the period		312,313,249	274,214,620
G. Cash and cash equivalents at the end of period (E+F)	2.12	386,571,031	326,095,584

The accompanying notes form an integral part of these financial statements

AvivaSA Emeklilik ve Hayat Anonim Şirketi

SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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

	Reviewed Current Period										
	1 January-30 September 2014										
	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 (31/12/2013)	35,779,197	-	(5,913,273)	16,192,783	-	3,545,456	5,306,815	72,321,261	30,744,794	(484,878)	157,492,155
II-Changes in Accounting Policies (Not 2)											
III-Restated Balance (I + II) (01/01/2014)	35,779,197	-	(5,913,273)	16,192,783	-	3,545,456	5,306,815	72,321,261	30,744,794	(484,878)	157,492,155
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	-	-	2,778,833	-	-	-	-	-	-	-	2,778,833
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period	-	-	-	-	-	-	-	-	39,857,073	-	39,857,073
I- Payment of dividends	-	-	-	-	-	-	-	-	(26,118,812)	-	(26,118,812)
J- Transfers to reserves (*)	-	-	-	-	-	9,241,303	(5,295,321)	195,122	(4,625,982)	484,878	-
IV - Balance at (30/09/2014) (III+A+B+C+D+E+F+G+H+I+J)	35,779,197	-	(3,134,440)	16,192,783	-	12,786,759	11,494	72,516,383	39,857,073	-	174,009,249

(*)As at 31 December 2013 amounting to TL 5,295,321 is presented under statutory reserves in the financial statements is recorded in legal reserve in the financial statements as at 30 September 2014.

	Not Audited Previous Period										
	1 January-30 September 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
PREVIOUS 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											
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	-	-	-	-	-	-	-	-	-	-	-
D- Valuation gains on assets	-	-	(5,894,091)	-	-	-	-	-	-	-	(5,894,091)
E- Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period	-	-	-	-	-	-	-	-	30,029,053	-	30,029,053
I- Payment of dividends	-	-	-	-	-	-	-	-	(33,632,446)	-	(33,632,446)
J- Transfers to reserves	-	-	-	-	-	1,938,625	3,184,348	17,085	(5,140,058)	-	-
IV - Balance at (30/09/2013) (III+ A+B+C+D+E+F+G+H+I+J)	35,779,197	-	(3,981,413)	16,192,783	-	3,545,456	5,306,815	72,321,261	30,029,053	-	159,193,152

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 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1. General Information

1.1 Parent Company and the ultimate owner

Shareholders 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 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 changed as “Ak Emeklilik Anonim Şirketi” and was announced 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 30 SEPTEMBER 2014
(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 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 were registered by Capital Markets Board (“CMB”) on 26 September 2003. As of 27 October 2003 also started to offer 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 be offered 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 starting from 1 November 2007 the Company's pension investment funds are managed by Ak Portfoy. AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu which is established on 20 December 2011, is 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 founded twenty four pension investment funds in total (As at 31 December 2013: Twenty four pension investment funds in total). Pension Funds founded by the Company are as follows:

Pension Investment Fund Name	Establishment date	Starting unit share value (TL)
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. 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. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	08.11.2005	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. Para Piyasası İkinci Likit Esnek Emeklilik Yatırım Fonu	21.10.2003	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Esnek Emeklilik Yatırım Fonu	21.10.2003	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 Birinci Likit Esnek 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. Birinci Esnek 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. Standart Emeklilik Yatırım Fonu	02.05.2013	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Katkı 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. Gelir Amaçlı Alternatif Esnek Emeklilik Yatırım Fonu	20.12.2011	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları EYF	25.10.2013	0.010000
AvivaSA Emeklilik ve Hayat A.Ş. BRIC Ülkeleri Esnek Emeklilik Yatırım Fonu	10.05.2013	0.010000

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
(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

	30 September 2014	31 December 2013
Key management personnel	137	120
Other personnel	1,422	1,298
	1,559	1,418

1.6 As of 30 September 2014, 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 1 January-30 September 2014: TL 4,315,662 1 July-30 September 2014: TL 1,055,815 (1 January-30 September 2013: TL 3,662,634 1 July-30 September 2013: TL 960,362)

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)

Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the 4 January 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Turkish Treasury. In accordance with the above mentioned Communiqué, known and exactly distinguishable operating expenses are directly recorded under life, non-life or individual pension segments. Other non-distinguishable expenses, which are not exactly distinguished, are distributed between insurance segments and individual pension segment in accordance with the number of policies and contracts at the end of last 3 years and arithmetic average of contribution premium and earned premium within the last 3 years in accordance with the 9 August 2010 dated and 2010/9 numbered "Amendments Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Turkish Treasury. Amendment is effective from 1 January 2011. The portion of insurance segments calculated as described above is distributed between life and non-life branches in accordance with the average of 3 ratios calculated by dividing "number of the policies produced within the last three years", "gross premiums written within the last three years", and "number of the claims reported within the last three years" to the "total number of the policies", "total gross written premiums", and the "total number of the claims reported", respectively.

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 prior balance sheet date.

1.10 Subsequent events: The financial statements of the Company as at 30 September 2014, approved by the Board of Directors on 27 November, 2014

Explanations related to subsequent events are disclosed in Note 46.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

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 Accounting and Auditing Standards Authority 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.

Except the situations mentioned above, Turkey Accounting Standards/ Turkey Financial Reporting Standards and additional amendments (TAS/TFRS) regulated by Public Oversight Accounting and Auditing Standards Authority (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 30 SEPTEMBER 2014
(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 equity items including capital as of June 30, 2014 and 2013 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

a) Amendments to TFRSs affecting amounts reported and/or disclosures in the financial statements

None.

b) Standards and interpretations those are effective in 2014 with no impact on the financial statements

Amendments to IFRS 10, 11, IAS 27	Investment Entities ¹
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
IFRIC 21	Levies ¹

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

Amendments to IFRS 10, 11, IAS 27 *Investment Entities*

This amendment with the additional provisions of IFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

As a consequence of IFRS 13 *Fair Value Measurements*, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of IAS 36 has been changed.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
(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)

- b) Standards and interpretations those are effective in 2014 with no impact on the financial statements (continued)

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

This amendment to IAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

IFRIC 21 Levies

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

- c) New and revised TFRSs in issue but not yet effective

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

IFRS 9	<i>Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Mandatory Effective Date of IFRS 9 and Transition Disclosures</i>
Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38, IAS 24, IFRS 9, IAS 37 and IAS39</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>IFRS 1, IFRS 3, IFRS 13, IAS 40</i> ¹
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²

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

² Effective for annual periods beginning on or after 1 January 2016.

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
(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)

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The Company evaluates the effects of these standards on the financial statements.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

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.

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 ("CB") 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 CB foreign exchange purchase rate while profit share policies are valued over CB effective sales rate.

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

30 September 2014	TL / US Dollar	TL / Euro	TL /GBP
Currency exchange rate	2.2789	2.8914	3.6933
Effective sales rate	2.2864	2.9009	3.7181
31 December 2013	TL / US Dollar	TL / Euro	TL /GBP
Currency exchange rate	2.1343	2.9365	3.5114
Effective sales rate	2.1413	2.9462	3.5350

2.5 Tangible assets

Tangible assets 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 30 September 2014 and 2013, depreciation for the tangible assets is calculated in accordance with straight-line and prorata depreciation method at their historical costs.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2. Summary of Significant Accounting Policies (continued)

2.5 Tangible assets (continued)

Depreciation rates and estimated useful lives are as follows:

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

As of the each reporting date, it is assessed whether there is any indication that the assets are impaired. 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 amount, then the impairment expense is recognized in the income statement. Recoverable amount is the higher of the net sales price of the asset and the value in use.

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 “TAS 38 – Accounting for intangible assets”.

Intangible fixed assets are recognized over their cost values initially and are carried over the restated cost multiplied by 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. Intangible assets are recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

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 and prorata depreciation 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

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
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2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

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 initial recognition, 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 and sales that require the delivery of the financial asset within the period of time determined by the practices and arrangements in the market.

Current financial assets

Company classifies its current financial assets as available for sale financial assets, financial assets designated 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

Available for sale financial assets are non-derivatives that are either designated as Available for sale 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 own risk

i) Public securities:

A part of the government bonds and treasury bills at the Company's risk, is classified as Available for sale financial assets. Available for sale 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 amortised cost method are presented in the financial assets valuation account under equity.

The interest income received is presented under the investment income in the income statement.

AvivaSA Emeklilik ve Hayat Anonim Şirketi

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014
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2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Current financial assets (continued)

ii) Foreign currency Eurobonds:

Foreign currency Eurobonds at the Company's own risk are classified as available for sale 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 amortised cost method are presented in the financial assets valuation account under equity.

The interest income received is presented in the investment income in the income statement.

The Company recognizes the foreign exchange gains and losses Eurobonds under the investment income and expense accounts in the accompanying 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.

i) Public securities:

Government bonds and treasury bills at the policyholders own risk, are classified as available for sale financial assets within the financial assets at the policy holders' own risk. Available for sale 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 amortised cost method, belonging to the insuree, 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 amortised cost 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 policyholders' own risk are classified as available for sale 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 the Central Bank of Turkey 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 amortised cost method, belonging to the insuree, 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 policyholders' own risk under the technical income and expense accounts in the accompanying income statement.

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

2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Current financial assets (continued)

b) 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. Subsequent to initial recognition, securities held for trading are measured at 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.

ii) Other securities:

The private sector bonds and asset-backed securities at the Company's own risk, are classified as financial assets held for trading. Subsequent to initial recognition, the private sector bonds are measured at 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 classified as available for sale financial assets, but which are invested in the financial instruments in an active market for which fair value cannot be measured reliably (Note 45.2). The mentioned investments are measured at the acquisition costs adjusted according to the inflation until December 31, 2004, if any, free shares received as a result of addition of the revaluation fund onto the capital are deducted.

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 provided.

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 available for sale or held for trading. The receivables arising from insurance activities are classified under this group. These assets are presented over their carrying values.

If there is any objective evidence 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 written-off.

Loans to the Policyholders

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

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2. Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Loans to the Policyholders (continued)

The Company does not apply loan interest to the policies, and receives the reimbursement over the unit price on the collection 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 policies for which a loan is used are recorded as expense and the relevant policy is closed. The technical provisions allocated to the closed policy are recognized as revenue and closed.

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 presented under liabilities

Individual Retirement government participation share is the amount 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" presented under 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 amounts to be paid to the participants or to be transferred to another company, in case the participant leaves the system or transfers his investment to another company, following the disposal of the fund shares of the participant and after deduction of the entrance fees and similar deductions, if any, arising from the mentioned disposal. This account is credited if collection is made from the participants or in case the money from the disposal 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 amounts 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 comes 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.

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2. Summary of Significant Accounting Policies (continued)

Pension System Accounts (continued)

Payables from pension operations (continued)

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 ten business days, if any, together with the investment income, without any deduction, except the fund total expense deduction.

2.9 Impairment on 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 are 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 amount arising from the difference between the cost value and the current value, which is created under the shareholders equity, is anticipated to be removed from the shareholders equity 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 from the main activities for the doubtful receivables related to its agencies and insureds, which are under administrative and legal follow up and for uncollectible amounts or the amounts which do not have the possibility of collection anymore.

Total mortgages or guarantees on assets are 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

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2. Summary of Significant Accounting Policies (continued)

2.10 Derivative financial instruments

As at the 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.

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:

	30 September 2014	30 September 2013
Cash	532	1,674
Banks	247,572,230	246,040,715
Other cash and cash equivalents	141,617,085	80,802,097
Total cash and cash equivalents	389,189,847	326,844,486
Accrued interest	(2,618,816)	(743,532)
Total	386,571,031	326,100,954

The other cash and cash-equivalent assets are composed of the receivables for which the approval 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 30 September 2014 and 31 December 2013, the share capital and ownership structure of the Company are as follows:

Name of shareholder	30 September 2014		31 December 2013	
	Share rate	Share amount	Share rate	Share 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	0.33	118,489
Nominal capital	100.00	35,779,197	100.00	35,779,197
Positive Capital Restatement Differences		16,192,783		16,192,783
Paid-in capital		51,971,980		51,971,980

As of 30 September 2014 and 31 December 2013, Company's nominal capital consists of 3,577,919,700 equity shares having nominal par value of TL 0.01 each.

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2. Summary of Significant Accounting Policies (continued)

2.13 Share capital (continued)

The Company has adopted the registered capital system in accordance with the provisions of the Capital Market Law, and switched to the aforementioned system based on the Capital Markets Board of Turkey (CMB) permission dated 1 September 2014 numbered 1756. The Company's registered capital is TL 100,000,000 (one hundred million), divided into 10,000,000,000 (ten billion) shares each with a nominal value of TL 0.01.

The transaction approved at the Extraordinary General Meeting on October 16, 2014 and the meeting record has been registered and published Turkey Trade Registry Gazette dated 23 October 2014 numbered 8679.

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.

Main policies produced by the company; are the life policies, the personal accident 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 insuree 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 insurees 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 contributions received related to individual retirement contracts are recognized as liabilities under payables to the participants account and the same amount is presented 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 (“DPF”)

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 amount 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 disposing any other financial assets to another entity. The financial liabilities are presented in the financial statements of the company over the costs amortized according to effective interest method. This financial liability is derecognized when it is paid.

The General Loan Agreement is enforced and was signed between the Company and Akbank T.A.Ş. on 28 August 2012. The Company got a loan amounted TL 1,770,754 on 30 September 2014 was used for Social Security payments within the scope of The General Loan Agreement Section 5.21 “The loans be used for Tax, Social Security and Invoice Payment ... etc.” In case the loan is repaid on its maturity date does not include any interest. (31 December 2013: None)

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 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 Income 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 30 September 2014 is TL 3,438.22 (31 December 2013: TL 3,254.44).

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 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
Expected Rate of Salary/Limit Increase	4.5%	4.5%
Discount Rate	8%	8%

Other employee benefits

The Company pays 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 accrued 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 provided 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

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, reserve for 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 in accordance with the Undersecretariat of Treasury’s Communiqué on Technical Reserves.

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2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

Reserve for unearned premiums (continued)

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 amounts 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 30 September 2014, the gross amount of unearned premiums reserve is 54,581,040 TL (31 December 2013: 44,231,754 TL).

As of 30 September 2014, deferred commission income is 852,024 TL (31 December 2013: 631,937 TL) and deferred commission expense amount is 18,982,003 TL (31 December 2013: 15,089,269 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 – 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 30 September 2014 and 31 December 2013, 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 amounts 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 amounts 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 amount 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 amount 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 30 September 2014, the Company has provided TL 9,646,870 (31 December 2013: TL 8,041,728) of net outstanding claims provision in relation to incurred but not reported claims in its financial statements in total including TL 6,228,979 for life branch (31 December 2013: TL 5,397,418) and TL 3,417,891 for non-life branch (31 December 2013: TL 2,644,310).

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 received for the risk undertaken by the companies and the liabilities to the insurees 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 30 September 2014 and 31 December 2013, total amount of actuarial mathematical provisions and profit sharing have been approved by the actuary. Total mathematical reserve is TL 340,825,687 as of 30 September 2014 (31 December 2013: TL 350,404,777).

The mathematical and profit share provisions of the policies written in the unit price based funds of the company 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 insuree 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 insurees' accounts daily.

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2. Summary of Significant Accounting Policies (continued)

2.19 Provisions (continued)

Equalization reserves

As a requirement of the Technical Provisions Regulation, the companies are required to provide 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 subsequent accounting periods and cover the catastrophic risks. The reserve is provided until it reaches the 150% of the highest net premium written in the last five years.

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 provide 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 amount.

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

As of 30 September 2014, the gross amount of equalization reserve of the Company is TL 9,613,444 (31 December 2013: TL 9,321,483) and net amount is TL 9,105,758 (31 December 2013: TL 8,822,123).

2.21 Revenue Recognition

Written premiums

Written premiums represent the policies on cancellations from prior years and premiums ceded to reinsurers and after tax deduction in addition to the policies written in the current year. 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 received and paid

The commissions received and paid are composed of the commissions paid in relation to the written premiums and the commissions received in relation to the premiums transferred to the reinsurance companies. The Company recognizes the commissions received and paid in accrual basis. The commission expenses paid to the intermediaries with respect to the production of the insurance policies and the commission income received from the reinsurers are explained under unearned premiums reserves note.

The Company evaluated the expenses that can be subject to deferral 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 deferral as of the reporting period.

Interest Income

Interest income is recognized periodically using effective interest rate method.

Dividend Income

Dividend is recognized as income when the collection is realized.

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2. Summary of Significant Accounting Policies (continued)

2.21 Revenue Recognition (continued)

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 recognized 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 recognized as fund operation income within the technical income of the Company and the part belonging to the Manager is recognized as the amount 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 to 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

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 received 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 amount 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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity

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 September 30, 2014 and December 31, 2013 and the relevant explanatory footnotes, the companies included in Aviva Group and Sabancı Holding, other than the shareholders and the Company Management are defined as the other related parties.

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2. Summary of Significant Accounting Policies (continued)

2.25 Earnings per share

Earnings 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.

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 amounts 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 amounts 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

The Company has developed and implemented a risk management structure to protect it against events that undermine sustainable performance, solvency or the achievement of strategic objectives. The risk management system is a fundamental part of the daily operations and ongoing performance of the Company. By identifying, analyzing, measuring, controlling, managing, reporting and mitigating risks that may arise in the course of its operations in a timely manner, the Company intends to, among other things, comply with applicable legislative and regulatory requirements, meet its obligations towards its customers and counterparties and maintain capital adequacy.

The Company's approach to risk management is based on the following elements:

- Ensuring compliance with legal obligations and the Company's risk management policies;
- Identifying all structural risks the Company is exposed to and defining risk acceptance criteria; and
- Designing and applying internal control mechanisms and actions to seek to address these risks, and assuring the transparent reporting of such risks to the Board of Directors.

The Company's Board of Directors has overall responsibility for setting and monitoring the Company's risk appetite, risk strategy, risk management and internal control systems.

Risk Management Framework

The Company aim to maximize Market Consistent Embedded Value (MCEV) and Shareholders' expectations within the risk appetite framework. It is provided by consistent and strong risk management process are applied companywide.

The Company's Risk Management Framework is complementary elements of Management, process of the Board of Directors and decision making framework. The key elements of the Company's risk management framework comprise risk appetite, risk governance including risk policies and business standards, risk oversight committees and roles and responsibilities and the processes we use to identify, measure, manage, monitor and report "(IMMMR)" risks.

The Company's risk management model is based on a "three lines of defense" principle and consists of:

- *First line of defense – Company Management:* Primary responsibility for risk identification, measurement, management, monitoring and reporting lies with management. The first-line management is responsible for the implementation and practice of risk management, as well as establishing internal control systems.
- *Second line of defense – Risk Management and Internal Control:* Risk and Internal Control function is accountable for oversight and challenge of the IMMMR process and for developing the risk management framework.
- *Third line of defense – Internal Audit:* Internal Audit function provides an independent assessment of the risk framework and internal control processes.

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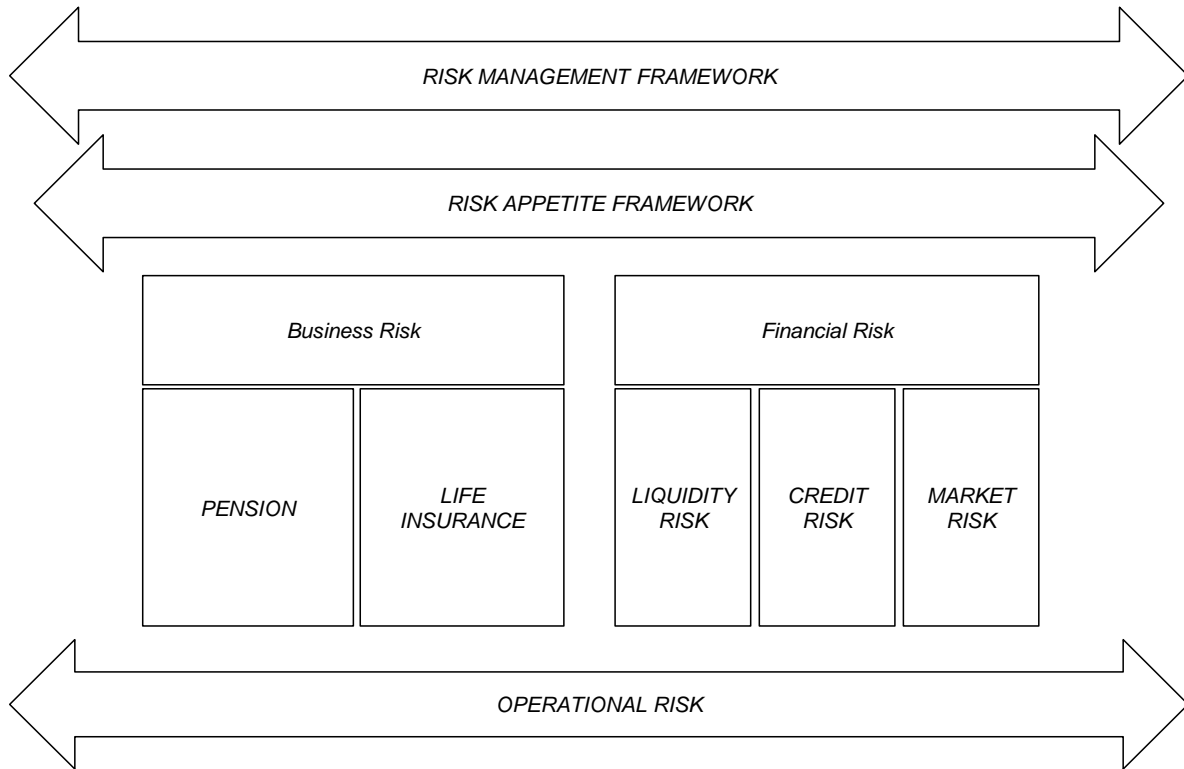
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4. Insurance and financial risk management (continued)

Risk Management Framework (continued)

The Company's risk management model identifies risk classes, which are then further highlighted under risk management policies and standards. These risk management policies and standards act as practical guides explaining how the Company can manage any financial, operational and nominal losses in the most appropriate way, by identifying the risks inherent in the life insurance and private pension industry, analyzing measurable data concerning these risks and establishing limits for such risks for the Company and its management.

The following diagram sets out the Company's risk policy framework:



The Company also adheres to the following business policies and standards as regards risk management:

Risk policy

The risk management policies set the basic principles and standards for the risk management system and process. The policies are approved by the Board of Directors and the amendments require the Board of Directors approval. The Company's Risk Management Policies cannot be changed without the Board of Directors approval.

The tools required to determine, measure, manage, monitor and report the risk vary by the risk type. Therefore, the risk policy framework includes six risk policies, including the Risk Management Framework Policy, special to each risk type to which the company is exposed: life insurance and private pension, credit, market, liquidity and operational risk. All risk policies must be considered together, due to the risks that the Company is exposed can not be classified in only one category.

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4. Insurance and financial risk management (continued)

Business standards

The Company recognizes the importance of consistent and controlled business processes as a form of risk management. Each risk policy is therefore supported by a number of associated business standards which sets out the requirements for operating consistent processes across our most important business activities.

The requirements outlined in the Company business standards are implemented company-wide. Where the Company is not able to implement a particular requirement in the standard, the Company must apply for a modification or exception which is required to be approved by the related Aviva standard owner.

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

Insurance Risk

This is the risk that the insurance premiums allocated by the Company may not meet the claim liabilities and profit share payments and any payment in relation to claims and damages may exceed the expectations of the Company. Such risk will arise if the provisions (such as those on mortality) are not sufficient to meet future payments. Life insurance risk includes mortality risk, morbidity risk, persistency risk, expense risk (including commissions) and policyholder behavior risk around take-up of insurance guarantees and options.

Life insurance

Life insurances are offered as individual and group contracts in annual and long term periods.

Mortality risk (the risk that more than expected insured die) and morbidity risk (the risk that more than expected insureds fall seriously ill or become disabled) play an important role in the life insurance businesses of the Company. The mortality risk and the morbidity risk associated with the Company's life and related rider businesses have been partly reinsured in an effort to control the risk; the most important contracts are with Swiss Re, Scor Global Life, Cardif Hayat ve Emeklilik and Munich Re.

The life insurance businesses are also exposed to lapse risk and persistency risk. Persistency risk is defined as the risk of a sustained increase in lapse rates, unexpected volatility in lapse rates and mass lapses. Whether policyholders terminate or renew (explicitly or through automatic renewal) their insurance policies depends on consumer expectations and developments in the financial markets. Managing the attractiveness of life insurance products for customers and intermediaries as well as close monitoring of developments in the portfolio are key to mitigating this risk.

Personal Accident (Non-Life)

Personal Accident insurances are offered as individual or group contracts.

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

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4. Insurance and financial risk management (continued)

Pensions

The pensions business is also exposed to lapse risk, which is the risk of cancelling contracts, transfers out to competitors and termination of pension policies at maturity (i.e., retirement).

The investment risk under pension contracts is borne by the customer. The customer evaluates its pension fund investments according to its own preferences.

Assessment and claims settlement

In order to assess insurance risk, and accordingly manage the claim and premium balance, determine liabilities accurately and ensure sufficient provisioning to meet liabilities, the Company performs the following analyses:

- estimate claims to be paid based on realizations in the past.
- persistency reports on lapses and transfer outs; and
- MCEV analysis of change.

Claims handling is organized in a specialized department within the operations division of the Company, handling both individual and corporate policies, and the assessment and settlement of incurred claims takes place on a monthly basis. Further, the Company has underwriting at the claim stage specifically for critical illness claims.

Management of Insurance Risk

Management of Insurance risk aims to manage the risks arising from insurance contract and policies and minimization of such risks.

Insurance risk is defined as a risk transferred by insuree 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 insuree denotes a company's capacity to cover insurance risk.

As at 30 September 2014 and 31 December 2013, 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	30 September 2014	31 December 2013
Life	15%	15%
Personal Accident (Casualty)	13%	10%

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4. Insurance and financial risk management (continued)

Management of Insurance Risk (continued)

As at 30 September 2014 and 31 December 2013, that part of total risk which is ceded to reinsurers is given below on a risk coverage basis.

30 September 2014						
Life						
Death by Natural Cause	Accidental Death	Accidental Disability	Sickness Disability	Dangerous Diseases	Public Transport	Unemployment
2.93%	0.64%	1.38%	0.92%	2.02%	0.08%	0.01%
Personal Accident						
Death by Natural Cause	Accidental Death	Accidental Disability	Accident-Caused Treatment Costs			
-	0.15%	0.24%	-			
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%	-			

Sensitivity to Insurance Risk

The 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 30 September 2014 and 31 December 2013 Company has both proportional and non-proportional reinsurance treaties.

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

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 (net of reinsurance):

30 September 2014	Total gross risk liability	Share of reinsurer in total risk liability	Net risk liability
Life	35,048,343,388	1,547,845,976	33,500,497,412
Personal accident	30,403,868,460	118,716,159	30,285,152,301
Total	65,452,211,848	1,666,562,135	63,785,649,713
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

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4. Insurance and financial risk management (continued)

Management of Insurance Risk (continued)

Company's gross outstanding claims at 30 September 2014 and 31 December 2013 are given in the table below.

Outstanding Claims	30 September 2014	31 December 2013
Life	35,320,191	30,264,942
Personal accident	7,756,523	6,297,445
Total	43,076,714	36,562,387

Financial Risk

Financial risk arises from the financial instruments used by the Company, such as cash, time bank deposits, government bonds, treasury bills, private sector bonds and Eurobonds. The financial risks arising from such instruments and insurance contract liabilities are as follows:

a) Market risk

Market risk refers to the risk of incurring financial losses as a result of fluctuations in the fair value of a financial instrument or expected future cash flows from a financial instrument and the risk that fair value of cash flows resulting from liabilities (including insurance liabilities) will change due to fluctuations in the level or the volatility of market variables. Market risk consists of equity risk, inflation risk, property risk, commodity risk and, more importantly for the Company, interest rate risk and currency risk.

i) Currency risk

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

As at 30 September 2014, on condition that all variables remain constant, effect of a 10% appreciation/devaluation of Eurobonds against TL on shareholders' equity is TL (157,829).

As at 30 September 2014:

Liabilities and assets in foreign currency	Effect on income/expense		
	USD	EUR	GBP
Exchange rate variation (*)			
%10	2,224,915	(4,540)	38,810
-%10	(2,224,915)	4,540	(38,810)

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

As at 31 December 2013:

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

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

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4. Insurance and financial risk management (continued)

a) Market risk (continued)

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 Company closely monitors interest rate risk by monitoring market conditions and appropriate valuation methods.

The table below indicates, on condition that all other variables remain constant, the effect on profit and profit reserves of a 5- point increase/decrease in market interest rates for TL securities, as well as of a 1-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.

As at 30 September 2014:

Market interest increase / (decrease) (**)	Effect on Profit/Profit Reserve		
	TL	USD (*)	EUR (*)
%5	(12,420,555)	(5,170,724)	(9,948)
-%5	11,399,734	4,357,022	7,764

Trading financial assets (company)	Effect on Income/Expense		
	TL	USD (*)	EUR (*)
Market interest increase / (decrease) (**)			
%5	(1,963,161)	-	-
-%5	2,094,795	-	-

Available for sale financial assets	Effect on Profit/Profit Reserve		
	TL	USD (*)	EUR (*)
Market interest increase / (decrease) (**)			
5% Investments with Risks on Policyholders	(9,025,564)	(4,544,193)	(9,948)
5% Available for sale financial assets (company)	(1,431,830)	(626,531)	-
-5% Investments with Risks on Policyholders	8,007,897	3,841,358	7,764
-5% Available for sale financial assets (company)	1,297,042	515,664	-
(*) 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 2013:

Market interest increase / (decrease) (**)	Effect on Profit/Profit Reserve		
	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		
	TL	USD (*)	EUR (*)
Market interest increase / (decrease) (**)			
%5	(1,787,742)	-	-
-%5	1,954,840	-	-

Available for sale financial assets	Effect on Profit/Profit Reserve		
	TL	USD (*)	EUR (*)
Market interest increase / (decrease) (**)			
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.			

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4. Insurance and financial risk management (continued)

b) Credit risk

Credit risk refers to the risk of adverse financial impact resulting from fluctuations in the credit quality of third parties, including financial losses as a result of defaulting counterparties, rating transition and credit spread movements.

The Company does not view credit risk as one of its main risks as its financial assets consist mainly of government debt securities which are not deemed to have high credit risk and bank deposits kept in financial institutions in Turkey which are not deemed to have high credit risk.

c) Liquidity risk

Company faces the risk that its short-term assets are insufficient to meet its short-term obligations (such as claims arising from insurance contracts) as they fall due. To mitigate this risk, the Company uses liquidity coverage ratio (LCR) to monitor its liquidity risk profile on a 12-month basis. The monthly LCR is defined as (i) the projected amount of cash available at the start of the month divided by (ii) the planned net cash outflows during the month plus an allowance for a 1 in 10 stress event.

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

As at 30 September 2014, maturity distribution of undiscounted trading payables and financial payables of the Company 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	-	1,770,754	-	-	-	-	1,770,754
Payables from insurance operations	72,293	7,270,363	-	-	-	-	7,342,656
Payables from pension operations	132,167,549	20,859,551	-	-	-	-	153,027,100
Payables from other operations	-	98,193	-	-	-	-	98,193
Due to related parties	472,373	1,869,267	-	-	-	-	2,341,640
Other payables	327,699	5,259,822	-	-	-	-	5,587,521
Total	133,039,914	37,127,950	-	-	-	-	170,167,864

As at 31 December 2013, maturity distribution of undiscounted trading payables and financial payables of the Company 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

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4. Insurance and financial risk management (continued)

Fair value of the financial instruments

Fair value of financial instruments is the trading transaction done between market participants according to market conditions or the liabilities decided by the parties.

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

Fair Value Levels

Fair value is the market price would be received to trade financial instruments between market participants, except compulsory sales and liquidation. Where it exists, quoted prices in active markets are the most actual value. Fair value measurement classification 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).

	30 September 2014			
	1. Level	2. Level	3. Level	Total
Financial assets:				
Available for sale financial assets (Note 11)	35,160,869	-	-	35,160,869
Financial assets held for trading (Note 11)	62,038,778	-	-	62,038,778
Financial investments with risks on policyholders classified as available for sale (Note 11)	209,737,138	-	-	209,737,138
Total financial assets	306,936,785	-	-	306,936,785

(*)Time deposits of TL 22,186,490 is not included. Book values of time deposits approximate their fair values due to their short term nature.

	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) (**)	232,762,255	-	-	232,762,255
Total financial assets	312,657,147	-	-	312,657,147

(**) Time deposits of TL 33,300,347 is not included. Book values of time deposits approximate their fair values due to their short term nature.

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4. Insurance and financial risk management (continued)

d) Operational risks

Operational risks consist of all other risks that may cause financial loss or loss of reputation to the Company and may result from the potential failure of the people, processes and technology employed in taking and managing risks. Operational risks that Company faces include the following:

- Regulatory reporting defects regarding pension and life;
- Defects due to incapability of the IT infrastructure; and
- Deficiencies in internal control systems

The Company regards tight control over its IT systems as a strategic necessity. The Company aims to strengthen its central IT organization and the strategic information management function to increase the effectiveness of the general IT controls and to reduce costs through, for example, the improvement of existing IT systems. The IT systems require many ongoing adjustments because of legislative changes and chain integration.

Operational risks are detailed in the Company's risk tracking system, called OPERA, which is updated to reflect changes in the operating environment and its 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 2008, 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.

As at 30 September 2014 and 31 December 2013, the Company has an adequate amount of shareholders' equity against losses which might arise on account of its current liabilities as well as of potential risks. As at 30 September 2014 and 31 December 2013, the required shareholders' equity (as computed under the above-mentioned Regulation) and of current capital adequacy analysis is as follows:

	30 September 2014	31 December 2013
Total shareholders' equity (*)	183,115,007	166,314,279
Required minimum capital reserves	78,956,137	70,267,142
Capital surplus	104,158,870	96,047,137

(*) 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. Balance sheet items are not subject to segment reporting and while allocating the income statement to the segments, management reporting used in the performance evaluation of the Company were taken into consideration. Technical profit is the profit that the Company derives from providing insurance coverage, exclusive of the income it derives from investments. Management considers that this information provides the most appropriate way of reviewing the performance of the business. The Company's business segments are composed of four segments namely life protection, life savings, personal accident, and pension.

Life Protection

The Company's life insurance business is principally related to life protection insurance, including credit-linked life and non-credit-linked life policies, such as term life, return of premium, critical illness and unemployment.

The Company offers both long-term and short-term credit-linked life insurance. Credit-linked life insurance has the largest share of the Company's life insurance business. Long-term credit-linked life insurance includes insurance policies relating to mortgages or consumer loans for terms greater than one year. Short-term credit-linked life insurance includes yearly renewable insurance policies relating to consumer loans with accidental disability and optional unemployment covers check credit life and SME credit life.

Non-credit-linked (term) life insurance policies provide life protection insurance for a certain period of time. These insurances provide protection against the risks. These insurance products provide guarantees against the risks of death and protection as the result of accident, unemployment and sickness specified the conditions in the contract. In the event of death, the beneficiary receives the amount insured. Individual protection insurance may be recognized as only with regular premium installments in amounts pre-determined for the entire contract period. The Company offers customizable life insurance riders including involuntary unemployment, critical illness, accidental death, and disability due to accident or sickness in its non-credit-linked product portfolio

Life Savings

Live savings products are generally written for a contract period, during which the insuree makes regular premium payments into a unit, in return for a unit-price guaranteed.

Personal Accident

Personal accident policies provide coverage against disability, death and medical expenses due to accident. The insurance covers the insuree's life. In the event of a defined accident, the beneficiary receives the amount insured. Individual protection insurance may be recognized as a single premium or with regular premium installments in amounts pre-determined for the entire contract period.

Pension

The Company offers a number of individual and corporate pension plans within the framework of the private pension system.

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5. Segment Reporting (continued)

30 September 2014	Pension	Life Protection	Life Savings	Personal Accident	Unallocated	Total
Gross premiums written	-	149,670,171	12,387,986	32,978,239	-	195,036,396
Premium ceded to reinsurers	-	(6,387,122)	(437,046)	(85,132)	-	(6,909,300)
Premium written net of reinsurance	-	143,283,049	11,950,940	32,893,107	-	188,127,096
<i>Change in mathematical reserves</i>	-	(14,777,644)	41,986,613	-	-	27,208,969
<i>Investment income</i>	-	-	44,036,838	-	-	44,036,838
<i>Other technical income</i>	-	-	6,284,897	-	-	6,284,897
<i>Investment expense</i>	-	-	(22,900,682)	-	-	(22,900,682)
<i>Investment Income Transferred to Non-Technical Divisions</i>	-	-	(690,563)	-	-	(690,563)
Net change in mathematical reserves	-	(14,777,644)	68,717,103	-	-	53,939,459
Net change in provision for unearned premiums reserves (+/-)	-	(2,864,436)	23,784	(7,087,197)	-	(9,927,849)
Equalization reserve (+/-)	-	(223,498)	-	(60,137)	-	(283,635)
Net premiums earned	-	125,417,471	80,691,827	25,745,773	-	231,855,071
Claim paid and change in outstanding claims	-	(27,454,056)	(78,463,231)	(3,491,090)	-	(109,408,377)
Commission income, net	-	1,888,260	31,779	16,112	-	1,936,151
Commission expense, net	-	(23,726,679)	(17,438)	(11,885,994)	-	(35,630,111)
Other income / (expense), net	-	(599,547)	-	(33,300)	-	(632,847)
Life & personal accident technical profit	-	75,525,449	2,242,937	10,351,501	-	88,119,887
Pension income	119,529,481	-	-	-	-	119,529,481
Fund management charge	71,162,747	-	-	-	-	71,162,747
Management fee	16,679,361	-	-	-	-	16,679,361
Entry fee	11,257,669	-	-	-	-	11,257,669
Deferred fee	14,320,633	-	-	-	-	14,320,633
Premium holiday	6,109,071	-	-	-	-	6,109,071
Pension expenses	(63,872,890)	-	-	-	-	(63,872,890)
Fund management charge	(9,693,347)	-	-	-	-	(9,693,347)
Commission expense	(48,965,813)	-	-	-	-	(48,965,813)
Other income / (expense), net	(5,213,730)	-	-	-	-	(5,213,730)
Pension technical profit	55,656,591	-	-	-	-	55,656,591
Total technical profit	55,656,591	75,525,449	2,242,937	10,351,501	-	143,776,478
General and administrative expenses	-	-	-	-	(125,877,240)	(125,877,240)
Net technical profit after overhead expenses	-	-	-	-	-	17,899,238
<i>Foreign exchange gain / (loss), net</i>	-	-	-	-	3,352,480	3,352,480
<i>Investment income / (expense), net</i>	-	-	-	-	30,546,010	30,546,010
Net financial income	-	-	-	-	-	33,898,490
Profit before taxes	-	-	-	-	-	51,797,728
Tax expense	-	-	-	-	(11,940,655)	(11,940,655)
Net Profit	-	-	-	-	-	39,857,073

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5. Segment Reporting (continued)

30 September 2013	Pension	Life Protection	Life Savings	Personal Accident	Unallocated	Total
Gross premiums written	-	136,568,992	17,355,658	24,187,431	-	178,112,081
Premium ceded to reinsurers	-	(6,845,814)	(559,307)	(47,075)	-	(7,452,196)
Premium written net of reinsurance	-	129,723,178	16,796,351	24,140,356	-	170,659,885
<i>Change in mathematical reserves</i>	-	(17,192,336)	46,954,692	-	-	29,762,356
<i>Investment income</i>	-	-	68,339,555	-	-	68,339,555
<i>Other technical income</i>	-	-	13,796,271	-	-	13,796,271
<i>Investment expense</i>	-	-	(33,971,411)	-	-	(33,971,411)
<i>Investment Income Transferred to Non-Technical Divisions</i>	-	-	(1,196,582)	-	-	(1,196,582)
Net change in mathematical reserves	-	(17,192,336)	93,922,525	-	-	76,730,189
Net change in reserve for unearned premiums reserves (+/-)	-	(3,398,347)	36,194	(33,681)	-	(3,395,834)
Equalization reserve (+/-)	-	(1,716,074)	-	(317,880)	-	(2,033,954)
Net premiums earned	-	107,416,421	110,755,070	23,788,795	-	241,960,286
Claim paid and change in outstanding claims	-	(26,554,148)	(108,551,816)	(2,497,788)	-	(137,603,752)
Commission income, net	-	2,072,094	41,074	7,976	-	2,121,144
Commission expense, net	-	(23,006,315)	(45,410)	(11,118,377)	-	(34,170,102)
Other income / (expense), net	-	(583,372)	-	(90,162)	-	(673,534)
Life & personal accident technical profit	-	59,344,680	2,198,918	10,090,444	-	71,634,042
Pension income	92,378,309	-	-	-	-	92,378,309
Fund management charge	58,114,694	-	-	-	-	58,114,694
Management fee	12,231,326	-	-	-	-	12,231,326
Entry fee	10,319,513	-	-	-	-	10,319,513
Deferred fee	11,712,776	-	-	-	-	11,712,776
Premium holiday	-	-	-	-	-	-
Pension expenses	(51,215,153)	-	-	-	-	(51,215,153)
Fund management charge	(8,046,247)	-	-	-	-	(8,046,247)
Commission expense	(38,810,286)	-	-	-	-	(38,810,286)
Other income / (expense), net	(4,358,620)	-	-	-	-	(4,358,620)
Pension technical profit	41,163,156	-	-	-	-	41,163,156
Total technical profit	41,163,156	59,344,680	2,198,918	10,090,444	-	112,797,198
General and administrative expenses	-	-	-	-	(107,156,120)	(107,156,120)
Net technical profit after overhead expenses	-	-	-	-	-	5,641,078
<i>Foreign exchange gain / (loss), net</i>	-	-	-	-	6,173,590	6,173,590
<i>Investment income / (expense), net</i>	-	-	-	-	22,325,302	22,325,302
Net financial income	-	-	-	-	-	28,498,892
Profit before taxes	-	-	-	-	-	34,139,970
Tax expense	-	-	-	-	(4,110,917)	(4,110,917)
Net Profit	-	-	-	-	-	30,029,053

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6. Tangible assets

6.1 Depreciation and amortization for the period:

1 January - 30 September 2014: TL 3,389,113, 1 July - 30 September 2014: TL 1,157,671
(1 January - 30 September 2013: TL 2,818,922, 1 July - 30 September 2013: TL 965,280).

6.1.1 Depreciation expense:

1 January - 30 September 2014: TL 1,710,390, 1 July - 30 September 2014: TL 584,533
(1 January - 30 September 2013: TL 1,418,437, 1 July - 30 September 2013: TL 490,017)

6.1.2 Amortization and depreciation expenses:

1 January-30 September 2014: TL 1,678,723, 1 July-30 September 2014: TL 573,138
(1 January-30 September 2013: TL 1,400,485, 1 July-30 September 2013: TL 475,263)

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

6.3 Fixed asset movements in the current period:

6.3.1 Purchased, produced or constructed cost of tangible and intangible fixed assets: TL 13,332,174 (30 September 2013- TL 4,004,141)

6.3.2 Cost of sold or scrapped tangible and intangible fixed assets: TL 28,086 (30 September 2013 - None).

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 a project in 2012 in order to unify the basic insurance applications that are used within the Company and to use such applications by integration to all the surrounding systems. Cost of expenditure made in that respect is TL 17,518,830 as of 30 September 2014 (31 December 2013: TL 6,817,029).

Movement in tangible assets in the period from 1 January 2014 to 30 September 2014 is presented below:

Cost	1 January 2014	Additions	Disposals	30 September 2014
Machinery and equipment	7,006,784	347,745	(3,232)	7,351,297
Furniture and fixtures	9,718,549	576,138	(24,854)	10,269,833
Other tangible assets	10,178,130	626,044	-	10,804,174
Leased assets	1,175,521	-	-	1,175,521
Total	28,078,984	1,549,927	(28,086)	29,600,825

Accumulated depreciation (-)	1 January 2014	Additions	Disposals	30 September 2014
Machinery and equipment	5,892,236	314,887	(3,232)	6,203,891
Furniture and fixtures	7,468,301	500,368	(24,854)	7,943,815
Other tangible assets	7,527,184	895,135	-	8,422,319
Leased assets	1,175,106	-	-	1,175,106
Total	22,062,827	1,710,390	(28,086)	23,745,131

Book Value	6,016,157			5,855,694
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6. Tangible assets (continued)

Movement in tangible assets in the period from 1 January 2013 to 30 September 2013 is presented below:

Cost	1 January 2013	Additions	Disposals	30 September 2013
Machinery and equipment	6,203,529	440,387	-	6,643,916
Furniture and fixtures	9,093,613	534,029	-	9,627,642
Other tangible assets	9,483,000	532,495	-	10,015,495
Leased assets	1,175,521	-	-	1,175,521
Total	25,955,663	1,506,911	-	27,462,574
Accumulated depreciation(-)	1 January 2013	Additions	Disposals	30 September 2013
Machinery and equipment	5,556,373	245,910	-	5,802,283
Furniture and fixtures	6,923,607	413,092	-	7,336,699
Other tangible assets	6,500,451	759,435	-	7,259,886
Leased assets	1,175,107	-	-	1,175,107
Total	20,155,538	1,418,437	-	21,573,975
Book Value	5,800,125			5,888,599

7. Investment properties

None.

8. Intangible assets

Movement in intangible assets in the period from 1 January to 30 September 2014 is presented below:

Cost	1 January 2014	Additions	Disposals	30 September 2014
Software	28,440,212	1,080,446	-	29,520,658
Construction in progress	6,817,029	10,701,801	-	17,518,830
Total	35,257,241	11,782,247	-	47,039,488
Accumulated depreciation (-)	1 January 2014	Additions	Disposals	30 September 2014
Software	24,739,635	1,678,723	-	26,418,358
Total	24,739,635	1,678,723	-	26,418,358
Book Value	10,517,606			20,621,130

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8. Intangible assets (continued)

Movement in intangible assets in the period from 1 January to 30 September 2013 is presented below:

Cost	1 January 2013	Additions	Disposals	30 September 2013
Software	26,745,795	573,541	-	27,319,336
Construction in progress	926,220	1,923,689	-	2,849,909
Total	27,672,015	2,497,230	-	30,169,245

Accumulated depreciation (-)	1 January 2013	Additions	Disposals	30 September 2013
Software	22,840,418	1,400,485	-	24,240,903
Total	22,840,418	1,400,485	-	24,240,903

Book Value	4,831,597	-	5,928,342
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9. Investments in Affiliates

The Company does not have investment in affiliates as of 30 September 2014 and 31 December 2013.

10. Reinsurance assets

Outstanding reinsurance balances of the Company presented on balance sheet and in income statement, arising from existing reinsurance contracts as of 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
Reinsurance share of unearned premiums reserve (Note 17.15)	3,041,780	2,620,344
Reinsurance share of outstanding claim reserve (Note 17.15)	3,190,601	3,452,585
Reinsurers' share of equalization provision (Note 17.15)	507,686	499,360
Reinsurance companies' current account (net)	(369,635)	493,603
Total reinsurance assets / (liabilities)	6,370,432	7,065,892

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

	1 January– 30 September 2014	1 July– 30 September 2014	1 January– 30 September 2013	1 July– 30 September 2013
Ceded premiums to reinsurers (Note 24)	(6,909,300)	(1,529,390)	(7,452,196)	(1,558,605)
Commissions received from reinsurers (Note 32)	1,936,151	544,965	2,121,144	459,918
Reinsurance share of claims paid	2,197,575	829,701	1,706,266	760,616
Reinsurance share of outstanding claim reserve	(261,984)	(330,094)	490,742	(51,886)
Reinsurance shares of unearned premium reserve (Note 17)	421,437	(460,263)	405,710	(648,247)
Reinsurers' share of equalization provision (Note 17)	8,326	(825)	99,993	21,543
Total reinsurance income / (expense)	(2,607,795)	(945,906)	(2,628,341)	(1,016,661)

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11. Financial asset

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

30 September 2014	With risk on policyholders			Company portfolio		
	Blocked	Non-blocked	Total	Blocked	Non-blocked	Total
Financial Assets Available-for-sale						
Government bonds and Treasury bills	71,814,983	-	71,814,983	13,245,969	-	13,245,969
Eurobonds	137,922,155	-	137,922,155	21,914,900	-	21,914,900
Time deposits	22,186,490	-	22,186,490	-	-	-
Financial assets held for trading						
Asset-Backed Securities	-	-	-	-	-	-
Government bonds	-	-	-	-	21,753,503	21,753,503
Private Sector Bonds	-	-	-	-	19,955,142	19,955,142
Investment Fund	-	-	-	-	20,330,133	20,330,133
Total	231,923,628	-	231,923,628	35,160,869	62,038,778	97,199,647

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
Eurobonds	154,248,459	-	154,248,459	15,764,894	-	15,764,894
Time Deposits	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

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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 Cost of securities and other financial assets carried at fair value on the balance sheet:

Securities

	30 September 2014			31 December 2013		
	Cost	Book value	Fair value	Cost	Book value	Fair value
Financial assets available-for-sale						
Government bonds and treasury bills (TL)	14,674,125	13,245,969	13,245,969	7,698,000	6,301,220	6,301,220
Eurobonds (USD)	23,249,706	21,914,900	21,914,900	18,862,187	15,764,894	15,764,894
	37,923,831	35,160,869	35,160,869	26,560,187	22,066,114	22,066,114
Financial assets held for trading						
Government bonds and treasury bills (TL)	21,491,420	21,753,503	21,753,503	-	-	-
Asset-backed securities	-	-	-	4,722,088	5,019,829	5,019,829
Private sector bonds	19,681,252	19,955,142	19,955,142	36,535,082	36,808,947	36,808,947
Investment fund	19,878,209	20,330,133	20,330,133	16,000,002	16,000,002	16,000,002
	61,050,881	62,038,778	62,038,778	57,257,172	57,828,778	57,828,778
Financial investments with risks on policy holders						
Government bonds and treasury bills (TL)	84,193,796	71,814,983	71,814,983	91,169,921	78,513,796	78,513,796
Eurobonds (USD)	144,686,550	136,691,727	136,691,727	158,662,496	147,118,584	147,118,584
Eurobonds (EUR)	1,111,383	1,230,428	1,230,428	6,598,684	7,129,875	7,129,875
Time Deposits (TL)	20,800,000	21,269,373	21,269,373	32,700,000	33,300,347	33,300,347
Time Deposits (USD)	911,560	917,117	917,117	-	-	-
	251,703,289	231,923,628	231,923,628	289,131,101	266,062,602	266,062,602
Total	350,678,001	329,123,275	329,123,275	372,948,460	345,957,494	345,957,494

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

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11. Financial Assets (continued)

11.4 Cost of securities and other financial assets carried at fair value on the balance sheet (continued):

As of 30 September 2014 and 30 September 2013, movement of available for sale financial assets and financial assets at risk of policyholders' are as follows:

	2014	2013
1 January	345,957,494	409,546,878
Purchases	258,513,088	2,213,446,335
Disposal	(276,128,868)	(2,238,490,617)
Valuation (decrease) / increase	(5,608,537)	3,866,584
Disposals through redemption during the period	(614,186)	(6,015,998)
Unrealized foreign exchange gains/(losses)	(4,040,492)	(8,098,333)
The amount recognized in shareholders' equity	3,473,541	(6,657,350)
The amount recognized in mathematical reserves	7,571,235	(33,740,413)
30 September	329,123,275	333,857,086

The maturity analysis of financial assets:

	30 September 2014						Total
	Demand	0 - 3 month	3 - 6 month	6 month- 1 year	1-3 year	More than 3 years	
Government bonds and Treasury bills (TL)	-	-	15,612,562	12,120,948	6,140,940	72,940,005	106,814,455
Eurobonds	-	-	-	5,629,289	-	154,207,766	159,837,055
Private sector bonds	-	19,955,142	-	-	-	-	19,955,142
Asset-Backed Securities	-	-	-	-	-	-	-
Time deposits	-	22,186,490	-	-	-	-	22,186,490
Investment Fund	20,330,133	-	-	-	-	-	20,330,133
Total	20,330,133	42,141,632	15,612,562	17,750,237	6,140,940	227,147,771	329,123,275

	31 December 2013						Total
	Demand	0 - 3 month	3 - 6 month	6 month- 1 year	1-3 Year	More than 3 years	
Government bonds and Treasury bills (TL)	-	-	-	-	11,791,947	73,023,069	84,815,016
Eurobonds	-	-	-	-	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 deposits	-	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

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11. Financial Assets (continued)

11.4 Cost of securities and other financial assets carried at fair value on the balance sheet (continued):

Analysis of the financial assets in foreign currency:

30 September 2014				
	Currency Type	Currency Amount	Rate	Amount TL
Financial assets available-for-sale	USD	9,616,438	2.2789	21,914,900
	TL			13,245,969
Total				35,160,869
Financial assets held for trading	TL			62,038,778
Total				62,038,778
Financial investments with risks on policy holders	USD	60,383,889	2.2789	137,608,844
	EUR	425,547	2.8914	1,230,428
	TL			93,084,356
Total				231,923,628
				329,123,275

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	7,129,875
	TL			111,814,143
Total				266,062,602
				345,957,494

11.5 The amounts of the securities included within the securities and long term securities group, which are issued by the shareholders, affiliates and subsidiaries of the Company and the issuers: None

11.6 Value increases in financial assets in the last three years:

	30 September 2014	31 December 2013	31 December 2012
Financial Assets Available-for-sale	(2,762,962)	(4,494,073)	288,398
Financial assets held for trading	987,897	571,606	768,450
Financial investments with risks on policy holders	(19,779,661)	(23,068,499)	17,345,068
Total	(21,554,726)	(26,990,966)	18,401,916

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

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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:

	30 September 2014	31 December 2013
Receivables from insurance operations	21,554,085	14,914,669
Loans to the policyholders	119,561,388	137,191,687
Receivables from pension operations	10,853,080	7,140,086
Receivables from related parties	415,997	1,782,259
Other receivables	335,394	273,775
Total	152,719,944	161,302,476

Prepaid expenses details are given in note 47.

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

	30 September 2014	31 December 2013
Receivables from policyholders		
0-3 months	7,654,859	5,032,751
3 -6 months	4,856,911	3,166,866
6- 9 months	3,133,304	1,987,304
9 - 12 months	926,937	706,821
Total	16,572,011	10,893,742

Overdue receivables from insurance operations are as follows:

	30 September 2014	31 December 2013
0-3 months	3,305,932	2,959,727
3 - 6 months	744,107	230,695
6 - 9 months	250,401	189,494
9 -12 months	530,249	36,367
More than 1 year	139,559	15,265
Total	4,970,248	3,431,548
Total	21,542,259	14,325,290

As of 30 September 2014, total of receivables from reinsurance companies and subrogation receivables is TL 11,826 (31 December 2013: TL 589,379)

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12. Payables and Receivables (continued):

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

Distribution of current loans to policyholders

	30 September 2014	31 December 2013
3-6 months	15,691	-
6-9 months	104,815	18,926
9-12 months	13,617	115,611
Total	134,123	134,537
Other (demand)	119,427,265	137,057,150
Total	119,561,388	137,191,687

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

	2014	2013
1 January	-	570,351
Charge for the year	-	-
Provisions written-off	-	-
30 September	-	570,351

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

	30 September 2014				31 December 2013			
	Receivables		Payables		Receivables		Payables	
	Commercial	Non-Commercial	Commercial	Non-Commercial	Commercial	Non-Commercial	Commercial	Non-Commercial
Shareholders								
Hacı Ömer Sabancı A.Ş.	-	-	24	-	-	-	7,629	-
Aviva International	405,845	-	27,692	-	241,117	-	26,328	-
Other	-	-	82,203	-	-	-	50,256	-
Total	405,845	-	109,919	-	241,117	-	84,213	-

12.3 Total amount of mortgages and other guarantees obtained for receivables

Total amount of mortgages and other guarantees obtained for receivables as follows:

	30 September 2014				31 December 2013			
	USD	EUR	TL	Total (TL)	USD	EUR	TL	Total (TL)
Guarantees and securities:								
Letters of guarantee	166,360	-	5,277,085	5,443,445	140,864	58,730	4,906,135	5,105,729
Mortgage securities	-	-	316,200	316,200	-	-	241,200	241,200
Other guarantees and securities:	249,268	7,989	156,800	414,057	229,844	8,113	151,800	389,757
Total	415,628	7,989	5,750,085	6,173,702	370,708	66,843	5,299,135	5,736,686

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12. Payables and Receivables (continued)

12.4 Receivables and payables denominated in foreign currencies with unguaranteed foreign exchange rates, amount of foreign currencies in assets and their TL conversion rates:

Assets	30 September 2014				31 December 2013	
		Rate	TL Amount		Rate	TL Amount
Cash and cash equivalents						
USD	1,024,130	2.2789	2,333,890	9,006,088	2.1343	19,221,694
EUR	2,081	2.8914	6,017	3,074	2.9365	9,026
GBP	897	3.6933	3,313	1,677	3.5114	5,888
Total			2,343,220			19,236,608
Financial assets and financial investments at risk policyholders						
USD	70,000,327	2.2789	159,523,746	76,317,048	2.1343	162,883,477
EUR	425,547	2.8914	1,230,428	2,428,019	2.9365	7,129,877
Total			160,754,174			170,013,354
Receivables from main operations						
USD	31,209,949	2.2789	71,124,353	32,845,312	2.1343	70,101,750
EUR	2,400	2.8914	6,938	51	2.9365	149
Total			71,131,291			70,101,899
Receivables from related parties						
EUR	-	2.8914	-	360	2.9365	1,057
GBP	109,887	3.6933	405,845	68,667	3.5114	241,117
Total			405,845			242,174
Other current asset						
USD	622	2.2789	1,417	-	2.1343	-
EUR	220	2.8914	636	-	2.9365	-
GBP	2,423	3.6933	8,949	-	3.5114	-
Total			11,002			-
Other receivables						
USD	200	2.2789	456	200	2.1343	427
EUR	1,000	2.8914	2,891	1,000	2.9365	2,937
Total			3,347			3,364

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12. Payables and Receivables (continued)

12.4 Receivables and payables denominated in foreign currencies with unguaranteed foreign exchange rates, amount of foreign currencies in assets and their TL conversion rates: (continued)

Liabilities	30 September 2014			31 December 2013		
		Rate	TL Amount		Rate	TL Amount
Receivables from main operations						
USD	237,558	2.2789	541,372	57,875	2.1343	123,523
EUR	893	2.8914	2,581	161	2.9365	474
Total			543,953			123,997
Receivables from related parties						
USD	518	2.2789	1,180	200,166	2.1343	427,214
EUR	708	2.8914	2,047	-	2.9365	-
GBP	7,943	3.6933	29,336	8,020	3.5114	28,162
Total			32,563			455,376
Other liabilities						
USD	277,747	2.2789	632,959	247,096	2.1343	527,377
EUR	29,777	2.8914	86,096	74,028	2.9365	217,384
GBP	182	3.6933	670	6,528	3.5114	22,923
Total			719,725			767,684
Provision for outstanding claims						
USD- (effective sales rate)	645,523	2.2864	1,475,924	1,197,941	2.1413	2,565,151
USD	289,622	2.2789	660,020	286,584	2.1343	611,656
EUR- (effective sales rate)	47,216	2.9009	136,969	125,151	2.9462	368,720
Total			2,272,913			3,545,527
Deferred income and accrued expenses						
USD	30,280	2.2789	69,005	13,277	2.1343	28,337
GBP	-	3.6933	-	63,055	3.5114	221,411
Total			69,005			249,748
Life mathematical reserves						
USD - (effective sales rate)	2,141,087	2.2864	4,895,382	2,735,768	2.1413	5,858,101
USD	88,840,614	2.2789	202,458,875	95,668,567	2.1343	204,185,424
EUR - (effective sales rate)	332,356	2.9009	964,133	401,852	2.9462	1,183,938
EUR	34,755	2.8914	100,490	99,439	2.9365	292,003
Total			208,418,880			211,519,466

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13. Derivative financial instruments

The Company does not have any derivative financial instruments as of 30 September 2014. (31 December 2013: None). Gains on derivative transactions (short-term swap and forward contracts) occurred during the period and recognized in "Income from Derivative Transactions" is TL 124,538 (1 January - 30 September 2013 - None).

14. Cash and cash equivalents

As at 30 September 2014 and 31 December 2013, cash and cash equivalents are as follows:

	30 September 2014	31 December 2013
Cash on hand	532	401
Bank deposits	247,572,230	226,279,431
Cheques Given and Payment Orders	(23,141)	-
Other cash and cash equivalents	141,617,085	88,257,388
Total	389,166,706	314,537,220

	30 September 2014	31 December 2013
Foreign currency cash and cash equivalents	2,343,220	19,236,608
- demand deposits	47,242	153,505
- time deposits	2,240,269	19,030,814
- credit card collections	55,578	52,143
- cash	131	146
TL cash and cash equivalents	386,823,486	295,300,612
- demand deposits	5,493,899	3,623,989
- time deposits	239,790,820	203,471,123
- cheques given and payment orders	(23,141)	-
- credit card collections	141,561,507	88,205,245
- cash	401	255
Total	389,166,706	314,537,220

The weighted average interest rates of term deposits:

	30 September 2014	31 December 2013
	Annual interest rate (%)	Annual interest rate (%)
USD	1.42	1.81
TL	9.66	9.12

As of 30 September 2014, TL deposit's maturity vary between 1 October 2014 and 29 December 2014, foreign currency deposits maturity between 8 October 2014 and 22 December 2014.

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

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14. Cash and cash equivalents (continued)

Demand and time deposits in foreign currency:

	30 September 2014				31 December 2013			
	Foreign currency		TL amount		Foreign currency		TL amount	
	Time	Demand	Time	Demand	Time	Demand	Time	Demand
USD	983,048	18,228	2,240,269	41,539	8,916,654	66,673	19,030,814	142,300
EUR	-	848	-	2,453	-	1,825	-	5,359
GBP	-	880	-	3,250	-	1,665	-	5,846
Total			2,240,269	47,242			19,030,814	153,505

15. Share Capital

15.1 Distributions to the shareholders, the amounts 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 2014, it was unanimously decided with respect to the distribution of profit, to allocate TL 1,512,996 of first legal reserves from the residual profit is deducted TL 484,878 of the previous periods' losses from the after tax net profit of TL 30,744,794 accrued according to the balance sheet of 2013 financial year, to pay the shareholders total TL 26,118,812 of I. and II. Dividend as TL 0,0073 per share in consideration of their shares, to allocate TL 2,432,986 of second legal reserves and to transfer TL 195,122 to the extraordinary reserves account, and to distribute the dividend to be distributed to the shareholders as of March 31, 2014. As of September 30, 2014 the dividend payment to the legal entity shareholders is completed.

15.2 Capital and profit reserves:

Profit reserves:

As of 30 September 2014, the Company's profit reserves are comprised of legal reserves of TL 12,786,759 (31 December 2013: TL 3,545,456), statutory reserves of TL 11,494 (31 December 2013: TL 5,306,815) extraordinary reserves of TL 5,651,268 (31 December 2013: TL 5,456,146) and valuation of financial assets of TL (3,134,440) (31 December 2013: TL (5,913,273)). As at 31 December 2013 amounting to TL 5,295,321 is presented under statutory reserves in the financial statements is recorded in legal reserve in the financial statements as at 30 September 2014.

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 30 September 2014 and 31 December 2013, 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.

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15. Share Capital (continued)

15.2 Capital and profit reserves (continued) :

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:

	2014	2013
1 January	(5,913,273)	1,912,678
Fair value gain / (loss), net	2,778,833	(5,894,092)
30 September	(3,134,440)	(3,981,414)

15.3 Share capital movement

As of 30 September 2014 and 31 December 2013, 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	30 September 2014			31 December 2013		
	Required Guarantee (*)	Current Blockage (nominal)	Current Blockage (official journal price)	Required Guarantee (*)	Current Blockage (nominal)	Current Blockage (official journal price)
Life (**)	380,944,607	345,208,502	371,811,069	386,456,814	389,836,181	408,537,089
Non-life	4,450,168	4,498,762	4,498,762	3,189,964	4,224,290	4,224,290
Total	385,394,775	349,707,264	376,309,831	389,646,778	394,060,471	412,761,379

(*) Required guarantees as of 30 September 2014 and 31 December 2013.

(**) The bank deposits amounting to TL 9,000,000 as at 15 October 2014 and amounting to TL 150,000 as at 24 October 2014 have been blocked and the current life branches blockage amount has been increased to TL 380,961,069.

Total mortgages or guarantees on assets:

	30 September 2014	31 December 2013
Securities portfolio (nominal values)		
TL	217,413,043	236,903,908
Foreign currency	132,294,221	157,156,563
Total	349,707,264	394,060,471

Mentioned above asset values have been blocked in favor 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:

	30 September 2014		30 September 2013	
	Units	Mathematical reserves TL	Units	Mathematical reserves TL
Opening	1,824,248	350,404,798	1,612,962	381,222,270
Additions	870,406	39,115,706	947,287	109,360,192
Disposal	751,088	51,389,347	743,434	80,654,141
Change (*)	-	2,694,530	-	(51,572,903)
End of period	1,943,566	340,825,687	1,816,815	358,355,418

(*)Change includes increases and decreases in existing portfolio, and also the existing policies which are exempt from paying premium and policies entered in force.

- (1) Mathematical provisions are calculated in accordance with its own technical principles for each product.
 - (2) As of 30 September 2014, there are no provision for canceled policies (31 December 2013: None)
- a) Mathematical reserves belonging to the policies those were in effect in the beginning of the period but were cancelled during the period were presented within disposals; but policies which were signed and cancelled during the period are not presented within additions and disposals.
 - b) As of 30 September 2014, mathematical reserves provided for the loans to policyholders amounting TL 119,427,265 (30 September 2013: TL 137,193,690) and mathematical reserves related to the fair value reserve of financial investments with risk at policyholders amounting TL (13,661,824) (30 September 2013: TL (14,412,879)) are included in additions.

17.3 Insurance coverage given to non-life insurance branches: TL 65,452,211,848 (31 December 2013: TL 57,977,591,255).

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

As of 30 September 2014, there are 24 (31 December 2013: 24) pension fund established by the company.

Fund Name	Unit price	Unit price
	30 September 2014 (TL)	31 December 2013 (TL)
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0.029818	0.027049
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu	0.036909	0.034230
AvivaSA Emeklilik ve Hayat A.Ş. Esnek Emeklilik Yatırım Fonu	0.039526	0.036832
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0.026966	0.024309
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0.040454	0.037740
AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası İkinci Likit Esnek Emeklilik Yatırım Fonu	0.030596	0.028684
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Esnek Emeklilik Yatırım Fonu	0.017823	0.016905
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	0.021429	0.019486
AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası Birinci Likit Esnek Emeklilik Yatırım Fonu	0.032535	0.030506
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0.041190	0.038420
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	0.040084	0.037048
AvivaSA Emeklilik ve Hayat A.Ş. Birinci Esnek Emeklilik Yatırım Fonu	0.019597	0.017892
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	0.042297	0.038525
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu - Grup	0.032252	0.029904
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Esnek Emeklilik Yatırım Fonu	0.031793	0.029859
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Grup Emeklilik Yatırım Fonu	0.033651	0.030080
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Grup Emeklilik Yatırım Fonu	0.013547	0.012499
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu	0.012417	0.011011
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	0.010154	0.009384
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	0.010300	0.009492
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	0.010238	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	30 September 2014		31 December 2013	
	Unit	Amount (TL)	Unit	Amount (TL)
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	6,381,228,214	190,275,463	4,166,571,893	112,701,603
AvivaSA Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu	2,349,352,112	86,712,237	2,576,645,315	88,198,569
AvivaSA Emeklilik ve Hayat A.Ş. Esnek Emeklilik Yatırım Fonu	4,260,714,703	168,409,009	4,707,359,544	173,381,467
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	3,824,552,495	103,132,883	2,693,566,546	65,477,909
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	8,186,790,950	331,188,441	8,822,267,347	332,952,370
AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası İkinci Likit Esnek Emeklilik Yatırım Fonu	2,015,849,929	61,676,944	1,378,511,434	39,541,222
AvivaSA Emeklilik ve Hayat A.Ş. İkinci Esnek Emeklilik Yatırım Fonu	1,666,068,158	29,694,333	1,325,639,857	22,409,942
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu	3,619,582,809	77,564,040	3,578,204,859	69,724,900
AvivaSA Emeklilik ve Hayat A.Ş. Para Piyasası Birinci Likit Esnek Emeklilik Yatırım Fonu	14,428,531,446	469,432,271	11,392,862,165	347,550,653
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	48,876,725,850	2,013,232,338	44,453,493,463	1,707,903,219
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu	31,090,456,192	1,246,229,846	27,342,332,449	1,012,978,733
AvivaSA Emeklilik ve Hayat A.Ş. Birinci Esnek Emeklilik Yatırım Fonu	3,164,313,212	62,011,046	1,996,844,859	35,727,548
AvivaSA Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	9,292,416,302	393,041,332	7,655,532,979	294,929,408
AvivaSA Emeklilik ve Hayat A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu - Grup	10,540,242,150	339,943,890	10,518,768,569	314,553,255
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Esnek Emeklilik Yatırım Fonu	4,000,664,420	127,193,124	3,661,364,818	109,324,692
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Hisse Senedi Grup Emeklilik Yatırım Fonu	1,647,461,394	55,438,723	1,615,560,816	48,596,070
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Grup Emeklilik Yatırım Fonu	1,843,002,021	24,967,149	2,097,318,545	26,214,384
AvivaSA Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Performans Esnek Emeklilik Yatırım Fonu	136,092,989	1,689,867	124,032,871	1,365,726
AvivaSA Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu	2,570,158,112	26,097,385	677,211,876	6,354,956
AvivaSA Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu	41,723,339,152	429,750,393	21,034,337,322	199,657,930
AvivaSA Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu	5,496,175,863	56,269,848	999,059,073	9,674,888
	207,113,718,473	6,293,950,562	162,817,486,600	5,019,219,444

Participation Certificates in Portfolio	30 September 2014		31 December 2013	
	Unit	Amount (TL)	Unit	Amount (TL)
AvivaSA Emeklilik ve Hayat A.Ş. Gelir Amaçlı Alternatif Esnek Emeklilik Yatırım Fonu	10,000,000	114,663	10,000,000	109,670
AvivaSA Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları EYF	10,000,000	106,970	10,000,000	101,026
AvivaSA Emeklilik ve Hayat A.Ş. BRIC Ülkeleri Esnek Emeklilik Yatırım Fonu	100,000,000	1,175,889	100,000,000	1,116,130
	120,000,000	1,397,522	120,000,000	1,326,826

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

	30 September 2014		31 December 2013	
	Unit	Amount TL	Unit	Amount TL
Individual				
Additions	161,739	235,325,651	145,084	170,120,621
Disposal	50,929	486,240,451	42,478	324,982,893
Current	754,351	5,146,617,279	599,844	3,853,208,534
Group				
Additions	12,113	16,599,570	15,184	17,267,330
Disposal	8,669	102,716,118	5,517	61,886,081
Current	89,918	1,147,333,283	84,268	949,521,669
Total	844,269	6,293,950,562	684,112	4,802,730,203

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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 Turkish 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 Turkish 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 insureds daily.

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

	1 January– 30 September 2014			1 July – 30 September 2014		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	161,739	240,649,223	239,704,281	48,053	99,636,850	99,310,582
Corporate	12,113	17,944,632	17,944,004	3,684	4,256,675	4,256,522
Total	173,852	258,593,855	257,648,285	51,737	103,893,525	103,567,104

	1 January– 30 September 2013			1 July – 30 September 2013		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	145,084	186,198,309	185,480,990	49,981	59,136,367	58,898,475
Corporate	15,184	16,800,216	16,799,332	4,639	3,941,103	3,940,890
Total	160,268	202,998,525	202,280,322	54,620	63,077,470	62,839,365

The contracts become effective and ceased in the period, and contributions collected regarding these contracts are shown in gross contribution share. Contributions transferred in from other companies are not included in the tables above. The government participation is not included the amounts.

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– 30 September 2014			1 July – 30 September 2014		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	3,578	78,645,906	78,636,280	1,115	24,813,882	24,811,311
Corporate	662	12,972,947	12,972,945	213	2,014,776	2,014,774
Total	4,240	91,618,853	91,609,225	1,328	26,828,658	26,826,085

	1 January– 30 September 2013			1 July – 30 September 2013		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	3,609	63,492,957	63,480,785	1,139	19,990,483	19,985,540
Corporate	1,120	9,786,401	9,786,389	180	2,157,481	2,157,471
Total	4,569	76,169,954	76,123,846	1,301	22,147,964	22,143,011

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17. Insurance contract liabilities and reinsurance assets (continued)

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

Transferred contribution from another company participant and charged contribution during this period have been explained in report, but transferred contribution from foundation are not shown. Contribution from another company combined with an established agreement and new contributions from the amount of the transfer is topic the above table. The government participation is not included the amounts.

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:

Legal period for the transfer from life portfolio to pension portfolio has ended as of 7 October 2006, there were no transfers in the current and previous periods.

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– 30 September 2014			1 July – 30 September 2014		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	50,929	422,417,010	412,070,391	17,918	140,906,848	137,588,178
Corporate	8,669	83,192,099	83,095,107	2,427	18,560,330	18,527,251
Total	59,598	505,609,109	495,165,498	20,345	159,467,178	156,115,429

	1 January– 30 September 2013			1 July – 30 September 2013		
	Unit	Participation Share (Gross) TL	Participation Share (Net) TL	Unit	Participation Share (Gross) TL	Participation Share (Net) TL
Individual	42,478	274,124,890	265,014,692	13,399	89,777,513	86,965,400
Corporate	5,517	49,628,544	49,514,523	2,015	16,132,958	16,111,015
Total	47,995	323,753,434	314,529,215	15,414	105,910,471	103,076,415

Unit: Shows the number of participants left the Company.

Participation Share (Gross): Represents the amount of contributions as a result of exits.

Participation Share (Net): Represent the sum gross contributions as a result of exits after deductions.

The government participation is not included the amounts mentioned above.

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

	1 January– 30 September 2014		1 July – 30 September 2014		1 January– 30 September 2013		1 July – 30 September 2013	
	Unit(*)	Net Premium Amount TL (**)	Unit(*)	Net Premium Amount TL (**)	Unit(*)	Net Premium Amount TL (**)	Unit(*)	Net Premium Amount TL (**)
Individual	624,945	86,553,220	209,485	29,011,386	687,480	99,771,960	213,224	28,731,932
Group	245,460	31,265,445	67,171	8,669,544	259,806	15,536,700	69,647	1,570,127
Total	870,405	117,818,665	276,656	37,680,930	947,286	115,308,660	282,871	30,302,059

(*) Premium amount for the period does not include the renewal of 1 policy in 2014 and 1 policy on 2013.

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

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

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17. Insurance contract liabilities and reinsurance assets (continued)

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– 30 September 2014		1 July – 30 September 2014		1 January– 30 September 2013		1 July – 30 September 2013	
	Unit	Mathematical Reserve TL	Unit	Mathematical Reserve TL	Unit	Mathematical Reserve TL	Unit	Mathematical Reserve TL
Individual	478,489	51,208,106	149,577	14,674,544	481,368	80,083,459	169,344	25,654,439
Group	272,599	181,241	70,417	74,007	262,066	570,682	76,709	82,327
Total	751,088	51,389,347	219,994	14,748,551	743,434	80,654,141	246,053	25,736,766

There is no mathematical provision calculated for annual life policies for the exists.

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

17.14 Profit share distribution rate of life insurances

	Profit share distribution rate (%) September 2014	Profit share distribution rate (%) September 2013
TL (unit-based)	%5.67	%4.85
USD (unit-based)	%3.07	%3.10
TL (other)	%6.68	%6.09
USD(other)	%3.73	%4.38
EUR(other)	%3.49	%3.17

17.15 Balance arising from insurance contracts:

	30 September 2014	31 December 2013
Gross insurance liabilities		
Reserve for unearned premiums	54,581,040	44,231,754
Provision for outstanding claims	43,076,714	36,562,387
Equalization provision	9,613,444	9,321,483
Mathematical provisions(*)	446,591,131	466,658,294
Total	553,862,329	556,773,918
Reinsurance assets		
Reserve for unearned premiums	3,041,780	2,620,344
Provision for outstanding claims	3,190,601	3,452,585
Equalization provision	507,686	499,360
Total	6,740,067	6,572,289
Net insurance liabilities		
Reserve for unearned premiums	51,539,260	41,611,410
Provision for outstanding claims	39,886,113	33,109,802
Equalization provision	9,105,758	8,822,123
Mathematical provisions	446,591,131	466,658,294
Total	547,122,262	550,201,629

(*) 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 Balance arising from insurance contracts (continued):

Movements in the outstanding claims reserve during the period:

Life	30 September 2014			30 September 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	30,264,941	(3,267,287)	26,997,654	23,415,323	(2,426,469)	20,988,854
Claims paid	(4,457,834)	474,294	(3,983,540)	(3,807,902)	736,434	(3,071,468)
Increase/(decrease)						
- Outstanding claims for the period	9,605,727	(1,022,637)	8,583,090	7,614,990	(1,353,556)	6,261,434
- Previous years' outstanding claims	(92,643)	633,228	540,585	4,139,180	106,015	4,245,195
30 September	35,320,191	(3,182,402)	32,137,789	31,361,591	(2,937,576)	28,424,015
Reported claims	27,852,353	(1,943,543)	25,908,810	24,210,985	(2,186,327)	22,024,658
Incurred but not reported	7,467,838	(1,238,859)	6,228,979	7,150,606	(751,249)	6,399,357
Total	35,320,191	(3,182,402)	32,137,789	31,361,591	(2,937,576)	28,424,015

Personal accident	30 September 2014			30 September 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	6,297,445	(185,298)	6,112,147	5,998,737	(20,365)	5,978,372
Claims paid	(823,032)	2,700	(820,332)	(856,855)	-	(856,855)
Increase/decrease						
- Outstanding claims for the period	1,646,061	(3,900)	1,642,161	1,387,861	-	1,387,861
- Previous years' outstanding claims	636,049	178,299	814,348	(319,631)	20,365	(299,266)
30 September	7,756,523	(8,199)	7,748,324	6,210,112	-	6,210,112
Reported claims	4,336,133	(5,700)	4,330,433	3,607,918	-	3,607,918
Incurred but not reported	3,420,390	(2,499)	3,417,891	2,602,194	-	2,602,194
Total	7,756,523	(8,199)	7,748,324	6,210,112	-	6,210,112
Total	43,076,714	(3,190,601)	39,886,113	37,571,703	(2,937,576)	34,634,127

Movements in the provision for equalization during the period:

Equalization provision	30 September 2014			30 September 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	9,321,483	(499,360)	8,822,123	6,522,503	(378,014)	6,144,489
Net change	291,961	(8,326)	283,635	2,133,947	(99,993)	2,033,954
30 September	9,613,444	(507,686)	9,105,758	8,656,450	(478,007)	8,178,443

Movements in the reserve for unearned premiums during the period:

Reserve for unearned premiums	30 September 2014			30 September 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	44,231,754	(2,620,344)	41,611,410	42,506,691	(2,665,378)	39,841,313
Increase/ (decrease)						
- Current year reserve for unearned premiums	51,007,401	(2,711,236)	48,296,165	42,378,901	(2,769,277)	39,609,624
- Prior years' reserve for unearned premiums	(40,658,114)	2,289,799	(38,368,315)	(38,577,357)	2,363,567	(36,213,790)
Net change	10,349,287	(421,437)	9,927,850	3,801,544	(405,710)	3,395,834
30 September	54,581,041	(3,041,781)	51,539,260	46,308,235	(3,071,088)	43,237,147

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17. Insurance contract liabilities and reinsurance assets (continued)

17.15 Balance arising from insurance contracts (continued):

As of 30 September 2014 and 31 December 2013, net technical provisions denominated foreign currency are as follows:

	30 September 2014			31 December 2013		
	Foreign Currency	Rate	TL amount	Foreign Currency	Rate	TL amount
Mathematical provisions						
TL	-	-	238,172,252	-	-	255,138,829
USD	2,141,087	2.2864	4,895,382	2,735,768	2.1413	5,858,101
USD	88,840,614	2.2789	202,458,875	95,668,567	2.1343	204,185,424
EUR	332,356	2.9009	964,133	401,852	2.9462	1,183,938
EUR	34,755	2.8914	100,489	99,439	2.9365	292,002
			446,591,131			466,658,294
Reserve for unearned premiums						
TL			51,539,260			41,611,410
			51,539,260			41,611,410
Provision for outstanding claims						
TL	-	-	37,613,200	-	-	29,564,274
USD	645,523	2.2864	1,475,924	1,197,941	2.1413	2,565,151
USD	289,622	2.2789	660,020	286,584	2.1343	611,657
EUR	47,216	2.9009	136,969	125,151	2.9462	368,720
			39,886,113			33,109,802
Equalization provision						
TL			9,105,758			8,822,123
			9,105,758			8,822,123

As of 30 September 2014, claims development table is as follows:

Period of claims	2007 and earlier									Total
	2007 and earlier	2008	2009	2010	2011	2012	2013	2014		
Current estimate of claims										
The year of claims	934,522	838,428	1,226,267	1,573,365	2,002,008	3,356,896	6,667,707	11,153,552	27,752,745	
1 year later	168,974	239,311	215,420	369,477	287,222	531,088	1,633,365	-	3,444,857	
2 year later	-	-	137,787	96,717	201,802	221,001	-	-	657,307	
3 year later	-	65,968	9,484	83,700	25,075	-	-	-	184,227	
4 year later	-	6,110	47,250	68,595	-	-	-	-	121,955	
5 year later	-	3,100	23,100	-	-	-	-	-	26,200	
6 year later	-	1,195	-	-	-	-	-	-	1,195	
7 year later	-	-	-	-	-	-	-	-	-	
8 year later	-	-	-	-	-	-	-	-	-	
Total	1,103,496	1,154,112	1,659,308	2,191,854	2,516,107	4,108,985	8,301,072	11,153,552	32,188,486	
Incurring but not reported claims									10,888,228	
Total gross provision for outstanding claims as at 30 September 2014									43,076,714	

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17. Insurance contract liabilities and reinsurance assets (continued)

17.15 Balance arising from insurance contracts (continued):

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

Period of claims	2006 and earlier	2007	2008	2009	2010	2011	2012	2013	Total
Current estimate of claims									
The year of claim	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
Incurring but not reported									9,269,950
Total gross provision for outstanding claims as at 31 December 2013									36,562,387

18. Investment contract liabilities

None.

19. Trade and other payables and deferred income

Trade and other payables of the Company as at 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
Payables from main operations	160,467,949	109,639,447
Participants transition accounts (pension payables)	144,179,305	92,166,667
Payables from insurance operations	7,342,656	5,918,543
Other (pension payables)	8,847,795	11,465,014
Other payables from main operations	98,193	89,223
Payables to related parties	2,341,640	4,435,880
Due to shareholder	109,919	84,213
Due to personnel	362,454	485,021
Due to other related parties	1,869,267	3,866,646
Other payables (Note 47.1)	5,587,521	10,473,673
Total	168,397,110	124,549,000

As of 30 September 2014 and 31 December 2013, trade and other payables denominated in foreign currency are disclosed in Note 12.4

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

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20. Financial liabilities

As of 30 September 2014 and 31 December 2013, loans and other financial liabilities 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 accompanying financial statements and its statutory tax financial statements.

Tax rate applied for deferred tax assets and liabilities calculated based on the temporary differences in accordance with the liability method is 20%.

As at 30 September 2014 and 30 September 2013, the detailed analysis of the items of deferred tax assets and liabilities based on effective tax rate are as follows:

	Deferred Tax Assets / (Liabilities) 30 September 2014	Deferred Tax Assets / (Liabilities) 31 December 2013	Deferred tax (expense) income 30 September 2014	Deferred tax (expense) income 30 September 2013
Deferred tax assets				
Provision for employee termination benefits	550,923	514,226	36,697	52,922
Provision for personnel unused vacation	690,981	543,258	147,723	(13,101)
Provisions for lawsuits	1,503,025	1,293,251	209,774	113,452
Loan BSMV provision	40	82	(42)	(60)
Trading portfolio price difference	2,936	23,700	(20,764)	20,297
Expense accruals	4,440,409	3,650,474	789,935	308,221
Equalization provision	1,821,152	1,764,425	56,728	1,635,689
Deposits internal rate of return-linear interest rate difference	18,096	12,842	5,254	16,174
Incentive commission	42,250	-	42,250	
	9,069,812	7,802,258	1,267,555	2,133,594
Deferred tax liabilities				
Differences in book values and tax bases of fixed assets	(430,119)	(444,690)	14,571	(17,740)
Other income accruals	-	-	-	(276,737)
Profit commission	(77,591)	-	(77,591)	(104,808)
Eurobond internal rate of return-linear interest rate difference	(190,723)	(115,164)	(75,559)	6,586
	(698,433)	(559,854)	(138,579)	(392,699)
Deferred tax assets/(liabilities) of available for sale financial assets are recognized in shareholders' equity	328,289	940,245	-	-
Deferred tax, net	8,699,668	8,182,649	1,128,976	1,740,895

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21. Deferred Tax (continued)

Movement of deferred tax assets / liabilities is as follows:

	30 September 2014	30 September 2013
1 January	8,182,649	4,104,724
Cancellation of deferred taxes on available for sale financial assets recognized in shareholders' equity	(940,245)	234,326
Deferred tax income/ (expense)	1,128,976	1,740,895
Deferred tax asset / (liability) on available for sale financial assets recognized in shareholders' equity	328,289	528,933
Total	8,699,668	6,608,878

As of 30 September 2014 and 31 December 2013, there are no accumulated losses which can be deducted from taxable profits.

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 3,438 as at 30 September 2014 (31 December 2013: TL 3,254).

According to TAS 19, actuarial calculations are required to calculate the liabilities of the Company, the provision has been calculated and accounted for in the accompanying financial statements by using "Projection Method" and based on the Company's past experience in the employee's rate of eligibility for retirement pay. Provision for employee termination benefits is calculated estimating the present value of the future probable obligation of the Company arising from the retirement of employees. As of 30 September 2014 and 31 December 2013, actuarial assumptions used to calculate liabilities are presented below:

	30 September 2014	31 December 2013
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:

	30 September 2014	30 September 2013
1 January	2,571,128	1,810,014
Paid during the period	(1,189,601)	(1,826,275)
Provision in the current period	1,373,088	2,090,884
Total	2,754,615	2,074,623

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23. Provisions for other liabilities and charges

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

23.2 Provisions for other risks:

Expense accruals of the Company are as follows:

	30 September 2014	31 December 2013
Provision for personnel bonus	9,547,465	10,456,135
Provision for commissions	1,525,000	2,493,967
Provision for commissions to sales personnel	4,862,952	5,065,739
Total	15,935,417	18,015,841

Other short-term liabilities consist of unused vacation provisions amounting to TL 3,454,905 (31 December 2013: TL 2,716,292).

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

23.3 Total commitment amount which is not included in liabilities:

	30 September 2014				31 December 2013			
	USD	EUR	TL	Total	USD	EUR	TL	Total
Guarantees and collaterals given								
Letter of guarantee	18,459	-	2,317,141	2,335,600	17,288	-	2,801,859	2,819,147
	18,459	-	2,317,141	2,335,600	17,288	-	2,801,859	2,819,147
Insurance guarantee								
Life	1,639,583,705	17,764,013	33,390,995,670	35,048,343,388	1,137,595,411	21,307,435	30,008,877,786	31,167,780,632
Individual accident	-	-	30,403,868,460	30,403,868,460	-	-	26,809,810,623	26,809,810,623
	1,639,583,705	17,764,013	63,794,864,130	65,452,211,848	1,137,595,411	21,307,435	56,818,688,409	57,977,591,255

24. Net Insurance Premium Income

For the periods of 1 January-30 September 2014 and 1 January-30 September 2013 net premiums are as follows:

	1 January – 30 September 2014			1 July – 30 September 2014		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Non-life	32,978,239	(85,132)	32,893,107	12,074,519	(15,170)	12,059,349
Life	162,058,157	(6,824,168)	155,233,989	50,831,838	(1,514,220)	49,317,618
Total premium income	195,036,396	(6,909,300)	188,127,096	62,906,357	(1,529,390)	61,376,967
	1 January – 30 September 2013			1 July – 30 September 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Non-life	24,187,431	(47,075)	24,140,356	6,915,794	(4,826)	6,910,968
Life	153,924,650	(7,405,121)	146,519,529	43,695,425	(1,553,779)	42,141,646
Total premium income	178,112,081	(7,452,196)	170,659,885	50,611,219	(1,558,605)	49,052,614

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25. Income from pension business

Revenue generated from private pension for the periods of 1 January -30 September 2014 and 1 January -30 September 2013 are as follows.

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Fund management income	73,095,928	26,598,229	59,462,377	20,583,819
Management fee	16,679,361	5,997,071	12,231,326	4,468,813
Entry fees	25,578,302	8,399,208	22,032,289	7,711,416
Premium holiday charges	6,109,071	2,255,309	-	-
Market value increase in capital commitment advances	184,769	70,208	152,034	149,296
Other technical income	134,023	44,024	122,396	53,371
Total	121,781,454	43,364,049	94,000,422	32,966,715

26. Investment income

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Dividend income	-	-	6,251	-
Net realized gain/ (loss)	20,042,553	6,197,808	14,699,056	5,658,417
Financial assets held for trading, net realized gain / (loss)	2,707,890	651,469	872,625	461,888
Available-for-sale financial assets, net realized gain / (loss)	2,256,089	1,379,301	474,571	270,570
Available-for-sale financial assets - interest income on deposits	15,078,574	4,167,038	13,351,860	4,925,959
Income from Sales of Financial Investments	5,639,377	1,026,031	1,705,307	75,076
Financial assets held for trading	1,620,872	1,026,031	929,608	75,076
Available-for-sale financial assets	4,018,505	-	775,699	-
Investment Income transferred from Life Technical Division	690,563	18,596	1,196,582	517,999
Available-for-sale financial assets	690,563	18,596	1,196,582	517,999
Total	26,372,493	7,242,435	17,607,196	6,251,492

27. Net Income Accrual on Financial Assets

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Financial Assets Held for Trading	1,639,848	179,240	(413,977)	(313,500)
Financial Assets Available-for-Sale	84,914	126,908	11,131,642	(138,097)
Total	1,724,762	306,148	10,717,665	(451,597)

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– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Operating expenses classified under technical section				
Non-life	23,199,947	8,332,345	16,919,641	5,473,883
Life	67,265,315	23,709,459	61,528,902	21,149,965
Pension	115,681,243	37,924,989	98,592,580	34,670,843
Total	206,146,505	69,966,793	177,041,123	61,294,691

Details of the operating expense are disclosed in Note 32.

32. Operating Expenses

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Production commission expenses	81,448,224	26,613,781	72,096,501	25,301,951
Personnel expenses	75,348,027	26,765,667	66,186,454	21,110,295
Management expenses	26,085,559	8,731,531	22,236,136	8,416,076
Outsourced benefits and services	19,106,329	6,829,347	14,915,269	5,700,150
Marketing and sales expenses	5,494,971	1,453,842	3,090,608	1,004,450
Reinsurance commissions	(1,936,151)	(544,965)	(2,121,144)	(459,918)
Other operating expenses	599,546	117,590	637,299	221,687
Total	206,146,505	69,966,793	177,041,123	61,294,691

33. Employee Benefit Expenses

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Wages and salaries	41,991,649	14,222,793	36,512,189	12,519,684
Commissions and promotions expenses	11,653,931	5,186,793	8,495,672	2,782,783
Other wage expenses	8,580,714	2,596,411	8,215,360	1,353,557
Social security premiums	7,046,429	2,454,923	5,738,640	1,849,305
Other personnel expenses	4,461,373	1,613,430	4,666,056	1,553,278
Termination benefits expenses	1,189,601	524,422	1,826,275	828,066
Notice pay expenses	87,759	59,118	156,479	19,161
Unused vacation expenses	336,571	107,777	575,783	204,461
Total	75,348,027	26,765,667	66,186,454	21,110,295

There are no share-based payment transactions.

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34. Finance costs

34.1 Finance expenses:

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Finance expenses (direct expenses included)	441,219	56,022	-	-
Total	441,219	56,022	-	-

34.2 Finance expense related to the shareholders, affiliates and subsidiaries (Amounts exceeding 20% of the total amount will be presented separately): None.

34.3 Sales and purchases to/with shareholders, subsidiaries and affiliates (Amounts exceeding 20% of the total amount will be presented separately):

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Services purchased				
Hacı Ömer Sabancı Holding A.Ş.	28,024	(511)	176,095	10,330
	28,024	(511)	176,095	10,330
Services provided				
Hacı Ömer Sabancı Holding A.Ş.	398,311	(18,938)	372,403	(1,361)
Aviva Europe SE	144,130	-	27,879	27,879
	542,441	(18,938)	400,282	26,518

34.4 Interest, rent and other similar income/expense received/paid from/to shareholders, subsidiaries and affiliates (Amounts exceed 20% of the total amount will be presented separately): None (30 September 2013: TL 31,085).

35. Corporate Tax

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

In Turkey, the corporation tax rate is 20%. Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

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35. Corporate Tax (continued)

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 submission of corporate tax return

The tax income and expenses included in the income statement for the periods which ended on 30 September 2014 and 30 September 2013 are summarized below:

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Current income tax	(13,069,631)	(4,515,023)	(5,851,812)	(2,429,736)
Deferred tax income / (expense)	1,128,976	1,140,068	1,740,895	851,031
Total income tax expense	(11,940,655)	(3,374,955)	(4,110,917)	(1,578,705)

As of 30 September 2014 and 31 December 2013, deferred tax assets / (liabilities) on the balance sheets are summarized below:

	30 September 2014	31 December 2013
Deferred tax assets	9,398,101	8,742,503
Deferred tax liabilities	(698,433)	(559,854)
Deferred tax assets /(liabilities), net	8,699,668	8,182,649

Reconciliation of current tax expense is as follows:

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Income/loss before tax	51,797,728	16,681,829	34,139,970	10,470,937
Tax rate	20%	20%	20%	20%
Tax calculated	(10,359,546)	(3,336,366)	(6,827,994)	(2,094,187)
Income not subject to tax	2,687,546	86,048	5,035,018	140,372
Non-deductible expenses, net	(5,397,631)	(1,264,705)	(4,058,836)	(475,921)
Provision for income tax expense (-)	(13,069,631)	(4,515,023)	(5,851,812)	(2,429,736)
Deferred tax income (Note 21)	1,128,976	1,140,068	1,740,895	851,031
	(11,940,655)	(3,374,955)	(4,110,917)	(1,578,705)

The Company has prepaid taxes amounting to TL 10,235,251 (31 December 2013– TL 6,788,702)

	30 September 2014	31 December 2013
Provision for taxes	13,581,811	6,762,489
Prepaid taxes	(9,573,640)	(5,810,263)
The amount of withholding tax to be deducted	(661,611)	(968,439)
Total tax liabilities / (assets)	3,346,560	(16,213)

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36. Foreign exchange gains, net

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Foreign exchange gains on financial investments with risk on policyholders	32,024,990	12,063,898	53,858,581	9,178,301
Foreign exchange losses on financial investments with risk on policyholders	(22,900,682)	(2,272,354)	(33,791,637)	(907,698)
Foreign exchange gains on available-for-sale financial assets	10,709,881	2,113,593	3,911,478	1,508,114
Foreign exchange losses on available-for-sale financial assets	(9,430,077)	(320,282)	(334,150)	(3,894)
Foreign exchange gains on other transactions (*)	7,430,854	1,380,452	8,450,044	4,306,352
Foreign exchange losses on other transactions (*)	(5,357,813)	(541,560)	(5,853,782)	(2,818,465)
Foreign exchange gains on derivatives	365	-	-	-
Total	12,477,518	12,423,747	26,240,534	11,262,710

(*) Represent the amount of foreign exchange gains/losses in income and expenses from other and extraordinary operations.

37. Earnings per Share

37.1 With the requirement of presenting separately for common shares and preference shares, earnings per share and dividend rates: Earnings per share calculation is as follows:

	1 January – 30 September 2014	1 January – 30 September 2014
Net profit for the period	39,857,073	30,029,053
Total number of shares with a nominal value of TL 0.01 per each	3,577,919,700	3,577,919,700
Earnings per Share (TL)	0.0111	0.0084

38. Dividends per Share: Regarding the Company's profit for the year 2013, in return for their shares earnings per share for the year 2014 is TL 0.0086 for each shareholder. As of 31 March 2013 the total amount of dividend distributed is TL 26,118,812 (2013: TL 33,632,445).

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 pending against the Company was accounted for in other long-term debts and expenses in the accompanying financial statements. As of 30 September 2014, total amount including the amount under outstanding claims reserves is TL 17,950,516 (31 December 2013: TL 15,297,413).

43. Commitments

TL 2,335,600 (31 December 2013: TL 2,819,147) of letters of guarantee were given to suppliers and the Executive Directorate by Company.

44. Business mergers

None.

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45. Related party transactions

Benefits provided to executive management

For the periods ended as of 30 September 2014 and 2013, salaries and other benefits provided to key management such as; Chairman and members of the Board of Directors, managing director and assistant managing director during the period are presented below:

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Benefits provided to executive management	4,183,745	1,010,151	3,547,318	920,423
Total	4,183,745	1,010,151	3,547,318	920,423
Employer's share of social security	131,917	45,664	115,316	39,939

As of 30 September 2014 and 31 December 2013, balances with related parties are as follows:

	30 September 2014	31 December 2013
Akbank T.A.Ş –Credit card receivables	140,889,805	87,747,296
Other cash and cash equivalents	140,889,805	87,747,296
Akbank T.A.Ş – Bank deposit	99,482,463	97,208,869
Banks	99,482,463	97,208,869

As of 30 September 2014 and 31 December 2013, securities issued by the Company's related parties and classified as trading financial assets in the Company's own securities portfolio are follows:

	30 September 2014			
	Nominal	Cost	Fair Value	Book value
<i>Private Sector bonds</i>				
Başkent Elektrik Dağıtım A.Ş.	4,500,000	4,500,000	4,555,575	4,555,575
Other cash and cash equivalents	4,500,000	4,500,000	4,555,575	4,555,575
	31 December 2013			
	Nominal	Cost	Fair Value	Book value
<i>Private Sector bonds</i>				
Akbank T.A.Ş.	6,520,000	6,520,000	6,530,628	6,530,628
Başkent Elektrik Dağıtım A.Ş.	4,500,000	4,500,000	4,549,590	4,549,590
Other cash and cash equivalents	11,020,000	11,020,000	11,080,218	11,080,218

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45. Related party transactions (continued)

	30 September 2014	31 December 2013
Other receivables from related parties		
Aviva Sigorta A.Ş.	7,039	7,010
Akbank T.A.Ş.	-	1,526,946
Ak Sigorta A.Ş.	-	4,130
	7,039	1,538,086
	30 September 2014	31 December 2013
Receivables from insurance operations		
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	15,025	(10,535)
Brisa Bridgestone Sabancı Lastik San.Tic. A.Ş.	5,875	368
Temsa Global Sanayi ve Ticaret A.Ş. and subsidiaries	227,949	292
Sabancı Üniversitesi	82,699	123,515
Bimsa Uluslararası İletişim ve Bilgi Sistemleri A.Ş.	4,885	(431)
Aviva Sigorta A.Ş.	1,946	9,627
Philip Morris Sabancı Satış ve Pazarlama A.Ş.	436,617	(1,262)
Philip Morris Sabancı Sigara ve Tütün A.Ş.	379,932	22,265
Aksigorta A.Ş.	196,069	(130)
Other	130,135	84,059
	1,481,132	227,768
	30 September 2014	31 December 2013
Other payables to related parties		
Ak Potrföy Yönetimi A.Ş.	-	2,858,071
Ak Sigorta A.Ş.	278,666	31,066
Bimsa Uluslararası İş,Bilgi ve Yönetim Sistemleri A.Ş.	1,388,893	552,196
TeknoSA İç ve Dış Tic. A.Ş. (TeknoSA)	213	163,835
Vista Turizm ve Seyahat A.Ş. (Vista)	143,040	188,845
EnerjiSA A.Ş.	57,604	42,983
Aviva Sigorta A.Ş.	851	263
	1,869,267	3,837,259
	30 September 2014	31 December 2013
Payables from main operations		
Ak Potrföy Yönetimi A.Ş.	883,056	723,250
Emeklilik Gözetim Merkezi A.Ş.	42,889	29,387
Akbank T.A.Ş.	10,846,705	8,759,161
	11,772,650	9,511,798
	30 September 2014	31 December 2013
Expense accruals from other related parties		
Emeklilik Gözetim Merkezi A.Ş.	43,000	-
H.Ö Sabancı Vakfı	1,691,576	-
Ak Potrföy Yönetimi A.Ş.	4,497,261	-
Aviva Europe S.E.		221,411
	6,231,837	221,411
	30 September 2014	31 December 2013
Prepaid expenses and accrued income		
Akbank T.A.Ş.	2,212,531	-
Aviva Sigorta A.Ş.	15,152	-
	2,227,683	

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45. Related party transactions (continued)

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Services purchased				
Akbank T.A.Ş.	69,401,170	21,611,059	64,013,723	20,409,978
- Paid administrative expenses	909,763	356,693	196,371	16,265
- Commission paid	68,491,407	21,254,366	63,817,352	20,393,713
Ak Portföy Yönetimi A.Ş.	7,307,376	2,659,008	5,944,350	2,163,058
Vista Turizm ve Seyahat A.Ş.	2,567,926	322,327	2,467,259	521,518
Bimsa Uluslararası İletişim ve Bilgi Sistemleri A.Ş.	2,124,385	1,645,335	336,904	112,486
Aviva Sigorta A.Ş.	-	-	-	-
Emeklilik Gözetim Merkezi A.Ş.	448,250	132,477	706,874	175,141
Milli Reasürans T.A.Ş.	-	-	21,906	3,006
Aksigorta A.Ş.	1,880,585	667,895	1,685,804	587,276
EnerjiSA Elektrik Enerjisi Toptan Satış A.Ş.	410,342	162,774	360,582	131,629
Other	1,535,735	339,457	1,022,469	106,603
	85,675,769	27,540,332	76,559,871	24,210,695
Finance income				
Akbank (interest income)	9,324,059	3,651,135	7,829,078	2,663,964
	9,324,059	3,651,135	7,829,078	2,663,964
Services provided				
Kordsa Global Endüstriyel İplik ve Kord Bezi San.Tic. A.Ş.	420,382	5,947	413,002	(3,614)
Brisa Bridgestone Sabancı Lastik San. Ve Tic. A.Ş.	363,799	1,089	303,987	(129)
Temsa Global Sanayi ve Ticaret A.Ş. and subsidiaries	272,991	377	295,359	(695)
Akçansa Çimento Sanayi ve Ticaret A.Ş. and subsidiary	199,869	2,860	183,449	11,091
Enerjisa Enerji Üretim A.Ş. and subsidiaries	295,486	536	260,185	5,875
Çimsa Çimento Sanayi ve Ticaret A.Ş. and subsidiaries	209,757	1,928	172,439	6,888
Sabancı Üniversitesi	198,387	(1,277)	158,243	(2,614)
Teknosa İç ve Dış Ticaret A.Ş. and subsidiaries	161,901	1,382	147,269	9,479
Sasa Polyester Sanayi A.Ş.	102,438	(800)	103,740	(1,672)
Exsa Satış Araştırma	3,198	-	3,187	-
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	68,872	2,044	54,225	(1,200)
Yünsa Yünlü San. Tic. A.Ş.	103,839	30	93,679	(970)
Aviva Sigorta A.Ş.	97,993	6,500	94,392	18,765
Milli Reasürans T.A.Ş.	-	-	10,846	427
Philip Morris Sabancı Satış ve Pazarlama A.Ş.	437,880	42	359,708	2,575
Philip Morris Sabancı Sigara ve Tütün A.Ş.	379,891	(197)	330,185	(862)
Aksigorta A.Ş.	196,198	(7,797)	159,949	(707)
Akbank T.A.Ş. and subsidiaries	3,829,648	3,666,650	273,155	175,848
Other	849,218	253,644	461,367	65,175
	8,191,747	3,932,958	3,878,366	283,660

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45. Related party transactions (continued)

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

45.2 Details of affiliates and subsidiaries having indirect capital and management relations with the Company; names, amounts and rates of participations in the affiliates 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 30 September 2014 and 31 December 2013, the Company does not have affiliates or subsidiaries.

Details of other financial Assets are follows:

	30 September 2014		31 December 2013	
	Participation rate %	Amount (TL)	Participation rate %	Amount (TL)
Non-group				
Milli Reasürans A.Ş.	0.1494	575,082	0.1494	575,082
AkçanSA Çimento San. ve Tic. A.Ş.	0.0000	-	0.0000	-
Emeklilik Gözetim Merkezi A.Ş.	5.2629	263,222	5.5552	263,222
Enternasyonal Turizm Yatırım A.Ş.	0.0000	2	0.0000	2
Endüstri Holding A.Ş.	0.0001	626	0.0001	626
Total		838,932		838,932

45.3 Bonus shares obtained from affiliates or subsidiaries through internal resource capital increases: None (31 December 2013- None).

45.4 Rights and their values on immovable: None

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

46. Events after the reporting period:

The Company has adopted the registered capital system in accordance with the provisions of the Capital Market Law, and switched to the aforementioned system based on the Capital Markets Board of Turkey (CMB) permission dated 1 September 2014 numbered 1756. The Company's registered capital is TL 100,000,000 (one hundred million), divided into 10,000,000,000 (ten billion) shares each with a nominal value of TL 0.01.

The transaction approved at the Extraordinary General Meeting on October 16, 2014 and the meeting record has been registered and published Turkey Trade Registry Gazette dated 23 October 2014 numbered 8679.

Aviva Europe SE and Hacı Ömer Sabancı Holding A.Ş. sold 703,734,800 ordinary shares in the capital of AvivaSA Emeklilik ve Hayat A.Ş. which constitute 19.67% of the issued and outstanding share capital of the Company and the shares started being traded on Borsa İstanbul A.Ş. on November 13, 2014.

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 41 days by the bank.

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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) :

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

Other tangible assets consists of leasehold improvements.

Other intangible assets consist of software.

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

	30 September 2014	31 December 2013
Prepaid expenses (short-term)		
Deferred acquisition costs	18,982,003	15,089,269
Accrued income	2,640,396	-
Health Insurance Costs	1,474,178	602,838
Other expenses	1,398,656	776,648
	24,495,233	16,468,755
Prepaid expenses and accrued income		
Other Prepaid Expenses	2,194,676	2,618,476
	2,194,676	2,618,476
Other payables		
Trade payables	5,258,317	10,137,759
Other payables	329,204	335,914
	5,587,521	10,473,673
Other payables and accrued expenses (long-term)		
Provision for lawsuits	7,515,126	6,466,255
	7,515,126	6,466,255
Provisions for other taxes and similar obligations		
Loan interest BITT provision	203	413
	203	413
Deferred income and accrued expenses		
Deferred commission income	852,024	631,937
No claim refund of premiums	167,373	15,115
Other general and administrative expenses	6,377,423	722,556
	7,396,820	1,369,608
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

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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– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Other technical income (Life)				
Loan unit price difference	6,278,544	2,549,658	13,785,936	5,387,338
Other technical income	6,353	1,749	10,335	3,238
	6,284,897	2,551,407	13,796,271	5,390,576
Other technical expenses (Non-Life)				
Other expenses	35,970	8,260	90,162	86,887
	35,970	8,260	90,162	86,887
Other technical expenses (Pension)				
ISE Settlement and Custody Bank maintenance fee	2,173,466	662,441	1,751,623	583,763
Pension Monitoring Center service fee	334,024	128,233	302,090	105,799
Co-promotion operating expenses	-	-	322,455	-
Support service fee	798,702	295,236	668,079	238,490
Other expenses	2,143,144	526,311	1,512,321	606,148
	5,449,336	1,612,221	4,556,568	1,534,200
Other expenses and losses				
Foreign exchange losses	5,357,813	541,560	5,853,782	2,818,465
Non-deductible expenses	309,251	126,397	219,525	100,372
Communication tax expenses	269,456	88,513	257,506	93,817
Other expenses	2,475,880	674,167	649,638	89,160
	8,412,400	1,430,637	6,980,451	3,101,814
Other income and gains				
Foreign exchange gains	7,430,489	1,380,452	8,450,044	4,306,352
Other income	6,329,482	2,742,183	2,088,228	1,705,703
	13,759,971	4,122,635	10,538,272	6,012,055

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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47. Other (continued)

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

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Previous years income				
Tax Provision (*)	1,703,734	-	1,493,349	-
Cancellation of other technical expenses accrual	128,727	-	-	-
Cancelled invoices	7,087	-	1,466	-
Others	37,861	22,246	69,188	14,667
Total	1,877,409	22,246	1,564,003	14,667

(*) This amount consist of the difference between corporate tax base and corporate tax declaration of the years 2013 and 2012.

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Expenses and losses of the previous years				
Invoices arriving late	56,631	27,937	301,564	2,265
Premium adjustment	23,745	573	-	-
Other expenses	68,631	584	30,174	-
Adjustment to profit commission	85,228	59	86,421	-
Total	234,235	29,153	418,159	2,265

47.4 Other notes should be included

Accruals and provision expenses for the period:

	1 January– 30 September 2014	1 July – 30 September 2014	1 January– 30 September 2013	1 July – 30 September 2013
Reserve for unearned premiums, net	9,927,849	690,313	3,395,834	(3,903,328)
Outstanding claims provision, net	6,776,311	5,222,657	7,666,902	2,346,446
Life mathematical provision, net	(27,208,969)	(6,309,514)	(29,762,356)	(7,206,492)
Equalization provision, net	283,635	(24,894)	2,033,954	573,156
Provision for employee termination benefits, net	183,487	34,591	264,609	73,233
Provision for unused vacation, net	738,613	(78,498)	(65,503)	(349,689)
Provision for taxes	13,069,631	4,515,023	5,851,812	2,429,736
Deferred tax provision	(1,128,976)	(1,140,067)	(1,740,895)	(851,031)
General and administrative expenses, net	5,604,339	3,784,228	2,034,297	2,309,832
Commission accruals, net	(968,967)	140,000	15,000	153,900
Staff bonuses, net	(908,670)	1,652,848	(983,532)	531,971
Provision for lawsuits	1,048,871	555,762	567,261	570,186
Other tax provisions	210	(75)	(302)	(71)
	7,417,364	9,042,374	(10,722,919)	(3,322,151)