
2016

Annual Report

 **MAPFRE** Sigorta

Index

007	ANNUAL REPORT ASSENT
009	GENERAL INFORMATION
027	FINANCIAL BENEFITS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND TO THE SENIOR EXECUTIVES
031	RESEARCH AND DEVELOPMENT ACTIVITIES
035	COMPANY'S OPERATIONS AND SIGNIFICANT DEVELOPMENTS RELATED TO THE OPERATIONS
055	FINANCIAL SITUATION
061	THE RISK AND ASSESSMENT OF THE GOVERNING BODY
065	OTHER CONSIDERATIONS
069	FINANCIAL STATEMENTS AND FOOTNOTES

MAPFRE Sigorta

ANNUAL REPORT FOR THE PERIOD 01.01.2016 - 31.12.2016 PREPARED IN ACCORDANCE WITH THE REGULATION ON THE FINANCIAL STRUCTURE OF INSURANCE, REASSURANCE AND RETIREMENT COMPANIES WITH TURKISH COMMERCIAL CODE ARTICLE 516

We hereby submit our ANNUAL REPORT 2016 prepared in accordance with the procedures and principles set out in the Regulation on the Financial Structure of Insurance, Reassurance and Retirement Companies with Turkish Commercial Code Article 516 for your observation and approval with all attachments (10 March 2017).

Yours faithfully

MAPFRE SİGORTA A.Ş.



Alfredo Muñoz PEREZ
Deputy Chairman of the
Board of Directors
General Manager



Hüsamettin KAVİ
Chairman of the Board

MAPFRE Sigorta

INDEPENDENT AUDITOR'S REPORT ON BOARD OF DIRECTOR'S ANNUAL ACTIVITY REPORT

To Mapfre Sigorta Anonim Şirketi Board of Directors,

Report on the Audit of the Board of Director's Annual Activity Report with respect to Independent Audit Standards

We have audited the annual activity report of Mapfre Sigorta Anonim Şirketi (the "Company") regarding the activity period ending on December 31, 2016.

Responsibility of the Board of Directors Regarding the Annual Activity Report

The company management is responsible for the preparation of the Annual Activity Report in compliance with the financial statements and its reflection of the facts in accordance with the provisions of Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and the "Regulation on the Financial Structure of the Insurance, Reassurance and Retirement Companies" ("Regulation") published in the Official Gazette No. 26606 dated August 7, 2007 and the internal control deemed necessary in order to ensure the preparation of an activity report of such nature.

Responsibility of the Independent Auditor

Our responsibility is to provide our opinions regarding whether the financial information in this activity report is consistent with the financial statements, which are subject to the independent auditor's report of the company dated March 10, 2017, based on the audit that we conducted in the activity report of the company in accordance with Article 397 of the TCC and Regulation.

The independent audit we conducted was carried out in accordance with the regulations on the independent auditing principles in force in accordance with the insurance legislation and the Independent Auditing Standards, which are part of the Turkish Auditing Standards published by the Public Supervision, Accounting and Auditing Standards Institution. These standards require that the clauses on ethics are complied with and that the independent audit be planned and executed so as to obtain reasonable assurance as to whether the financial information in the activity report is consistent with the financial statements and reflects the facts.

An independent audit includes the application of audit procedures for the purpose of obtaining the audit evidence of the historical financial information in the financial statements. The selection of these procedures is based on the professional judgment of the independent auditor.

We believe that the independent audit evidence we have collected during the independent audit provides sufficient and appropriate grounds for providing our opinion.

Opinion

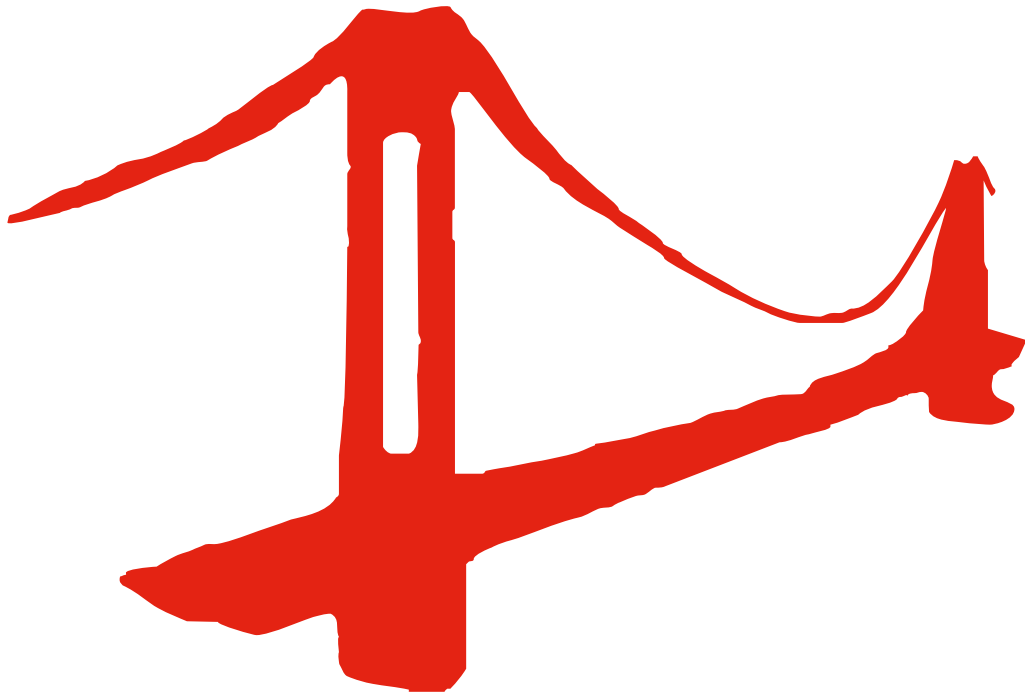
We are of the opinion that the financial information contained in the activity report of the Board of Directors is consistent with the audited financial statements in all material respects and reflects the facts.

Other Liabilities as per the Legislation

In accordance with TCC Article 402, Paragraph 3, and in line with the BDS 570 "Sustainability of the Establishment", no important matters that require reporting have been encountered that would suggest that Mapfre Sigorta Anonim Şirketi will not be able to continue its operations in the foreseeable future.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Alper Güvenç
Responsible Auditor
March 10, 2017
Istanbul, Turkey



GENERAL INFORMATION

Ⓢ MAPFRE Sigorta

The assessments of the Chairman of the Board and General Manager regarding the activity period and expectations for the future

Dear shareholders,

Our Company's profit before tax in 2016 increased by 183.5% compared to the previous year to 126,855,235.- TL and the profit after tax increased to 99,655,502.- TL.

Our total premium generation reached 2,795,018,645.- TL with an increase by 32.43% compared to last year and our market share increased to 7.88% from 7.74%. With this result, as with the previous year, we closed the year 2016 at 4th place in the premium generation ranking. The year 2016 was a year in which we achieved market leadership by reaching a production of 181.5 million TL with a 12% market share in the engineering branch.

2016 saw an important position change in the management of our company. Mr. Serdar Gül, who had been working in our company for 26 years and served as General Manager over the last 8 years, retired as of June 2016 and transferred this duty to Mr. Alfredo Muñoz Perez. We hereby would like to thank Mr. Gül for his contribution to the company and wish Mr. Perez success in his new position.

Apart from this change in company management, Javier Fernández-Cid, who was in charge of the North American and Asia-Pacific regions, as well as the EMEA region in which our company is located, handed over his duties to Jaime Tamayo Ibáñez.

The insurance industry closed the year 2016 with a premium increase of 29.8%, with a growth above the annual inflation of 8.5% in non-life lines of business. The most important factor contributing to this increase was the 74% increase in motor third party liability, which had the largest share with 36.5% in the sector's total premium generation in 2016.

The latest balance sheet results announced by the industry for the year 2016 belong to the end of September. Accordingly, the net balance sheet profit of non-life companies was 592 million TL in the 9-month period. The industry suffered a 110 million TL loss in the same period of last year. The most important factor behind this positive development in the balance sheet profit of the sector is the decrease in technical losses of motor third party liability insurance. In September 2016, technical loss in motor third party liability decreased to 211 million TL, which has had a technical loss of 5.2 billion TL in the last 5 years and reached a technical loss level of 2.4 billion TL by the end of 2015.

As it is well known, the negative and unsustainable picture of motor third party liability has started to threaten the financial capacities of companies and as a reaction to this, the industry started to increase motor third party liability premiums after the second half of the year. The reasons behind this rightful increase in premiums were shared with public authorities and an attempt was made to explain them to the public. The matter of making the necessary legal arrangements for the rightful determination of motor third party liability premiums was brought to the agenda on every platform within the industry and as a result of these efforts, the law on the amendments expected in the Traffic Law was enacted and published in the Official

Gazette on April 26, 2016. With the preparation and enforcement of secondary legislation and the taking into account of the amendments made in the law by the judicial authorities, motor third party liability premiums will be more predictable and stabilized.

Our financial strength rating was confirmed as AA (Tur) by the international rating agency Fitch Ratings in 2016. This rating is the result of an independent evaluation based on our company's financial and technical strength, management structure, risk acceptance policy and reinsurance practices and internationally recognized evaluation criteria.

The year 2017 will be a year in which we will strive to achieve the strategic objectives of our company and continue our investments accordingly. We do not doubt that we will achieve these goals with the contributions of all our stakeholders, especially our employees.

It is with this in mind that we kindly submit the results of our activities in 2016 for your attention.

Yours faithfully,



Alfredo Muñoz PEREZ
Deputy Chairman of the
Board of Directors
General Manager



Hüsamettin KAVI
Chairman of the Board



 **MAPFRE** Sigorta

Brief financial information regarding the activity results

Dear shareholders,

The results regarding the commercial activities of our company in 2016 are kindly submitted for your information below.

Our total premium generation reached 2,795,018,645.- TL with an increase by 32.43% compared to the previous year.

An examination in terms of lines of business indicates a 43.68% premium increase in motor accidents, which constitutes 63.26% of the total premium generation, and a 26.31% premium increase in the health line of business, which constitutes 15.45% of the total premium generation.

Our company closed the year 2016 with a technical profit amounting to 137,471,201.- TL⁽¹⁾. The highest profit was obtained in the motor branch.

The administrative expenses for our activities amounted to 145,414,907.- TL⁽²⁾. General expenses, income and profits from other activities and extra operations, expenses and losses amounted to 240,042,384.- TL, which exceeded the previous year.

Our investment income amounted to 186,691,540.- TL, investment expenses amounted to 33,508,088.- TL, except for the income transferred to the non-life technical department, and losses from extra activities amounted to 53,350,844.- TL, equating to a financial result of -10,615,967.- TL⁽³⁾.

Our company's profit before tax in 2016 increased to 126,855,235.- TL compared to the previous year and the profit after tax amounted to 99,655,502.- TL.

Respectfully submitted for your information.



Alfredo Muñoz PEREZ
Deputy Chairman of the
Board of Directors
General Manager



Hüsamettin KAVI
Chairman of the Board

(1) The investment income transferred to the non-life technical department amounting to 121,988,569 TL was deducted from the technical department balance indicated as 149,021,195 TL in the financial statements dated December 31, 2016 and the sum amounting to 145,414,907.- TL calculated by decreasing the net commission value from activity expenses was added. In addition, the doubtful receivables regarding accrued recourses amounting to 34,966,332 TL were transferred to technical profits from the sum amounting to 53,350,844 TL monitored in the income and profit and expenses and losses from the other operations and extra operations account in financial statements.

(2) Net commission expenses were deducted from the activity expenses set out in the financial statements dated December 31, 2016.

(3) The profit remaining after the technical profit amounting to 137,471,201 TL is deducted from the profit for the period set out in the financial statements dated December 31, 2016 was defined as financial profit.

Company title and area of activity

The title of the company is MAPFRE SİGORTA A.Ş. It was founded in Istanbul, Turkey on August 16, 1948 and its main area of activity is to design, market and fulfill sale and post-sale services regarding insurance services in lines of business, such as loans, disease/health, watercrafts liability, aircrafts liability, general losses, land vehicles, rail vehicles, aircrafts, accident, general liability, land vehicles liability, watercrafts, marine, fire and natural disasters, security abuse, financial losses and legal protection.

Historical development of the company and changes in the Articles of Association in the accounting period and reasons (if any)

T. Genel Sigorta A.Ş. was founded in Sirkeci, Istanbul on August 16, 1948 with the participation of Türkiye Kredi Bankası A.Ş. and businessmen of the time using a capital of 1,000,000 TL. It continues to serve the Turkish insurance industry in its 66th year with a paid capital of 350 million TL.

The innovations brought to the sector by our Company can be summarized as:

- Introducing contractor all risk insurances to Turkey in 1950.
- Being the first company to open a branch in Anatolia with the opening of a contact bureau in Adana in 1961.
- Holding the first seminar for agencies in 1977.
- Overseeing the 'Elite Project' in 1985, which saw agencies making efforts to transfer insurance and accounting applications to information processing in the most effective and economic way possible.
- Opening the first management trainee program in the insurance market in 1988.
- Establishing a private repair-shop network organization to serve company customers' claims in 1999.

The company continued to operate under difficult conditions with the liquidation of Türkiye Kredi Bankası and joined Çukurova Holding A.Ş. which has an important status in the country's economy, with a change of capital in 1975.

Having experienced a very serious process such as the transfer of Pamukbank, one of the major shareholders and the biggest production sources of the company, to the SDIF in 2002, our company succeeded in continuing its affairs and services despite the economic crisis, with its above industry level results.

In 2001, Genel Sigorta was evaluated by the international rating company as having A+ (Tur) financial strength rating. The company has continued this success into this present with Fitch rating agency raising our national financial strength rating to AA (Tur) in 2007 and confirming our financial strength rating on December 15, 2016 as AA (Tur).

The transfer of the company's controlling shares in 2007 to Spanish Mapfre Group, which is the biggest insurance group in Spain, was completed as of September 20, 2007 and 280,000,000 shares owned by Mapfre International SA in the company and representing 80% of the company's capital were transferred to Mapfre Internacional SA, responsible for international investments, as of April 23, 2008.

The shares of Demir Toprak İthalat İhracat ve Tic. A.Ş., representing 10% of the company capital and amounting to 35,000,000 TL, were transferred to Mapfre Internacional S.A. in accordance with the correspondence of the Turkish Prime Ministry Undersecretariat of Treasury No. 51308 dated 03.12.2009 and the transfer was recorded in the company's stock ledger. Therefore, Mapfre Internacional S.A.'s shares increased to 99.75%.

Avor shares amounting to 34,109,046 TL, representing 9.75% of the company's capital, were transferred to Mapfre Internacional S.A. and the transfer process was recorded in the stock ledger after the company's Board of Directors meeting held on September 29, 2010.

After working together in a long-term business partnership, in September 2012, the company acquired 51% majority shares in Genel Servis, which has six vehicle repair stations nationwide.

The company title changed to MAPFRE SİGORTA A.Ş. as of October 12, 2016.

Contact information of the Company

The registered head office address of the company is Yenişehir Mahallesi Irmak Caddesi No:11 34435 Beyoğlu – İstanbul/Turkey. The company has branch directorates in the provinces of Adana, Ankara, Antalya, Bursa, İzmir, İstanbul, İzmit , Mersin, Malatya, Konya, Kayseri, Samsun, Gaziantep, Eskişehir and Denizli.

Contact information for the General Directorate and Branch Directorates is as follows.

General Directorate

Yenişehir Mahallesi Irmak Caddesi No:11
34435 Beyoğlu / İSTANBUL
Phone : 0212 334 90 00
Fax : 0212 334 90 19
E-mail : info@mapfre.com.tr
Web adresi : www.mapfre.com.tr

Large Taxpayers Office: 879 001 8869
Registry No: 38676

İstanbul Branch Directorate

Bariş Mahallesi Eğitim Vadisi Bulvarı No: 19
34520 Beylikdüzü / İSTANBUL
Phone : 0212 871 46 12
Fax : 0212 871 46 13
E-mail : istanbul@mapfre.com.tr

Ankara Branch Directorate

Cevizlidere Caddesi No: 1/13
06520 Balgat Çankaya / ANKARA
Phone : 0312 472 75 72
Fax : 0312 472 58 59
E-mail : ankara@mapfre.com.tr

Bursa Branch Directorate

Alaattin Bey Mahallesi İzmir Yolu Caddesi
Uludağ Ticaret Merkezi No: 277/H
16120 Nilüfer / BURSA
Phone : 0224 441 41 41 pbx
Fax : 0224 441 63 55

Kayseri Branch Directorate

Gültepe Mahallesi Mustafa Kemal Paşa Bulvarı
No: 52/A Melikgazi / KAYSERİ
Phone : 0352 236 36 30
Fax : 0352 233 20 30
E-mail : kayseri@mapfre.com.tr

Samsun Branch Directorate

Atatürk Bulvarı Kale Mahallesi Çenesizler İşhanı
No: 140/5 55030 İlkadım / SAMSUN
Phone : 0362 431 01 21
Fax : 0362 431 01 04
E-mail : samsun@mapfre.com.tr

Adana Branch Directorate

Reşat Bey Mahallesi Vali Yolu Gülek Sitesi C Blok
No: 27 01120 Seyhan / Adana
Phone : 0322 459 58 58
Fax : 0322 459 58 62
E-mail : adana@mapfre.com.tr

Antalya Branch Directorate

Namık Kemal Bulvarı No: 59
07090 Kepez / ANTALYA
Phone : 0242 312 12 30 pbx
Fax : 0242 313 06 04
E-mail : antalya@mapfre.com.tr

İzmir Branch Directorate

Adalet Mahallesi Manas Bulvarı No: 39 K: 43
35530 Bayraklı / İZMİR
Phone : 0232 242 40 00
Fax : 0232 242 44 00
E-mail : izmir@mapfre.com.tr

Konya Branch Directorate

Musalla Bağları Mahallesi Ankara Caddesi No: 71/A 38030
42060 Selçuklu / KONYA
Phone : 0332 235 86 86
Fax : 0332 235 80 00
E-mail : konya@mapfre.com.tr

Gaziantep Branch Directorate

İncilipınar Mahallesi 3 no.lu Cadde Akınalan İş Merkezi
27090 Şehitkamil / GAZİANTEP
Phone : 0342 220 51 11
Fax : 0342 324 00 97
E-mail : gaziantep@mapfre.com.tr

İzmit Branch Directorate

Mehmet Ali Paşa Mah. Bağdat Cad. No: 222
41050 Yenişehir / KOCAELİ
Phone : 0262 321 50 60
Fax : 0262 321 50 59
E-mail : izmit@mapfre.com.tr

Eskişehir Branch Directorate

Kurtuluş Mah. Cumhuriyet Bulvarı Şimşek İşhanı
No: 75/31 26090 Odunpazarı / ESKİŞEHİR
Phone : 0222 240 13 33
Fax : 0222 240 13 38
E-mail : eskisehir@mapfre.com.tr

Çankaya Branch Directorate

Cinnah Caddesi No: 43/6 (D)
06680 Çankaya / ANKARA
Phone : 0312 441 00 84
Fax : 0312 441 00 87
E-mail : cankayabolge@mapfre.com.tr

Malatya Branch Directorate

Niyazi Mah. Karakaş Sok. No: 10
44100 Hüseyinbey / MALATYA
Phone : 0422 325 21 35
Fax : 0422 323 17 10
E-mail : malatya@mapfre.com.tr

Denizli Branch Directorate

Saraylar Mah. Saltak Cad. No: 36
20010 Merkezefendi / DENİZLİ
Phone : 0258 265 33 83
Fax : 0258 265 33 82
E-mail : denizli@mapfre.com.tr

Beşiktaş Branch Directorate

Meclisi Mebusan Caddesi No: 23/1
Salıpazarı / İSTANBUL
Phone : 0212 377 52 07
Fax : 0212 243 18 11
E-mail : besiktasbolge@mapfre.com.tr

İstanbul Asian Side Branch Directorate

Bağdat Caddesi Murat Apartmanı No: 30 D: 7
34728 Kadıköy / İSTANBUL
Phone : 0216 368 00 27
Fax : 0216 368 93 09
E-mail : istanbulanadoluyakasi@mapfre.com.tr

Mersin Branch Directorate

Reşatbey Mah. Vali Yolu Gülek Sitesi
C Blok Asma Kat No.27 01120 Gazipaşa / ADANA
Phone : 0322 459 58 58
Fax : 0322 459 58 62
E-mail : mersin@mapfre.com.tr

Company capital and shareholder structure

The paid capital of the company is 350,000,000.- TL as of 31.12.2016 and the shareholder structure is as follows.

NAME/TITLE OF SHAREHOLDERS	SHAREHOLDING AMOUNT (TRY)	SHARE RATE (%)
MAPFRE INTERNATIONAL S.A.	349.109.046	99.75%
OTHER	890.954	0.25%
TOTAL	350.000.000	100%

The Chairman and the members of the Board of Directors do not have any shares within the partnership structure.

Changes in the company capital and shareholder structure

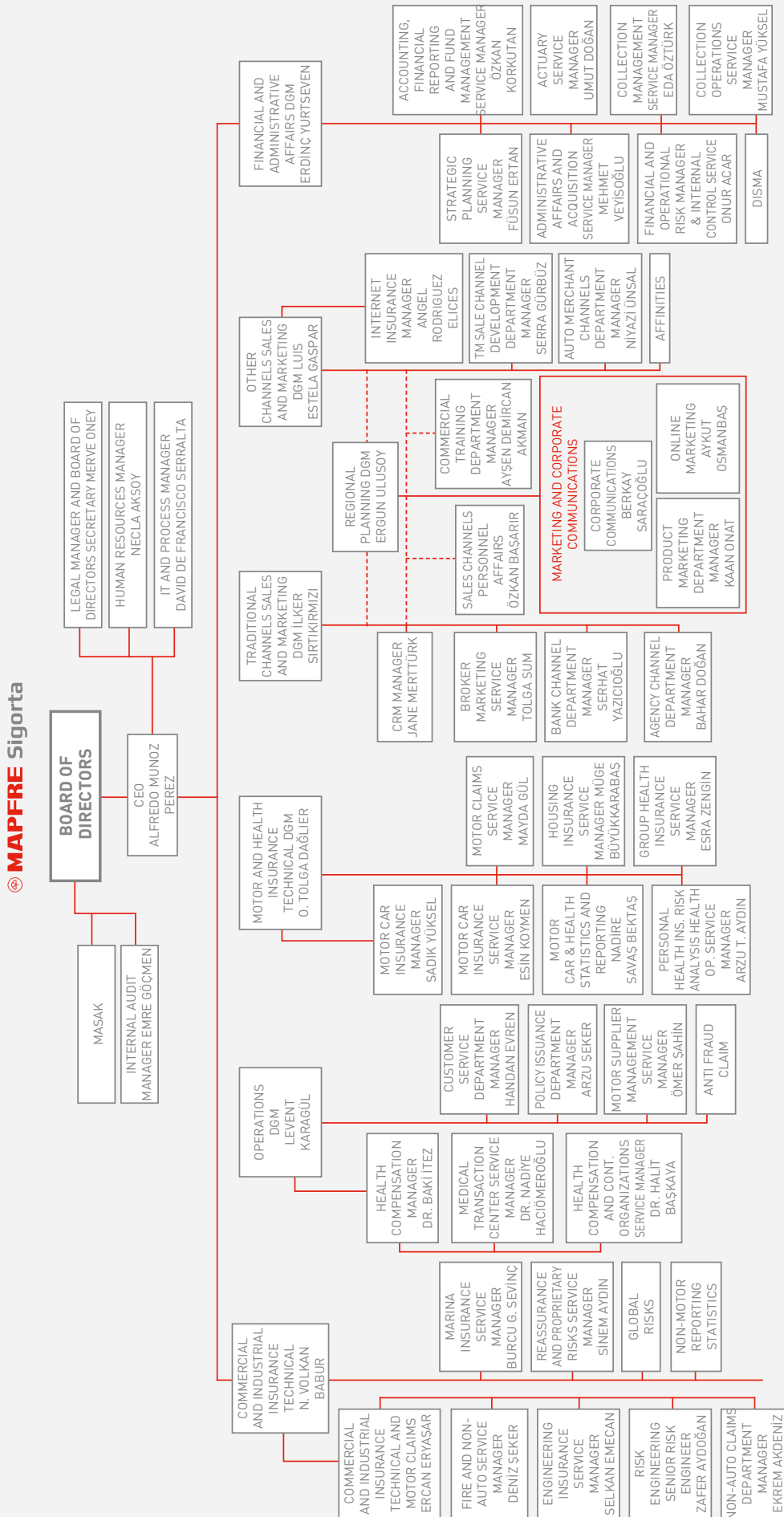
No changes occurred in the capital or shareholder structure of the company as of 31.12.2016.

Privileged shares of the company and the rights granted to these shares

The company does not have privileged shares or any rights granted to these shares as of 31.12.2016.

Organizational Chart

The company organizational chart is as follows.



Board of Directors

The details of the Extraordinary General Assembly Meeting held on September 27, 2016 in accordance with the decision of the company's Board of Directors dated July 1, 2016 no. 2016/24 and the Board of Directors, the members of which were selected as per the decision made in the meeting and constituted as a result of the distribution of duty, are provided below.



DATE OF APPOINTMENT
23.07.2014

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş.
Chairman of the Board

EDUCATIONAL BACKGROUND
ITU Faculty of Civil Engineering- Civil Engineering

PERIOD IN OFFICE AND WORK EXPERIENCE

22011 G.T.E. Endüstri A.Ş. Deputy Chairman of the Board of Directors
2001 Bemka Emaye Tel A.Ş Deputy Chairman of the Board
1978-2002 Kavi Kablo A.Ş Deputy Chairman of the Board

Hüsamettin Kavi / Chairman of the Board



DATE OF APPOINTMENT
01.07.2016

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş.
Deputy Chairman of the Board of Directors

EDUCATIONAL BACKGROUND
Universidad Pontificia Comillas - Law / Business Administration
CEF Financial Sciences Center MBA

PERIOD IN OFFICE AND WORK EXPERIENCE

2016 - Mapfre Sigorta A.Ş General Manager
2011 - Mapfre Middlesea p.l.c Chairman and CEO
2005 - 2011 Mapfre Asistencia Deputy General Manager

Alfredo Muñoz Perez / Deputy Chairman of the Board of Directors



DATE OF APPOINTMENT
29.08.2014

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND
University of Liege (Belgium)

PERIOD IN OFFICE AND WORK EXPERIENCE

2014 Mapfre S.A Regional CEO Europe, Mediterranean and Africa
2008-2013 Mapfre Asistencia General Manager Responsible for Global Operations
2006 - 2007 Mapfre Asistencia General Manager
1994 Mapfre Asistencia Senior Manager

Nikolas Antimisaris / Member of the Board of Directors



DATE OF APPOINTMENT
15.12.2011

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND
METU
Economics and Administrative Sciences

PERIOD IN OFFICE AND WORK EXPERIENCE

2015 - Autoking CEO
2011 - Mapfre Assistance Deputy Regional Director
2000 Tur Assist LTD. S. / General Manager
1999-2000 İnter Hayat A.Ş. / Deputy General Manager
1997-1999 Nordstern İmtaş Hayat A.Ş. / Deputy General Manager
1990-1997 Şark Hayat Sigorta / Sales Manager

Ali Güven Aykaç / Member of the Board of Directors



DATE OF APPOINTMENT
16.09.2015

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş.
Member of the Board of Directors

EDUCATIONAL BACKGROUND
Bilkent University Faculty of Administrative Sciences
Business Administration - Master's

PERIOD IN OFFICE AND WORK EXPERIENCE

2013 - Çukurova Holding A.Ş Work Development Coordinator
2011 - 2013 AKS Tv A.Ş Board of Directors Executive Director
1998 - 2011 ET Medya A.Ş Board of Directors Executive Director
1997 - 1998 Denizbank Branch Manager
1992 - 1997 İnterbank Marketing Manager

Süleyman Serdar Çaloğlu / Member of the Board of Directors

Senior Management

The senior management of the company is composed of a General Manager and six Deputy General Managers and task assignments are provided below.



DATE OF APPOINTMENT

01.07.2016

AREA OF RESPONSIBILITY

Mapfre Sigorta A.Ş.
General Manager

EDUCATIONAL BACKGROUND

Universidad Pontificia Comillas - Law / Business
Administration
CEF Financial Sciences Center MBA

PERIOD IN OFFICE AND WORK EXPERIENCE

2016 Mapfre Sigorta A.Ş. General Manager
2014 Mapfre Sigorta A.Ş. Deputy General Manager of Operations
2011 Mapfre Middlesea p.l.c Chairman and CEO
2005-2011 Mapfre Asistencia Deputy General Manager

Alfredo Munoz Perez / General Manager



DATE OF APPOINTMENT

02.01.2009

AREA OF RESPONSIBILITY

Mapfre Sigorta A.Ş.
Deputy General Manager for Financial and
Administrative Affairs

EDUCATIONAL BACKGROUND

Marmara University Faculty of Economics and
Administrative Sciences University of Illinois at
Urbana-Champaign, USA Finance / Master's

PERIOD IN OFFICE AND WORK EXPERIENCE

05.2006-01.2009 TSRSB Deputy General Secretary
2005-2006 Turkish Prime Ministry Insurance
Audit Board / Istanbul Group Chairman
04.1990-05.2006 Turkish Prime Ministry Insurance
Audit Board / Insurance Audit Specialist

Erdiñç Yurtseven / Deputy General Manager



DATE OF APPOINTMENT

02.01.2009

AREA OF RESPONSIBILITY

Mapfre Sigorta A.Ş.
Technical Deputy General Manager

EDUCATIONAL BACKGROUND

Yıldız University Civil Engineering
Construction Department

PERIOD IN OFFICE AND WORK EXPERIENCE

10.1997 Mapfre Sigorta A.Ş. Group Manager
12.1993-10.1997 Oyak Sigorta A.Ş. Deputy Technical Manager
01.1991-12.1993 Örkap İnşaat Construction Site Chief
10.1990-01.1991 Kardeşler İnşaat Static Calculation Expert

Nevzat Volkan Babür / Deputy General Manager



DATE OF APPOINTMENT

10.06.2011

AREA OF RESPONSIBILITY

Mapfre Sigorta A.Ş.
Deputy General Manager for Health

EDUCATIONAL BACKGROUND

Istanbul Technical University

PERIOD IN OFFICE AND WORK EXPERIENCE

06.2011 Mapfre Sigorta A.Ş. Deputy General Manager
07.2010 - 06.2011 HDI Sigorta A.Ş. Deputy General Manager
2007 - 06.2010 Başak Groupama Sig. A.Ş. Deputy General Manager
1995-2007 / Ray Sigorta A.Ş. Deputy General Manager
1994-1995 / Milli Reasürans T.A.Ş. Technical Affairs Manager
1989-1994 / Halk Sigorta T.A.Ş. Deputy Reassurance Manager
1988-1989 / Destek Reasürans T.A.Ş. Deputy Specialist

Osman Tolga Dağlıer / Deputy General Manager



DATE OF APPOINTMENT

01.10.2012

AREA OF RESPONSIBILITY

Mapfre Sigorta A.Ş.
Deputy General Manager for Marketing and
Sales

EDUCATIONAL BACKGROUND

Istanbul Technical University
Environmental Engineering

PERIOD IN OFFICE AND WORK EXPERIENCE

2004.01 / Türkiye Genel Sigorta A.Ş. Group Manager
1999.01 - 2004.01 / Türkiye Genel Sigorta A.Ş. Service Manager
1998.01 - 1999.01 / Türkiye Genel Sigorta A.Ş. Assistant Manager
1997.01 - 1998.01 / Türkiye Genel Sigorta A.Ş. Deputy Manager

İlker Sirtıkırmızı / Deputy General Manager



DATE OF APPOINTMENT

01.01.2014

AREA OF RESPONSIBILITY

Mapfre Sigorta A.Ş.
Deputy General Manager of Regional Marketing

EDUCATIONAL BACKGROUND

Gazi University
Labor Economics and Industrial Relations

PERIOD IN OFFICE AND WORK EXPERIENCE

01.2014 Assistant General Manager
01.2009 - 12.2013 Group Manager
01.1999 - 01.2009 Ankara Region Manager
07.1995 - 01.1998 Ankara Region Deputy Manager
01.1994 - 01.1995 Ankara Region Marketing Official
06.1990 - 12.1993 Ankara Region Sales Specialist

Ergun Ulusoy / Deputy General Manager



DATE OF APPOINTMENT
12.02.2016

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş.
DGM for Commercial, Industrial Insurances
Technical and Non-Motor Claims

EDUCATIONAL BACKGROUND
Trakya University Mechanical Engineering

PERIOD IN OFFICE AND WORK EXPERIENCE

2011-2015 Mapfre Sigorta A.Ş. Broker Marketing Director for Engineering and Liability Insurances and Corporate Risks
2008-2011 Mapfre Sigorta A.Ş. Service Manager for Engineering and Liability Insurances
2006-2008 T. Genel Sigorta A.Ş. Underwriting Department Manager
2003-2006 T. Genel Sigorta A.Ş. Department Manager of Engineering and Engineering Claims
1998-2003 T. Genel Sigorta A.Ş. Official for Engineering, Reassurance and Proprietary Risks
1996-1998 T. Genel Sigorta A.Ş. Risk Management Department - Risk Engineer

Ercan Eryaşar / Deputy General Manager

Within the framework of the permission granted by the General Assembly of the Company, there are no activities within the scope of the competition prohibition by the transactions made by the members of the management body on behalf of themselves or others.

Number of Staff Members

As of December 2016, a total of 689 staff members including dual payroll employees are employed in our company, with 445 staff members employed within the General Directorate and 244 staff members employed in the Regional Directorates of Istanbul, Adana, Ankara, Antalya, Bursa, İzmir, İzmit/Kocaeli and Eskişehir and Branch Directorates of Kayseri, Konya, Samsun and Istanbul.

The company's Board of Directors consists of five members including the General Manager. The company's senior management consists of a General Manager, six Assistant General Managers and the remaining staff consists of 11 other directors, 81 middle managers (unit, service and region managers), and 590 technical and administrative staff members.

The table below shows the company's employees in terms of education and gender.

Department Graduated From	Male	Female	Total
Primary School	5	1	6
Middle School and Equivalent	9	3	12
High School and Equivalent	59	51	110
2-Year Degree	54	74	128
University Degree	179	210	389
Postgraduate Degree	22	22	44
TOTAL	328	361	689

Information regarding human resource applications

Our Human Resources takes its lead from the fact that the ability to achieve corporate objectives is proportional to the skills and efforts of our employees, creating a corporate culture where,

- **the best want to work,**
- **staff are permanent and happy as they can convert their potential to high performance,**
- **and the resulting output is service quality and customer satisfaction.**

In line with the vision of Human Resources, it aims and undertakes;

- a) To create a working environment where mutual respect and trust is essential and everyone feels responsible for achieving the determined objectives and ensuring their sustainability
- b) To promote bilateral open communication that is the basis for trust between the employees and their directors
- c) To ensure that the works are structured to provide the most productive operation and that the staff are employed in duties suited to their knowledge and skills
- d) To evaluate employee performance with objective benchmarks and appreciate, incentivize and motivate staff displaying high performance
- e) To manage the career development, promotion and compensation of staff within an objective system
- f) To determine, plan and implement the training needs of the employees regarding their occupational and personal development
- g) To create and maintain a working environment where employees can develop themselves and their jobs and make improvements with their suggestions

h) To employ individuals suitable for the job and corporate culture primarily through the current human resources of the company, the employees with high performance having the priority to be tasked with responsible duties and employees being prepared appropriate to their assigned jobs in order for them to display good performance in a short period of time

i) To create a safe and healthy work environment

j) To assess and implement all rights of employees in accordance with the laws and rules.

Manpower is the most prominent value within MAPFRE SYSTEM. Recognizing that any development provided in this area plays a key role in the future success of our company, MGG HR Policies adopt a management philosophy that focuses on providing the correct training to the correct person, educating leaders who;

- Possess effective human management skills
- Promote learning and development
- Know and implement human resource practices

Talent management at MAPFRE Sigorta refers to integrating new employees and ensuring their development, developing and holding onto current employees and conducting processes that will attract the best and most talented employees to our country, manage their performance and bring out their potential. Our talent management practices are directly tied to our performance management, leadership development, workforce planning, detection of talent deficiencies, and our recruitment systems.

By transferring individual responsibilities to each employee personally, starting from management levels, it is aimed that our employees take on responsibility for our company's business objectives.

HR practices serve to realize the mission, goals, objectives and budgets of our company by developing and implementing planning and strategies related to manpower.

Based on our corporate policies and values, these practices uphold the basic approaches that must be observed in determining the means and conditions of staff recruitment and payment, staff training, performance monitoring and dismissal in order to ensure that all affairs in the company are conducted efficiently, effectively, ethically and in conformity with the laws in effect.

The aim is to reflect the corporate values and basic principles that should guide the professional activities of the company as well as its staff.

MAPFRE Grup corporate policies are determined, published and executed in accordance with the general principles set out by the MAPFRE SYSTEM. Administrators and staff at all levels are jointly responsible for the implementation and control of institutional policies.

MAPFRE Group's Vision, Mission and Values

Our Vision

To become a world-wide trusted insurance company.

Our Mission

We are a multinational team aiming to develop the best possible relationship with our customers, distribution channels, suppliers, shareholders and society.

Our Values

Capital Strength

- Financial strength with sustainable results
- International diversification, reinforcing our position in different markets.

Integrity

- Ethical values that guide our behavior.
- Social insight as the focal point of all our activities.

Service Spirit

- Constant search for perfection while conducting our activities.
- Sustainability in the business insight focused on protecting and supervising customer relations.

Innovation for Leadership

- Constant efforts for development and progress.
- Useful technology serving the business and business objectives.

A Committed Team

- A team that is completely committed to MAPFRE project.
- Continuous training and development of the skills and abilities of the team.

FINANCIAL BENEFITS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND TO THE SENIOR EXECUTIVES

MAPFRE Sigorta

Financial rights granted to management body members and senior managers

Among the executive body and senior management are the members of the Board of Directors, General Manager, Deputy General Managers and Directors.

The gross amount of financial benefits such as attendance fees, wages, bonuses, bonuses and profit shares provided to the executive members and top level managers in 2016 stood at 17,380,153 TL.

The sum of the allowance, travel, accommodation and representation expenses given to the executive members and senior executives in 2016 was 265,059 TL, and the sum of in-cash and in-kind facilities, insurances and similar guarantees was 336,727 TL.



RESEARCH AND DEVELOPMENT ACTIVITIES

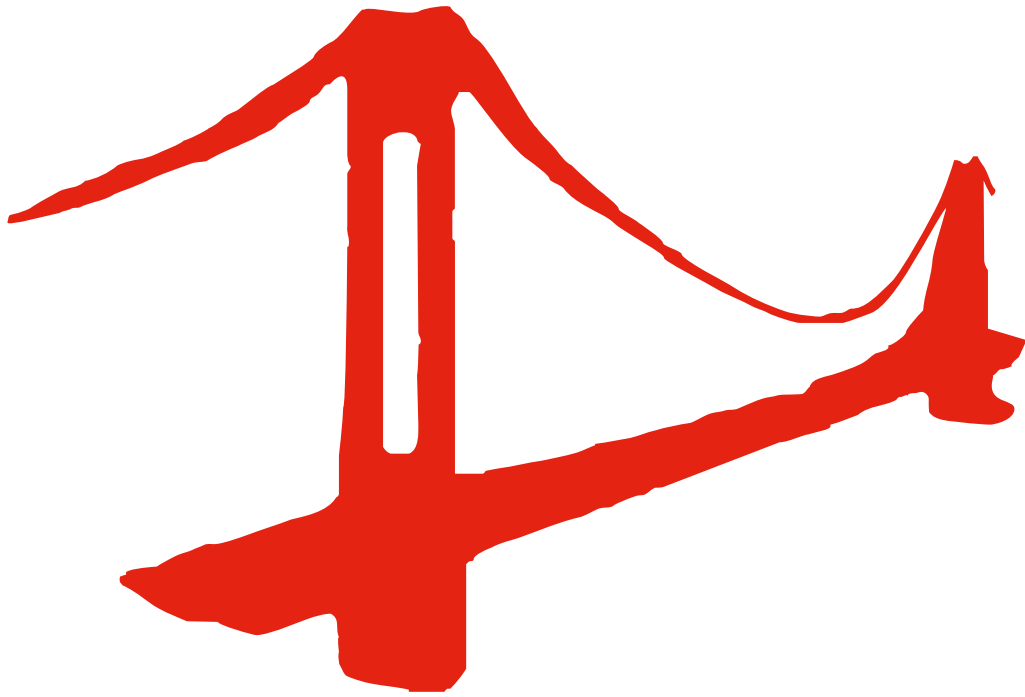
 **MAPFRE** Sigorta

Information regarding the research and development applications on new services and activities

Mapfre Sigorta undertakes the following procedures as a basis in creating new products and/or new services:

- Determining the new needs on the basis of customer and resource (agency, broker, etc.) and determining the need for new products and/or new services by considering the requests
- Feasibility studies (market research - benchmarking) to determine potential business volume and preparation of the new product and/or new service design plan by exploring know-how support from the related Mapfre center
- Investigating the legal processes regarding the product and/or service's relevant branch
- Creating the product and/or service considering the scope of the insurance policy and its conformity to the provisions of the General Conditions of Insurance and possible reinsurance conditions
- Completion of the product and/or service in parallel with Mapfre Soft, if automation work is required.

Even if the company does not need to obtain a new branch license, it may be possible to obtain the relevant approval by applying to the Undersecretariat of Treasury General Directorate of Insurance according to the legislation related to new products. The process is completed with the necessary work for application and approval as a final stage where this needs arises after the works on the new product is completed.



**COMPANY'S
OPERATIONS AND
SIGNIFICANT
DEVELOPMENTS
RELATED TO THE
OPERATIONS**

 **MAPFRE** Sigorta

Company operations and material developments regarding company operations

The real estate located in Ankara Çankaya Fidanlık within the investment properties in the company assets was sold on 31.03.2016.

Internal control system activities in 2016

The risk management, internal control and compliance functions of our company are implemented under the direction and management of the General Director, with the Board of Directors assuming the ultimate responsibility, in accordance with the Undersecretariat of Treasury's Regulation on the Internal Control Systems of Insurance, Reinsurance and Pension Companies. The Board Member for Internal Systems, the Risk Manager, the Internal Control Officer, and the President of Compliance Function have already been appointed by the Board of Directors. The functions regarding the internal control system continue under the policies and the written procedures defined in accordance with the approval of the Board of Directors, including, but not limited to, the Risk Management Policy the Internal Control Policy and Compliance Policy. In these policies, the principles and procedures of the internal control system, the separation of duties and the authorities and responsibilities of the internal control system officers are defined. In this context, the Risk Management Committee, which is composed of the General Manager, Deputy General Manager in charge of Financial Affairs and Risk Manager, conducts its operations.

The internal control system, which consist of control environment, risk evaluation, control activities, information, communication and supervision in line with the framework of COSO, is a process designed to ensure the effective and efficient execution of operations aiming at the achievement of our company's objectives, the reliability of financial information, and compliance with legal regulations and MAPFRE Group rules. The system has been configured in line with the three lines of defense principle. Accordingly, all process owners in the first line of defense are made responsible for determining the risks arising from their activities and implementing checkpoints to minimize these risks alongside the senior management, in line with the principles stipulated in the Internal Control Policy and Regulation on the Internal Systems of Insurance, Reinsurance and Retirement Companies, as well as the rules of MAPFRE Group. The Risk Management, Internal Control and Compliance functions on the second line of defense are responsible for the effective and productive operation of the internal control system and its supervision, while the Internal Audit Service on the third line of defense is responsible for auditing the system. The internal control system in our company is annually and regularly subjected to the audit of the internal audit department.

Insurance risks and market risks are measured periodically within the scope of internal control systems, employing specific models with a view to identifying their impact on capital adequacy. Meanwhile, the operational risks are assessed each year using an application called Riskmap, followed by implementation of action plans regarding high-risk areas stipulated on the risk maps created in conclusion of the assessment. Furthermore, the risks borne in the investment portfolio are analyzed and compliance with the investment risk limits approved by the Investment Strategy Committee are monitored and reported on a daily basis.

The Internal Control System is designed for the operations to be conducted productively and efficiently in compliance with internal rules and legal regulations and within the scope of the company's mission, vision and values. In this sense, a Compliance Function is organized to ensure and check compliance with the regulations and internal rules of the company in the operations of the company; a Compliance Policy establishing the purpose, scope, authorities and duties of the Compliance Function is in place. Accordingly, the compliance risks, the impact of regulatory changes on the company, periodic reporting to government authorities and MAPFRE Group's written policies are monitored and reported to the Board of Directors on an annual basis.

Along with such functions, the ISO 9001:2008 Quality Management System, as per certification issued each year by international certification agencies, enabling the management of product and service quality and efficiency, and compliance with the customers' requirements at the highest level, is implemented at our company.

Internal Audit Activities in 2016

In the internal audit activities of 2016, it is aimed to prevent and detect mistakes, fraud and irregularities by checking and supervising the compliance of all the company's business, transactions, internal regulations, management strategies and policies, especially in accordance with the current laws, regulations, communiqués, tariffs and instructions, general conditions and other legislation.

In line with these objectives, the activities of the Internal Audit Department for the year 2016 were conducted in accordance with the MAPFRE Sigorta A.Ş. internal audit legislation to cover all activities of MAPFRE Sigorta A.Ş. including outsourcing, the General Directorate Departments, Regional Directorates and agencies.

Thirty-seven audits were conducted by the Internal Audit Department in 2016. These audits consist of 10 centralized service audits, 17 regional and branch directorates audits, eight special task audits, one information technology audit and one agency audit.

Management opinion on the internal control system activities and internal audit activities

As a result of the internal audit activities carried out in 2016, it was observed that the General Directorate Departments and Branch Directorates and the agencies inspected were operating in accordance with the company's principles and policies in general, and no application that could affect the company considerably in financial terms was identified.

Financial risks and insurance risks are monitored with a risk-based capital adequacy model. In addition, policies and procedures regarding the follow-up of the risks arising from investments were also determined. With this purpose, the following were approved and included in the implementation at the Board of Directors' meeting no. 2016/13 dated 08.03.2016 in addition to the policies published by the company in the past years:

- Policy on the Evaluation of the Assets and Liabilities Outside the Technical Provisions
- Compliance Function policy.

Affiliates of the Company

As of 31.12.2016, the affiliates of the Company are as follows.

	AMOUNT	SHARES
AFFILIATES		
TARIM SİGORTALARI HAVUZ İŞLETMELERİ A.Ş (TARSİM)	220.889	4,17%
SUBSIDIARIES		
MAPFRE YAŞAM SİGORTA A.Ş.	20.816.506	99.50%
GENEL SERVİS YEDEK PARÇA DAĞITIM TİC. A.Ş.	2.428.025	51%
	23.465.420	

- The Company does not have any self shares acquired.

Public Audit

During the 2016 accounting period of the company;

As a result of the Arbitration and Claim Transactions Legislation Inspection on our agency Cepkask Sigorta Aracılık Hizmetleri A.Ş. (the agency was dissolved as of 31.12.2014), conducted on 10.10.2014 by the Turkish PRIME MINISTRY Undersecretariat of Treasury General Directorate of Insurance, an administrative penalty

amounting to 89,626 TL was issued in the correspondence no. 71065509-858(307.99)/-E.14370 dated 10.05.2016 under the subject matter of penalty and the company ended the process by paying 67,219.50 TL without exercising the right of appeal.

The contents of the correspondence no. 27424242-349-E.26577 dated 09.09.2016 by the Turkish PRIME MINISTRY Undersecretariat of Treasury General Directorate of Insurance noted that it had been observed upon the investigation made via the Insurance Information Center that pricing in violation to Communiqué No. 2013/11 had been conducted in the policy offers and policy issuances submitted to the head office and the opinion of the company were requested. Our company stated its opinions in the correspondence no. 26577 dated 09.09.2016; an administrative fine amounting to 12,000 TL was accrued following the investigation made and the company ended the process by paying 9,000 TL without exercising the right of appeal.

The Turkish Ministry of Finance Tax Inspection Board Large Taxpayer Istanbul Department conducted an investigation on 23.06.2014 regarding the Insurance Operations Tax covering the entirety of the insurance industry and the years 2009, 2010, 2011 and 2012 and the process was concluded by benefiting from the law no. 6736 on the restructuring of some receivables as of 28.11.2016, while the relevant investigation continued.

Private Audit

The information about the audit firms that the Company works with on the Independent Audit and Tax Audit and the audit hours are as set out below.

INDEPENDENT AUDIT FIRM'S

TITLE	AKİS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
ADDRESS	KAVACIK, RÜZGARLI BAHÇE MAH. KAVAK SOK. NO: 29 BEYKOZ 34805 İSTANBUL
TAX OFFICE REGISTRATION NUMBER	BOĞAZIÇI KURUMLAR V.D 589 026 9940
PHONE	0216 681 90 00
FAX NUMBER	0216 681 90 90

YEAR 2016 AUDIT DURATION

RESPONSIBLE PARTNER, CHIEF AUDITOR	36 HOURS
SENIOR AUDITOR	60 HOURS
AUDITOR AND ASSISTANT AUDITORS	904 HOURS
TOTAL	1.000 HOURS

CERTIFIED PUBLIC ACCOUNTANT

TITLE	FK YEMİNLİ MALİ MÜŞAVİRLİK LTD.ŞTİ.
ADDRESS	ATA 4 ÇARŞI PLAZA KAT.3 D.34 PLAZA ATAŞEHİR - İSTANBUL
TAX OFFICE REGISTRATION NUMBER	KOZYATAĞI V.D 385 034 6662
PHONE	0216 456 07 79
FAX NUMBER	0216 456 06 82

YEAR 2016 AUDIT CALENDER

MAY 2016	3 DAYS
JULY 2016	2 DAYS
AUGUST 2016	5 DAYS
OCTOBER 2016	2 DAYS
DECEMBER 2016	3 DAYS
JANUARY 2017	2 DAYS
FEBRUARY 2017	2 DAYS
APRIL 2017	3 DAYS
TOTAL	22 DAYS

Information relating to the internal audit supervisor of the company and the auditor authorized in accordance with Turkish Commercial Code number 6102

Internal audit responsible



DATE OF ASSIGNMENT TO THE POSITION
07.05.2010

AREA OF RESPONSIBILITY
Mapfre Sigorta A.Ş
Manager of Internal Audit

EDUCATION STATUS
Dokuz Eylül University Department of Civil
Engineering Northern Iowa University MBA

TERM OF OFFICE AND PROFESSIONAL EXPERIENCES

2010 - Mapfre Genel Sigorta A.Ş
2008-2010 KPMG VP, Internal Audit
2004-2008 Anadolu Sigorta A.Ş Inspector

Y.Emre Göçmen / Manager of Internal Audit

Information on the authorized auditor selected in agenda item no. 8 of the Ordinary General Assembly meeting held on March 31, 2016 is as follows.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Kavacık, Rüzgarlı Bahçe Mahallesi Kavak Sokak No: 29
Beykoz 34805 İstanbul

Boğaziçi Corporate Tax Office - 589 026 9940

Phone: 0216 681 90 00
Fax: 0216 681 90 90

www.kpmg.com

Lawsuits filed against the Company

While not affecting the financial position or operations of the company, the number of lawsuits filed against the company is 7,926. 7,912 of these lawsuits are related to claims and correspond to 321,673,685.- TL which is included under Outstanding Claims in the company's financial tables. In addition, there are 14 other lawsuits that correspond to 1,140,887.- TL.

The company has allocated the required provisions for both claims and other lawsuits in its financial tables.

Information as to whether the objectives set out in the previous periods have been achieved and the decisions of the General Assembly have been fulfilled

Our total premium generation reached 2,795,018,645.- TL with an increase by 32.43% compared to the previous year.

An examination in terms of line of business indicates a 43.68% premium increase in motor accident, which constitutes 63.26% of the total premium generation, and a 26.31% premium increase in the health line of business, which constitutes 15.45% of the total premium generation.

Our company's profit before tax in 2016 increased by 183.49%, up to 126,855,235.- TL compared to the last year and the profit after tax increased by 203.68% up to 99,655,502.- TL.

The total market share of our company increased from 7.74% to 7.88% and the company completed the year 2016 in 4th place in the industry.

The insurance industry closed the year 2016 with a premium increase of 29.85%, while our company achieved a growth above the annual inflation of 32.43% in non-life lines of business.

In 2001, our company was evaluated by the international rating company as having A + (Tur) financial strength rating. The company has continued this success into this present with Fitch rating agency raising our national financial strength rating to AA (Tur) in 2007 and confirming our financial strength rating on December 15, 2016 as AA (Tur).

The company paid the amount required by the resolution of the Ordinary General Assembly dated 31.03.2016 of 10,395.- TL to the owners of the founder usufruct shares as profit share and added the remaining 27,883,946 TL to the shareholders' equity as extraordinary reserves in order to strengthen their own funds.

In light of these results it is observed that all the decisions made at the Ordinary General Assembly Meeting held on 31.03.2016 were fulfilled by the Company Management.

Extraordinary General Assembly meeting

The company held the Extraordinary General Assembly meeting on 27.09.2016 and the decisions regarding the appointment of the new General Manager were taken along with the change of company name.

Information regarding Board Members' participation in meetings

The Board of Directors holds meetings when deemed necessary in accordance with the Articles of Association. In order for the meetings to be valid, one member over half of the members must be present. The decisions are made with the majority of the members present. The minutes to be prepared accordingly are recorded in the minute book and signed by the members. The Board of Directors represents the company before the management and shareholders, third parties and before courts. Members were fully present during 55 of the 58 board decisions taken unanimously during the year.

The donations of the company within the year and expenditures incurred within the scope of aid and social responsibility projects

The amount of donations made by the company in 2016 was 1,930.- TL.

The company's volunteer and social responsibility projects carried out in 2016 are stated below and the sponsor of both project groups was FUNDACIÓN MAPFRE.

"I am Volunteering" Program:

With the participation of 375 employee volunteers in 2016 within the scope of the "I am Volunteering" projects, the following events were organized:

- The distribution of leaflets giving information on the use of safety belts, visual images, cloth bags and child restraint systems to employees' children and their classmates, 04.01.2016
- Boot donation to Şanlıurfa Siverek Sofice Primary School, 08.02.2016
- Boot delivery to Şanlıurfa Siverek Sofice Primary School, 01.03.2016
- Participation in cookie and rhythm workshops with Dreams Academy visit, 09.04.2016
- Home-cooked food at the Spring Festival to support Hüviyet Bekir Primary School, 31.05.2016
- Campaign for collecting books for KORUNCUK MASK Spring Festival, 31.05.2016
- Delivery of the books collected at MASK Spring Festival to KORUNCUK, 04.06.2016
- Chocolate raffle campaign collecting donations for Hüviyet Bekir Primary School at MASK Spring Festival, 31.05.2016
- KORUNCUK Spring Festival visit, 04.06.2016
- Donating MASK Book Club books to the community, 30.06.2016
- Promotion seminar for Charity Run with KAÇUV, 07.09.2016
- Promotion seminar for Charity Run with KORUNCUK, 07.09.2016
- Promotion seminar for Charity Run with TEV, 07.09.2016
- TEV Soma scholarship students visit Izmir, 30.09.2016
- Blood donation, 02.11.2016
- Organ donation, 08.02.2016
- Charity run, 13.11.2016
- Mind games class opening at Hüviyet Bekir Primary School, 25.11.2016
- Heimlich maneuver training with SOS – Breath Campaign, 05.12.2016
- MASK Sports Club Football Tournament Final for Dreams Academy, 13.12.2016
- Pharmaceutical aid for children with leukemia in Ankara, 15.12.2016
- Campaign for collecting New Year's gifts for children with cancer, 16.12.2016
- Visit to Göztepe Eğitim Araştırma Hospital to present New Year's gifts, 29.12.2016
- KAÇUV New Year's stand event, 28.12.2016

MAPFRE Foundation Social Responsibility Projects:

The script, costumes and scenery of the theater play entitled "Bıdık and Köpük in the Traffic" were produced with the cooperation of MAPFRE Foundation Road Safety and Accident Prevention Department as part of its "Objective: Zero Traffic Accidents" project. Aiming to raise awareness about traffic rules among children aged 5-12, the project was performed on the Istanbul Yenikapı-Bandırma and Bandırma-Yenikapı ferry lines and in theater halls, such as Istanbul Kozzy Gazanfer Özcan Sahnesi and Leyla Gencer Opera Sahnesi (2). In addition, a special demonstration was organized for the employees of MAPFRE and their children at Bahçeşehir University Fazıl Say Hall. 1,300 children were reached during these performances.

With the cooperation of MAPFRE Foundation Social Action Department, the Turkish Education Foundation provided educational scholarship support to 33 scholarship students, 10 of whom had disabilities. One year's educational expenses for a successful high school student who studies at Esenler Anadolu Health Vocational High School and lost his parents have been covered. The construction of the portal "Information Tree for Children with Cancer", which aims to provide information on cancer in childhood to children with cancer and their families, has commenced with the cooperation of the Hope for Children with Cancer Foundation. It is aimed that the portal, which is still in the test phase, transmit information via animated videos, texts and blogs (www.cocukkanseri.org).

With the cooperation of MAPFRE Foundation Health Promotion Department, Healthy Life Workshops against obesity were carried out at primary schools in Istanbul within the scope of Healthy Life Project. The project, which was planned to start in October, started in late December 2016 due to the extension of the protocol period with the Istanbul Provincial Directorate of Education for the extension of political mobility in Turkey. 1,246 students were reached in 2016 within the scope of this project. It is planned to reach a total of 10,000 students through workshops that will continue until the end of May 2017 within the scope of the 2016 budget. Within the scope of the same project, 1,246 picture books entitled "Did Your Sweater Shrink?" and the activity book entitled "Can and Cem's Secret" were gifted to teachers and students in 2016. The distribution of books will continue at the workshops, which will run until May 2017.

Relations with Group Companies and results

The controlling company does not have direct power over the companies with which our company will work. However, our company worked with the Mapfre Group Companies in 2016 provided that it was within the market conditions in the framework of company policies.

Our company carried out all the transactions within the market conditions with the appropriate counter-actions. Our company did not incur any damages as a result of these transactions. On the contrary, our company's transactions with affiliates resulted in faster returns and faster processing of transactions considering the commercial life of our company.

Upon evaluation of the relations of our company in 2016 within the scope of TCC Article 199, it is understood that our company carried out all the transactions within the market conditions with the appropriate counteractions. Accordingly, there are no legal proceedings or precautions to be undertaken by the company within the scope of TCC Article 199.

Corporate Administration Principles Compliance Report

1. COMPLIANCE STATEMENT FOR CORPORATE MANAGEMENT PRINCIPLES

Mapfre Sigorta A.Ş (the "Company") is devoted to the corporate management principles set out in the "Communiqué on the Corporate Management Principles in Insurance, Reassurance and Retirement Companies No. 2011/8" published on 27.04.2011 by the Turkish Prime Ministry Undersecretariat of Treasury and shows the utmost care to conduct its business and transactions in conformity with these principles.

In this context, the company's Board of Directors has decided to establish a Corporate Management Committee with decision no. 2013/27 dated September 17, 2013. Duty of the Corporate Management Committee: Conducting the necessary works to ensure compliance with the principles contained in the Communiqué, making recommendations to the Board of Directors for this purpose, and monitoring the company's compliance with the principles.

The information on the Corporate Management Committee is provided below.

Name	Duty in the Committee	Duty in the Company	Contact Information Phone (212 334 90 00)
Alfredo Muñoz Pérez	Chairman	General Manager Member of the Board of Directors	amunoz@mapfre.com.tr
Erdoğan Yurtseven	Member	Deputy General Manager	eyurtseven@mapfre.com.tr
Necla Aksoy	Member	Human Resources Director	naksoy@mapfre.com.tr
Merve Öney	Member	Legal Department Director	money@mapfre.com.tr

Furthermore, the “MAPFRE Group Ethical Values and Code of Conduct Guidelines” approved by Mapfre International S.A.’s top group company MAPFRE S.A. on 25/06/2009 and entered into force on 1.09.2009 are implemented in all MAPFRE Group subsidiaries, including our company and have an important role in adopting the corporate management principles based on equity, transparency, accountability and responsibility.

2. SHAREHOLDERS

A separate “Shareholder Relations” unit has not been established as the company’s main shareholder Mapfre International SA’s share rate is 99.75%. Relations with shareholders are carried out within the Legal, Financial and Administrative Affairs Departments.

3. EXERCISE OF SHAREHOLDERS’ INFORMATION RIGHTS

All shareholders are treated equally by our company. There is no discrimination between shareholders in the exercising of the right to receive and review information, and all kinds of information of shareholders are provided, except for trade secrets. Any information that has the potential to affect the exercising of shareholder rights is submitted for the information of shareholders on the “Announcements” section of our website.

4. GENERAL ASSEMBLY MEETINGS

Prior to the General Assembly Meetings, our company takes all kinds of measures timely to ensure the participation of shareholders at the General Assembly and provides complete information on the General Assembly agenda so as not to cause hesitation and to allow the shareholders to make the required preparations. At the General Assembly Meeting, the agenda items are conveyed in an objective, detailed, clear and understandable way, and shareholders are given the opportunity to explain their opinions and ask questions under equal conditions, creating a healthy discussion environment. Our company provides each shareholder with the opportunity to use the right to vote in the most convenient manner possible.

Two (2) General Assembly Meetings were held in 2016, one being ordinary, the other being extraordinary. Both meetings were held at the company head office at the address of Yenişehir Mah. Irmak Cad. No:11, 34435, Beyoğlu, Dolapdere, Istanbul.

The call for the Ordinary General Assembly Meeting convened on March 31, 2016, as stipulated in the Articles of Association and under an agenda format, was made through a published statement in Turkish Trade Registry Gazette No. 9029 dated March 10, 2016, as well as copies of the newspapers Akşam and Güneş dated March 9, 2016 and March 10, 2016, a post on the company’s website and also by registered letter to nominative shareholders, notifying the meeting day and agenda within the period required. Our annual report for the 2015 period (including the financial tables), the independent auditor’s opinion and other documents that constitute the agenda items of the General Assembly were submitted for the information of the shareholders. Our annual report for the 2016 period (including the financial tables), the independent auditor’s opinion and other documents that constitute the agenda items of the General Assembly will be submitted for the information of the shareholders on March 31, 2017.

The call for the Extraordinary General Assembly Meeting convened on September 27, 2016, as stipulated in the Articles of Association and under an agenda format, was made through a published statement in Turkish Trade Registry Gazette No. 9116 dated July 15, 2016, as well as copies of the newspapers Akşam and Posta dated July 15, 2016, a post on the company's website dated July 15, 2016 and also by registered letter to nominative shareholders, notifying the meeting day and agenda within the period required. At the relevant meeting, it was decided to appoint a new member of the board in place of the member of the Board of Directors who resigned from the membership and to change the title of the company.

At both General Assembly Meetings, it was considered that our shareholders did not encounter any difficulties or mishaps at their participation in the General Assembly as no feedback was received in this regard.

The General Assembly minutes can be accessed from the company website at <http://www.mapfresigorta.com.tr/>. Such minutes are kept available for the shareholders in the company head office, as well. No questions were asked, neither were agenda suggestions made by the shareholders at the General Assembly.

5. VOTING RIGHTS AND MINORITY RIGHTS

The company avoids any difficulties in the exercising of voting rights and it is intended that each shareholder uses the voting rights in accordance with its Articles of Association and laws.

The details of the voting and voting procedure at the General Assembly have been determined by the "Internal Directive on the Operation Principles and Procedures of the General Assembly of Mapfre Genel Sigorta Anonim Şirketi" prepared with the Board of Directors' Decision No. 2013/13 dated March 22, 2013 approved with the Ordinary General Assembly Meeting dated March 29, 2013 and it is prepared for the examination of the shareholders in the General Assembly Meeting.

The company shows maximum due diligence in the exercising of minority rights and refrains from implementing practices that would make it difficult for shareholders to transfer their shares freely.

6. PROFIT SHARE RIGHT

There are no concessions with regard to the participation of the company profit. The profit distribution is carried out in accordance with the relevant legal regulations and the company's Articles of Association within the legal period. The Articles of Association, long-term group strategies, investment and financing policies, profitability and cash positions, and most importantly, capital adequacy ratio are taken into consideration in determining the profit distribution. Estimates of the company's capital adequacy for the coming years and profit distribution decisions in parallel with the company's targets are made by the shareholders at the General Assembly held in March every year.

The profit distribution policy of the company is defined in Article 53 of the Articles of Association.

7. TRANSFER OF THE SHARES

The transfer of the shares is carried out in accordance with the company Articles of Association and relevant legislation. There are no provisions that limit the profit transfer in the company's Articles of Association.

8. INFORMATION POLICY

Our company's Information Policy was approved by the Board of Directors decision. The Information Policy aims to provide timely and accurate disclosure of information outside the scope of trade secrets within the framework of the relevant legislation and includes how, in what frequency, and in what ways will this information be announced.

The information to be disclosed to the public in the context of the Information Policy was determined as “The company’s quality policy, mission, vision, values, strategy, plans, past performance, objectives and other similar subjects, except for those matters that are required to be disclosed by the relevant legal regulations and within the scope of trade secrets by the relevant legal regulations.”

The information stated to be explained by the relevant legal legislation shall be explained within the relevant period, and matters that are not mentioned shall be explained by means of the aforementioned media when necessary. The information is conveyed via the company’s website at <http://www.mapfresigorta.com.tr/> (“Website”), company annual reports, financial reports and independent audit reports, the Trade Registry Gazette, announcements made via written and visual media organizations, communication via fixed line and GSM operators, press statements, meetings and promotions, e-mail and similar communication methods, and the authorizations duly made by the authorized signatories of the company.

The management and execution of the Information Policy falls under the authority and responsibility of the Board of Directors. Relevant matters will be announced to the public by the staff to be appointed with the approval of the General Manager of the company.

9. COMPANY WEBSITE AND CONTENTS

Under the section entitled “Information Society Services” on the company website, the section “Announcements” is located where the company’s capital structure, trade registry information, Board of Directors information, financial information, General Assembly decisions, internal directives, registration announcements and auditor information and important matters are published. The relevant information is kept up-to-date and submitted for the information of the public, especially for our shareholders.

10. ANNUAL REPORT

The company’s annual report presents the requirements of the Corporate Management Principles to shareholders, aiming to obtain transparent and accurate information about the activities of the company.

11. INFORMING THE BENEFICIARIES

Our company actively uses the company website in order to inform its stakeholders and the public. The beneficiaries are informed through both the “Announcements” section in the company website and instruments, such as press statements, bulletins, annual reports, statements, etc. Thus, the information to be disclosed to the public which can affect the company’s financial position, significant changes that may occur therein and the results of its activities are presented to the use of the public in a correct, complete, understandable, current and easily accessible manner.

The activities related to the employees’ awareness of human resources policies are carried out by the Human Resources Department through both the internal intranet and e-mail and through written and visual posters

12. PARTICIPATION OF THE BENEFICIARIES IN THE MANAGEMENT

The company’s Articles of Association do not include an arrangement for beneficiaries to participate in the management of the company. Nonetheless:

- **Employees and Regions:** Employees and regions are informed via e-mail of the company’s activities and periodic regional meetings are held for the employees of regional directorates.
- **Agencies:** Agencies are informed via company internal e-mails regarding company activities and it is ensured that they contribute to the management of agency meetings and agencies through the year.

- **Shareholders:** Stakeholder contribution rights are provided in accordance with the relevant legislation and the main contract.
- **Customers:** Company information is presented in detail for customers on the website. In addition, customers are provided with the opportunity to contribute to the management of the company through the contact form on the company website.

13. HUMAN RESOURCES POLICY

Taking its lead from the fact that the ability to achieve corporate objectives is proportional to the skills and efforts of our employees, the Human Resources Department's vision is to create a corporate culture in which the corporate goals of the company can be realized, where the best want to work and they are permanent and happy as they can convert their potential into high performances, and where service quality and customer satisfaction is an output of these employees.

In line with this vision, it aims and undertakes to create a working environment where mutual respect and trust is essential and everyone feels responsible for achieving the determined objectives and ensuring their sustainability; to promote bilateral open communication that is the basis for trust between the employees and their directors; to ensure that the works are structured to provide the most productive operation and that the staff are employed in duties suited to their knowledge and skills; to evaluate employee performance with objective benchmarks and appreciate, incentivize and motivate staff displaying high performance; to manage the career development, promotion and wages of staff within an objective system; to determine, plan and implement the training needs of the employees regarding their occupational and personal development; to create and maintain a working environment where employees can develop themselves and their jobs and make improvements with their suggestions; to employ individuals suitable for the job and corporate culture primarily through the current human capital of the company, the employees with high performance having the priority to be tasked with responsible duties and employees being prepared appropriate to their assigned jobs in order for them to display good performance in a short period of time; to create a safe and healthy work environment; and to assess and implement all rights of employees in accordance with the laws and rules.

Manpower is the most prominent value within MAPFRE system. Recognizing that any development that will be provided in this area plays a key role in the future success of our company, the Human Resources Policies adopt a management philosophy that focuses on educating leaders who possess effective human management skills, promote learning and development and who know and implement human resource practices by providing the correct training to the correct person. In this framework, the principles of employment policy, compensation policy, education policy, performance appraisal policy and promotion policy have been determined by the Human Resources Department in accordance with MAPFRE Group Global Policy and guidelines. The principle of recognizing equal opportunities for people on equal terms has been adopted while recruitment policy and career planning are being carried out and informative meetings have been held regarding the company's values, the financial opportunities provided, career development and training needs, along with programs oriented towards promoting employee health.

The job descriptions and distribution of the company's employees are determined by the managers and shared with the employees and efforts are made to provide a safe environment with better conditions. Measures have been taken to protect employees against internal physical, mental and emotional maltreatment and in this context the "Protocol on the Prevention of Harassment" was put into effect. The Human Resources Department organizes e-training for company employees on issues such as the Code of Ethics and Prevention of Harassment Cases.

14. CODE OF ETHICS AND SOCIAL RESPONSIBILITY

The Company Ethical Values and Code of Conduct are submitted for the information of the company employees on the company's intranet. The company is sensitive to social responsibility projects and acts in accordance with the environment, consumer, public health regulations and ethical rules. As part of this, volunteering and social responsibility projects are organized within the company.

The events of the Company organized within the scope of corporate volunteering program and corporate social responsibility projects carried out in 2016 are stated below. The sponsor of both project groups is MAPFRE Foundation (FUNDACIÓN MAPFRE).

The projects carried out in 2016 within the scope of employee volunteering:

- The distribution of leaflets giving information on the use of safety belts, visual images, cloth bags and child restraint systems to employees' children and their classmates, 04.01.2016
- Boot donation to Şanlıurfa Siverek Sofice Primary School, 08.02.2016
- Participation in cookie and rhythm workshops with Dreams Academy visit, 09.04.2016
- Home-cooked food at the Spring Festival to support Hüviyet Bekir Primary School, 31.05.2016
- Campaign for collecting books for KORUNCUK MASK Spring Festival, 31.05.2016
- Chocolate raffle campaign collecting donations for Hüviyet Bekir Primary School at MASK Spring Festival, 31.05.2016
- KORUNCUK Spring Festival visit, 04.06.2016
- Donating MASK Book Club books to the community, 30.06.2016
- Promotion seminar for Charity Run with KAÇUV, 07.09.2016
- Promotion seminar for Charity Run with KORUNCUK, 07.09.2016
- Promotion seminar for Charity Run with TEV, 07.09.2016
- TEV Soma scholarship students visit Izmir, 30.09.2016
- Blood donation, 02.11.2016
- Organ donation, 08.02.2016
- Charity run, 13.11.2016
- Mind games class opening at Hüviyet Bekir Primary School, 25.11.2016
- Heimlich maneuver training with SOS – Breath Campaign, 05.12.2016
- MASK Sports Club Football Tournament Final for Dreams Academy, 13.12.2016
- Pharmaceutical aid for children with leukemia in Ankara, 15.12.2016
- Campaign for collecting New Year's gifts for children with cancer, 16.12.2016
- Visit to Göztepe Eğitim Araştırma Hospital to present New Year's gifts, 29.12.2016
- KAÇUV New Year's stand event, 28.12.2016

Corporate Social Responsibility Projects:

The script, costumes and scenery of the theater play entitled "Bıdık and Köpük in the Traffic" were produced with the cooperation of MAPFRE Foundation Road Safety and Accident Prevention Department as part of its "Objective: Zero Traffic Accidents" project. Aiming to raise awareness about traffic rules among children aged 5-12, the project was performed on the Istanbul Yenikapı-Bandırma and Bandırma-Yenikapı ferry lines and in theater halls, such as Istanbul Kozzy Gazanfer Özcan Sahnesi and Leyla Gencer Opera Sahnesi (2). In addition, a special demonstration was organized for the employees of MAPFRE and their children at Bahçeşehir University Fazıl Say Hall. 1,300 children were reached during these performances.

With the cooperation of MAPFRE Foundation Social Action Department, the Turkish Education Foundation provided educational scholarship support to 33 scholarship students, 10 of whom had disabilities. One year's educational expenses for a successful high school student who studies at Esenler Anadolu Health Vocational High School and lost his parents have been covered. The construction of the portal "Information Tree for

Children with Cancer”, which aims to provide information on cancer in childhood to children with cancer and their families, has commenced with the cooperation of the Hope for Children with Cancer Foundation. It is aimed that the portal, which is still in the test phase, transmit information via animated videos, texts and blogs (www.cocukkanseri.org).

With the cooperation of MAPFRE Foundation Health Promotion Department, Healthy Life Workshops against obesity were carried out at primary schools in Istanbul within the scope of Healthy Life Project. The project, which was planned to start in October, started in late December 2016 due to the extension of the protocol period with the Istanbul Provincial Directorate of Education for the extension of political mobility in Turkey. 1,246 students were reached in 2016 within the scope of this project. It is planned to reach a total of 10,000 students through workshops that will continue until the end of May 2017 within the scope of the 2016 budget. Within the scope of the same project, 1,246 picture books entitled “Did Your Sweater Shrink?” and the activity book entitled “Can and Cem’s Secret” were gifted to teachers and students in 2016. The distribution of books will continue at the workshops, which will run until May 2017.

15. STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

The company’s Board of Directors consists of five members.

Name	Title
Hüsamettin Kavi	Chairman of the Board
Alfredo Muñoz Pérez	Deputy Chairman of the Board and General Manager
Ali Güven Aykaç	Member of the Board of Directors
Nikolaos Antimisaris	Member of the Board of Directors
Süleyman Serdar Çaloğlu	Member of the Board of Directors

Apart from Mr. Süleyman Serdar Çaloğlu, Mr. Hüsamettin Kavi and Mr. Ali Güven Aykaç, the members are employed in MAPFRE GROUP companies.

16. ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

The company’s Board of Directors determines the company’s policies and strategies, the ways in which these policies and strategies can be pursued, the developments in these policies and strategies, and the processes to be followed in supervision and evaluations. In this sense, the Board of Directors constantly and effectively monitors the extent to which the company achieves its objectives, its activities and past performance, and takes action when necessary. The company’s Board of Directors observes the compliance of the company’s activities with the legislation, the original contract, the internal regulations and the established policy.

According to the Articles of Association, the company’s Board of Directors consists of at least five (5) and at most seven (7) persons, including the General Manager. The General Manager is the ordinary member of the Board of Directors. According to Article 25 of the company’s Articles of Association, the Board of Directors convenes whenever necessary to fulfill its duties and manage its business in line with the provisions of the Turkish Commercial Code No. 6102, other relevant legislation and the Articles of Association. The members of the Board of Directors are to be appointed for a term of three (3) years.

It is essential that the members of the Board of Directors fulfill their duties in a prudent manner and in goodwill and that the majority of the members of the Board of Directors should have received at least four (4) years of higher education due to legal regulations and that the majority of the members of the Board of Directors should be made up of individuals with at least three (3) years of experience in insurance, economics, business, accounting, law, finance, mathematics, statistics, actuary, or engineering. All members possess these qualities.

17. THE NUMBER, STRUCTURE AND INDEPENDENCE OF THE COMMITTEES FORMED IN THE BOARD OF DIRECTORS

The Investment Strategy Committee, Risk Management Committee, Corporate Management Committee and the Executive Committee were established under the scope of the Board of Directors. The Risk Management Committee and the Corporate Governance Committee were established by the Board of Directors in 2013 and the Investment Strategy Committee was established in the form of the Investment Committee in 2010 and underwent a name change in 2013. The Executive Committee was founded in 2015 by the Board of Directors.

18. RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE MECHANISM

RISK MANAGEMENT, INTERNAL CONTROL and COMPLIANCE FUNCTIONS

The risk management, internal control and compliance functions of our company are implemented under the direction and management of the General Director, with the Board of Directors assuming the ultimate responsibility, in accordance with the Undersecretariat of Treasury's Regulation on the Internal Control Systems of Insurance, Reinsurance and Pension Companies. The Board Member for Internal Systems, the Risk Manager, the Internal control Officer, and the President of Compliance Function have already been appointed by the Board of Directors. The functions regarding internal systems continue under the policies approved by the Board of Directors, including but not limited to the Risk Management Policy and Statute, the Internal Control Policy and Statute and Compliance Policy. 2016 saw both the Board of Directors, and the Executive Committee – composed of the CEO and Vice Presidents – adopt numerous policy documents regarding the operations of the company.

These policies also establish the principles, operating processes and separation of duties of risk management, internal control and compliance functions, as well as the duties and responsibilities of the departments and individuals managing such functions. Furthermore, the Risk Management Committee composed of the CEO, Vice President for Financial Affairs and Risk Officer responsible for overseeing the risk assumption by the company, as well as the Investment Strategy Committee responsible for approving the investment risk limits, operate in this context.

The internal systems structured in line with the principle of three lines of defense entail a number of processes conducted by all employees and designed to ensure the effective and efficient execution of operations aiming at the achievement of our company's objectives, the reliability of financial information, and compliance with external and internal rules. All process owners in the first line of defense assume the risks and controls alongside the senior management, in line with the principles stipulated in the Regulation on the Internal Control Systems of Insurance, Reinsurance and Pension Companies, as well as the rules of MAPFRE Group. The Risk Management, Internal Control and Compliance functions, as well as the environment and security function known as DISMA, on the second line of defense, are responsible for the oversight of said system, while the Internal Audit Service on the third line of defense is responsible for auditing the system.

Within the framework of risk management, the operational risks of the company are assessed each year using an application called Riskmap, followed by implementation of action plans regarding high-risk areas stipulated on the risk maps created in conclusion of the assessment. Insurance risks and financial risks are monitored periodically, employing specific models, with a view to identifying their impact on capital adequacy. Furthermore, the risks borne in the investment portfolio are analyzed and limits for the risks to arise out of the investments are set and compliance with such limits are monitored and reported on a daily basis.

A compliance function is organized to ensure and check compliance with the regulations and internal rules of the company in the operations of the company and a Compliance Policy establishing the purpose, scope, authorities and duties of the compliance function is in place. In this context, the compliance risks, the impact of

regulatory changes on the company, periodic reporting to government authorities and MAPFRE Group's written policies are monitored and reported to the Board of Directors on an annual basis. Furthermore, within the framework of combating the laundering of criminal proceeds, a compliance officer is appointed by the Board of Directors. The Corporate Policy drawn up and updated in 2016 in line with the applicable regulations, as well as the written procedures published in line with the policy, are in place.

A report on all operations conducted for risk management and internal control purposes within the framework of internal systems during the year is drawn up and submitted to the Board of Directors. The said report serves as the basis of the Internal Audit Service's annual audit on all operations concerning internal systems..

QUALITY MANAGEMENT SYSTEM

The ISO 9001:2008 Quality Management System, as per certification issued each year by international certification agencies, enabling the management of product and service quality and efficiency, and compliance with the customers' requirements at the highest level, is implemented at our company. The Quality Certificate was last renewed on 9.12.2016, for one year.

The firm's quality policy regards operating as a transparent and dynamic institution that works as a business partner with reinsurers and insurance brokers in line with the vision of becoming an insurance company known worldwide for its trustworthiness, which focuses on the needs and expectations of its customers, which is aware that quality is an outcome of systematic work, which considers quality service as an element of leadership, and which embraces continuous improvement in all stages of organization and insurance brokerage.

Within the framework of our quality policy and ISO 9001:2008 standard, the procedures, processes and the documents, job descriptions, objectives, reports and lists used in such processes are documented under the Quality Management System, with a view to monitoring product and service quality and reliability.

19. STRATEGIC OBJECTIVES OF THE COMPANY

Having embraced the vision of becoming an insurance company known worldwide for its trustworthiness, our company's mission entails continuous progress in service and operating as a multinational team aiming to develop the best possible relationship with our customers, distribution channels, suppliers, shareholders and society.

Our company's values lie in the strength of its capital, its integrity and service spirit, its innovation towards leadership and its committed team. The vision, mission and values of the company have been disclosed to the public on the corporate website.

Our strategic objectives are established on an annual basis, through a balanced corporate scorecard methodology established on the basis of SWOT analysis, macro and micro analyses discussing global and Turkish conjectures, the nature of competition and economic climate, and with reference to the vision and mission of our company. The strategic objectives thus established are affirmed by the Board of Directors and the achievement status of such objectives are reviewed in the Strategic Analysis Meetings held on a quarterly basis.

Our company embraces the principle of managing with objectives, which is covered by the Performance Assessment Model as a tool of management and personal development to ensure the compliance of all employees with strategic objectives and to contribute to their professional development.

20. FINANCIAL RIGHTS

The policy on the payments to be made to the members of the Board of Directors, the senior management and the other staff was approved by the decision of the Board of Directors.

The purpose of the Compensation Policy is to determine the appropriate levels of payment for each task/job and its performance and to serve as a source of satisfaction and motivation that helps employees achieve the objectives in compliance with the corporate strategy.

The Compensation Policy encourages effective risk management by avoiding conflicts of interest as well as risks that exceed the company's tolerance limits.

MAPFRE SIGORTA A.Ş. Compensation Policy;

Duty/job oriented and includes precautions that will eliminate all types of conflicts of interest.

Considers worthiness, technical knowledge, occupational skills and performance.

Guarantees equality regardless of gender, race or ideology.

Is transparent as is submitted for the information of all affected parties.

Is flexible in structure and can therefore be applied to different groups and market conditions.

Efforts are made to satisfy employees in the best possible way within the framework of existing facilities in terms of the wage system and social rights.

In the arrangement of the fees, internal balances, industrial and general wage analysis reports and MAPFRE GROUP wage policies and principles are taken into consideration.

The remuneration to be paid to the members of the Board of Directors is at the discretion of the General Assembly.

 **MAPFRE** Sigorta

FINANCIAL SITUATION

 **MAPFRE** Sigorta

Financial status and activity results

The results regarding the commercial activities of our company in 2016 are kindly submitted for your information below.

Our total premium generation reached 2,795,018,645.- TL with an increase of 32.43% compared to the previous year.

An examination in terms of lines of business indicates a 43.68% premium increase in motor accidents, which constitutes 63.26% of the total premium generation, and a 26.31% premium increase in the health line of business, which constitutes 15.45% of the total premium generation.

Our company closed the year 2016 with a technical profit amounting to 137,471,201.- TL⁽¹⁾. The highest profit was obtained in the motor branch.

The administrative expenses for our activities amounted to 145,414,907.- TL⁽²⁾. General expenses, income and profits from other activities and extra operations, expenses and losses amounted to 240,042,384.- TL, which exceeded the previous year.

Our investment income amounted to 186,691,540.- TL, investment expenses amounted to 33,508,088.- TL, excepting the income transferred to the non-life technical department, and losses from extra activities amounted to 53,350,844.- TL, equaling to a financial result of -10,615,967.- TL⁽³⁾.

Our company's profit before tax in 2016 increased to 126,855,235.- TL compared to the previous year and the profit after tax amounted to 99,655,502.- TL.

(1) The investment income transferred to the non-life technical department amounting to 121,988,569 TL was deducted from the technical department balance indicated as 149,021,195 TL in the financial statements dated December 31, 2016 and the sum amounting to 145,414,907.- TL calculated by decreasing the net commission value from activity expenses was added. In addition, the doubtful receivables regarding accrued recourses amounting to 34,966,332 TL were transferred to technical profits from the sum amounting to 53,350,844 TL monitored in the income and profit and expenses and losses from the other operations and extra operations account in financial statements.

(2) Net commission expenses were deducted from the activity expenses set out in the financial statements dated December 31, 2016.

(3) The profit remaining after the technical profit amounting to 137,471,201 TL is deducted from the profit for the period set out in the financial statements dated December 31, 2016 was defined as financial profit.

Brief financial information regarding the five-year period including the report period

MAPFRE SİGORTA A.Ş.

5 YEAR BALANCE SHEET ANCOME STATEMENT-TRY

Assets	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
I- Assets in Cash	1.570.324.952	1.035.542.462	574.173.361	524.266.693	531.553.595
II-Securities Portfolio	314.974.769	217.954.348	330.743.901	221.839.534	55.029.331
III-Receivables	997.921.436	858.632.493	789.360.785	719.353.485	486.263.273
IV-Receivables Under Administrative and Legal Proceedings	-	-	-	-	39
V-Affiliates	23.476.613	23.477.455	23.467.886	43.281.691	43.281.691
VI-Fixed Assets	206.130.554	179.883.831	33.354.061	27.585.230	45.882.839
VII-Other Assets (Net)	20.376.639	17.990.294	9.242.877	11.070.607	115.227
Total Assets	3.133.200.960	2.333.480.881	1.760.342.870	1.547.397.240	1.162.125.995
Liabilities					
I- Payables	422.448.307	327.352.455	249.584.247	204.631.167	166.145.838
II- Provisions	1.977.365.793	1.379.057.144	898.000.593	779.354.763	480.841.468
III- Other Liabilities	48.361.227	40.400.543	31.234.168	27.767.427	22.610.571
IV- Equities ⁽¹⁾	577.379.964	545.863.698	525.535.436	449.184.653	445.854.926
V- Profit ⁽¹⁾	107.645.672	40.807.043	55.988.427	86.459.230	46.673.192
Total Liabilities	3.133.200.960	2.333.480.881	1.760.342.870	1.547.397.240	1.162.125.995
Income Statement					
I-Technical Income ⁽²⁾	2.051.201.589	1.299.039.204	1.103.446.803	902.277.842	591.921.359
II- Technical Expenses ⁽³⁾	1.891.166.367	1.229.747.295	1.005.266.803	841.044.517	510.475.752
III- Technical Profit/Loss (I - II)	160.035.222	69.291.910	98.180.000	61.233.325	81.445.607
IV- General Expenses ⁽⁴⁾	133.012.596	96.604.140	86.942.063	81.948.688	58.706.070
V- Financial Income	186.691.540	124.244.100	82.380.328	148.552.426	57.248.784
VI- Financial Expenses ⁽⁵⁾	86.858.931	52.182.453	34.097.132	34.195.432	31.735.097
VII- Inflation Loss	-	-	-	-	-
VIII- Profit/Loss for the Period (III-IV+V-VI-VII)	126.855.235	44.749.417	59.521.134	93.641.631	48.253.224
IX- Provisions for Taxation on Current Year Profit and Other Legal Liabilities (-)	27.199.733	11.932.546	11.522.879	15.172.572	9.570.202
X- Net Profit/Loss for the Period (VIII-IX)	99.655.502	32.816.871	47.998.255	78.469.059	38.683.022

(1) The aforementioned equities do not include the profits and losses for the previous year, which are included in the profit set out in V.

(2) The non-life values set out in the financial statements dated December 31, 2016 are indicated after deducting the investment income transferred from the Non-Technical Department.

(3) The amounts specified as non-life technical expenses in the financial statements dated December 31, 2016 are divided into technical expenses and general expenses in the table above.

(4) Net commission expenses have been deducted from the activity expenses set out in the financial statements dated December 31, 2016.

(5) The investment income transferred to the Non-Life Technical Department has been deducted from the investment income set out in the financial statements dated December 31, 2016 and income and profit and expenses and losses from other operations and extra operations have been taken into account.

Management body's assessment and evaluation as to whether the company capital is unreturned or fallen into debt

Information regarding the financial structure

The purpose of the Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance, Reassurance and Retirement Companies is to ensure that the insurance companies have enough equity to cover the losses that may arise due to existing liabilities and potential risks. According to Article 17 of Insurance Law No. 5684 entitled "Collaterals", non-life insurance companies will establish a minimum guarantee fund as collateral, no less than one-third of the capital adequacy. The minimum guarantee fund shall be no less than one-third of the minimum capital amount required by the branches being operated in any period.

According to the results of the capital adequacy table which measures the amount of equity required for the company, the capital adequacy result of the company dated 31.12.2016 is calculated as 24,472,305 TL.

Assessment of financial status, profitability and compensation payment solvency

The ratios used in the supervision of the insurance sectors and which have international validity are presented in the attached table. These ratios, which also confirm the financial strength of Mapfre Sigorta, are well above the average of our insurance sector and world norms.

The net claims coverage ratio of the assets is 44% and the net paid claims coverage ratio is 58%. The claims coverage ratio by the liquid assets is 121% and 159% in the same order.

Profit share distribution policy

The company takes the profit for the related period to the General Assembly with the recommendation of the Board of Directors and performs profit distribution according to the decision taken at the General Assembly. The company will discuss the recommendation of the Board of Directors regarding the profit distribution at the Ordinary General Meeting to be held on March 31, 2017 regarding the profit of 2016.

Our Ratios

A- CAPITAL ADEQUACY RATIOS

	%
1- Equity / Received Premiums (Gross)	25
2- Equity / Received Premiums (Net)	31
3- Equity / Total Assets	22
4- Equity / Technical Provisions	35
5- Foreign Resources / Total Assets	78

B- ASSET QUALITY AND LIQUIDITY RATIOS

	%
1- Liquid Assets / Total Assets	60
2- Liquidity Ratio	79
3- Current Ratio	121
4- Premium and Reassurance Receivables / Total Assets	25
5- Agency Receivables / Equity	89
6- Collection Ratio	77

C- ACTIVITY RATIOS

	%
1.- Conservation Ratio	79
2- Compensation Payment Ratio	59
3- Compensation Share Ratio	93
4- Premium Increase Ratio	32

D- PROFITABILITY RATIOS

	%
1-Claim / Premium Ratio (Gross)	66
2-Claim Premium Ratio (Net)	73
3- Expense Ratio	19
4- Combined Ratio	91

THE RISK AND ASSESSMENT OF THE GOVERNING BODY

 **MAPFRE** Sigorta

Information regarding the transactions that the company conducts with the risk group in which it is included

Mapfre Sigorta operates under the conditions and practices applicable to third parties with its relations with the companies under the scope of the risk group in which it is included. On September 20, 2007, MAPFRE Genel Sigorta joined the majority of the MAPFRE Group with the majority of the shares.

As all the treaty-basis reinsurance protection of all insurance companies owned by MAPFRE are subject to 100% MAPFRE RE placement, the treaty-basis reinsurance protection of MAPFRE Sigorta has also been placed with MAPFRE RE since 01.01.2008. MAPFRE RE's grade is rated as "A" according to A.M BEST, and MAPFRE RE is a reinsurance company operating in Madrid/Spain in affiliation with MAPFRE S.A group.

Information on risk management policies applied in respect of risk types

Our company's risk management policies and activities are carried out as stated under the following main headings.

1) Risk/Collateral-Basis:

Our company has been creating its risk acceptance policies based on many years of experience in claims and other areas. These are also periodically reviewed at the same time in the light of internationally accepted general statistics and criteria. The company's reinsurance agreements form the basis of our annual risk acceptance criteria.

As reinsurance protection is one of the most important factors in maintaining the existence of the company, the identified risks are analyzed and evaluated by risk engineers and other means. Risk acceptance criteria are communicated in writing to all company authorities and distribution channels, and their implementation is monitored systematically.

2) Catastrophic Risk-Basis:

As Turkey is located on active earthquake fault lines, the company's catastrophic scenario plan has been created taking earthquake risk into account. Thus earthquake risk is followed on an earthquake region basis in our company, as in the entirety of Turkish insurance sector. Because it is the earthquake region with the highest risk, the earthquake risk is closely monitored especially in and around Istanbul and it is reviewed with periodical reports on this issue. These assessments are shared with our reinsurers as well.

According to our obligations related to earthquakes (earthquake cumulations), the limits of necessary reinsurance protection programs are determined with the consultation of Mapfre Re Reinsurance company and other international reinsurance companies and brokers, and protection is purchased accordingly. The purchased protection limits can be revised over the course of the year based on the growth rates of the company's earthquake portfolio and economic changes.

These programs cover not only the earthquake risk, but also other natural disasters, as well as the consequences of non-catastrophic risks outside the natural disasters from which multiple risk issues may be affected at the same time.

3) Assessment of Our Conservation:

In our company, the amount of conservation related to each branch/product is determined separately. While this is carried out, the related risk profiles, claim frequencies, sizes, average claim amounts and loss-premium ratios and reinsurance needs and conditions (if any) are investigated and the company's own equity of the determined conservation amounts is determined in accordance with the related legislation.

4) Reinsurance Policies:

The reinsurance activities of our company arise in different forms on the basis of risk-based and annual treaty agreements. Although our risk-based needs (facultative reinsurance) are generally fulfilled with companies that have annual contracts, reinsurance with a strong financial structure, which is certified by international rating companies, constitutes our first preference.

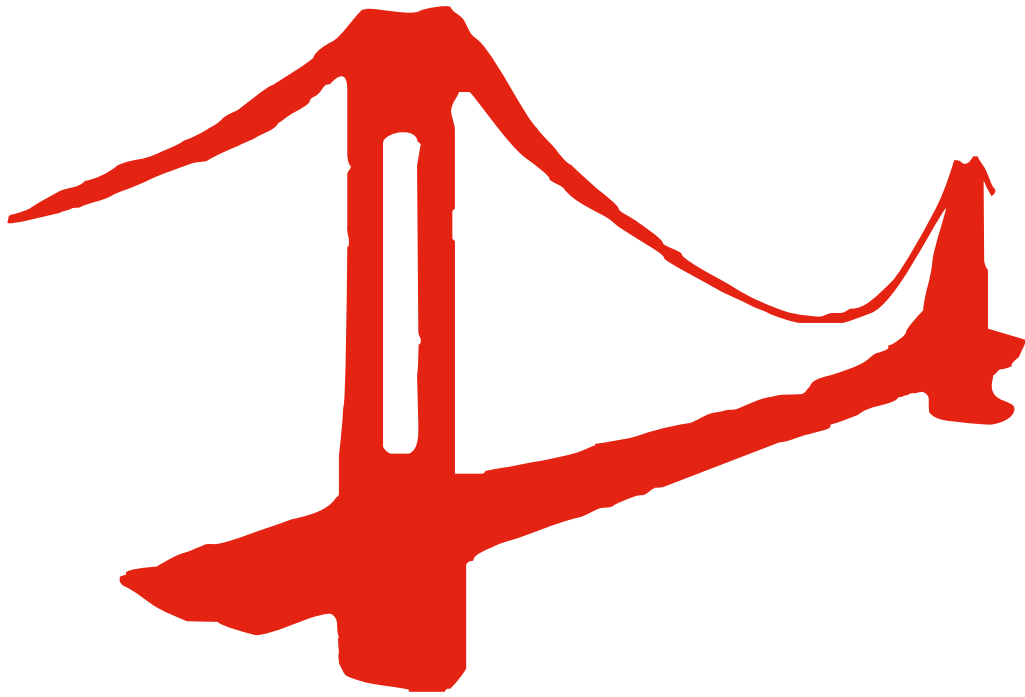
Our proportional or non-proportional annual reinsurance contracts are executed with Mapfre Re since 2008 and the company's needs and reinsurance solutions are solved jointly with this company.

OTHER CONSIDERATIONS

 **MAPFRE** Sigorta

Miscellaneous

Since the end operation year, there has been no event of any particular nature that would affect the rights of shareholders, creditors and other related persons and organizations, except for those specified in this report.



FINANCIAL STATEMENTS AND FOOTNOTES



MAPFRE SİGORTA ANONİM ŞİRKETİ

Unconsolidated Financial Statements
and Independent Auditor's Report
for the Accounting Period
Ending on December 31, 2016

 **MAPFRE** Sigorta

Mapfre Sigorta Anonim Şirketi

Content

	<u>Page</u>
Report on the Financial Statements	074 - 075
Detailed Unconsolidated Balance	076 - 080
Detailed Unconsolidated Income Statement	081 - 083
Detailed Unconsolidated Cash Flow Statement	084
Unconsolidated Statement of Changes	085
Notes for the Unconsolidated Financial Statements	086 - 151

Unconsolidated Financial Statements and Independent Auditor's Report for the Accounting Period ending on December 31, 2016

To the Board of Directors of Mapfre Sigorta Anonim Şirketi:

The Report Regarding Financial Statements

We have audited the unconsolidated balance sheet of Mapfre Sigorta Anonim Şirketi (the "Company") dated December 31, 2016, the unconsolidated income statement belonging to the accounting period ending on the same date, the unconsolidated statement of changes in equity and the unconsolidated cash and attached unconsolidated financial statements consisting of the footnotes summarizing important accounting policies and other explanatory notes.

Responsibility of the Management for Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the regulations on accounting and financial reporting in effect as per the insurance legislation and "Insurance Accounting and Financial Reporting Legislation", which includes the Turkish Accounting Standards for unregulated aspects, from their realistic submission and the internal control deemed necessary for preparing the financial statements that do not include material errors resulting from mistakes or fraud.

Responsibility of the Independent Auditor

Our responsibility is to provide our opinion regarding these financial statements based on the independent audit we have conducted. The independent audit we have conducted has been carried out in accordance with the regulations on the independent auditing principles in force in accordance with the insurance legislation and the Independent Auditing Standards which are part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority. These standards require that the clauses on ethics are complied with and that the independent audit be planned and executed so as to obtain reasonable assurance as to whether the financial statements contain significant errors.

An independent audit includes the application of audit procedures for the purpose of obtaining audit evidence of the amounts and explanations in the financial statements. The selection of these procedures is based on the professional judgment of the independent auditor, including the assessment of the risks posed by "significant errors" in financial statements resulting from mistakes or fraud. When assessing the risks, the independent auditor evaluates the internal control of the company conducted for the preparation of financial statements and their truthful presentation. However, this evaluation does not aim to provide an opinion on the effectiveness of the entity's internal control. The independent audit also includes an evaluation of the presentation of all the financial statements, an evaluation of the conformity of the accounting policies applied by the company management, and an evaluation of whether the accounting estimates are reasonable or not.

We believe that the independent audit evidence we have collected during the independent audit provides sufficient and appropriate grounds for providing our opinion.

Opinion

According to our opinion, the attached unconsolidated financial statements reflect the unconsolidated financial position of Mapfre Sigorta Anonim Şirketi as of December 31, 2016, its unconsolidated financial performance of the same accounting period ending on the same date, and the unconsolidated cash flows with all important aspects in a fair and reasonable manner as per the Accounting and Financial Reporting Legislation.

Report on Other Legal Obligations

1) In accordance with Article 402 of Turkish Commercial Code No. 6102, Paragraph 4, no important issues were found in the bookkeeping schedule of the Company for the period between January 1 - December 31, 2016 regarding their noncompliance with the provisions of the TCC and the Articles of Association with regard to financial reporting.

2) In accordance with Article 402 of the Turkish Commercial Code, Paragraph 4, the Board of Directors has made the necessary explanations within the scope of the audit and issued the requested documents.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Alper Güvenç
Responsible Auditor
March 10, 2017
Istanbul, Turkey

Mapfre Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2016 (Currency - Turkish Lira (TL))

ASSETS		Independent Audited	Independent Audited
	Footnote	December 31, 2016	December 31, 2015
I- Current Assets			
A- Cash and Cash Equivalents		1.570.324.952	1.035.542.463
1- Cash	2.12	6.384	5.844
2- Cheques Received		-	-
3- Banks	2.12	1.195.987.950	709.683.391
4- Cheques and Payment Orders Given (-)	2.12	-	-
5- Bank-Guaranteed Credit Card Receivables with a Maturity Shorter than Three Months	2.12	374.330.618	325.853.228
6- Other Cash and Cash Equivalent Assets	2.12	-	-
B- Financial Assets and Financial Investments whose Risks Belong to Policy Holders	11	314.974.769	217.954.348
1- Available-for-sale financial assets	11	314.974.769	217.954.348
2- Financial Assets to be Retained until Maturity		-	-
3- Financial Assets with Purchase-Sale Purposes		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments whose Risks Belong to Life Policy Holders		-	-
7- Company Share		-	-
8- Provision for Financial Assets Impairment (-)		-	-
C- Receivables from Main Activities	12	789.597.280	678.145.887
1- Receivables from Insurance Activities	12	786.938.307	671.441.833
2- Provisions for the Receivables from Insurance Activities (-)	12	(3.245.592)	(1.599.152)
3- Receivables from Reassurance Activities	12	5.845.243	8.236.062
4- Provisions from the Receivables from Reassurance Activities (-)		-	-
5- Deposits at Insurance and Reassurance Companies	12	59.322	67.144
6- Loans to Policy Holders (Advance Loans)		-	-
7- Provisions for the Loans to Policy Holders (Advance Loans) (-)		-	-
8- Receivables from Retirement Activities		-	-
9- Doubtful Receivables Arising from Main Activities	12	139.962.529	96.232.824
10- Provisions for the Doubtful Receivables Arising from Main Activities (-)	12	(139.962.529)	(96.232.824)
D- Receivables from related parties	12	1.050.158	1.014.348
1- Receivables from Partners		-	-
2- Receivables from Affiliates		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Enterprises Subject to Joint Management		-	-
5- Receivables from Staff		96.933	68.811
6- Receivables from Other Related Parties	12	953.225	945.537
7- Rediscount for the Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		13.106.897	16.102.054
1- Financial Leasing Receivables		-	-
2- Unearned Financial Leasing Interest Incomes (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	47.1	14.371.825	16.674.805
5- Rediscount from Other Miscellaneous Receivables (-)		(1.264.928)	(572.751)
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Short-Term Prepaid Expenses and Accrued Income		175.498.072	161.446.757
1- Deferred Production Expenses	47.1	166.342.435	151.856.135
2- Accrued Income and Leasing Incomes		-	-
3- Income Accruals		-	83.773
4- Other Prepaid Expenses for Next Months	47.1	9.155.637	9.506.849
G- Other Current Assets		18.421.919	1.739.196
1- Long-Term Inventories		693.278	322.683
2- Prepaid Taxes and Funds	35	16.375.468	-
3- Deferred Tax Assets	21	-	-
4- Work Advances		30.483	26.948
5- Advances Given to Personnel		1.322.690	1.389.565
6- Count and Delivery Shortages		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
I- Total Current Assets		2.882.974.047	2.111.945.053

The footnotes between page 86 and 151 are complementary parts to these financial statements.

Mapfre Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet

as of December 31, 2016

(Currency - Turkish Lira (TL))

ASSETS (continued)	Footnote	Independent Audited December 31, 2016	Independent Audited December 31, 2015
II- Non-Current Assets			
A- Receivables from Main Activities			
1- Receivables from Insurance Activities		-	-
2- Provisions for the Receivables from Insurance Activities (-)		-	-
3- Receivables from Reassurance Activities		-	-
4- Provisions from the Receivables from Reassurance Activities (-)		-	-
5- Deposits at Insurance and Reassurance Companies		-	-
6- Loans to Policy Holders (Advance Loans)		-	-
7- Provisions for the Loans to Policy Holders (Advance Loans) (-)		-	-
8- Receivables from Retirement Activities		-	-
9- Doubtful Receivables Arising from Main Activities		-	-
10- Provisions for the Doubtful Receivables Arising from Main Activities (-)		-	-
B- Receivables from the Related Parties			
1- Receivables from Partners		-	-
2- Receivables from Affiliates		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Enterprises Subject to Joint Management		-	-
5- Receivables from Staff		-	-
6- Receivables from Other Related Parties		-	-
7- Rediscount for the Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables			
		247.110	184.247
1- Financial Leasing Receivables		-	-
2- Unearned Financial Leasing Interest Incomes (-)		-	-
3- Deposits and Guarantees Given		247.110	184.247
4- Other Miscellaneous Receivables		-	-
5- Rediscount from Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets			
	9	23.476.613	23.477.455
1- Long-Term Securities	9	11.193	12.035
2- Affiliates	9	220.889	220.889
3- Affiliates' Capital Commitments (-)	9	-	-
4- Subsidiaries	9	23.244.531	23.244.531
5- Subsidiaries' Capital Commitments (-)		-	-
6- Enterprises Subject to Joint Management		-	-
7- Capital Commitments of Enterprises Subject to Joint Management (-)		-	-
8- Financial Assets and Financial Investments whose Risks Belong to Policy Holders		-	-
9- Other Financial Assets		-	-
10- Provision for Financial Assets Impairment (-)		-	-
E- Tangible Assets			
		193.771.283	171.016.722
1- Real Estates with Investment Purposes	7	243.036	145.036
2- Provision for Impairment of Real Estates with Investment Purposes (-)	7	-	-
3- Real Estates with Usage Purposes	6	19.575.808	20.515.185
4- Machinery and Equipment		-	-
5- Fixtures and Installments	6	22.095.049	14.065.146
6- Motor Vehicles	6	2.944.754	3.791.341
7- Other Tangible Assets (Including Leasehold Improvement Amounts)	6	4.464.784	3.911.752
8- Tangible Assets Acquired via Leasing		-	-
9- Accumulated Depreciation (-)	6, 7	(22.566.201)	(20.167.232)
10- Advances Regarding Tangible Assets (Including Investments in Progress)	6	167.014.053	148.755.494
F- Intangible Assets			
	8	12.359.271	8.867.109
1- Rights	8	14.237.080	11.968.455
2- Goodwill		-	-
3- Expenses Regarding the Pre-Activity Period		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Reimbursement (Depreciation) (-)	8	(6.691.520)	(5.226.462)
7- Advances Regarding Intangible Assets	8	4.813.711	2.125.116
G- Prepaid Expenses and Accrued Income for Future Years			
		542.403	741.209
1- Deferred Production Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses for Future Years	47,1	542.403	741.209
H- Other Non-Current Assets			
		19.830.236	17.249.084
1- Effective Foreign Currency Accounts		-	-
2- Forex Accounts		-	-
3- Long-Term Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	19.830.236	17.249.084
6- Other Miscellaneous Non-Current Assets		-	-
7- Other Non-Current Assets' Depreciation (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets			
		250.226.916	221.535.826
Total Assets (I + II)			
		3.133.200.963	2.333.480.879

The footnotes between page 86 and 151 are complementary parts to these financial statements.

Mapfre Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2016 (Currency - Turkish Lira (TL))

LIABILITIES	Footnote	Independent	Independent
		Audited	Audited
		December 31, 2016	December 31, 2015
III- Short-Term Liabilities			
A- Financial Payables	20	-	-
1- Payables to Loan Organizations		-	-
2- Financial Leasing Payables		-	-
3- Deferred Financial Leasing Payable Costs (-)		-	-
4- Capital Installments and Interests of Long-Term Loans		-	-
5- Capitals, Installments and Interest for Issued Bonds (Bills)		-	-
6- Other Financial Assets Issued		-	-
7- Premiums on Other Financial Assets Issued (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Payables for Main Activities	19	259.696.184	189.765.631
1- Payables to Insurance Activities	2,27, 19	129.738.171	100.172.976
2- Payables to Reassurance Activities	19	129.602.470	89.020.731
3- Deposits Taken from the Insurance and Reassurance Companies	19	355.543	571.924
4- Payables to Retirement Activities		-	-
5- Payables from Other Main Activities		-	-
6- Payables to Other Main Activities Rediscount on Notes Payable (-)		-	-
C- Payables to Related Parties		2.352.367	178.490
1- Payables to Shareholders	12.2	82.942	83.001
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Enterprises Subject to Joint Management		-	-
5- Payables to Personnel		5.488	17.371
6- Payables to Other Related Parties	12	2.263.937	78.118
D- Other Payables		109.704.189	99.203.041
1- Deposits and Guarantees Taken		7.191.422	6.215.119
2- Payables to SSI Regarding Treatment Expenses		45.063.103	42.731.776
3- Other Miscellaneous Payables	47.1	58.310.431	51.481.130
4- Rediscount on Other Miscellaneous Payables (-)		(860.767)	(1.224.984)
E- Technical Provisions for Insurance		1.913.862.469	1.329.863.849
1- Provisions for Unearned Premiums - Net	17.15	1.126.788.615	917.348.877
2- Provisions for Continued Risks - Net	17.15	132.502	-
3- Mathematical Provisions - Net		-	-
4- Provisions for Outstanding Compensations - Net	17.15	772.361.220	404.899.973
5- Provisions for Bonuses and Discounts - Net	17.15	14.580.132	7.614.999
6- Other Technical Provisions - Net		-	-
F- Taxes Payable and Other Similar Liabilities and Provisions		50.695.567	38.205.292
1- Taxes and Funds Payable		20.463.587	17.339.329
2- Social Security Withholdings Payable		1.417.352	1.130.220
3- Matured, Delayed or Deferred Tax by Installments and Other Liabilities		-	-
4- Other Taxes and Similar Liabilities Payable		28.814.628	22.454.708
5- Provision for Taxation on Current Year Profit and Other Legal Liabilities	35	27.199.733	11.932.546
6- Prepaid Tax and Other Liabilities on Current Year Profit (-)	35	(27.199.733)	(14.651.511)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions Regarding Other Risks		11.276.677	8.396.178
1- Provisions for Severance Pay		-	-
2- Provisions for Social Support Fund Asset Deficits		-	-
3- Provisions for Cost Expenses	23.2	11.276.677	8.396.178
H- Income and Accrued Expenses for Future Months	19	41.820.041	35.644.981
1- Deferred Commission Income	19	41.820.041	35.644.981
2- Accrued Expenses		-	-
3- Other Income for Future Months		-	-
I- Other Short-Term Liabilities		2.233.238	1.616.525
1- Deferred Tax Liability		-	-
2- Count and Delivery Surpluses		-	-
3- Other Miscellaneous Short-Term Liabilities		2.233.238	1.616.525
III- Total Short-Term Liabilities		2.391.640.732	1.702.873.987

The footnotes between page 86 and 151 are complementary parts to these financial statements.

Mapfre Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet
as of December 31, 2016
(Currency - Turkish Lira (TL))

LIABILITIES (continued)	Footnote	Independent Audited December 31, 2016	Independent Audited December 31, 2015
IV- Long-Term Liabilities			
A- Financial Payables			
1- Payables to Loan Organizations		-	-
2- Financial Leasing Payables		-	-
3- Deferred Financial Leasing Payable Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Premiums on Other Financial Assets Issued (-)		-	-
7- Other Financial Payables (Liabilities)		-	-
B- Payables for Main Activities			
1- Payables to Insurance Activities		-	-
2- Payables to Reassurance Activities		-	-
3- Deposits Taken from the Insurance and Reassurance Companies		-	-
4- Payables to Retirement Activities		-	-
5- Payables from Other Main Activities		-	-
6- Payables to Other Main Activities Rediscount on Notes Payable (-)		-	-
C- Payables to Related Parties			
1- Payables to Shareholders		-	-
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Enterprises Subject to Joint Management		-	-
5- Payables to Personnel		-	-
6- Payables to Other Related Parties		-	-
D- Other Payables			
1- Deposits and Guarantees Taken		-	-
2- Payables to SSI Regarding Treatment Expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Rediscount on Other Miscellaneous Payables		-	-
E- Technical Provisions for Insurance			
1- Provisions for Unearned Premiums - Net		43.125.511	33.124.796
2- Provisions for Continued Risks - Net		-	-
3- Mathematical Provisions - Net		-	-
4- Provisions for Outstanding Compensations - Net		-	-
5- Provisions for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net	17,15, 47,1	43.125.511	33.124.796
F- Other Liabilities and Provisions			
1- Other Liabilities Payable		-	-
2- Matured, Delayed or Deferred Tax by Installments and Other Liabilities		-	-
3- Provisions for Other Payables and Expenses		-	-
G- Provisions Regarding Other Risks			
1- Provisions for Severance Pay	22	9.101.136	7.672.320
2- Provisions for Social Support Fund Asset Deficits	22, 23	6.811.091	5.424.958
		2.290.045	2.247.362
H- Income and Accrued Expenses for Future Years			
1- Deferred Commission Income		-	-
2- Accrued Expenses		-	-
3- Other Income for Future Years		-	-
I- Other Long-Term Liabilities			
1- Deferred Tax Liability		4.307.948	3.139.037
2- Other Miscellaneous Long-Term Liabilities	22, 47,5	-	-
		4.307.948	3.139.037
IV- Total Long-Term Liabilities		56.534.595	43.936.153

Mapfre Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet as of December 31, 2016 (Currency - Turkish Lira (TL))

EQUITY	Footnote	Independent Audited	Independent Audited
		December 31, 2016	December 31, 2015
V- Equity			
A. Paid Capital			
1- (Nominal) Capital	2.13, 15	350.000.000	350.000.000
2- Unpaid Capital (-)		-	-
3- Positive Distinction from Share Capital Adjustment		-	-
4- Negative Distinction from Share Capital Adjustment (-)		-	-
5- Registered Expected Capital		-	-
B- Capital Reserves			
1- Share Premiums		-	-
2- Share Premiums of Cancelled Shares		-	-
3- Sale Profits to be Added to Capital		-	-
4- Foreign Currency Conversion Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves			
		227.379.964	195.863.698
1- Legal Reserves	15	68.679.287	63.756.757
2- Status Reserves		-	-
3- Extra Reserves		99.012.127	71.128.181
4- Special Funds (Reserves)	15	46.344.211	46.875.499
5- Financial Asset Valuation	15	(1.827.057)	(1.068.135)
6- Other Profit Reserves	15	15.171.396	15.171.396
D- Previous Years' Profits			
1- Previous Years' Profits		7.990.170	12.677.029
E- Losses From Previous Years (-)			
1- Losses from Previous Years		-	(4.686.859)
F- Net Profit for the Period			
1- Net Profit for the Period		99.655.502	32.816.871
2- Net Loss for the Period (-)		99.385.870	32.816.871
3- Non-Distributable Profit for the Period	15	-	-
Total Equity		685.025.636	586.670.739
Total Liabilities (III + IV + V)		3.133.200.963	2.333.480.879

Mapfre Sigorta Anonim Şirketi

Detailed unconsolidated balance sheet
as of December 31, 2016
(Currency - Turkish Lira (TL))

I- TECHNICAL DEPARTMENT		Independent Audited	Independent Audited
	Footnote	1 January- December 31, 2016	1 January- December 31, 2015
A- Non-Life Technical Income		2.173.200.158	1.375.846.858
1- Earned Premiums (Reassurer Shares Deducted)		2.010.098.784	1.277.901.084
1.1- Written Premiums (Reassurer Shares Deducted)	24	2.219.671.024	1.644.987.448
1.1.1- Gross Written Premiums (+)	24	2.795.018.645	2.110.572.928
1.1.2- Premiums Transferred to Reassurer (-)	10, 24	(427.443.216)	(370.321.741)
1.1.3- Premiums Transferred to SSI (-)		(147.904.405)	(95.263.739)
1.2- Changes in the Provisions for Unearned Premiums (Reassurer Share and Transferred Portion Deducted) (+/-)	47	(209.439.738)	(367.102.480)
1.2.1- Provisions for Unearned Premiums (-)		(261.654.674)	(438.600.648)
1.2.2- Reassurer Shares in Provisions for Unearned Premiums (+)	10	34.866.341	34.205.773
1.2.3- SSI Shares in Provisions for Unearned Premiums (+/-)		17.348.595	37.292.395
1.3 - Changes in the Provisions for Continued Risks (Reassurer Share and Transferred Portion Deducted) (+/-)	17	(132.502)	16.116
1.3.1- Provisions for Continued Risks (-)	17	(753.762)	93.168
1.3.2- Reassurer Shares in Provisions for Continued Risks (+)	10, 17	621.260	(77.052)
2- Investment Income Transferred from Non-Technical Department		121.998.569	76.807.654
3- Other Technical Income (Reassurer Shares Deducted)		2.608.815	808.095
3.1- Other Gross Technical Income (+/-)		2.608.815	808.095
3.2- Reassurer Shares in Other Gross Technical Income (+/-)		-	-
4.- Accrued Recourse and Recovery Income (+)		38.493.990	20.330.025
B- Non-Life Technical Expenses (-)		(2.024.178.963)	(1.326.351.435)
1- Realized Compensations (Reassurer Shares Deducted) (+/-)		(1.552.296.527)	(992.146.050)
1.1- Paid Compensations (Reassurer Shares Deducted) (+/-)	17	(1.184.835.280)	(894.070.908)
1.1.1- Gross Paid Compensations (-)	17	(1.277.509.853)	(1.001.747.672)
1.1.2- Reassurer Shares in Paid Compensations (+)	10, 17	92.674.573	107.676.764
1.2- Changes in the Provisions for Outstanding Compensations (Reassurer Share and Transferred Portion Deducted) (+/-)	47	(367.461.247)	(98.075.142)
1.2.1- Provisions for Outstanding Compensations (-)		(391.425.188)	(101.709.431)
1.2.2- Reassurer Shares in Provisions for Outstanding Compensations (+)	10	23.963.941	3.634.289
2- Changes in the Provisions for Bonuses and Discounts (Reassurer Share and Transferred Portion Deducted) (+/-)	17	(41.904.058)	(27.373.976)
2.1- Provisions for Bonuses and Discounts (-)	17	(41.904.058)	(27.373.976)
2.2- Reassurer Shares in Provisions for Bonuses and Discounts (-)		-	-
3- Changes in the Other Technical Provisions (Reassurer Share and Transferred Portion Deducted) (+/-)	17, 47	(10.000.715)	(9.300.542)
4- Operating Expenses (-)	31	(398.197.647)	(274.944.699)
5- Changes in the Mathematical Provisions (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
5.1- Mathematical Provisions (-)		-	-
5.2- Reassurer Shares in Mathematical Provisions (+)		-	-
6- Other Technical Expenses (-)		(21.780.016)	(22.586.168)
6.1- Other Gross Technical Expenses (-)	47, 5	(21.780.016)	(22.586.168)
6.2- Reassurer Shares in Other Gross Technical Expenses (+)		-	-
C- Technical Department Balance - Non-Life (A - B)		149.021.195	49.495.423
D- Life Technical Income		-	-
1- Earned Premiums (Reassurer Shares Deducted)		-	-
1.1- Written Premiums (Reassurer Shares Deducted)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Premiums Transferred to Reassurer (-)		-	-
1.2- Changes in the Provisions for Unearned Premiums (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
1.2.1- Provisions for Unearned Premiums (-)		-	-
1.2.2- Reassurer Shares in Provisions for Unearned Premiums (+)		-	-
1.3 - Changes in the Provisions for Continued Risks (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
1.3.1- Provisions for Continued Risks (-)		-	-
1.3.2- Reassurer Shares in Provisions for Continued Risks (+)		-	-
2- Investment Income of Life Line		-	-
3- Unrealized Investment Profits		-	-
4- Other Technical Income (Reassurer Shares Deducted) (+/-)		-	-
4.1- Other Gross Technical Income (+/-)		-	-
4.2- Reassurer Shares in Other Gross Technical Income (+/-)		-	-
5.- Accrued Recourse Income (+)		-	-

The footnotes between page 86 and 151 are complementary parts to these financial statements.

Mapfre Sigorta Anonim Şirketi

Detailed Uconsolidated income statement for the fiscal year ending on December 31, 2016 (Currency - Turkish Lira (TL))

I- TECHNICAL DEPARTMENT (continued)	Footnote	Independent Audited 1 January- December 31, 2016	Independent Audited 1 January- December 31, 2015
E- Life Technical Expenses		-	-
1- Realized Compensations (Reassurer Shares Deducted) (+/-)		-	-
1.1- Paid Compensations (Reassurer Shares Deducted) (-)		-	-
1.1.1- Gross Paid Compensations (-)		-	-
1.1.2- Reassurer Shares in Paid Compensations (+)		-	-
1.2- Changes in the Provisions for Outstanding Compensations (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
1.2.1- Provisions for Outstanding Compensations (-)		-	-
1.2.2- Reassurer Shares in Provisions for Outstanding Compensations (+)		-	-
2- Changes in the Provisions for Bonuses and Discounts (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
2.1- Provisions for Bonuses and Discounts (-)		-	-
2.2- Reassurer Shares in Provisions for Bonuses and Discounts (-)		-	-
3- Changes in the Mathematical Provisions (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
3.1- Mathematical Provisions (-)		-	-
3.1.1- Actuarial Mathematical Provisions (+/-)		-	-
3.1.2- Bonus Provision (Provision Allocated for Policies whose Investment Risks Belong to Policy Holders)		-	-
3.2- Reassurer Shares in Mathematical Provisions (+)		-	-
3.2.1- Actuarial Reassurer Shares in Mathematical Provisions (+)		-	-
3.2.2- Reassurer Shares in Bonus Provision (Provision Allocated for Policies whose Investment Risks Belong to Policy Holders) (+)		-	-
4- Changes in the Other Technical Provisions (Reassurer Share and Transferred Portion Deducted) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Investment Losses (-)		-	-
8- Investment Expenses Transferred to Non-Technical Department (-)		-	-
F- Technical Department Balance - Life (D - E)		-	-
G- Retirement Technical Income		-	-
1- Fund Management Income		-	-
2- Management Expense Deduction		-	-
3- Entrance Fee Income		-	-
4- Management Expense Deduction in Case of Suspension		-	-
5- Special Service Expense Deduction		-	-
6- Capital Allocation Advance Value Increase Income		-	-
7- Other Technical Income		-	-
H- Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Capital Allocation Advance Value Decrease Income (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expenses (-)		-	-
I- Technical Department Balance - Retirement (G - H)		-	-

Mapfre Sigorta Anonim Şirketi

Detailed Uconsolidated income statement for the fiscal year ending on December 31, 2016 (Currency - Turkish Lira (TL))

II- NON-TECHNICAL DEPARTMENT		Independent Audited	Independent Audited
	Footnote	1 January-December 31, 2016	1 January-December 31, 2015
C- Technical Department Balance - Non-Life (A - B)		149.021.195	49.495.423
F- Technical Department Balance - Life (D - E)		-	-
I- Technical Department Balance - Retirement (G - H)		-	-
J- General Technical Department Balance (C+F+I)		149.021.195	49.495.423
K- Investment Income	26	186.691.540	124.244.099
1- Income from Financial Investments	26	139.935.779	88.765.906
2- Profit from Converting the Financial Investments to Cash	26	-	-
3- Valuation of Financial Investments	26	(775.017)	(6.102.032)
4- Foreign Exchange Profits	26, 36	43.912.044	37.389.110
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Enterprises Subject to Joint Management	26	2.639.826	3.625.435
7- Income from Plots, Lands and Buildings	26	978.908	565.680
8- Income from Derivative Products		-	-
9- Other Investments		-	-
10- Investment Income from Life Technical Department		-	-
L- Investment Expenses (-)		(155.506.657)	(104.091.803)
1- Investment Management Expenses – Interest Included (-)		-	-
2- Decreases in Investment Value (-)	11	(511.647)	73.647
3- Losses after the Conversion of Investments to Cash (-)		-	(180.206)
4- Investment Income Transferred to Non-Life Technical Department (-)	26	(121.998.569)	(76.807.654)
5- Losses Arising from Derivative Products (-)		-	-
6- Foreign Exchange Losses (-)	26, 36	(28.025.850)	(12.774.560)
7- Depreciation Expenses (-)	31	(4.970.591)	(4.779.431)
8- Other Investment Expenses (-)		-	-
M- Income and Profit and Expenses and Losses from Other Operations and Extra Operations (+/-)		(53.350.843)	(24.898.302)
1- Provision Account (+/-)	47	(46.471.243)	(22.301.283)
2- Rediscout Account (+/-)	47	6.618.583	(2.771.449)
3- Qualifying Insurance Account (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Account (+/-)	35	2.143.939	(7.983.457)
6- Deferred Tax Liability Expenses (-)		-	-
7- Other Income and Profits	47,5	2.418.535	2.862.013
8- Other Expenses and Losses (-)	47,5	(18.060.657)	(10.671.040)
9- Previous Years' Income and Profits		-	-
10- Previous Years' Expenses and Losses (-)		-	-
N- Net Profit or Loss for the Period		99.655.502	32.816.871
1- Profit and Loss for the Period	35	126.855.235	44.749.417
2- Provision for Taxation on Current Year Profit and Other Legal Liabilities (-)	35, 47	(27.199.733)	(11.932.546)
3- Net Profit or Loss for the Period		99.655.502	32.816.871
4- Inflation Adjustment Account		-	-

The footnotes between page 86 and 151 are complementary parts to these financial statements.

Mapfre Sigorta Anonim Şirketi

Detailed Uconsolidated income statement for the fiscal year ending on December 31, 2016 (Currency - Turkish Lira (TL))

CASH FLOW STATEMENT	Footnote	Independent Audited	Independent Audited
		1 January- December 31, 2016	1 January- December 31, 2015
A- CASH FLOWS FROM REAL OPERATIONS			
1- Cash inflows from insurance operations		2.717.854.277	1.996.492.730
2- Cash inflows from reinsurance operations		182.324.980	184.834.064
3- Cash inflows from retirement operations		-	-
4- Cash outflow due to insurance operations (-)		(1.638.454.228)	(1.227.895.671)
5- Cash outflow due to reinsurance operations (-)		(540.496.987)	(452.315.789)
6- Cash outflow due to retirement operations (-)		-	-
7- Cash generated after the main activities (A1+A2+A3-A4-A5-A6)		721.228.042	451.115.334
8- Interest payments (-)		-	-
9- Income tax payments (-)		(35.286.614)	(16.582.986)
10- Other cash inflows		3.110.621	1.475.702
11- Other cash outflows (-)		(331.931.041)	(125.304.683)
12- Net cash generated from main activities		357.121.008	310.703.367
B- CASH FLOWS FROM INVESTMENT OPERATIONS			
1- Sale of tangible assets		1.452.778	16.189.488
2- Acquisition of tangible assets (-)	6,8	(31.942.919)	(32.329.131)
3- Acquisition of financial assets (-)	11	(311.227.009)	(65.116.278)
4- Sales of financial assets	11	211.856.610	169.160.312
5- Interests received		133.031.544	92.393.060
6- Dividends received	26	2.639.826	3.653.040
7- Other cash inflows		12.508.442	578.286
8- Other cash outflows (-)		(26.731.243)	(153.588.698)
9- Net cash generated from investment operations		(8.411.971)	30.940.079
C- CASH FLOWS FROM FINANCING OPERATIONS			
1- Share premiums		-	-
2- Cash inflows regarding loans		-	-
3- Financial leasing payable payments (-)		-	-
4- Dividends paid (-)	15.1	(10.395)	(25.022.142)
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Net cash generated from financing operations		(10.395)	(25.022.142)
D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENT ASSETS		967.428	306.764
E- Net increase in cash and cash equivalents (A12+B9+C7+D)		349.666.070	316.928.068
F- Available cash and cash equivalents at the beginning of the year		633.526.610	316.598.542
G- Available cash and cash equivalents at the end of the year (E+F)	2.12	983.192.680	633.526.610

Mapfre Sigorta Anonim Şirketi
Unconsolidated statement of changes in equity
for the fiscal year ending on December 31, 2016
(Currency - Turkish Lira (TL))

	Independently Audited										
	December 31, 2016 (*)										
	Capital	Establishment's Own Stocks (-)	Asset Value Increase	Equity Inflation Adjustment Differences	Foreign Cash Conversion Differences	Legal Reserves	Extra reserves	Other Reserves and Unallocated Profits	Net period Profit/ (Loss)	Past Years Profits/ (Losses)	Total
CURRENT PERIOD											
I- Previous End of the Period Balance (December 31, 2015)	350.000.000	-	(1.068.135)	-	-	63.756.757	71.128.181	62.046.895	32.816.871	7.990.170	586.670.739
II- Changes in Accounting Policies (Note 2.1.1)	-	-	-	-	-	-	-	-	-	-	-
III- New Balance (I + II) (January 1, 2016)	350.000.000	-	(1.068.135)	-	-	63.756.757	71.128.181	62.046.895	32.816.871	7.990.170	586.670.739
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal sources	-	-	-	-	-	-	-	-	-	-	-
B- The stocks purchased by the establishment	-	-	-	-	-	-	-	-	-	-	-
C- Revenues and losses not included in the income statement	-	-	(758.922)	-	-	-	-	(531.288)	-	-	(1.290.210)
D- Asset value increase/decrease	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency conversion differences	-	-	-	-	-	-	-	-	-	-	-
F- Other revenues and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (Loss) for the period	-	-	-	-	-	-	-	-	99.655.502	-	99.655.502
I- Dividend allocated (Note 15)	-	-	-	-	-	-	-	-	(10.395)	-	(10.395)
J- Transfer to the reserves	-	-	-	-	-	4.922.530	27.883.946	-	(32.806.476)	-	-
IV- End of the Period Balance (December 31, 2016) (III+ A+B+C+D+E+F+G+H+I+J)	350.000.000	-	(1.827.057)	-	-	68.679.287	99.012.127	61.515.607	99.655.502	7.990.170	685.025.636
	Independently Audited										
	December 31, 2015 (*)										
	Capital	Establishment's Own Stocks (-)	Asset Value Increase	Equity Inflation Adjustment Differences	Foreign Cash Conversion Differences	Legal Reserves	Extra reserves	Other Reserves and Unallocated Profits	Net period Profit/ (Loss)	Past Years Profits/ (Losses)	Total
CURRENT PERIOD											
I- Previous End of the Period Balance (December 31, 2014)	350.000.000	-	809.833	-	-	56.761.168	55.702.314	62.262.122	47.998.255	7.990.170	581.523.862
II- Changes in Accounting Policies (Note 2.1.1)	-	-	-	-	-	-	806.340	(806.340)	-	-	-
III- New Balance (I + II) (January 1, 2015)	350.000.000	-	809.833	-	-	56.761.168	56.508.654	61.455.782	47.998.255	7.990.170	581.523.862
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal sources	-	-	-	-	-	-	-	-	-	-	-
B- The stocks purchased by the establishment	-	-	-	-	-	-	-	-	-	-	-
C- Revenues and losses not included in the income statement	-	-	(1.877.968)	-	-	-	-	(769.884)	-	-	(2.647.852)
D- Asset value increase/decrease	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency conversion differences	-	-	-	-	-	-	-	-	-	-	-
F- Other revenues and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (Loss) for the period	-	-	-	-	-	-	-	-	32.816.871	-	32.816.871
I- Dividend allocated (Note 15)	-	-	-	-	-	-	(22.142)	-	(25.000.000)	-	(25.022.142)
J- Transfer to the reserves	-	-	-	-	-	6.995.589	14.641.669	1.360.997	(22.998.255)	-	-
IV- End of Period Balance (December 31, 2015) (III+ A+B+C+D+E+F+G+H+I+J)	350.000.000	-	(1.068.135)	-	-	63.756.757	71.128.181	62.046.895	32.816.871	7.990.170	586.670.739

(*) Detailed explanations regarding equity items are provided in footnote no. 15.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

1. General information

1.1 Parent company name and last owner of the group: Mapfre Sigorta Anonim Şirketi ("Company")

The Company was established on 16 August 1948 in Istanbul, Turkey, and its main activities cover all kinds of insurances in Turkey in the field of non-life insurance, particularly accident, personal accident, motor, fire, transportation, TCIP (Turkish Catastrophe Insurance Pool), engineering, agriculture and health lines of businesses. The transfer of the Company's controlling shares to Spanish Mapfre group was completed as of September 20, 2007 and 280,000,000 shares owned by Mapfre Internacional SA in the Company, representing 80% of the Company's capital, were transferred to Mapfre Internacional SA ("Mapfre"), a subsidiary of Mapfre SA responsible for international investments, as of April 23, 2008, and the transfer was recorded in the Company's stock ledger.

The shares of Demir Toprak İthalat İhracat ve Tic. A.Ş., representing 10% of the Company capital and amounting to 35,000,000 TL, were transferred to Mapfre Internacional S.A. and the transfer was recorded in the Company's stock ledger.

The shares of Avor İnşaat Gıda Tekstil Kimya San. ve Tic. representing 9.75% of the Company capital and amounting to 34,109,046 TL, were transferred to Mapfre Internacional S.A. in accordance with the correspondence of the Turkish Prime Ministry Undersecretariat of Treasury No. 69664 dated October 4, 2010 and the transfer was recorded in the Company's stock ledger.

The Company's title was changed to "Mapfre Genel Sigorta Anonim Şirketi" with the decision taken at the Ordinary General Assembly held on March 31, 2009.

The Company's title was changed to "Mapfre Genel Sigorta Anonim Şirketi" with the decision taken at the Extraordinary General Assembly held on September 27, 2016 and published in the Turkish Trade Registry Gazette dated October 12, 2016.

1.2 Residence address and legal structure of the organization, country of origin and registered

address: The registered head office address of the Company is Yenişehir Mahallesi İrmak Caddesi No:11 34435 Beyoğlu – Istanbul/Turkey. The Company has branch directorates in the provinces of Adana, Ankara, Antalya, Bursa, Izmir, Istanbul, Izmit , Mersin, Malatya, Konya, Kayseri, Samsun, Gaziantep, Eskişehir, and Denizli.

1.3 Establishment's actual area of activity: The Company conducts all types of insurance transactions in the non-life insurance area, particularly in lines of businesses such as fire and natural disasters, transportation, land vehicles, rail vehicles, air vehicles, water vehicles, accidents, general liability, land vehicles liability, water vehicles liability, aircraft liability, general damages, surety, financial losses IV, financial losses VII, financial losses IX, loans, legal protection and health. In addition, the Company conducts reinsurance transactions in the health line of business. The Company started to operate in the health insurance field as of August 1, 2011 by taking over the health portfolio from Mapfre Yaşam Sigorta A.Ş. The Company decided to purchase 36,720 shares corresponding to 51% of the shares of Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. with the decision of the Board of Directors no. 2012/23 dated September 21, 2012 and the purchase was completed.

1.4 Description of the operations and main operation field qualities of the organization: Described in notes 1.2 and 1.3.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

1. General Information (continued)

1.5 Number of staff members employed within the year by categories:

	December 31, 2016	December 31, 2015
Top and mid-level executives	104	90
Other personnel	585	544
Total	689	634

1.6 Total amount of wages and other benefits granted to top executives such as the Chairman and members of the Board of Directors, General Manager, General Coordinator, assistants to the General Manager, etc. in the current period: January 1 - December 31, 2016: 17,981,939 TL (January 1 - December 31, 2015: 7,148,709 TL).

1.7 Keys used in the distribution of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourced benefits and services and other operating expenses) in the financial statements:

Investment expenses transferred to the non-technical department:

In accordance with the "Communiqué on the Procedures and Principles of the Keys Used in Financial Statements Prepared with Respect to the Uniform Chart of Accounts for Insurance" by the Turkish Prime Ministry Undersecretariat of Treasury (Undersecretariat of Treasury) no. 2008/1 dated January 4, 2008, all income obtained from directing the assets covering the technical provisions to investment are transferred to the technical department. The amount transferred to the technical department is allocated to the sub-lines of business based upon the ratios obtained after dividing the net cash flow amounts, calculated after deducting the reinsurance share for each branch with total net cash flow amounts. Net cash flows are obtained by deducting the net paid expenses from the net written premiums.

Allocation of the operation expenses:

In the accounting period ending December 31, 2016 and in line with the aforementioned Communiqué of the Undersecretariat of Treasury, personnel, management, research and development, marketing and sales expenses, outsourced benefits and services and other operating expenses that cannot be directly allocated are allocated based on proportioning the number of policies issued in three years for each line of business, the gross written premium amount and the number of claims to the total number of policies issued, total gross written premiums, and the number of claims, respectively.

1.8 Whether the financial statements cover a single company or a company group: The unconsolidated financial statements cover a single company (Mapfre Sigorta Anonim Şirketi). The consolidated financial statements of the Company are separately regulated in accordance with the Communiqué on the Regulation of Consolidated Financial Statements of the Insurance, Reinsurance and Retirement Companies.

1.9 Name, other identity information of the reporting establishment, and changes in this information after the previous balance sheet date: The name and other identity information of the Company has been specified in notes 1.1, 1.2 and 1.3 and the changes to this information since the previous balance sheet date are also included in the aforementioned notes.

1.10 Events occurring after the balance sheet date: None.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies

2.1 Preparation principles

2.1.1 2.1.1 The fundamentals used in preparing the financial statements and information regarding the special accounting policies used:

The Company prepares its financial statements within the framework of the regulations in effect in accordance with the "Regulation on Financial Statements of the Insurance, Reassurance and Retirement Companies" published by the Undersecretariat of Treasury based on Article 18 of the Insurance Law, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, announcements and communiqués published by the Undersecretariat of Treasury with regards to accounting and financial reporting principles (collectively, "Reporting Standards").

As of December 31, 2016, the Company has calculated its technical provisions regarding insurance in accordance with the amended "Regulation on the Technical Provisions of Insurance, Reassurance and Retirement Companies and the Assets to be Invested with these Provisions" issued within the framework of Insurance Law No. 5684, published in Official Gazette No. 27655, dated July 28, 2010 and which came into effect on September 30, 2010 and other relevant legislation, and this has been reflected in the financial statements.

The format and content of the financial statements prepared by the companies have been regulated in order to compare the financial statements with the previous periods and the financial statements of the other companies with the "Communiqué on the Submission of Financial Statements" published in Official Gazette No. 26851, dated April 18, 2008.

2.1.2 Other accounting policies appropriate for understanding the financial statements:

Correction of financial statements in high inflation periods

As per the Undersecretariat of Treasury's Decision No. 19387, dated April 4, 2005, the application of the inflation adjustment of financial statements ended in 2005; and accordingly, the Company has not adjusted its financial statements according to the inflation rate since the beginning of 2005. Therefore, equity items on the balance sheet including the non-monetary assets, liabilities and capital of December 31, 2016 were calculated by indexing the entries up to December 31, 2004 by December 31, 2004 in accordance with TASB's standard no. 29 on "Standards on the Financial Reporting in High Inflationary Economies" and carrying the subsequent entries from the nominal values.

2.1.3 Applicable and reporting currency:

The applicable and reporting currency of the Company is Turkish Lira (TL). The financial statements of the Company and the amounts in footnotes are submitted in TL unless stated otherwise.

2.1.4 Rounding level of the amounts submitted in the financial statement:

Unless stated otherwise, all amounts and relevant footnotes have been displayed in the financial statements without rounding.

2.1.5 Measurement fundamentals used in preparing the financial statements:

Except for the financial statements indicated with the previously mentioned inflation adjustments and realistic values that are ready for sale and financial statements with purchase-sale purposes, the financial statements have been prepared based on the principle of historical cost.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

2.1.6 Accounting policies, changes in accounting estimations changes and errors:

The Company prepares its financial statements in accordance with the accounting policies stated in footnote 2.1.1.

New standards and interpretations not yet implemented

There are several new standards, a number of updates to standards, and interpretations that are not yet effective for the accounting period that ended on December 31, 2016 and have not been applied in the preparation of the attached financial statements. These new standards and updates to these standards are not expected to have any significant effects on the Company's financial statements, except for TFRS 9.

TFRS 9 Financial Instruments - Classification and Measurement

The new standard that was issued in December 2012 will be effective for the annual accounting periods as of January 1, 2018. The first part of the TFRS 9 Financial Instruments Standard imposes new provisions for the measurement and classification of financial assets and liabilities. The changes made in TFRS 9 mainly affect the measurement and classification of financial assets, and the measurement of financial liabilities, which are measured by reflecting the difference in fair value to profit or loss. They require that the part of the changes in the fair value of these types of financial liabilities that is related to credit risk be presented in the other comprehensive income statement. Early implementation of the standard is permitted. The Company is evaluating the effects of the standard on its financial position and performance.

New and corrected standards and interpretations published by the International Accounting Standards Board ("IASB") but not published by the Public Oversight, Accounting and Auditing Standards Authority ("KGGK").

International Financial Reporting Standards ("IFRS") 16 Leasing Transactions

The new IFRS 16 Leasing Transactions Standard was issued by IASB on January 13, 2016. The current TAS 17 Leasing Transactions supersedes the IFRS Interpretation 4 - Determining Whether an Agreement Includes a Leasing Transaction and TAS Interpretation 15 - Operation Leasing - Incentives Standards and interpretations and results in amendments in the International Accounting Standards ("IAS") 40 - Real Estates with Investment Purposes Standard. IFRS 16 cancels the dual accounting model currently applied by lessees in which financial leasing transactions are indicated in the balance sheet and operational leasing transactions are indicated off-balance sheet. Instead, it brings in a single, balance sheet-based accounting model similar to that of current financial leasing accounting. Recognition for the lessors continues in a manner similar to the current practices. This change will be effective for annual accounting periods starting from January 1, 2019, and early implementation is permitted for entities which apply the standard IFRS 15 Turnover from Customer Contracts. The Company is evaluating the effects of the standard on its financial position and performance.

2.2 Consolidation

The Company started to regulate its consolidated financial statements after March 31, 2009 in accordance with the Undersecretariat of Treasury's Communiqué on the Regulation of Consolidated Financial Statements of the Insurance, Reassurance and Retirement Companies published in the Official Gazette No. 27097, dated December 31, 2008. The consolidated financial statements of the Company are submitted separately to the Undersecretariat of Treasury.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

The Company has reflected the capital increases of Mapfre Yaşam Sigorta Anonim Şirketi in its unconsolidated financial statements by converting capital increases up to December 31, 2004 with the appropriate correction coefficients in accordance with the industrial announcement by the Undersecretariat of Treasury No. 2008/9 dated February 18, 2008 through the readjusted acquisition cost and the capital increases made after December 31, 2004 by considering the increase amounts.

The unconsolidated financial statements of the Company include the subsidiary Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. required to be consolidated in accordance with "TMS 27- Consolidated and Personal Financial Statements (TMS 27)". However, in accordance with Article 5, Sub-paragraphs 5 and 6 of the Undersecretariat of Treasury's Communiqué on the Regulation of Consolidated Financial Statements of the Insurance, Reassurance and Retirement Companies No. 27097, dated June 30, 2009, the Company shall not carry out consolidation in the financial statements dated December 31, 2016 and has included its subsidiary in its records as per the cost method.

2.3 Department reporting

The Company generates its policies in Turkey. The Company continues its insurance activities in a single reportable department and non-life element line of business and does not conduct department reporting as it is not public.

2.4 E- Foreign currency conversion

The Company's foreign currency policy transactions are based on the Central Bank of the Republic of Turkey (CBRT) foreign exchange sales prices effective on the transaction date and the other transactions are based on the CBRT foreign exchange buying rates effective on the transaction date. The Company uses the foreign exchange buying rates of the CBRT at the end of the reporting period. Foreign exchange gains or losses arising from the conversion of foreign currency transactions or from the definition monetary items are reflected in the income statement in the related period.

The exchange rates used at the end of the period are as follows:

	December 31, 2016			December 31, 2015		
	TL/USD	TL/EUR	TL/GBP	TL/USD	TL/EUR	TL/GBP
Buying rate of exchange	3,5192	3,7099	4,3189	2,9076	3,1776	4,3007
Selling rate of exchange	3,5255	3,7166	4,3414	2,9128	3,1833	4,3231
Effective selling rate of exchange	-	-	-	-	-	-

2.5 Tangible fixed assets

All tangible fixed assets are initially recorded at cost and carried through their cost values readjusted by means of conversion with the appropriate readjustment coefficient of the year of purchase up to December 31, 2004. Those purchased after the beginning of 2005 are carried over at their purchase cost value. Tangible assets are indicated as net values after deducting the accumulated depreciation from the cost value and impairment provision, if any.

Normal maintenance and repair expenditures to tangible fixed assets are recognized as expenses

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

There are no limitations, such as liens, mortgages, etc., on tangible fixed assets.

There is no expected change in accounting estimates that has a significant effect on the current period or may have a significant effect on subsequent periods.

	December 31, 2016	December 31, 2015
Provision for Tangible Fixed Assets Impairment	-	-

The depreciation periods of the intangible fixed assets estimated based on the useful lives of tangible fixed assets.

Asset Type	Useful Life
Real estates with usage purposes (Buildings)	25 Years - 50 Years
Fixtures and installments	3 Years - 50 Years
Motor vehicles	2 - 5 Years
Special cost values	5 Years

2.6 Real estates with investment purposes

Buildings or plots retained to be used in Company activities or for acquiring rent or value increase instead of being sold for administrative purposes or normal course of business, or both, are classified as real estates with investment purposes. Real estates with investment purposes consist of plots and buildings and are indicated by deducting the accumulated depreciation from acquisition cost, except for plots. No depreciation is allocated for land and plots as they have infinite life. Buildings are subject to depreciation over their useful lives via direct depreciation method. Real estates with investment purposes are reviewed for impairment whenever circumstances indicate impairment and if the registered value of a real estate with investment purposes is higher than its recoverable value, it is decreased to the recoverable value by means of allocating provision. Recoverable value is recognized as the higher of net cash flows from the current use of real estates with investment purposes and the fair value minus costs to sell. The depreciation periods of real estates with investment purposes are as follows:

Asset Type	Useful Life
Real estates with investment purposes (Buildings)	10 Years - 50 Years

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

2.7 Intangible fixed assets

Intangible fixed assets consist of software licenses. All intangible fixed assets that are initially recorded at cost are carried over based on their cost values readjusted by means of conversion with the appropriate readjustment coefficient of the year of purchase up to December 31, 2004 in accordance with TMS 38 – Recognition Standard for Intangible Fixed Assets. Those purchased after 2005 are carried over at their purchase cost values.

The values of the intangible assets are reviewed to test whether there is an impairment in the event of changes in the conditions.

As of December 31, 2016, intangible fixed assets are subject to pro rata depreciation over their economic lives via the direct depreciation method. The depreciation periods of the intangible fixed assets are noted below:

Asset Type	Useful Life
Rights	3 Years - 15 Years

2.8 Financial assets

Financial instruments are agreements that increase an establishment's financial assets and the financial liabilities or capital instruments of another establishment. Financial assets:

- Cash,
- A contractual right that requires the receipt of cash or another financial asset from another establishment,
- A contractual right that requires the establishment to mutually exchange its financial instruments with another establishment in favor of the establishment,
- Capital instruments of another establishment.

A financial asset or a liability is calculated at operational costs at fair value initially given (for financial asset) and acquired (for financial liability), plus any transaction costs, if any. Fair value is the amount at which a financial instrument is traded between willing parties in a current transaction, except in cases of forced sale or liquidation. The quoted market price, if any, is the value that best reflects the fair value of a financial instrument. The estimated fair values of the financial instruments have been determined by the Company using available market information and appropriate valuation methods. All designated financial assets carried over at fair value through December 31, 2016 and December 31, 2015 are 1st level financial assets.

The Company reflects the financial assets or liabilities in the balance sheet if it is a party to the related financial instrument contracts. The Company excludes all or part of the financial assets from the records when it loses control over the rights arising from the contract covering such assets only. The Company may exclude financial liabilities from the records only if the liability defined in the contract ceases to exist, is canceled or lapses.

All purchases and sales of normal financial assets are reflected in the records on the transaction date, i.e. the date the Company undertakes to purchase or sell the asset. Such purchases and sales are generally trades that require the delivery of the financial asset within the time frame determined by the general customs and regulations in the market.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Current financial assets

The Company classifies its financial assets as available-for-sale, to-be-retained until maturity, financial assets with purchase-sale purposes and receivables from main activities.

Classification and valuation of financial investments

a) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are defined as available for sale and not classified as (a) assets to be retained until the maturity date (b) financial assets with purchase-sale purposes and (c) loans and receivables. The valuation of available-for-sale assets following the first recording is made at fair value. Unrealized profits or losses defined as the difference between the amortized cost values of the movables calculated with the effective interest method, which arise from the changes in cost values of the available-for-sale financial assets, are indicated in the "Financial Asset Valuation" account within the unrealized profit and loss equity items. The value generated in the equity accounts as a result of the fair value application in the event of disposal of the available-for-sale financial assets is reflected to profit or loss. The long-term securities of the Company are classified as available-for-sale financial assets.

Purchase and sale transactions for securities are recognized on the date of delivery. Financial assets are removed from the records when the Company loses control of the contractual rights on these assets. This occurs when these rights are realized, maturity is expired or when they are delivered.

All the securities forming the available-for-sale financial assets portfolio of the Company are in Turkish Lira as of December 31, 2016 and December 31, 2015.

i) State bonds

The state bonds classified in the available-for-sale financial assets are valued with fair values. The values of the public securities calculated with the relevant interest rates based on the internal yield method are compared with the fair values obtained by considering the best purchase order of the relevant security from among the current orders in the stock market and the difference is recognized in the "Financial Asset Valuation" under equity. The difference between the values of public securities calculated with the relevant interest rates based on the internal yield method and the cost values are reflected in the income statement as interest income.

ii) Stocks

The valuation of stocks classified under the available-for-sale financial assets following the first recording is made at fair value. Unrealized profit or loss arising from the changes in the fair value are recognized in the "Financial Asset Valuation" account under equity. The dividends received are indicated in the dividend incomes on the date of receipt.

The fair values of the available-for-sale securities processed in the active markets are defined by the closing price published in the Stock Exchange as of the balance sheet date.

All the securities forming the available-for-sale financial assets portfolio of the Company are in Turkish Lira as of December 31, 2016 and December 31, 2015.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

b) Financial assets to be retained until maturity:

Financial assets with fixed or determinable payments that are acquired with the intention to be retained until maturity are classified as securities to be retained until maturity.

The amount of profit or loss incurred if the securities carried over at amortized cost have been impaired or disposed of is included in the income statement in the related period. The interest obtained due to carrying over the financial assets to be retained until maturity is monitored in the unconsolidated income statement.

There are no financial assets to be retained until maturity within the Company portfolio as of December 31, 2016 and December 31, 2015.

c) Financial assets with purchase-sale purposes:

Financial assets with purchase-sale purposes are assets that are acquired with the purpose of profiting from the fluctuations of price or similar elements created short-term in the market, or regardless of the reason of acquisition, assets that are a part of a portfolio with the purpose of profiting in the short term. Financial assets with purchase-sale purposes are monitored based on the fair value by considering the best purchase order in the stock exchange from among the current orders after the date of first recording. All realized and unrealized profits and losses regarding the financial assets with purchase-sale purposes are included in the unconsolidated income statement in the relevant period.

There are no financial assets with purchase-sale purposes within the Company portfolio as of December 31, 2016 and December 31, 2015.

d) Loans and receivables

Loans and receivables are financial assets created by means of providing money or services to the debtor. The Company initially records the receivables from its principal activities at the acquisition cost and monitors them with their recorded values. Loans and receivables are carried over using their discounted costs after the date of first recording. A provision for receivables is allocated if there is a concrete indication that the receivables from matured insurance activities cannot be collected. The charges and other similar expenses related to the assets acquired as guarantees thereof are not considered as part of the transaction cost and are reflected in the expense accounts.

In addition, the Company allocates provisions for receivables subject to administrative and legal proceedings for its doubtful receivables subject to administrative and legal proceedings in relation to the agency and policy holders. This provision is indicated under "Doubtful receivables arising from main activities" in the balance sheet.

Non-current financial assets:

Long-term securities consist of the stocks of Genel Sigorta A.Ş. Retirement and Social Support Fund for Officials and Servants, 0.17% of which is owned by the Company and the stocks of Mapfre Yaşam Sigorta A.Ş. and 99.50% of which is owned by the Company. These securities are indicated in the records at the acquisition cost of subsidiaries and affiliates.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Inclusion/exclusion of financial assets in/from records

The Company reflects the financial assets or liabilities in the balance sheet if it is a party to the related financial instrument contracts. All ordinary financial asset purchase and sale transactions are reflected to the records on the date of delivery. The Company excludes all or part of the financial assets from the record when it loses control over the rights with which it transferred the risks and benefits regarding its property and arising from the contractual obligation only to the subject of such assets. The Company may exclude financial liabilities from the records only if the liability defined in the contract ceases to exist, is canceled or lapses.

2.9 Impairment of the assets

Financial assets:

Objective indicators regarding the impairment of a financial asset or financial asset group includes the following:

- a) The issuer or guarantor being in serious financial distress,
- b) Violation of the contract,
- c) The creditor granting a privilege to the debtor, which would not be granted otherwise, due to economic and legal causes regarding the financial distress in which the debtor finds him/herself,
- d) High probability that the debtor will go bankrupt or will undergo financial restructuring,
- e) The active market regarding the financial asset being removed due to financial distress.

The Company evaluates whether there is an indicator as of the balance sheet dates, and reflects any impairment to its records.

In addition, the long-term and significant decreases in the values of financial assets that are qualified as available-for-sale capital instruments that occur below the cost value are regarded as objective indicators for impairment. For this criteria, TAS 39 differs from IAS 39 published by the International Accounting Standards Board. While TAS 39 notes that in order to determine the impairment in the available-for-sale financial assets, there should be "long-term and significant decreases in the fair value below the cost value", the same criteria is handled as "long-term or significant decreases in the fair value below the cost value" in IAS 39.

However, both standards stipulate that, in case of an objective indicator regarding the impairment, the accumulated impairment amount generated by the difference between the cost value and fair value and created under equity should be deducted from the equity and reflected as a loss in the income statement. Due to the fact that neither TAS 39 nor IAS 39 have clearly defined the phrases "long-term" and "significant", the Undersecretariat of Treasury does not have a direction regarding the definitions of "long-term" and "significant", and such decrease in the stock values of the stocks whose fair value decreases below cost value continues less than a year, the Company has been monitoring the impairment under the value increase/ (decrease) account within statement of changes in equity. The Company assessed developments over the last year in 2009, anticipated that the impairment of certain financial assets could be long-term, and set certain criteria to decide whether the impairment of financial assets was "long-term" or "significant". The term "long-term" refers to financial assets that have been impaired for 18 months for the company, while "significant" represents the financial assets that lost 40% of their cost value. The Company has decided to allocate provision for impairment for financial assets meeting both criteria.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

If there is objective evidence that loans and receivables have been impaired, the amount of the related loss is recognized within profit and loss. In addition, the Company allocates provisions for receivables subject to administrative and legal proceedings for its doubtful receivables in relation to the agency and policy holders and uncollectible receivables or receivables whose probability of being collected is far from likely.

Non-financial assets:

In cases where the assets cannot be converted to money at their own value, they are assessed for impairment. The provision expense is reflected in the income statement when the value of the assets exceeds the amount that can be converted to money. The amount that can be converted to money is the higher of the net sale price of the asset and usage value. Usage value reflects the present value of future cash flows expected to be generated from the use of an asset and its sale at the end of its useful life and the net sale price reflects the remaining amount after deduction of sales costs from sales revenue. The amount that can be converted to money is estimated for each asset if it can be determined; if not, it is estimated for the group providing the cash flow in which the asset is included. If the provision for impairment losses in previous years is no longer valid or a lower provision is required to be allocated, the required amount is withdrawn and reflected in the unconsolidated income statement.

2.10 Derivative financial instruments

None.

2.11 Clarification (off-set) of financial assets

Financial assets and liabilities are clarified and displayed on an unconsolidated balance sheet when there is a legal right and authority for enforcement regarding clarification and the intention to pay or concurrently settle such assets and liabilities on a net basis.

2.12 Cash and cash equivalents

Cash and cash equivalents include forward and drawing cash and credit card amounts in cash registers and banks. Cash equivalent assets are short-term highly liquid investments that can be easily converted into cash, less than 3 months in maturity and which are not at risk of devaluation.

Cash and cash equivalents are indicated with the acquisition costs and total accrued interests

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Cash flow statement:

Cash and cash equivalents included in the cash flow statement are displayed below:

	December 31, 2016	December 31, 2015
Cash	6.384	5.844
Banks	1.184.458.337	706.299.375
- drawing account	22.190.333	16.784.070
- deposit account	1.162.268.004	689.515.305
Blocked credit cards	374.330.618	325.853.228
Payment orders	-	-
Money in transit (postal cheque)	-	-
Interest accrual	11.529.613	3.384.016
Cash and cash equivalents	1.570.324.952	1.035.542.463
Deposit account whose original maturity exceeds 3 months	(575.602.659)	(402.182.601)
Accrual of interest	(11.529.613)	(3.384.016)
Rediscount	-	3.550.764
Financial assets and financial investments whose risks belong to policy holders	-	-
Cash and cash equivalents included forming the basis of cash flow statement	983.192.680	633.526.610

2.13 Capital

2.13.1 As of December 31, 2016 and December 31, 2015, the capital and partnership structure of the Company are as follows:

Name	Share rate	December 31, 2016		December 31, 2015	
		Share amount	Share rate	Share amount	Share rate
Mapfre Internacional S.A.	99,75%	349.109.046	99,75%	349.109.046	
Other	0,25%	890.954	0,25%	890.954	
Paid Capital	100,00%	350.000.000	100,00%	350.000.000	
Capital adjustment positive/negative differences	-	-	-	-	
Nominal Capital		350.000.000		350.000.000	

The Company has not carried out capital increase within the period ending on December 31, 2016 (31 December 2015: NA).

The Company made amendments to certain articles of the Company's Articles of Association at the Board of Directors meeting held on May 14, 2014, and the amendments were published in the Official Gazette dated August 7, 2014. The Company shares with a total number of 350,000,000, divided into 2 classes, Group A with 280,000,000 shares and Group B with 70,000,000 shares with the amendments made as of December 24, 2008, equal to 350,000,000,00 TL, each having a value of 1 TL, were divided into 350,000 nominative shares as of May 14, 2014. With the amendments made, five percent (5%) of the annual profit is allocated to the general legal reserve until 20% of the paid capital is reached. 10% of the annual profit is allocated to voluntary reserves. An amount equal to 5% of the paid-in capital is allocated to shareholders under the name "first dividend". 1/10 of the remaining amount is paid to the founders as dividend shares. After reaching the legal limit set out in Turkish Commercial Code No. 6102, the amounts set out in Paragraph 2, Sub-Paragraphs (a), (b) and

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

(c) of Article 519 of the relevant law are added to the legal reserves. The General Assembly decides on the distribution of all or part of the remaining amount as a second dividend to shareholders, on the distribution of the dividend as a profit share to the employees of the company, or their allocation as reserves, and the allocation times of the aforementioned amounts.

2.13.2 There are no privileges granted on the shares representing the capital as of December 31, 2016 and December 31, 2015.

2.13.3 As of December 31, 2016 and December 31, 2015, the Company is not subject to the registered capital system.

2.13.4 Other information related to the Company capital has been explained in note 15.

2.14 Insurance and investment contracts - classification

Insurance contracts:

As of December 31, 2016 and December 31, 2015, all of the Company's contracts regarding its activities consist of insurance contracts and there are no investment contracts. Insurance contracts are the contracts that transfer the insurance risk. Insurance contracts protect the insured against the adverse economic consequences of the claim under the terms and conditions guaranteed in the insurance policy. The main insurance contracts generated by the Company are fire and natural disasters, transportation, land vehicles, rail vehicles, air vehicles, water vehicles, accidents, general liability, land vehicles liability, water vehicles liability, aircraft liability, general damages, surety, financial losses, loans, legal protection and health contracts.

Reassurance contracts:

The Company transfers insurance risks in the lines of business in which it operates to reinsurance companies under reinsurance contracts. Reinsurance assets state the amounts of receivable from reinsurance companies. The impairment in the reinsurance assets has been assessed as of the report date.

Income and expenses relating to reinsurance contracts are recognized in the profit and loss accounts on the dates they accrue considering the periodicity principle. Reinsurance agreements do not relieve the Company of its obligations arising from insurance contracts and do not transfer the insurance risk existing on the financial statements. Written premiums and the resulting claims are presented on the financial statements with the gross and reinsurance shares indicated separately.

Reinsurance assets and debts are excluded from the financial statements after the expiration of the contract.

2.15 Optional participation features in insurance and investment contracts

Optional participation in insurance and investment contracts is a contractual right that provides the following additional benefits in addition to the guaranteed benefits:

- (i) Being nominated to constitute a substantial part of the total benefits based on the contract;
- (ii) The amount and timing being at the discretion of the issuer as per the contract; and
- (iii) Based on the following as per the contract:

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

- (1) The performance of a specific contract pool or a specific contract type;
- (2) The realized and/or unrealized investment incomes of a specific pool of assets retained by the issuer; or
- (3) The profit or loss of a company, fund or another establishment issuing a contract.

As of the end of the reporting period, the Company does not have insurance or investment contracts that have optional participation features.

2.16 Investment contracts without optional participation features

None (December 31, 2015 - None).

2.17 Payables

Contractual financial obligations are:

- Liabilities that stipulate granting cash or other financial assets to other establishments; or
- Contractual liabilities that stipulate that the establishment mutually exchanges its financial instruments with another establishment.

There are no loans taken as of December 31, 2016 and December 31, 2015.

2.18 Taxes

Deferred Income Tax:

Deferred tax liabilities and assets are determined by calculating the tax effects on "temporary differences" between amounts of assets and liabilities in the financial statements and the amounts recognized in the tax base in accordance with IAS 12 - Income Taxes Standard. The differences that do not affect the financial or commercial profit of the assets or liabilities according to tax legislation are excluded from these calculations.

Calculated deferred tax assets and deferred tax liabilities are indicated on a net basis only if the Company has a legally enforceable right to clarify current tax assets of the Company with current tax liabilities.

If the valuation differences that occur as a result of valuation of the assets have been recognized in the income statement, the current period corporate tax and deferred tax income or expenses are also recognized in the income statement. If the valuation differences that occur as a result of valuation of the assets have been directly recognized in the equity accounts, such tax effects are also recognized in the equity accounts.

2.19 Employee benefits

The Company is obliged to pay compensation to employees in the event of dismissals and retirement in accordance with the Labor Law, except for resignations and dismissals due to rightful reasons. This compensation is a 30-day salary as of December 31, 2016 provided that it does not exceed the maximum SSI premium for each year of work up to the date of dismissal or retirement. The compensation to be paid equals to a month's salary for each year of service (Footnote: 22).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

The liabilities regarding the severance pay should be calculated at the net current value of the estimated provision of the future contingent liability amounts of all employees using specific actuarial estimations in accordance with the provisions of "Turkish Accounting Standards on the Employee Benefits" ("TAS 19") (Footnote: 22).

Retirement rights and the defined contribution plan:

The employees of the Company are members of Türkiye Genel Sigorta A.Ş. Retirement and Social Support Fund for Officials and Servants ("Fund") established in accordance with provisional Article 20 of Social Insurance Law No. 506. The Company pays premiums to the Fund for such employees. The technical financial statements of the Fund are audited by an actuary registered to the actuaries registry in accordance with Articles 1, 21, 28 and 31 of Insurance Law No. 5684.

Paragraph 1 of the provisional Article 23 of the Banking Law published in the duplicated Official Gazette No. 25983, dated 1 November 2005, ruled that the bank funds would be transferred to Social Security Institution (SSI) within three years of the publication of the Banking Law and regulated the principles of this transfer. Such article regarding the transfer was repelled by the Constitutional Court upon the application of the President of the Republic on November 2, 2005 with decision no. 2007/33 and 2005/39, dated 22 March 2007, published in Official Gazette No. 26479, dated 31 March 2007, and it was rendered unenforceable as of the publication date of the decision.

The justified decision of the Constitutional Court regarding the repeal of such article was published in Official Gazette No. 26372, dated December 15, 2007. Upon the publication of the justified decision, the Turkish Grand National Assembly ("TBMM") started to work on the new legal regulations on the transfer of the fund affiliates to SSI, and the relevant articles of "Law on the Amendment to Social Security and General Health Insurance Law and Several Laws and Statutory Decrees" ("New Law") No. 5754 regulating the principles on transfer were accepted by the General Assembly of TBMM on April 17, 2008. The New Law was published in Official Gazette No. 26870, dated May 8, 2008 and came into effect. With the New Law, it was ruled that the bank funds be transferred to the SSI within three years of the date of publication of the related article without the necessity for any procedure, and that the three-year transfer might be extended by a maximum of two years with the decision of the Council of Ministers. The period for transferring the funds to the Social Security Institution was extended for two years with the decision of the Council of Ministers no. 2011/1559 published in the Official Gazette dated April 9, 2011. The authority to increase the two-year extension period to four years was granted to the Council of Ministers with the Law on Amendment to the Social Security and General Health Insurance Law No. 6283 published in the Official Gazette dated March 8, 2012. The transfer date was determined as May 2015 based upon the decision of the Council of Ministers dated February 24, 2014. However, the authority to determine the date of transfer was granted to the Council of Ministers with Article 51 of Law No. 6645 published in Official Gazette No. 29335, dated April 23, 2015, and the transfer of the funds was postponed to an unknown date.

The commission to be formed by the participation of a member representing the Fund subject to calculation and the separate representatives from the SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA and SDIF including the affiliates leaving from each fund, rules with regard to the transferred individuals as of the date of transfer that the advance value of the liability shall be calculated using a technical interest rate of 9.80% with the differences in consideration in the event that the incomes and expenses of the funds for the insurance branches within the scope of the Law and the monthly payments made by the funds and incomes are higher than the monthly payments and incomes in line with the SSI regulations. In accordance with the New Law, the other social rights and payments of the Fund participants and individuals put on monthly salary and/or income and their beneficiaries, which are not

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

fulfilled, despite the fact that they are indicated in the Articles of Foundation these individuals are subject to after they are transferred to SSI, shall continue to be made by the funds and organizations employing the fund participants.

The Law on Amendment to the Social Security and General Health Insurance Law No. 6283, known as the "adjustment law" by the public, was published in the Official Gazette dated March 8, 2012 (Footnote: 22).

2.20 Provisions

Provisions, contingency liabilities and contingency assets

Provisions are only recognized if the Company has a present and legally existing obligation (legal or constructive) and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation to be incurred can be reliably estimated. When the devaluation of the money over time becomes significant, the provision is calculated by discounting the pre-tax rate and future cash flows of current market estimates that reflect the time value of the money (and, where appropriate, the risks specific to the liability).

The contingent liabilities are not reflected in the financial statements but disclosed in footnotes if the circumstances requiring the transfer of resources are not highly probable. The contingent assets are disclosed in the footnotes if they are not reflected in the financial statements but are likely to generate economic returns.

Technical provisions for insurance

a) Provisions for unearned premiums:

The provisions for unearned premiums, excluding the earthquake collateral premiums in the policies issued before June 14, 2007 and the marine line of business policy premiums, consist of the portion of the premiums accrued for the insurance contracts made between January 1 – December 31, 2013 period and that were in effect as of the balance sheet date without any discounts going over the next accounting period based on the day in gross amount in accordance with the "Regulation on the Technical Provisions of Insurance, Reassurance and Retirement Companies and the Assets to be Invested with these Provisions" published in Official Gazette No. 26606 dated August 7, 2007 and which came into effect on January 1, 2008. The provisions for unearned premiums are calculated for the earthquake collateral premiums in the policies issued after June 14, 2007 within the scope of the Communiqué of the Undersecretariat of Treasury dated July 4, 2007. 50% of the premiums accrued in the last three months are calculated as PUP for the marine line of business policies whose ending date cannot be determined.

On the other hand, the Undersecretariat of Treasury Communiqué no. 2007/25 dated December 28, 2007 ruled that the practice of allocating provisions for unearned premiums after deducting the commissions for the policies issued before December 31, 2007 would continue due to the fact that the provisions for the unearned premiums that were allocated after deducting commission for 2007 had been transferred to the financial statements of 2008. In accordance with the "Industrial Announcement on the Application of the Legislation Concerning Technical Provisions" by the Undersecretariat of Treasury dated March 27, 2009, the effective and expiration times of the policies considered in exchange of the unearned premiums are taken as 12.00 midday and all policies are considered valid for a half day on the issue date and the expiration date.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

The terms and commissions of the reinsurance agreements in effect are taken into account for the reinsurer's share of unearned premiums.

The portion of the amounts accrued for the non-proportional reinsurance agreements that correspond to future period(s) are monitored in the deferred expenses account.

Accordingly, for the policies in effect as of December 31, 2016, provisions for earned premiums were calculated based on the amount remaining after deducting the commissions for the policies issued before January 1, 2008 and they were calculated using the gross premiums for the policies issued on January 1, 2008 and later (Footnote: 17). The portion of the commission paid to the intermediaries and the commission received due to premiums transferred to the reinsurer that correspond to the future period(s) are respectively clarified and monitored on deferred production incomes (Income for future months note: 19) and deferred production expenses (Expenses for future months note: 47.1) accounts in the balance sheet and under the operation expenses account in the income statement.

b) Provisions for continued risks:

In accordance with the Regulation on Technical Provisions for insurance contracts prepared after January 1, 2008, the provisions for continued risks are allocated in the event that the provisions for earned premiums are insufficient compared to the risk borne by the company and the expected expenditure level for the insurance lines of business in which the risk level incurred throughout the insurance contract period is not in conformity with the time-based distribution of the earned premiums.

While allocating the provisions for continued risks, the companies are obliged to conduct a competence test covering the last 12 months for each accounting period in case there is a possibility that the compensation that may arise due to insurance contracts in effect is higher than the provisions for unearned premiums allocated for the relevant contracts. In the event that the anticipated claim premium rate is above 95% for the lines of business to be determined by the Undersecretariat of Treasury, the amount obtained by multiplying the ratio exceeding 95% with the provision for premiums is calculated for the provision for the continued risk for that line of business.

Hazine Müsteşarlığı 18 Temmuz 2012 tarihli 2012/13 sayılı sektör duyurusu 7. Maddesi devam eden riskler karşılığı hesaplamasında muallak tazminat karşılığı veya kazanılmamış primler karşılığı hesaplama yöntemlerinin değiştirilmesi halinde oluşacak yanıltıcı etkinin ortadan kaldırılmasını teminen devam eden riskler karşılığı hesaplamasına konu önceki dönem muallak tazminat karşılığı ve kazanılmamış primler karşılığı hesaplamalarının yeni yöntemle göre yapılmasını hüküm altına almıştır.

It is ruled with Article 7 of the industrial announcement by the Undersecretariat of Treasury no. 2012/13, dated July 18, 2012 that the calculations of the provisions for outstanding compensation and unearned premiums subject to the calculation of continued risks be made in accordance with the new method in order to eliminate the misleading effect that may arise in the event that the calculation methods for the provisions for outstanding compensation and unlearned premiums are changed during the calculation of the provision for continued risks.

With the Undersecretariat of Treasury's Communiqué No. 2012/15, the sentence "In this sense, it is deemed appropriate to take into account all the sub-branches in the Insurance Uniform Chart of Accounts specified by the Undersecretariat for the calculation of the Provisions for Continued Risks in accordance with Insurance Law No. 5684," in Communiqué No. 2007/21, Paragraph 2 was amended to "In this sense, it is deemed appropriate to take into account all the main branches in the Insurance Uniform Chart of Accounts specified by the Undersecretariat for the calculation of the Provisions for Continued Risks in accordance with Insurance

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Law No. 5684", applicable as of December 31, 2012. In addition, the provisions for continued risks calculated as net in accordance with the Undersecretariat of Treasury's Communiqué No. 2013/2 are calculated using the separate gross and reinsurance share as of December 31, 2012 (Footnote: 17).

As of December 31, 2016, the Company did not use the method set out in the "Communiqué on the Provisions for Continued Risks" no. 2016/37, dated November 11, 2016

c) Provision for outstanding claim and compensation:

The Company allocates provisions for claims for all liabilities within the claim files that have been notified and not paid as of the end of the period. The provisions for outstanding claims are determined in conformity with the expert reports or the assessments of the insured and expert.

Claims incurred but not reported

The definitions regarding the IBNR calculations conducted for the main line of businesses as of December 31, 2016 based upon the "Communiqué on the Provision for Outstanding Compensation" No. 2016/11 are specified below with reasons and grounds.

Major claim exclusion

The threshold value is 210,947 TL based on the major claim exclusion in the motor line of business. Accordingly, 927 files were taken out of the 9,061 files subject to the chain and have not been included in chain calculations.

Major claim exclusion has been conducted in four other lines of business as well: fire, marine, general liability, general losses. The threshold value is taken as 1,000,000 TL. Accordingly, the files subject to the chain and the file statistics excluded are listed below;

	Number of Exclusions	Total Number	Rate	Excluded Amount	Total Amount	Rate
Fires	39	41.030	0,10%	114.074.262	352.559.317	32,36%
Marine	2	8.717	0,02%	5.119.071	67.447.194	7,59%
General Liability	2	11.184	0,02%	4.836.783	94.738.759	5,11%
General Losses	28	41.666	0,07%	69.665.433	336.896.703	20,68%

Net amount calculation (from reinsurance)

The gross-net ratio of the seven-year chain data has been used to calculate the net portion of the IBNR amount in order to follow the provisions of the Company's reinsurance agreements. The net IBNR amount is reached after multiplying the amount, which is obtained after dividing the amount subjected to the realized chain calculated using the net values of the files in main lines of business to the amount subjected to the realized chain calculated over the gross values, by the gross IBNR number. In order to be able to reflect changes in reinsurance agreements over the years in the IBNR calculation, the method was carried out separately for each claim quarter.

Method for calculating the compensation amount realized but not reported

The Company uses a standard actuarial ladder chain method in the branches of general liability, general losses, air lines, air vehicle liability, discretionary liability, land vehicles, accident, marine, health, water vehicles, fire/natural disasters, financial losses, legal protection and guarantee and final damage density and a frequency actuarial ladder chain method in traffic lines of business.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Allocation of surplus provision

It was considered that the results calculated using standard methods in the compulsory traffic branch would be insufficient to meet the obligations of the Company and that it would be more accurate to calculate them with the alternative method considering all the assumptions that may affect the claim development.

A. Standard ACLM

Accordingly, the traffic IBNR (gross) amount (recourse without accrual) was calculated as 313,337,771 TL.

Compulsory traffic was calculated as 313,337,771 TL in the calculation made in accordance with the standard ACLM method.

The compulsory traffic bodily IBNR calculation was made in accordance with the final damage intensity and frequency ACLM method. Accordingly, the gross IBNR amounts of the traffic branch were realized as in the following table:

In conclusion, the calculations were made as follows:		
Tangible IBNR	=	55.005.103 TL
Incapacity	=	69.606 TL
IBNR before 2009	=	10.950.199 TL
<u>Bodily IBNR</u>	=	<u>275.339.493 TL</u>
Total Traffic IBNR	=	341.364.401 TL

“ARTICLE 1 – Clause 5.A of the Communiqué on Provisions for Outstanding Compensation” in “Communiqué on the Amendment to the Communiqué on Provisions for Outstanding Compensation (2014/16)” No. 2016/11 that came into effect on February 29, 2016 was amended as follows:

5. A. (1) If the amount obtained after IBNR calculation (a) is higher than the previous quarterly amount (b), the IBNR calculation can be made by making an addition to (b) to the account difference between (a-b) in quarterly periods by starting the first quarterly period of 2016, to the extent that it shall not be less than the following;

- For 2015; 2.5%, 5%, 10%
- For 2016; 7.5%, 7.5%, 10%, 10%
- For 2017; 12.5%, 12.5%, 15%, 15%
- For 2018; 20%, 20%, 25% and 25%
- For 2019; 40%, 60%, 80% and 100%

...”

As stated in the aforementioned clause, as of December 31, 2016, a right has arisen to make IBNR calculations by adding at least 10% of the increase to the IBNR dated September 30, 2016. This ratio was used as 74.4% as of December 31, 2016 (December 31, 2015: 7.5%) as per the Company management decision. Accordingly, the amount reflected to the balance sheet using net figures is as follows.

	31.12.2016	30.09.2016	Difference	74.4%	Result
Traffic IBNR	340.767.694	152.655.591	188.112.103	140.000.000	292.655.591

Sufficiency of the provisions for outstanding compensations

ACLM is used for calculating IBNR in all lines of business. Therefore, the results of the calculation of Sufficiency Difference for Provisions for Outstanding Compensation were not allocated as provisions.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Applied increase rates:

The increase rates applied in the IBNR calculation and IBNR accounts (net) as of December 31, 2016 are provided in the table below.

Line of Business	16Q3 - Balance Sheet	16Q4 - Account	Difference	Lapse Rate	Amount to be Added	16Q4 - Balance Sheet
Guarantee	203.557	130.525	-73.032	%0,0	0	130.525
Financial Losses	0	97.583	97.583	%0,0	0	97.583
General Liability	14.727.660	11.730.214	-2.997.446	%0,0	0	11.730.214
General Losses	-78.183	227.453	305.636	%0,0	0	227.453
Aircrafts	11	47	36	%0,0	0	47
Aircraft Liab.	0	0	0	%0,0	0	0
Legal Protection	13.176	1.091	-12.085	%0,0	0	1.091
IMM	5.647.099	6.798.910	1.151.811	%0,0	0	6.798.910
Land Vehicles	-10.827.099	-7.775.083	3.052.016	%0,0	0	-7.775.083
Accident	1.213.683	1.651.987	438.304	%0,0	0	1.651.987
Marine	317.377	-765.382	-1.082.759	%0,0	0	-765.382
Health	-877.682	-1.599.288	-721.606	%0,0	0	-1.599.288
Watercrafts	77.481	204.929	127.448	%0,0	0	204.929
Fires	-912.036	-914.928	-2.892	%0,0	0	-914.928
Traffic	152.655.591	340.767.694	188.112.103	%74,4	140.000.000	292.655.591
TOTAL	162.160.634	350.555.754	188.395.120		140.000.000	302.443.651

d) Provisions for bonuses and discounts:

The provision for bonuses and discounts is a provision that should be allocated in the event that a bonus or discount is guaranteed for the insured regarding the policies in effect in the current period for the subsequent periods. In the event that Company implements bonuses and discounts, the provision for the bonuses and discounts required to be allocated in accordance with Article 16 of the Insurance Law consist of the sum of bonuses and discounts allocated for the insured or shareholders as per the technical results of the current year.

The Company calculates provision for bonuses and discounts that are guaranteed based on claim premium rates. As of December 31, 2016, these amounts are explained in Note 17 and 47.5. The Company continues to calculate bonuses and discounts for the bonuses and discounts it gives due to the condition of renewal if the probability of renewal of the related group is higher than the possibility of not renewing.

e) Balancing provision:

As of January 1, 2008 the Company calculates balancing provision within the scope of the Undersecretariat of Treasury's Regulation on Technical Provisions published in Official Gazette No. 26606 dated August 7, 2007. In accordance with the Regulation on Technical Provisions, insurance companies are obliged to allocate balancing provisions for the insurance contracts that include loan earthquake collateral in order to balance the fluctuations in the compensation ratios that may occur in the subsequent accounting periods and meet the catastrophic risks. Such amount is calculated as 12% of the net earthquake and loan premiums corresponding to each year. In the calculation of net premiums, the amounts accrued for non-proportional reinsurance agreements are considered as deferred premiums. In addition, the balancing provisions calculated as net in accordance with the Undersecretariat of Treasury's Communiqué No. 2013/2 are calculated with a separate gross and reinsurance share as of December 31, 2012 (Footnote: 17).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

2.21 New Regulation on the Traffic Accident Treatment Expenses within the Scope of “Communiqué on the Accounting of Payments to the Social Security Institution Regarding Treatment Expenses and the Opening of a New Account Code in the Insurance Account Plan” No. 2011/18

Article 59 of the “Law on the Restructuring of Miscellaneous Receivables and on the Amendment to the General Health Insurance Law and Other Miscellaneous Laws and Statutory Decrees” No. 6111 published in Official Gazette No. 27857 dated February 25, 2011 rules that, as of February 25, 2011, the amount to be determined by the Undersecretariat of Treasury be transferred to the Social Security Institution (“SSI”) for the compulsory insurances that provide health collateral for traffic accidents to the extent that it shall not exceed 15% of the premiums written by the insurance companies and that the liabilities regarding the treatment expenses of the insurance companies with this transfer that arise due to injuries resulting from traffic accidents be transferred to SSI. The Provisional Article 1 of the aforementioned Law rules that, provided that it shall not exceed 20% of the amount to be transferred within the scope of Article 59, the amount to be determined by the Undersecretariat of Treasury be transferred to SSI and the treatment services provided regarding the injuries resulting from traffic accidents before February 25, 2011 be covered by SSI.

In this sense, procedures and principles regarding the payment of the treatment expenses within the scope of compulsory traffic insurance, compulsory transport insurance and compulsory seat personal accident insurance are regulated with the “Regulation on the Principles and Procedures Regarding the Collection of the Health Service Fees Submitted to the Authorities due to Traffic Accidents” No. 28038 dated August 27, 2011 and Communiqué No. 2011/17. Correspondingly, the accounting principles regarding the regulations and amendments made in the Uniform Chart of Accounts are regulated with the “Communiqué on the Accounting of Payments to the Social Security Institution Regarding the Treatment Expenses and the Opening of a New Account Code in the Insurance Account Plan” (2011/18) to come in force on September 30, 2011.

Accordingly, IBNR is calculated by deducting the compensations paid with regard to the treatment expenses among the ACLM development triangles in 714-Compulsory Highway Transportation Financial Liability, 715-Compulsory Traffic and 718-Compulsory Seat Personal Accident for Buses, outstanding compensations and all the data regarding the recourse, recovery and similar collected income. However, as no classification has been made on the premium side for the past few years, premiums in the ACLM calculations for the post-law period are considered as including those transferred to SSI.

2.22 Regulation on the “Outstanding Claims in Legal Proceedings” within the scope of the “Communiqué on the Definitions on Incurred But Not Reported (IBNR) Provisions for Compensation” No. 2011/23:

Article 4, Paragraph 1 of the Regulation on the Financial Reports of the Insurance, Reassurance and Retirement Companies states as follows; “Except for the communiqués to be issued by the Undersecretariat set out in Paragraph 2, Company activities shall be accounted in accordance with the provisions of the legislation regarding the principles of preparation and submission of financial statements in this Regulation and TASB.” Article 6, Paragraph 1 of the aforementioned Regulation defines the balance sheet as “the table that accurately and realistically reflects the economic and financial status of companies on a specific date and indicating their assets, payables and equities as active and passive accounts.”

Within this scope, in order for the financial reports to reflect the true status, Communiqué No. 2011/23 states that provisions should be allocated by means of assessing the possibility of winning or losing for files in legal proceedings, as well as principles that form a basis for discounting the provision for the outstanding compensation for files in legal proceedings.

The winning rate has been calculated at the amounts of the lawsuits filed against for the sub-lines of business based on the realizations in the last five years retrospectively after the end of the period when the calculation has been made by considering the settlement date of the file suit in accordance with the

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

principles set out in the relevant communiqué and gross discount has been made from the outstanding files accrued for the files in legal proceedings based on this winning rate and the winning rates used on a sub-line of business basis are provided below.

Line of Business	December 31, 2016			December 31, 2015		
	Revenue Rate (%)	Gross	Net	Revenue Rate (%)	Gross	Net
Compulsory Traffic	%5,30	11.939.766	11.939.070	5,09%	6.579.355	6.578.633
Fires	%25,00	2.366.677	1.130.838	25,00%	1.617.574	664.155
Voluntary Financial Liability for Motor Vehicles	%23,94	1.584.032	1.583.798	25,00%	1.628.344	1.628.086
Construction	%23,98	2.736.075	647.300	25,00%	2.415.397	564.172
Motor Vehicles - Motor Own Damage	%25,00	1.279.574	1.279.574	25,00%	811.386	811.386
Goods	%25,00	814.459	413.867	25,00%	489.438	249.845
Theft	%25,00	122.252	61.904	25,00%	99.191	52.452
Assembly	%2,47	46.422	32.337	6,53%	113.824	79.662
Financial Liability towards Third Persons	%25,00	1.904.356	704.162	25,00%	1.190.468	427.998
Machinery Breakdown	%25,00	1.137.243	36.133	25,00%	1.020.354	26.407
Personal Accident	%3,61	41.259	31.318	14,20%	70.469	45.465
Electronic Device	%23,87	26.450	25.714	23,42%	29.662	28.243
Employer Financial Liability	%25,00	8.346.074	2.431.358	25,00%	4.653.765	1.433.748
Compulsory Financial Liability Regarding Medical Malpractice	%25,00	1.088.578	543.450	15,00%	154.839	77.420
Compulsory Seat Personal Accident for Buses	%25,00	581.090	55.568	15,00%	325.812	34.610
Disease/Health	%2,11	1.178	1.178	1,78%	336	336
Compulsory Highway Transportation	%1,39	24.183	2.304	2,50%	28.127	2.884
Financial Liability						
Total		34.039.668	20.919.873		21.228.341	12.705.502

2.23 Income accounting

Premium incomes

Written premiums represent the remaining amount after the cancellation of policy premiums issued during the period. Premium income is reflected to unconsolidated financial statements on an accrual basis by deducting unearned premium reserves from written premiums.

Commission incomes and expenses

Commissions paid regarding the written premiums and the commission incomes received with regard to premiums transferred to reinsurance companies are accrued in the current period. Received or paid commission monitored in terms of accrual basis is monitored under the operation expenses as netted in the unconsolidated income statement and in the income and expense accounts for the next months respectively in the unconsolidated balance sheet.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

Recourse and recovery income

The Company accounts the claim payments accrued as per the Undersecretariat of Treasury's correspondence no. B.02.1.HM.O.SGM.0.3.1.1 dated January 18, 2005 recourse receivables from insurance companies and real and corporate bodies that are amicably agreed within the period when such recourse income is earned in accordance with the principle for accrual in the unconsolidated financial statements prepared as of December 31, 2016. The Company also allocates provision for the doubtful receivables for the recourse receivable in the legal or attachment proceedings.

The Company had income accrued for the recourse receivables from insurance companies and real and corporate bodies in accordance with the provisions set out in the Undersecretariat of Treasury's Communiqués No. 2010/16 and 2011/1 dated September 20, 2010 and January 14, 2011 in the unconsolidated financial statements prepared as of December 31, 2016 and allocated provisions for the recourse receivables for which six months (receivables from insurance companies) have passed since the payment date of the claim providing a basis for the recourse receivable and four months have passed (from real and other corporate bodies). The Company also allocates provisions for the doubtful receivables for the recourse receivable in legal or attachment proceedings.

The Company accounts the recourse and recovery income accrued in accordance with the Undersecretariat of Treasury's Communiqués No. 2010/13 and 2012/7 dated September 20, 2010 and May 31, 2012 in the "Accrued Recourse and Recovery Income" account on the unconsolidated financial statements prepared as of December 31, 2016.

Interest income

Interest income is recorded in accordance with accrual basis using the effective revenue method.

Dividend income

The dividend is registered as income on the date when the right to collect occurs.

Leasing income

Leasing income is reflected on the financial statements when earned monthly.

2.24 Financial leases

Financial leases that stipulate the transfer of all the risks and benefits of ownership of the asset leased to the Company are reflected at the beginning of the lease on the basis of the contractual value of the leased asset. Financial lease payments are allocated as principal and finance interest during the lease term, with the balance of remaining debt for each period generating a fixed periodic interest rate. Financial expenses are reflected directly to the unconsolidated income statement throughout the periods. Capitalized leased assets are depreciated throughout their estimated useful lives.

Operational leases

Leases where the leaseholder holds all risks and benefits of the leased asset are classified as operational leases. Operational lease payments are recorded as expenses on a linear basis during the lease term in the unconsolidated income statement.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

2.25 Profit share allocation

Earnings per share

Earnings per share are calculated by dividing the net profit for the period that can be distributed to the shareholders by the weighted average number of shares during the year. If the capital increase is made from the internal resources during the period, the weighted average of the shares is considered to be valid at the beginning of the period.

2.26 Related parties

The person or establishment that is related to the establishment that prepares the financial statements (shall be referred to as the 'reporting establishment' in this Standard).

(a) A person or a close family member of this person is deemed to be related to the reporting establishment on the following occasions:

In the event that:

- (i) Such person has control or joint control of the reporting establishment.
- (ii) Such person has an important effect on the reporting establishment.
- (iii) Such person is a member of key management personnel of the reporting establishment or parent of the reporting establishment.

(b) The establishment is considered related to the reporting establishment if one of the following conditions exists:

- (i) The establishment and reporting establishment are members of the same group (i.e. a parent is related to the subsidiary and other subsidiaries).
- (ii) The establishment is an affiliate or business partner of the other establishment (or of the member of a group of which the other establishment is a member).
- (iii) Both establishments are the business partners of the same third party.
- (iv) One of the establishments is the business partner of the third business and the other establishment is the affiliate of the third establishment.
- (v) The establishment, reporting establishment or an establishment related to the reporting establishment has benefit plans for its employees that are provided after resignation. If the reporting establishment has such a plan, sponsoring employers are related to the reporting establishment.
- (vi) The establishment is controlled or jointly controlled by a person defined in clause (a).
- (vii) The person defined in paragraph (i) of clause (a) has an important effect on the establishment or such establishment (or the parent of this establishment) is a member of the key management personnel.

Transactions with a related party are transfers between a reporting establishment and a related party, regardless of whether the resources, services, or obligations are a consideration.

Transactions with related parties are transfers between the related parties, regardless of whether the resources, services, or obligations are a consideration.

As of December 31, 2016, Mapfre Group companies other than the partners are defined as the related parties of other partners and Company management related parties in the unconsolidated financial statements and relevant explanatory footnotes.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

2. Summary of significant accounting policies (cont.)

2.27 Other monetary balance sheet items

Reflected to the balance sheet with recorded values.

2.28 Events after the balance sheet date

Events that arise after the balance sheet date and may affect the situation of the Company on the balance sheet date (events requiring corrections), are reflected in the financial statements. The events that do not require correction are defined in the footnotes if they are of specific importance.

3. Important accounting estimations and provisions

In the preparation of the financial statements, the Company management is required to make assumptions and estimates that may affect the asset and liability amounts reported and that determine the probable liabilities and guarantees and income and expense amounts as of the balance sheet date. Realized results may differ from the estimates. Estimates are regularly reviewed, and necessary corrections are made and reflected in the unconsolidated income statement when they are realized. The estimates used are mainly related to insurance outstanding claims and compensation provisions, other technical provisions and impairment of assets and these estimates and assumptions are explained in detail in the footnotes. Apart from these, the significant estimates used in the preparation of the financial statements are as follows:

Severance pay provision:

The Company calculated the provision for severance pay benefits on the unconsolidated financial statements using actuarial assumptions and reflected this in its records.

Provision for doubtful receivables:

The Company allocates provisions for doubtful receivables for the relevant intermediaries and insured that cannot make reimbursement and recourse receivables in execution or lawsuit proceedings (Footnote: 12).

Deferred tax:

Deferred tax assets are recorded if it is highly probable that temporary differences and accumulated losses will be benefited by means of profiting with regard to tax. It is necessary to make important estimates and assessments regarding the taxable profits that may arise in the future while determining the amount of deferred tax assets to be recorded (Footnote: 21).

4. Insurance and financial risk management

Insurance risk

The main risk to the Company's insurance policies is the claims and claim payments being higher than expected. Therefore, the Company's main objective in managing the insurance risk is to ensure that sufficient insurance provisions are available to meet these obligations.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

4. Management of insurance and financial risk (cont.)

The Company operates in elemental area and issues policies in the following main lines of business:

- Fire and natural disasters
- Marine
- Land vehicles
- Rail vehicles
- Aircraft
- Watercraft
- Accident
- General liability
- Land vehicles liability
- Watercraft liability
- Aircraft liability
- General losses
- Guarantee
- Financial losses
- Loan
- Legal protection
- Health

Short-term policies are issued in the marine line of business within the period of transportation, construction-assembly policies in the engineering main line of business are issued for the project duration, and 12-month policies are issued for other products.

The main risks that the Company is required to manage are natural disasters such as earthquakes, floods, storms, etc. and fire, accident and theft risks. As there is a tariff system in these lines of business, the risks are managed through pricing and segmentation. In addition, the Company receives reinsurance support based on international general assumptions to cover claims that may arise both as a risk and as a result of catastrophic damage.

The Company carries out the risks arising from the accident line of business using segmentation and appropriate pricing considering the geographical and human conditions.

The Company operated as a reinsurer in the health line of business until August 1, 2011 and has been operating as a direct insurer since August 1, 2011.

Therefore, the Company manages its related risks through a broad portfolio of insurance contracts, reinsurance agreements and policy writing strategies.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

4. Management of insurance and financial risk (cont.)

The insurance guarantees given in regard to non-life insurance lines of business as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Land Vehicles	17.713.183.000	7.818.365.867.000
Land Vehicles Liability	7.964.638.772.000	603.895.400.000
Accident	23.778.918.000	162.874.411.000
Watercrafts	1.418.096.000	173.882.240.000
Aircrafts	215.865.000	165.569.776.000
Aircraft Liability	1.367.547.000	21.109.887.000
General Liability	19.883.969.000	17.862.696.000
Fire and Natural Disasters	191.610.604.000	18.573.495.000
General Losses	211.026.611.000	2.941.017.000
Marine	177.101.127.000	1.312.008.000
Financial losses	609.700.000	1.083.078.000
Legal Protection	2.950.078.000	441.474.000
Disease/Health	888.595.674.000	293.916.000
Guarantee	348.524.000	273.976.000
Non-Life Total	9.501.258.668.000	8.988.479.241.000

The claim development statement of the Company prepared as of December 31, 2016 is included in Footnote 17.

Financial risk management

The principal financial instruments used by the Company are cash, fixed bank deposits, reverse repurchase agreements, share certificates and state bonds, and receivables and loans from principal operations. The Company is exposed to miscellaneous financial risks due to the financial instruments used and insurance contract liabilities. The risks arising from the instruments used are market risk, foreign currency risk, liquidity risk and loan risk. The Company management manages these risks as stated below.

(a) Market risk

i) Price risk

The Company is exposed to price risk as it possesses financial assets valued with the market price. The table below shows the effect of a 5% increase/(decrease) in the market prices of the shares constituting available-for-sale financial assets in the Company's portfolio on the Company's assets, provided that all other variables remain constant:

	December 31, 2016	December 31, 2015
Market price increase/(decrease)	Effect on equity	Effect on equity
5%	51.450	49.350
(5%)	(51.450)	(49.350)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

4. Management of insurance and financial risk (cont.)

ii) Interest rate risk

The interest rate risk refers to changes in the fair value or future cash flows of financial assets resulting from fluctuations in market interest rates. The interest rate risk is closely monitored by the Company through the market information review and appropriate valuation methods.

There is no effect on the Company's assets due to the 5% value increase/(decrease) in interest rates since the Company has no bonds in its available-for-sale financial assets in its portfolio for the accounting periods ending on December 31, 2016 and December 31, 2015, provided that all variables remain constant.

iii) Exchange rate risk

The exchange rate risk arises from the Company's foreign exchange rate changes having foreign currency debt and assets and converting them into TL.

The foreign currency position of the Company as of December 31, 2016 and December 31, 2015 are as follows:

December 31, 2016	US Dollars	TL equivalent	Euro	TL equivalent	GBP	TL equivalent	TL equivalent of Other Currencies	Total TL equivalent
Cash and cash equivalents	13.373.055	47.062.457	1.922.345	7.131.707	2.334	10.081	50.178	54.254.423
Financial assets	-	-	-	-	-	-	-	-
Receivables from insurance activities	29.698.824	104.516.101	24.399.022	90.517.934	9.278	40.071	824.928	195.899.034
Receivables from reinsurance activities	-	-	72.621	269.415	-	-	-	269.415
Loans	-	-	-	-	-	-	-	-
Loans to policy holders	-	-	-	-	-	-	-	-
Deposits and guarantees given	-	-	-	-	-	-	-	-
Receivables from partners	-	-	-	-	-	-	-	-
Total assets	43.071.879	151.578.558	26.393.988	97.919.056	11.612	50.152	875.106	250.422.872
Payables to main operations	17.798.730	62.637.291	10.196.922	37.829.559	2.050	8.855	-	100.475.705
Technical provisions, net	4.203.083	14.791.490	1.994.009	7.397.576	-	-	-	22.189.066
Deposits and guarantees taken	-	-	-	-	-	-	-	-
Total liabilities	22.001.813	77.428.781	12.190.931	45.227.135	2.050	8.855	-	122.664.771
Foreign currency position, net	21.070.066	74.149.777	14.203.057	52.691.921	9.562	41.297	875.106	127.758.101

December 31, 2015	US Dollars	TL equivalent	Euro	TL equivalent	GBP	TL equivalent	TL equivalent of Other Currencies	Total TL equivalent
Cash and cash equivalents	8.807.871	25.609.765	1.241.040	3.943.529	-	-	12.144	29.565.438
Financial assets	-	-	-	-	-	-	-	-
Receivables from insurance activities	29.677.512	86.290.335	19.440.094	61.772.843	14.024	60.311	1.334.788	149.458.277
Receivables from reinsurance activities	-	-	143.283	455.296	-	-	-	455.296
Loans	-	-	-	-	-	-	-	-
Loans to policy holders	-	-	-	-	-	-	-	-
Deposits and guarantees given	-	-	-	-	-	-	-	-
Receivables from partners	-	-	-	-	-	-	-	-
Total assets	38.485.383	111.900.100	20.824.417	66.171.668	14.024	60.311	1.346.932	179.479.011
Payables to main operations	14.315.111	41.622.618	7.990.098	25.389.335	285	1.224	-	67.013.177
Technical provisions, net	3.168.562	9.212.910	2.112.964	6.714.155	279	1.200	-	15.928.265
Deposits and guarantees taken	-	-	-	-	-	-	-	-
Total liabilities	17.483.673	50.835.528	10.103.062	32.103.490	564	2.424	-	82.941.442
Foreign currency position, net	21.001.710	61.064.572	10.721.355	34.068.178	13.460	57.887	1.346.932	96.537.569

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

4. Management of insurance and financial risk (cont.)

The table below shows the effect of a 10% value increase/(decrease) of the foreign monies on the Company's portfolio on profit before taxes, provided that all other variables remain constant:

Currency	December 31, 2016		December 31, 2015	
	Exchange rate increase/(decrease)	Effect on the profit before taxes	Exchange rate increase/(decrease)	Effect on the profit before taxes
US Dollars	10%	7.414.978	10%	6.106.457
US Dollars	(10%)	(7.414.978)	(10%)	(6.106.457)
Euro	10%	5.269.192	10%	3.406.818
Euro	(10%)	(5.269.192)	(10%)	(3.406.818)
Other Currencies	10%	91.640	10%	5.789
Other Currencies	(10%)	(91.640)	(10%)	(5.789)

(b) Credit risk

The credit risk refers to the situation that the Company encounters due to the fact that the third parties with which the Company has mutual relations do not fulfill the obligations of the Contract in whole or in part on time. The Company tries to manage the credit risk by continuously assessing the reliability of the parties to whom it relates. The Company manages the credit risk by taking collateral when deemed necessary with the area of activity in consideration.

The financial assets subjected to the credit risk within the financial assets of the Company are generally cash and cash equivalents, except for the cash account, state bonds, and receivables from main operations and the receivables in the other assets of the Company that bear credit risk. As of December 31, 2016, the total sum of such financial instruments is 2,808,530,023 TL (6,078,320 TL includes the other receivable balance that includes the credit risk, explained in footnote no. 47.1) (December 31, 2015: 2,041,762,439 TL).

(c) Liquidity risk

Liquidity risk is the risk of a Company failing to fulfill its funding needs. The Company periodically measures and evaluates the liquidity risk within the framework of compliance of the group of which it is a part with risk policies. As of December 31, 2016 and December 31, 2015, the maturity breakdown of the Company's commercial debts and financial debts are as follows based on the maturity dates;

December 31, 2016	Less than 1 year	1 year - 5 years	Longer than 5 years	Total
Payables from reinsurance activities	132.446.397	-	-	132.446.397
Payables from insurance activities	129.738.171	-	-	129.738.171
Other payables	110.564.956	-	-	110.564.956
	372.749.524	-	-	372.749.524

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

4. Management of insurance and financial risk (cont.)

December 31, 2015	Less than 1 year	1 year - 5 years	Longer than 5 years	Total
Payables from reinsurance activities	90.585.378	-	-	90.585.378
Payables from insurance activities	100.172.976	-	-	100.172.976
Other payables	100.428.025	-	-	100.428.025
	291.186.379	-	-	291.186.379

Capital management

The main capital management policies of the Company are specified below:

- Conforming to the capital adequacy conditions determined by the Undersecretariat of Treasury.
- Ensuring the continuity of the operations in accordance with the continuity principles of the Company.

In accordance with the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance, Reinsurance and Retirement Companies" published in Official Gazette No. 26761 dated January 19, 2008 by the Undersecretariat of Treasury, the required shareholders' equity was determined as 691,738,843 TL in the calculations made by the Company as of December 31, 2016. As of December 31, 2016, the share capital of the Company is 716,211,147 TL and there is no capital deficit.

5. Department information

Explained in footnote no. 2.3.

6. Tangible fixed assets

6.1 All depreciation, amortization and depletion expenses of the current period: 4,970,591 TL (December 31, 2015 – 4,779,431 TL).

6.1.1 Depreciation expenses: 3,505,533 TL (31 December 2015 - 3,437,588 TL).

6.1.2 Redemption and depletion expenses: 1,465,058 TL (31 December 2015 - 1,341,843 TL).

6.2 Changes made in increase (+) or decrease (-) depreciation calculation methods that have caused variations in the depreciation costs of the period: None (December 31, 2015 - None).

6.3 Tangible fixed asset movements in current period:

6.3.1 Cost of purchased, manufactured or constructed tangible fixed assets: 27,083,699 TL (December 31, 2015 - 153,981,322 TL).

6.3.2 Cost of tangible fixed assets sold or scrapped: 1,930,169 TL (December 31, 2015 - 4,148,054 TL).

6.3.3 Valuation increases occurring in the current period: None (December 31, 2015 - None).

6.3.4 The nature, total amount, starting-ending dates and completion level of the investments in progress: None (31 December 2015 - None).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

6. Tangible fixed assets (cont.)

Tangible fixed assets activity statement:

	January 1, 2016	Additions	Subtractions	Transfers/ Corrections	December 31, 2016
Cost:					
Real estates with usage purposes	20.515.185	-	(939.377)	-	19.575.808
Motor vehicles	3.791.341	-	(846.587)	-	2.944.754
Fixtures and installments	14.065.146	8.174.108	(144.205)	-	22.095.049
Special cost values	3.911.752	553.032	-	-	4.464.784
Advances regarding tangible assets (*)	148.755.494	18.258.559	-	-	167.014.053
Total cost:	191.038.918	26.985.699	(1.930.169)	-	216.094.448
Accumulated depreciation:					
Real estates with usage purposes	(3.061.125)	(500.564)	348.885	-	(3.212.804)
Motor vehicles	(2.895.544)	(369.609)	723.142	(29.388)	(2.571.399)
Fixtures and installments	(11.115.228)	(2.037.563)	34.537	23.651	(13.094.603)
Special cost values	(3.036.732)	(591.801)	-	5.737	(3.622.796)
Total accumulated depreciation	(20.108.629)	(3.499.537)	1.106.564	-	(22.501.602)
Net recorded value	170.930.289				193.592.846

(*) In accordance with the Board of Directors' Decision No. 2013/23 dated July 20, 2013, the amounts paid in 2013, 2014 and 2015 for 10 complete floors purchased to be the new operation location of the company from Ofis Kule in Torun Center built at the address of Dikilitaş Mah. Şişli/İstanbul were transferred to the advances account regarding tangible assets from the other receivables account.

	January 1, 2015	Additions	Subtractions	Transfers/ Corrections	December 31, 2015
Cost:					
Real estates with usage purposes	18.848.161	1.667.024	-	-	20.515.185
Motor vehicles	4.435.637	52.437	(696.733)	-	3.791.341
Fixtures and installments	13.118.280	2.352.229	(604.785)	(800.578)	14.065.146
Special cost values	4.076.730	55.718	-	(220.696)	3.911.752
Advances regarding tangible assets	1.323.116	149.853.914	(2.421.536)	-	148.755.494
Total cost:	41.801.924	153.981.322	(3.723.054)	(1.021.274)	191.038.918
Accumulated depreciation:					
Real estates with usage purposes	(2.509.562)	(551.563)	-	-	(3.061.125)
Motor vehicles	(2.773.139)	(589.447)	467.042	-	(2.895.544)
Fixtures and installments	(9.967.913)	(1.696.996)	-	549.681	(11.115.228)
Special cost values	(2.663.157)	(594.271)	220.696	-	(3.036.732)
Total accumulated depreciation	(17.913.771)	(3.432.277)	687.738	549.681	(20.108.629)
Net recorded value	23.888.153				170.930.289

There is a mortgage amounting to 800 TL in favor of the Undersecretariat of Treasury on real estate for use.

The Company does not have any tangible fixed assets acquired as the lessee in leasing transactions.

The Company has reflected a finance lease expense amounting to 7,345,135 TL in the income statement as of December 31, 2016 (December 31, 2015 - 5,518,973 TL).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

7. Real estates with investment purposes

	January 1, 2016	Additions	Subtractions	Adjustments	December 31, 2016
Cost:					
Plot	55.573	-	-	-	55.573
Buildings	89.463	98.000	-	-	187.463
Buildings retained with sale purposes	-	-	-	-	-
Total cost	145.036	98.000	-	-	243.036
Provisions for accumulated depreciation and impairment					
Buildings-depreciation	(58.603)	(5.996)	-	-	(64.599)
Building and plots - provision for impairment	-	-	-	-	-
Total	(58.603)	(5.996)	-	-	(64.599)
Net book value	86.433				178.437
	January 1, 2015	Additions	Subtractions	Adjustments	31 December 2015
Cost:					
Plot	480.573	-	(425.000)	-	55.573
Buildings	89.463	-	-	-	89.463
Buildings retained with sale purposes	-	-	-	-	-
Total cost	570.036	-	(425.000)	-	145.036
Provisions for accumulated depreciation and impairment					
Buildings-depreciation	(53.292)	(5.311)	-	-	(58.603)
Building and plots - provision for impairment	(275.000)	-	275.000	-	-
Total	(328.292)	(5.311)	275.000	-	(58.603)
Net book value	241.744				86.433

In addition, the Company obtained a lease income of 619,400 TL in the December 31, 2016 period (December 31, 2015 - 565,680 TL) from the real estate with sales purposes.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

8. Intangible fixed assets

	January 1, 2016	Additions	Subtractions	Transfers	December 31, 2016
<u>Cost:</u>					
Rights	11.968.455	1.426.078	-	842.547	14.237.080
Ongoing investments	2.125.116	3.531.142	-	(842.547)	4.813.711
Total Cost	14.093.571	4.957.220	-	-	19.050.791
<u>Accumulated depreciation:</u>					
Rights	(5.226.462)	(1.465.058)	-	-	(6.691.520)
Total Depreciation	(5.226.462)	(1.465.058)	-	-	(6.691.520)
Net book value	8.867.109				12.359.271

	January 1, 2015	Additions	Subtractions	Transfers	December 31, 2015
<u>Cost:</u>					
Rights	12.563.645	887.055	(1.482.245)	-	11.968.455
Ongoing investments	2.027.384	662.466	(564.734)	-	2.125.116
Total Cost	14.591.029	1.549.521	(2.046.979)	-	14.093.571
<u>Accumulated depreciation:</u>					
Rights	(5.366.864)	(1.341.843)	1.482.245	-	(5.226.462)
Total Depreciation	(5.366.864)	(1.341.843)	1.482.245	-	(5.226.462)
Net book value	9.224.165				8.867.109

9. Investments in affiliates

	December 31, 2016			December 31, 2015		
	Nominal value	Inflation/price difference	Total	Nominal value	Inflation/price difference	Total
Türkiye Genel Sigorta A.Ş. Fund for Officials and Servants	1	11.192	11.193	1	11.192	11.193
Other	-	-	-	5	837	842
Long-Term Securities	1	11.192	11.193	6	12.029	12.035
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	220.125	764	220.889	220.125	764	220.889
Affiliates	220.125	764	220.889	220.125	764	220.889
Mapfre Yaşam Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	11.940.000	8.876.506	20.816.506	11.940.000	8.876.506	20.816.506
	2.428.025	-	2.428.025	2.428.025	-	2.428.025
Subsidiaries	14.368.025	8.876.506	23.244.531	14.368.025	8.876.506	23.244.531
Total	14.588.156	8.888.462	23.476.613	14.588.156	8.889.299	23.477.455

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

9. Investments in affiliates (cont.)

	December 31, 2016		December 31, 2015	
	Affiliate Ratio	Place of Incorporation	Affiliate Ratio	Place of Incorporation
Tarsim	4,17%	Türkiye	4,17%	Türkiye
Mapfre Yaşam	99,50%	Türkiye	99,50%	Türkiye
Genel Servis	51,00%	Türkiye	51,00%	Türkiye

Summarized financial information of the affiliates and subsidiaries is provided in note 45.2.

(*) The Company shows its Tarsim investment, in which it participates at a ratio of 4.17%, within the affiliates.

10. Reassurance assets

The information regarding the Company's reinsurance contracts is included in footnote 2.14.

As of December 31, 2016 and December 31, 2015, the amounts in the relevant balance sheet and income statement of the Company regarding the reinsurance operations arising from the income statement are as follows:

	December 31, 2016	December 31, 2015
Reassurer shares in provisions for unearned premiums (Note 17)	206.065.978	171.199.637
SSI shares in provisions for unearned premiums (Note 17)	80.191.424	62.842.828
Reassurer shares in provisions for outstanding compensations (Note 17)	127.539.929	103.575.989
Reassurer shares in mathematical provisions (Note 17)	-	-
Reassurer shares in provisions for continued risks (Note 17)	621.260	-
Reassurer shares for balancing provision (Note 17)	81.396.619	61.303.045
Current account of reassurer companies (net)	(126.600.111)	(82.348.937)
Payables to TCIP	(1.563.673)	(1.508.251)
Payables to Tarsim	(15.735)	(1.941)
Payables to SSI regarding treatment expenses	(45.063.103)	(42.731.776)
Reassurer shares in recourse and recovery income	(183.688)	(36.678)
Total reinsurance assets/obligations	322.388.900	272.293.916
	January 1	January 1
	- December 31, 2016	- December 31, 2015
Premiums transferred to reassurers	(427.443.216)	(370.321.741)
Premiums transferred to SSI	(147.904.405)	(95.263.739)
Commission taken from reassurers	83.475.348	70.077.435
Reassurer shares in paid damages	92.674.573	107.676.764
Reassurer shares in outstanding claims	23.963.941	3.634.289
Reassurer shares in provisions for unearned premiums	34.866.341	34.205.773
SSI shares in provisions for unearned premiums	17.348.595	37.292.395
Reassurer shares in mathematical provisions	-	-
Reassurer shares in provisions for continued risks	621.260	(77.052)
Reassurer shares in balancing provision	20.093.574	16.453.121
Reassurer shares in recourse income	(8.977.045)	(5.479.991)
Total reinsurance expenses	(311.281.034)	(201.802.746)

The detailed explanations regarding reinsurance contracts are provided in footnote no. 2.14.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

11. Financial assets

11.1 Sub-classifications of items presented in accordance with the activities of the enterprise:

Financial assets	December 31, 2016			December 31, 2015		
	Blocked	Unblocked	Total	Blocked	Unblocked	Total
<u>Available-for-sale financial assets</u>						
State Bonds	201.439.825	104.645.583	306.085.408	201.981.271	1.822.262	203.803.533
Private Sector Bonds	-	7.860.360	7.860.360	13.163.815	-	13.163.815
Repurchase	-	-	-	-	-	-
Stocks	-	1.029.001	1.029.001	987.000	-	987.000
<u>Financial Investments whose Risks Belong to Life Policy Holders</u>						
Time-Deposit Account	-	-	-	-	-	-
State Bonds	-	-	-	-	-	-
Total	201.439.825	113.534.944	314.974.769	216.132.086	1.822.262	217.954.348

The activities of the available-for-sale financial assets for the periods ending on December 31, 2016 and 2015 are as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Beginning of the period	217.954.348	330.743.900
Purchases	311.227.009	65.116.278
Sales	(211.856.610)	(176.908.483)
Transfers within the period	-	-
Unrealized interest income reflected in income statement	(775.017)	686.935
Unrealized income/(loss) reflected in equity changes statement - net	(1.574.961)	(1.684.281)
Impairment	-	-
End of the period	314.974.769	217.954.348

The Company does not have financial assets with purchase-sale purposes as of December 31, 2015 (December 31, 2016 - None). The Company does not have financial assets to be retained until maturity as of December 31, 2015 (December 31, 2016 - None).

The maturity analysis of the financial assets are as follows:

December 31, 2016	Current	0- 3 months	3 - 6 months	6 months - 1 year	1 year - 3 years	Longer than 3 years	Total
<u>Available-for-sale financial assets</u>							
Stock	1.029.001	-	-	-	-	-	1.029.001
State Bonds	-	12.353.280	90.730.074	-	197.628.357	5.373.697	306.085.408
Private Sector Bonds	-	-	7.860.360	-	-	-	7.860.360
Total	1.029.001	12.353.280	98.590.434	-	197.628.357	5.373.697	314.974.769

December 31, 2015	Current	0- 3 months	3 - 6 months	6 months - 1 year	1 year - 3 years	Longer than 3 years	Total
<u>Available-for-sale financial assets</u>							
Stock	987.000	-	-	-	-	-	987.000
State Bonds	-	102.908.661	-	100.894.872	-	-	203.803.533
Private Sector Bonds	-	-	5.574.415	7.589.400	-	-	13.163.815
Total	987.000	102.908.661	5.574.415	108.484.272	-	-	217.954.348

All financial assets of the Company are in TL as of December 31, 2016 and December 31, 2015.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

11. Financial assets (cont.)

11.2 Securities other than the stocks issued within the year: None.

11.3 Securities representing the borrowing redeemed within the year: None.

11.4 Information indicating the values of the securities and financial fixed assets that are shown at the fair value in the balance sheet compared to stock exchange rates and the values of securities and financial fixed assets that are shown at the stock exchange rates compared to cost values:

Securities

	December 31, 2016	
	Cost value	Recorded value (Stock rate)
Available-for-sale financial assets		
State bonds	303.129.702	306.085.408
Private Sector Bonds	7.840.160	7.860.360
Repurchase	-	-
Stocks	1.628.794	1.029.001
Total	312.598.656	314.974.769

	December 31, 2015	
	Cost value	Recorded value (Stock rate)
Available-for-sale financial assets		
State bonds	198.496.114	203.803.533
Private Sector Bonds	13.000.000	13.163.815
Repurchase	-	-
Stocks	1.628.793	987.000
Total	213.124.907	217.954.348

Financial fixed assets

The financial fixed assets monitored with cost value do not have stock exchange rates.

11.5 Sums of securities issued by partnerships, subsidiaries and affiliate partnerships of the operation that fall within the securities and long-term securities group, and partnerships that have issued these: None.

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

	Change in the Value Increase	Total Value Increase
2016	(758.922)	(1.827.057)
2015	(1.877.968)	(1.068.135)
2014	4.315.464	809.833
Total	(2.636.890)	(2.085.359)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

11. Financial assets (cont.)

11.7 Total mortgage or collateral amounts on the active assets:

	December 31, 2016	December 31, 2015
Securities portfolio	260.620.250	202.262.271
Real estate mortgages	800	4.152
Total	260.621.050	202.266.423

As of December 31, 2016, the portion amounting to 203,498,708 TL of the blockages on the securities portfolio and the portion amounting to 800 TL of the mortgage bonds are on behalf of the Turkish Undersecretariat of Treasury (December 31, 2015: 4,152 TL). The Company calculated the blocked securities according to the valuation conditions stated in Article 6 of the "Regulation on the Financial Structures of Insurance, Reassurance and Retirement Companies" published in Official Gazette No. 26606 dated August 7, 2007 in accordance with the Insurance Law. The portion amounting to 351,000 TL of the blockages on the securities portfolio is on behalf of Tarım Sigortalı Havuz İşletmesi A.Ş. (December 31, 2015: 281,000 TL).

11.8 Fair value of financial instruments

Fair value is the value an asset may be exchanged for between the knowledgeable and willing parties within transactions that occur in conformity with the market conditions or at which a liability can be fulfilled.

The Company has determined the estimated fair values of the financial instruments using existing market information and appropriate valuation methods. However, evaluating market information and estimating fair value requires interpretation and judgment. Consequently, the estimates presented herein are not indicative of the amounts the Company could achieve in a current market transaction.

Financial assets shown at fair value of the Company are presented in three separate categories in terms of valuation methods in the table below. "Category 1" refers to financial assets that are valued according to fair value (market data) obtained from organized markets, "Category 2" represents the financial assets valued according to comparable real transactions, and "Category 3" represents the financial assets valued according to current value of future cash flows.

	December 31, 2016			
	Category 1	Category 2	Category 3	Total
Available-for-sale financial assets				
State bonds	306.085.408	-	-	306.085.408
Private Sector Bonds	2.840.160	5.020.200	-	7.860.360
Repurchase	-	-	-	-
Stocks	1.029.001	-	-	1.029.001
Total	309.954.569	5.020.200	-	314.974.769

	December 31, 2015			
	Category 1	Category 2	Category 3	Total
Available-for-sale financial assets				
State bonds	203.803.533	-	-	203.803.533
Private Sector Bonds	-	13.163.815	-	13.163.815
Repurchase	-	-	-	-
Stocks	987.000	-	-	987.000
Total	204.790.533	13.163.815	-	217.954.348

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables
as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

12. Receivables

12.1 Classification of the receivable as the receivables from commercial customers, receivables from related parties, receivables for advance payments (payments for future months and years) and others:

	December 31, 2016	December 31, 2015
Current receivables		
<u>Receivables from insurance activities</u>		
Receivables from policy holders	39.434.501	39.420.538
Receivables from intermediaries	609.117.336	526.055.828
Recourse and recovery receivables	21.454.822	16.280.724
Bank-guaranteed credit card receivables	117.595.074	93.193.766
Receivables from insurance companies	7.735	7.736
Receivables from reinsurance companies	-	-
Other receivables	-	-
Rediscount (-)	(671.161)	(3.516.759)
	786.938.307	671.441.833
<u>Receivables from reinsurance activities</u>		
Receivables from reinsurance activities	5.845.243	8.236.062
	5.845.243	8.236.062
<u>Deposits at insurance and reinsurance companies</u>		
Deposits at insurance and reinsurance companies	59.322	67.144
	59.322	67.144
<u>Loans to policy holders (advance loans)</u>		
Loans to policy holders (advance loans)	-	-
	-	-
<u>Provisions for the receivables from insurance activities</u>		
Legal receivables from main activities	139.962.529	96.232.824
Provisions for the legal receivables from main activities	(139.962.529)	(96.232.824)
Provisions for the receivables from insurance activities (*)	(3.245.592)	(1.599.152)
	(3.245.592)	(1.599.152)
Non-current receivables		
Recourse and recovery receivables	-	-
Provisions for recourse and recovery receivables	-	-
Receivables from agencies	-	-
Provisions for receivables from agencies	-	-
Other doubtful receivables	-	-
Provision for other doubtful receivables	-	-
TOTAL	789.597.280	678.145.887

(*) The Company allocated provisions for the recourse receivables for which six months (receivables from insurance companies) have passed since the payment date of the claim providing a basis for the recourse receivable and four months have passed (from real and other corporate bodies) in accordance with the provisions set out in the Undersecretariat of Treasury's Communiqués No. 2010/16 and 2011/1 dated September 20, 2010 and January 14, 2011. As of December 31, 2016, the amount of recourse receivable is 3,245,592 TL (December 31, 2015 – 1,599,152 TL).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

12. Receivables (cont.)

The details regarding other miscellaneous receivables and expenses for future months are provided in footnote 47.

The activity table for the provision for legal receivables from main activities is as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Beginning of the period	96.232.824	74.791.692
Classifications	-	-
Additional allocated provision	53.324.519	26.981.553
Released provision	-	-
Collection	(9.594.814)	(5.540.421)
End of the period	139.962.529	96.232.824

As of December 31, 2016 and December 31, 2015, the forward and retrospective maturation of receivables from undue and overdue insurance operations, respectively, are as follows:

Undue receivables	December 31, 2016	December 31, 2015
0-90 days	313.422.052	235.860.028
91-180 days	274.672.598	211.006.363
181-270 days	67.095.236	81.975.202
271-360 days	29.609.152	41.833.064
More than 360 days	28.758.821	18.556.019
Total	713.557.859	589.230.676
Overdue receivables	December 31, 2016	December 31, 2015
Overdue by 0-90 days	33.223.976	37.604.278
Overdue by 90-180 days	7.729.046	6.451.560
Overdue by 180-270 days	8.337.473	6.070.637
Overdue by 270-360 days	1.559.249	7.238.836
Overdue by more than 360 days	22.530.704	24.845.846
Total(*)	73.380.448	82.211.157

(*) The Company has a total collateral amounting to 7,367,542 TL for the overdue receivable for which no provisions have been allocated as of December 31, 2016 (December 31, 2015 - 13,931,301 TL).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

12. Receivables (cont.)

12.2 Receivable-payable relation of the establishment with partners, affiliates and subsidiaries:

	December 31, 2016			
	Receivables		Payables	
	Commercial	Non-commercial	Commercial	Non-commercial
1) Partners				
Mapfre International S.A.	17.237	-	-	82.942
Other	-	-	-	-
2) Subsidiaries				
Mapfre Yaşam Sigorta A.Ş.	218.594	-	27.046	-
Genel Servis Yedek Parça Dağıtım Tic.A.Ş.	-	-	30.263	-
3) Other related parties				
Mapfre Re Compania Reaseguros S.A.	-	-	40.194.806	-
Mapfre Empresas Comp. De Seguro	262.635	-	-	-
Mapfre Global	-	-	30.083.641	-
Mapfre Asistencia SA	-	-	1.697.096	-
Tur Asist	-	-	1.391.717	-
Mapfre Tech	-	-	-	1.300.115
Mapfre Soft	-	-	-	810.676
Fundacion Mapfre	-	33.194	-	-
Mapfre S.A.	-	-	122.022	-
Gen. Ins. Ret. Fund	-	190.394	-	-
Other	-	729.637	-	153.146
4) BOARD OF DIRECTORS				
Board of Directors	-	-	-	-
Total	498.466	953.225	73.546.591	2.346.879

	December 31, 2015			
	Receivables		Payables	
	Commercial	Non-commercial	Commercial	Non-commercial
1) Partners				
Mapfre International S.A.	-	-	-	83.001
Other	-	-	-	-
2) Subsidiaries				
Mapfre Yaşam Sigorta A.Ş.	46.374	-	90.354	-
Genel Servis Yedek Parça Dağıtım Tic.A.Ş.	94.585	-	13.062	-
3) Other related parties				
Mapfre Re Compania Reaseguros S.A.	-	-	34.140.778	-
Mapfre Empresas Comp. De Seguro	-	-	554.137	-
Mapfre Global	-	-	23.644.724	-
Mapfre Asistencia SA	-	-	1.352.638	-
Tur Asist	-	-	1.289.826	-
Mapfre Tech	-	-	75.920	-
Mapfre Soft	-	-	15.513	-
Mapfre Soft	26.039	-	-	-
Fundacion Mapfre	-	-	-	-
Mapfre S.A.	-	-	-	-
Gen. Ins. Ret. Fund	-	945.537	-	78.118
Other	-	-	-	-
4) BOARD OF DIRECTORS				
Board of Directors	-	-	-	-
Total	166.998	945.537	61.176.952	161.119

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

12. Receivables (cont.)

12.3 Total amount of mortgages and other collateral purchased for receivables:

	December 31, 2016	December 31, 2015
Mortgage bonds purchased	27.795.509	29.322.509
Cash	8.369.580	6.831.018
Guarantee letters purchased	174.328.826	167.243.170
Other warranties and sureties	2.079.133	2.073.962
Total	212.573.048	205.470.659

12.4 Receivables and payables denominated in foreign currencies with no foreign exchange guarantees, separate foreign currency amounts within assets and TL conversion rates:

Indicated with the conversion rates in Note 4 (a) (iii).

13. Derivative financial instruments

None (December 31, 2015 - None).

14. Cash and cash equivalents

The cash and cash equivalents providing the basis for the cash flow statement for the period ending on December 31, 2016 are shown in footnote 2.12.

The Company owns a term deposit amounting to 58,500,000 TL blocked in favor of the Turkish Undersecretariat of Treasury as of December 31, 2016 (December 31, 2015: NA).

The maturity of the term deposits of the Company is between 35 days and 185 days as of balance sheet date (December 31, 2015 - between 1 day and 124 days). The interest rates of the term deposits on a foreign currency basis are as follows:

	December 31, 2016	December 31, 2015
Foreign currency/TL	Annual rate of interest (%)	Annual rate of interest (%)
TL	10,60-11,75	12,10-13,95
Euro	1,30	0,60
US Dollars	2,80-3,45	1,70-2,05

The values of cash and cash equivalents on a foreign currency basis are indicated in footnote no. Note 4 (a) (iii).

15. Capital

15.1 Allocations to partners; the amount of transactions made by the organization with partners and the transactions made by the partners among them:

In accordance with the decision taken at the Ordinary General Assembly Meeting dated March 31, 2016, the profit share amounting to 10,395 TL, which is attributable to dividend share owners, was paid to the shareholders on April 1, 2016.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

15. Capital (cont.)

15.2 Legal reserves

According to the Turkish Commercial Code, the legal reserves are divided into first and second legal reserves. In accordance with the Turkish Commercial Code, the first legal reserve is allocated out of statutory net profit at the rate of 5% until the total reserve reaches 20% of the paid capital of the company. The second legal reserve is 10% of the profit exceeding 5% of the paid/excluded capital. According to the Turkish Commercial Code, the legal reserves can only be used to clarify losses unless they exceed 50% of the paid capital; it is not possible to use them in any other way.

The activities of the legal reserves within the period are as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Beginning of period	63.756.757	56.761.168
Transfer from last year's profit	4.922.530	6.995.589
End of period	68.679.287	63.756.757

Financial asset valuation:

Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets and tax effects are monitored in equity under "Financial Asset Valuation".

The activities of the financial asset valuation amount within the accounting period are as follows. Such amounts are shown net of deferred tax effect in equity.

	January 1 - December 31, 2016	January 1 - December 31, 2015
Beginning of period	(1.068.135)	809.833
Fair value change and effect of sales	(1.196.136)	(2.351.282)
Deferred value tax regarding fair value increase (Note 21)	437.214	473.314
Transfer from the current period corporate tax regarding the fair value increase (Note 35)	-	-
End of period	(1.827.057)	(1.068.135)

Other profit reserves:

Other Profit Reserves in the equity account amounting to 15,171,396 TL as of December 31, 2016 and December 31, 2015 consist of the Earthquake Claim Provisions in the balance sheet as of December 31, 2006 and the income obtained from these provisions before June 14, 2007 and monitored within these provisions.

Other capital reserves:

None

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

15. Capital (cont.)

Special Funds

75% of the profits arising from the sale of participation shares and real estates retained for at least two years are tax exempted, provided that they are added to the capital as stipulated in the Corporate Tax Law or they are kept as equity for five years.

As of December 31, 2016, the balance of the special funds account is 46,344,211 TL. 48,135,306 TL of this balance corresponds to the amount obtained from the real estate sales and exempted from the corporate tax in accordance with Article 511-e of the Corporate Tax Law corresponding to 75% of the profit and the amount deemed to be transferred to the special funds account in the liabilities of the balance sheet in accordance with the same article of the aforementioned law. In addition, the amount of 1,819,951 TL, which is the effect of the severance pay, actuarial losses and deferred income tax (December 31, 2015: 1,228,663 TL) is monitored in the special funds account.

15.3 Capital activities

As of December 31, 2016 and December 31, 2015, the paid capital of the Company consists of 350,000,000 shares with the unit nominal value of 1 TL.

Other detailed information regarding the company capital is included in footnote 2.13.

15.4 Capital adequacy

In accordance with the "Regulation on the Amendment to the Regulation on Measurement and Evaluation of the Capital Adequacy of Insurance, Reassurance and Retirement Companies" published in Official Gazette No. 27156 dated January 1, 2009 by the Undersecretariat of Treasury, the calculated capital adequacy results of the Company are provided in the table below.

	December 31, 2016	December 31, 2015
Accepted capital	716.211.147	650.626.166
Required amount of equity for the Company	691.738.843	634.199.450
Capital Adequacy Result	24.472.304	16.426.716

The efforts to calculate the capital adequacy in accordance with the provisions of the Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance, Reassurance and Retirement Companies dated August 23, 2015 continues as of the audit date.

16. Other provisions and capital constituent of the optional participation

The information regarding other reserves in the equity is included in footnote 15.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

17. Insurance obligations and reinsurance assets

17.1 17.1 The collateral amounts established for the life and non-life lines of business based on the collateral amounts and assets required to be established by the Company for life and non-life lines of business:

	December 31, 2016	December 31, 2015
The collateral amount required to be established for non-life lines of business	231.379.614	190.736.890
The collateral amount established for non-life lines of business (*)	260.269.250	201.981.271

(*) Based on the Article 4 of the "Regulation on the Financial Structures of Insurance, Reassurance and Retirement Companies" published in Official Gazette No. 26606 dated August 7, 2007 in accordance with the Insurance Law, the minimum guarantee fund for insurance companies and retirement companies operating in life and personal accident lines of business shall be no less than one third of the sum of the minimum incorporation capital. The minimum guarantee fund for non-life insurance branches is established as collateral during the capital adequacy calculation period. The amount of collateral required to be established and the amount of collateral established for the financial statements of the Company dated June 30, 2016 are stated in the table above.

17.2 The Company's number of life policies and the number of allocated and current policy holders and mathematical provisions: None (December 31, 2015 - None).

17.3 Insurance collateral amount granted to non-life policy holders based on the lines of business: Explained in footnote no. 4.

17.4 Retirement investment funds created by the Company and unit prices: None (December 31, 2015 - None).

17.5 Number and amounts of participation documents in the portfolio and participation documents in transition: None (December 31, 2015 - None).

17.6 Portfolio amounts of the personal retirement and group retirement participants entering, leaving, canceled, or current within the period per quantity: None (December 31, 2015 - None).

17.7 Valuation methods used in calculating the profit share in participating life insurances: None (December 31, 2015 - None).

17.8 Personal and corporate allocations for the gross and net participation of the personal retirement participants newly entered in the period: None (December 31, 2015 - None).

17.9 Personal and corporate allocations of the gross and net participation for the personal retirement participants from other companies in the period: None (December 31, 2015 - None).

17.10 Personal and corporate allocations of the gross and net participation of the personal retirement participants switching to personal retirement from the life portfolio of the Company in the period: None (December 31, 2015 - None).

17.11 Personal and corporate allocations of the gross and net participation of the personal retirement participants leaving the Company portfolio and switching to another company or not, or both, in the period: None (December 31, 2015 - None).

17.12 Personal and corporate allocations of the gross and net premium amounts for policy holders with life insurance newly entered in the period: None (December 31, 2015 - None).

17.13 Personal and corporate allocations of the provisions of the gross and net premium amounts for policy holders with life insurance leaving the portfolio in the period: None (December 31, 2015 - None).

17.14 Profit share allocation to life insurance policy holders in the period: None (December 31, 2015 - None).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

17. Insurance obligations and reinsurance assets (cont.)

17.15 Amounts incurring due to insurance policies:

	December 31, 2016	December 31, 2015
Gross insurance technical provisions		
Provisions for unearned premiums	1.413.046.017	1.151.391.342
Provisions for outstanding claims and compensation	899.901.149	508.475.961
Actuarial mathematical provisions	-	-
Provisions for life profit share	-	-
Provisions for continued risks	753.762	-
Provisions for bonuses and discounts	14.580.132	7.614.999
Balancing provisions	124.522.130	94.427.841
Total	2.452.803.190	1.761.910.144
Reassurer shares in technical provisions for insurance		
Provisions for unearned premiums (Note 10)	(206.065.978)	(171.199.637)
SSI shares in provisions for unearned premiums (Note 10)	(80.191.424)	(62.842.828)
Provisions for outstanding claims and compensation (Note 10)	(127.539.929)	(103.575.988)
Life mathematical provisions	-	-
Provisions for life profit share	-	-
Provisions for continued risks	(621.260)	-
Provisions for bonuses and discounts	-	-
Balancing provisions	(81.396.619)	(61.303.045)
Total	(495.815.210)	(398.921.499)
Net insurance technical provisions		
Provisions for unearned premiums	1.126.788.615	917.348.877
Provisions for outstanding claims and compensation	772.361.220	404.899.973
Life mathematical provisions	-	-
Provisions for life profit share	-	-
Provisions for continued risks	132.502	-
Provisions for bonuses and discounts	14.580.132	7.614.999
Balancing provisions	43.125.511	33.124.796
Total	1.956.987.980	1.362.988.645

Activity table of the provision for outstanding claims in the accounting period

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Claims incurred and reported	575.653.811	(105.736.242)	469.917.569	410.699.694	(96.959.311)	313.740.383
Claims incurred but not reported	324.247.338	(21.803.687)	302.443.651	97.776.267	(6.616.677)	91.159.590
End of period	899.901.149	(127.539.929)	772.361.220	508.475.961	(103.575.988)	404.899.973

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Beginning of period	508.475.961	(103.575.988)	404.899.973	406.766.531	(99.941.700)	306.824.831
Paid claims	(1.277.509.853)	92.674.573	(1.184.835.280)	(1.001.747.672)	107.676.764	(894.070.908)
Outstanding claims in the current period	1.668.935.041	(116.638.514)	1.552.296.527	1.103.457.102	(111.311.052)	992.146.050
End of period	899.901.149	(127.539.929)	772.361.220	508.475.961	(103.575.988)	404.899.973

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables
as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

17. Insurance obligations and reinsurance assets (cont.)

Activity table of the provision for unearned premiums in the accounting period:

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Beginning of period	1.151.391.343	(234.042.466)	917.348.877	712.790.695	(162.544.298)	550.246.397
Increase/(decrease)						
-Provisions for unearned premiums in the current period	1.379.033.036	(265.657.253)	1.113.375.783	1.129.181.153	(219.463.432)	909.717.721
- Past years' provisions for unearned premiums	(1.117.378.362)	213.442.317	(903.936.045)	(690.580.505)	147.965.264	(542.615.241)
End of period	1.413.046.017	(286.257.402)	1.126.788.615	1.151.391.343	(234.042.466)	917.348.877

Activity table of the provisions for continued risks in the accounting period:

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Beginning of period	-	-	-	93.168	(77.052)	16.116
Net change	753.762	(621.260)	132.502	(93.168)	77.052	(16.116)
End of period	753.762	(621.260)	132.502	-	-	-

Activity table of the balancing provisions in the accounting period:

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Beginning of the period	94.427.841	(61.303.045)	33.124.796	68.674.178	(44.849.924)	23.824.254
Allocated provisions in the period	30.316.085	(20.293.046)	10.023.039	25.952.338	(16.631.929)	9.320.409
Earthquake claims paid in the period	-	-	-	-	-	-
Outstanding change in earthquake claims	(221.796)	199.472	(22.324)	(198.675)	178.808	(19.867)
End of period	124.522.130	(81.396.619)	43.125.511	94.427.841	(61.303.045)	33.124.796

As of December 31, 2016, the net technical provisions defined with foreign currency are specified in the footnote no. 4 (a) iii.

Activity table of the provisions for bonuses and discounts in the accounting period:

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Beginning of period	7.614.999	-	7.614.999	5.290.623	-	5.290.623
Allocated provisions in the period	41.904.058	-	41.904.058	27.373.976	-	27.373.976
Paid in the period	(34.938.925)	-	(34.938.925)	(25.049.600)	-	(25.049.600)
End of period	14.580.132	-	14.580.132	7.614.999	-	7.614.999

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

17. Insurance obligations and reinsurance assets (cont.)

The claim development of the Company along with final claim cost estimates as of December 31, 2016 is as follows:

Year of Notification	Year of Accident							Total	
	December 31, 2009 and before	January 1, 2010 - December 31, 2010	January 1, 2011 - December 31, 2011	January 1, 2012 - December 31, 2012	January 1, 2013 - December 31, 2013	January 1, 2014 - December 31, 2014	January 1, 2015 - December 31, 2015		January 1, 2016 - December 31, 2016
In the year of accident	13.683.534	3.644.757	5.640.180	5.611.127	11.609.351	17.086.983	51.265.488	222.130.419	330.671.839
1 year later	3.238.948	1.126.709	2.548.712	5.265.108	10.114.811	28.178.266	55.610.156	-	106.082.710
2 years later	2.177.371	821.851	1.711.730	3.925.952	7.666.512	13.262.770	-	-	29.566.186
3 years later	304.151	375.525	577.033	2.062.440	4.975.413	-	-	-	8.294.562
4 years later	893.497	339.719	541.522	1.561.305	-	-	-	-	3.336.043
5 years later	815.731	1.056.193	1.799.454	-	-	-	-	-	3.671.378
6 years later	965.222	1.032.303	-	-	-	-	-	-	1.997.525
7 years later	2.764.429	-	-	-	-	-	-	-	2.764.429
Total outstanding claim based on the claim development table	24.842.883	8.397.057	12.818.631	18.425.932	34.366.087	58.528.019	106.875.644	222.130.419	486.384.672
Claims incurred but not reported								302.443.651	
Provision for outstanding claims for works received								4.495.794	
Quota share for the provision for outstanding claims (2007 and before)								(68.579)	
Excess of Loss								-	25.555
Cut Off									(20.919.873)
Winnable Outstanding									-
MHK Adequacy Difference									
Total provisions for outstanding claims and compensations as of December 31, 2016									772.361.220

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables

as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

17. Insurance obligations and reinsurance assets (cont.)

The claim development of the Company along with final claim cost estimates as of December 31, 2015 is as follows:

Year of Notification	Year of Accident							Total	
	December 31, 2008 and before	January 1, 2009 - December 31, 2009	January 1, 2010 - December 31, 2010	January 1, 2011 - December 31, 2011	January 1, 2012 - December 31, 2012	January 1, 2013 - December 31, 2013	January 1, 2014 - December 31, 2014		January 1, 2015 - December 31, 2015
In the year of accident	10.131.908	2.873.920	3.665.347	5.805.657	6.509.859	14.482.405	22.114.153	162.929.125	228.512.374
1 year later	1.690.501	1.789.088	1.621.760	3.140.570	6.395.219	13.453.331	34.985.215	-	63.075.684
2 years later	1.103.367	972.211	522.782	1.961.563	4.575.455	9.039.382	-	-	18.174.760
3 years later	1.263.296	219.906	431.416	813.209	2.204.470	-	-	-	4.932.297
4 years later	322.134	220.550	360.803	1.281.256	-	-	-	-	2.184.743
5 years later	713.169	258.771	755.306	-	-	-	-	-	1.727.246
6 years later	870.037	361.606	-	-	-	-	-	-	1.231.643
7 years later	1.891.977	-	-	-	-	-	-	-	1.891.977
Total outstanding claim based on the claim development table	17.986.389	6.696.052	7.357.414	13.002.255	19.685.003	36.975.118	57.099.368	162.929.125	321.730.724
Claims incurred but not reported									91.159.590
Provision for outstanding claims for works received									4.973.662
Quota share for the provision for outstanding claims (2007 and before)									(284.959)
Excess of Loss									-
Cut Off									21.911
Winnable Outstanding									(12.705.502)
MHK Adequacy Difference									4.547
Total provisions for the outstanding claim and compensations as of December 31, 2015									404.899.973

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

18. Investment agreement liabilities

None (December 31, 2015 - None).

19. Commercial and other payables, deferred incomes

The payables of the Company from main activities as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
<u>Payables from insurance activities</u>	129.738.171	100.172.976
Payables to Policy Holders/Intermediaries	129.302.625	99.737.430
Payables to Insurance Companies	435.546	435.546
<u>Payables from reinsurance activities</u>	129.602.470	89.020.731
Payables to reinsurance companies	107.603.946	75.704.560
Payables to intermediaries	21.419.295	12.387.543
Payables to Insurance Companies	3.423.156	2.493.275
Payable rediscount	(2.843.927)	(1.564.647)
<u>Deposits received</u>	355.543	571.924
Deposits received	355.543	571.924
<u>Payables from other main activities</u>	-	-
Payables from other main activities	-	-
Total	259.696.184	189.765.631

The commercial and other payables defined with foreign currency as of December 31, 2016 and December 31, 2015 are stated in the footnote no. 4 (a) ii.

Income and accrued expenses for the Company for the next months as of December 31, 2016 are as follows:

	December 31, 2016	December 31, 2015
Deferred commission income	41.820.041	35.644.981
Expense accruals	-	-
Other	-	-
Total	41.820.041	35.644.981

20. Financial payables

The company does not have financial payables as of December 31, 2016 (December 31, 2015 - None).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

21. Deferred income tax

As of December 31, 2016 and December 31, 2015, the allocation of the temporary differences subject to tax and tax assets and liabilities deferred by using the effective tax ratios is as follows:

	Cumulative temporary differences December 31, 2016	Deferred tax assets/ (liabilities) December 31, 2016	Cumulative temporary differences December 31, 2015	Deferred tax assets/ (liabilities) December 31, 2015
Deferred tax assets / (liabilities)				
Valuation of securities	427.398	85.480	675.289	135.058
Provisions for doubtful receivables	14.347.710	2.869.542	10.272.898	2.054.580
Provisions for continued risks	132.502	26.500	-	-
Provisions for leave	4.307.948	861.590	3.139.037	627.807
Provisions for BITT	3.154.339	630.868	1.781.901	356.380
Rediscounts for receivables and payables	(1.767.562)	(353.512)	4.851.021	970.204
Staff Bonus Payment Advance	8.356.000	1.671.200	7.950.000	1.590.000
Rediscounts for receivable notes	-	-	(888.566)	(177.713)
Outstanding claim IBNR difference transferred to SSI	-	-	-	-
Over-allocated ACLM Amount	-	-	-	-
Provisions for recourse and recovery receivables	3.245.592	649.118	1.599.152	319.830
Provisions for surplus claims	-	-	-	-
Incentive commission accrual	1.779.789	355.958	-	-
Social aid fund deficit	2.290.045	458.009	2.247.362	449.472
Provisions for asset impairment	-	-	-	-
Severance pay provision	6.811.091	1.362.218	5.424.958	1.084.992
Provisions for security impairment	-	-	-	-
Fixed asset depreciation differences	(8.355.033)	(1.671.007)	(7.569.151)	(1.513.830)
Provisions for bonuses	14.580.132	2.916.026	7.614.999	1.523.000
Opposition lawsuits	805.545	161.109	326.178	65.236
Other provisions	335.343	67.069	120.000	24.000
Exchange rate difference for purchased real estates	48.700.342	9.740.068	48.700.342	9.740.068
Total deferred tax assets	99.151.181	19.830.236	86.245.420	17.249.084

The activity table for the deferred tax assets is as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Beginning of the period	17.249.084	8.792.313
Deferred tax effect reflected to equity (Note 15)	437.214	473.314
Deferred tax income/(expense)	2.143.939	7.983.457
End of the period	19.830.237	17.249.084

22. Retirement social aid liabilities

According to the Turkish Labor Law, the Company is obliged to pay severance pay to staff members who have completed one year of employment and have terminated their contract, retired, completed service years and earned their retirement, been called for military service or passed away. The compensation to be paid equals to a month's salary for each year of service and this amount is limited to 4,297 TL as of December 31, 2016 (December 31, 2015 – 3,828 TL). The Company calculated its relevant liability in accordance with TAS 19 as of December 31, 2016 and recorded its severance pay liability amounting to 6,811,091 TL (December 31, 2015 – 5,424,958 TL).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

22. Retirement social aid liabilities (cont.)

The provision for severance pay is allocated by calculating today's value for the possible liability required to be paid in the event of employees' retirement. Accordingly; The actuary assumptions used to calculate the liability as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016	December 31, 2015
Discount ratio	11,00%	11,00%
Estimated salary increase rate	6,00%	6,00%

The provisions for severance pay activities for the accounting period between January 1 – December 31, 2016 and ending on 2015 are as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Beginning of the period	5.424.958	4.111.651
Paid in the period	(725.730)	(959.172)
Actuarial loss/(gain)	664.110	912.118
Provision amount allocated in the current period	1.447.753	1.360.361
End of the period	6.811.091	5.424.958

The activity of the provisions for social aid asset deficits for the accounting period between January 1 – December 31, 2016 and ending on 2015 is as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Beginning of the period	2.247.362	2.040.228
Period (income) expense, net	42.683	207.134
End of the period	2.290.045	2.247.362

The activity of the provisions for leave as of January 1 – December 31, 2016 and 2015 is as follows:

	January 1- December 31, 2016	January 1- December 31, 2015
Beginning of the period	3.139.037	2.669.052
Period expense	1.168.911	469.985
	4.307.948	3.139.037

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

23. Other liabilities and provisions

23.1 Provisions regarding staff social security and others:

The employees of the Company are members of T. Genel Mapfre Sigorta A.Ş. Retirement and Social Support established in accordance with provisional Article 20 of the Social Insurance Law No. 506. In accordance with the legal regulations set out in detail in Note 2, the Company determined the fund deficit, which will be calculated in accordance with the methods stated within the scope of such legal regulations during the transfer to SSI, by using actuarial methods, and reflected the provision for the fund deficit as per TAS 37 as 2,290,045 TL in its financial statements (2,247,362 TL as of December 31, 2015).

23.2 Provision for cost expenses

	December 31, 2016	December 31, 2015
Incentive commission provision	1.779.789	-
Staff bonus payment advance	8.356.000	7.950.000
Other Provisions	1.140.888	446.178
	11.276.677	8.396.178

23.3 Total amount of collateral not included in the liabilities:

The collateral not included in the liabilities is defined in footnote no 43.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

24. Net insurance premium income

The details for net insurance premiums written in the accounting periods ending on December 31, 2016 and 2015 are as follows:

	January 1 - December 31, 2016			January 1 - December 31, 2015		
	Gross	Reassurer shares	Net	Gross	Reassurer shares	Net
Land vehicles	254.685.279	(42.098)	254.643.181	246.956.846	-	246.956.846
Land vehicles liability	1.511.832.030	(155.234.435)	1.356.597.595	981.966.603	(99.334.392)	882.632.211
Financial losses	1.566.081	(1.328.928)	237.153	775.458	(642.876)	132.582
Fire and natural disasters	267.564.649	(210.454.248)	57.110.401	245.436.398	(193.550.009)	51.886.389
General losses	208.469.292	(155.908.638)	52.560.654	187.321.505	(123.154.583)	64.166.922
Disease/health	431.776.294	(986.064)	430.790.230	341.847.043	(954.243)	340.892.800
Marine	41.429.954	(11.520.595)	29.909.359	36.682.935	(10.151.555)	26.531.380
Accident	16.260.993	(1.928.613)	14.332.380	15.923.483	(3.160.758)	12.762.725
General liability	53.476.760	(33.154.579)	20.322.181	45.167.201	(29.557.311)	15.609.890
Watercraft	4.695.458	(3.835.913)	859.545	4.440.741	(3.661.163)	779.578
Aircraft	278.571	(278.236)	335	803.095	(800.872)	2.223
Aircraft liability	228.140	(227.834)	306	265.678	(265.416)	262
Legal Protection	1.566.010	(2)	1.566.008	1.644.775	-	1.644.775
Guarantee	1.189.134	(447.438)	741.696	1.341.167	(352.302)	988.865
Total premium income	2.795.018.645	(575.347.621)	2.219.671.024	2.110.572.928	(465.585.480)	1.644.987.448

25. Subscription (fee) incomes

None (December 31, 2015 - None).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

26. Investment incomes and expenses

The details for investment income and expenses for the accounting periods ending on December 31, 2016 and 2015 are as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
<u>Decrease in Investment Value</u>		
Provision for Decrease in the Value of Stocks	(511.647)	73.647
Total Decrease in Investment Value	(511.647)	73.647
<u>Depreciation Expenses</u>		
Depreciation Expenses	(4.970.591)	(4.779.431)
Total Depreciation Expenses	(4.970.591)	(4.779.431)
<u>Losses After the Conversion of Investments to Cash</u>		
Stock Sale Losses	-	-
Fixed Asset Sale Losses	-	(180.206)
Total Losses After the Conversion of Investments to Cash	-	(180.206)
<u>Foreign Exchange Losses</u>		
Exchange rate difference in current transactions	(27.440.336)	(22.200.591)
Other foreign exchange losses	-	-
Foreign currency sale losses	(97.876)	(2.401)
Exchange rate difference losses in foreign currency deposits	(487.638)	(195.167)
Total Foreign Exchange Losses	(28.025.850)	(22.398.159)
<u>Investment Income Transferred to Non-Technical Department</u>		
State Bond Income	(18.364.720)	(18.090.221)
Repurchase Income	-	(6)
Term Deposit Income	(99.770.908)	(53.522.978)
Stock sale profits-losses	-	-
Private Sector Bills	(770.897)	(1.488.159)
Income from Real Estates	(836.433)	(500.243)
Dividend Income	(2.255.611)	(3.206.047)
Total Investment Income Transferred to Non-Life Technical Department	(121.998.569)	(76.807.654)
Total	(155.506.657)	(104.091.803)

(*) The investment income transferred to the Non-Life Technical Department has been calculated in accordance with the Turkish Undersecretariat of Treasury's "Communiqué on the Procedures and Principles of the Keys Used in Financial Statements Prepared with Respect to the Uniform Chart of Accounts for Insurance" No. 2008/1, dated January 4, 2008.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

26. Investment incomes and expenses (cont.)

	January 1 - December 31, 2016	January 1 - December 31, 2015
<u>Income from Financial Investments</u>		
Available-for-sale financial assets	23.170.147	28.241.500
Financial assets with purchase-sale purposes	-	-
Financial assets to be retained until maturity	-	-
Time-deposit account interest income	116.765.632	60.524.406
Interest income from the receivables from partners	-	-
Total Income from Financial Investments	139.935.779	88.765.906
<u>Income from Conv. Financial Investments to Cash</u>		
Available-for-sale financial assets	-	-
Financial assets with purchase-sale purposes	-	-
Total Income from Conv. Financial Investments to Cash	-	-
<u>Assessment of Financial Investments</u>		
Available-for-sale financial assets	(775.017)	(6.102.032)
Financial assets with purchase-sale purposes	-	-
Financial assets to be retained until maturity	-	-
Time-Deposit Account	-	-
Total Assessment of Financial Investments	(775.017)	(6.102.032)
<u>Foreign Exchange Profits</u>		
Exchange rate difference profits in foreign currency deposits	366.101	-
Exchange rate difference profit in current transactions	42.799.861	37.079.945
Foreign currency sale profits	746.082	309.165
Other foreign exchange profits	-	-
Total Foreign Exchange Profits	43.912.044	37.389.110
<u>Income from subsidiaries</u>		
Dividend income received from subsidiaries	2.639.826	3.625.435
Income from Subsidiaries	2.639.826	3.625.435
<u>Income from Plots, Lands and Buildings</u>		
Leasing	619.400	565.680
Sale	359.508	-
Total Income from Plots, Lands and Buildings	978.908	565.680
<u>Investment Income Transferred from Life Technical Department</u>		
Investment Income Transferred from Life Technical Department	-	-
Investment Income Transferred from Life Technical Department	-	-
Total	186.691.540	124.244.099

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

27. Net accrual income of financial assets

The income and expense information related to state bills and private sector bills monitored in the available-for-sale financial assets for the periods ending on December 31, 2016 and 2015 are as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Available-for-sale state bonds	(819.077)	(4.140.866)
Available-for-sale private sector bills	44.060	(1.961.166)
Other financial assets	-	-
Total	(775.017)	(6.102.032)

28. Assets whose fair value difference is reflected in the income statement

None (December 31, 2015 - None).

29. Insurance rights and claims

Insurance obligations and reinsurance assets are detailed in note no. 17.

30. Investment agreement rights

None (December 31, 2015 - None).

31. Other mandatory expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
Operation expenses classified under life the Non-Technical Department	(398.197.647)	(274.944.699)
Operation expense classified under the Non-Technical Department	(4.970.591)	(4.779.431)
Total	(403.168.238)	(279.724.130)

32. Expense types

	January 1 - December 31, 2016	January 1 - December 31, 2015
Staff expenses	(77.002.961)	(61.675.649)
Net commission expenses	(252.782.740)	(171.530.168)
General management expenses	(20.519.480)	(16.739.471)
Marketing and sales expenses	(23.272.036)	(9.688.111)
Outsourced benefits and service expenses	(7.179.324)	(3.721.477)
Research and Development Expenses	(68.204)	-
Other	(17.372.902)	(11.589.823)
Total	(398.197.647)	(274.944.699)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

33. Expenses of benefits provided to employees

	January 1 - December 31, 2016	January 1 - December 31, 2015
Salaries	(63.963.597)	(51.017.763)
Severance pay payment	(725.730)	(959.172)
Social aid	(7.421.754)	(6.354.510)
Other	(4.891.880)	(3.344.204)
Total	(77.002.961)	(61.675.649)

34. Financial costs

34.1 Entire financial expenses of the period: None (December 31, 2015 - None).

34.1.1 Charged to production costs: None (December 31, 2015 - None).

34.1.2 Charged to fixed asset costs : None (December 31, 2015 - None).

34.1.3 Charged directly to expenses: None (December 31, 2015 - None).

34.2 The portion of financing expenses of the period regarding partners, subsidiaries and affiliates (those with more than 20% share in the total amount shall be shown separately):
None (December 31, 2015 - None).

34.3 Sales and purchases made with partners, subsidiaries and affiliates (those with more than 20% share in the total amount shall be shown separately):

	January 1- December 31, 2016		
	Reassurance commission received/(given)	Reassurance premium received/(given) in claim	Reassurance premium (transferred)/taken over
Mapfre Re Compania Reaseguros S.A.	59.695.630	75.390.169	(227.555.429)
Mapfre Global	5.403.840	2.619.638	(37.113.086)
Mapfre Asistencia	288.932	43.712	(1.900.259)
Mapfre Yaşam	-	(612.742)	59.944
Total	65.388.402	77.440.777	(266.508.830)

	January 1 - December 31, 2015		
	Reassurance commission received/(given)	Reassurance premium received/(given) in claim	Reassurance premium (transferred)/taken over
Mapfre Re Compania Reaseguros S.A.	53.653.273	83.711.924	(206.687.359)
Mapfre Global	1.743.189	1.788.757	(24.178.650)
Mapfre Asistencia	268.366	(1.362)	(2.094.446)
Mapfre Yaşam	-	228.423	72.466
Total	55.664.828	85.727.742	(232.887.990)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

34. Financial costs (continued)

34.4 Interests, leases, etc. received from and paid to partners, subsidiaries and affiliates (those with more than 20% share in the total amount shall be shown separately):

Explained in footnote no. 45.

35. Income taxes

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

The corporate tax ratio in Turkey is 20%. Corporate tax is declared before the evening of the twenty-fifth day of the fourth month following the end of the accounting period and is paid in one installment before the end of the relevant month. In accordance with the tax legislation, 20% advance tax is calculated on the quarterly earnings and the amounts paid in this way are deducted from the tax calculated on the annual earnings.

Pursuant to the Corporate Tax Law, financial losses indicated on the declaration can be deducted from the corporate tax base of the period, provided that it shall not exceed five years. Declarations and the related accounting records can be reviewed within five years of the tax year and tax accounts can be revised.

15% corporate tax is deducted from the profit shares which are allocated to the limited taxpayers, apart from those obtaining profit share via a workplace or permanent representative in Turkey, or to limited taxpayers exempt from the corporate tax (adding profit to capital is not deemed as profit distribution) that are included in Sub-Paragraphs (1), (2) and (3), Paragraph 2, Article 75 of the Corporate Tax Law by the fully responsible taxpayer corporations. A deduction amounting to 15% of the tax is made from the profit shares allocated to the corporations exempt from tax (adding profit to capital is not deemed as profit distribution) that are included in Sub-Paragraphs (1), (2) and (3), Paragraph 2, Article 75 of the Corporate Tax Law.

A deduction amounting to 15% is made from the profit shares allocated to fully responsible taxpayer natural entities, those who are not income and corporate taxpayers, and who are exempt from income tax (adding profit to capital is not deemed as profit distribution) that are included in Sub-Paragraphs (1), (2) and (3), Paragraph 2, Article 75.

A deduction amounting to 15% is made from the profit shares allocated to limited taxpayer natural entities and limited taxpayers exempt from income tax (adding profit to capital is not deemed as profit distribution) that are included in Sub-Paragraphs (1), (2) and (3), Paragraph 2, Article 75.

According to the provisions of international agreements for the avoidance of double taxation, it is possible to apply a reduced rate of withholding, which can be applied by submitting a certificate of residence.

Corporations are exempt from corporation tax at a rate of 75% for their share earnings held for a period of two years in an establishment asset under Article 5 (1) of the Corporate Tax Law.

The prepaid tax and tax provision amount as of December 31, 2016 and December 31, 2015 are submitted below:

	December 31, 2016	December 31, 2015
Provisions for taxes to be paid	27.199.733	11.932.546
Prepaid tax	(43.575.201)	(14.651.511)
	(16.375.468)	(2.718.965)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

35. Income taxes (cont.)

The analysis of the provisions for tax expense reflected in the income statement for the periods ending on December 31, 2016 and 2015 are submitted below:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Profit before taxes (including deferred tax)	126.855.235	44.749.417
Deferred tax income/expense	(2.143.939)	(7.983.457)
Additions to the tax base	58.054.554	46.669.544
Discounts to the tax base	(46.767.187)	(23.772.775)
	135.998.663	59.662.729
Tax rate	%20	%20
Calculated corporate tax provision	(27.199.733)	(11.932.546)
Deferred tax income/expense	2.143.939	7.983.457
Current tax expenses, net deferred tax expenses	(25.055.794)	(3.949.089)

	January 1 - December 31, 2016	January 1 - December 31, 2015
Reflected to equity (Note 15)	-	-
Reflected to income statement	27.199.733	11.932.546
Current tax expenses	27.199.733	11.932.546

36. Net exchange rate change income/expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
Exchange rate difference profits/losses in foreign currency deposits	(121.538)	(195.774)
Exchange rate difference profits/losses in current transactions	15.359.525	8.634.577
Foreign currency sale profits	648.207	306.764
Exchange rate difference profits/losses in other transactions	-	6.245.384
Total Foreign Exchange Profits	15.886.194	14.990.951

37. Earnings per share

37.1 Profit per share and profit share rates, provided that they are shown separately for ordinary and preferred stocks:

Earnings per share are calculated by dividing the net profit for the period by the number of weighted average shares of the Company's shares during the period. Calculation is as follows:

	January 1 December 31, 2016	January 1 December 31, 2015
Net current period profit	99.655.502	32.816.871
Number of weighted average shares with a nominal value of 1 TL	350.000.000	350.000.000
Profit per share (TL)	0,28	0,09

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

38. Profit shares per share

Profit shares per share are calculated by dividing the dividend paid within the year by the number of weighted average shares of the Company's shares during the period. Calculation is as follows:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Dividend allocated within the period (*)	10.395	25.000.000
Number of weighted average shares with a nominal value of 1 TL	350.000.000	350.000.000
Dividend by share (TL)	0,00	0,07

(*) At the Ordinary General Assembly dated March 31, 2016, the profit share amounting to 10,395 TL was paid to the owners of founder divided shares on April 1, 2016 (December 31, 2015: 25,000,000 TL).

39. Cash generated from activities

Cash generated from activities is indicated in the Cash Flow Statement.

40. Convertible bonds

None.

41. Preferred stocks convertible to cash

None.

42. Risks

The lawsuits brought against the Company are as follows as of December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Claim lawsuits	321.673.686	192.616.555
Labor lawsuits	805.545	326.178
Other lawsuits	335.342	-
Total	322.814.573	192.942.733

43. Collateral

	December 31, 2016	December 31, 2015
Letters of guarantee	28.252.806	27.888.678
	28.252.806	27.888.678

As of 31 December 2016, letters of guarantee given cover an amount of 413,145 USD and 60,930 EURO.

44. Establishment mergers

None (December 31, 2015 - None).

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

45. Transactions with related parties

The definition of related parties is the establishment that may control the other party directly or indirectly or affect it significantly via partnership, rights regarding contracts, family relationships, or similar manners. Related parties also include fund holders and Company management. Related party transactions, regardless of the application of price, include the transfer of resources and liabilities among related parties. The related parties of the partners and Company management are defined as related parties in the financial statements dated December 31, 2016 and related explanatory footnotes.

The sales and purchases of the Company with other related parties for the periods ending on December 31, 2016 and 2015 are as follows:

The sales and purchases with partners and subsidiaries are explained in footnote no. 34.3.

	January 1 - December 31, 2016 Purchases/sales (net)	January 1 - December 31, 2015 Purchases/sales (net)
<u>1- Insurance activities</u>		
Mapfre Yaşam	(1.094.443)	(159.534)
Total of Insurance Activities	(1.094.443)	(159.534)
<u>2- Leasing Income</u>		
Mapfre Yaşam	181.262	181.163
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	(49.262)	87.711
Total Leasing Income	132.000	268.874
<u>3- Other Sales / (Purchases)</u>		
Mapfre Soft SA	(1.986.569)	(715.941)
Mapfre S.A.	(182.719)	(66.281)
Mapfre Tech	(3.433.272)	(1.250.191)
Mapfre RE	-	-
Mapfre Internacional	17.237	-
Mapfre Yaşam Sigorta A.Ş.	(123.583)	2.865
Genel Sigorta Officer and Servant Retirement and Aid Fund Foundation	2.260.900	1.864.074
Turasist Yardım ve Servis Ltd.şti.	(14.897.462)	(14.035.397)
Centro De Experimentacion Seguridad Vial Mapfre S.A.	-	-
Fundacion Mapfre	33.189	26.039
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	(411.738)	(554.522)
Mapfre Informatica	-	-
Mapfre Middlesea PLS	954.395	-
Total Other Sales/(Purchases)	(17.769.622)	(14.729.354)
<u>4- Received / (Paid) Dividends</u>		
Mapfre Internacional S.A.	-	(24.937.500)
Other Partners	(10.395)	(84.642)
Mapfre Yaşam A.Ş.	2.068.922	3.143.093
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	570.904	482.342
Total Received / (Paid) Dividends	2.629.431	(21.396.707)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

45. Transactions with related parties (cont.)

45.1 Doubtful receivable amounts and payables therein allocated due to receivables from partners, affiliates and subsidiaries: None (31 December 2015 - None).

45.2 Breakdown of affiliates and subsidiaries with an indirect capital and management relationship with the Company; names of the partnerships in the affiliates and subsidiaries account and rates and amounts of their affiliation; period profit or loss of such partnerships in the latest financial statements issued, net period profit or loss, and the period of these financial statements; whether it is issued in accordance with the standards of our Board, whether it is subjected to independent audit and whether the issuance type of the independent audit report is negative, positive or conditional:

Other financial fixed assets	Cost TL	Share	Period	Net period profit/ (loss)	Equity	December 31, 2016	
						Undergone independent audit?	Independent audit report
Affiliates							
Tarım Sigortaları Havuz İşletmesi A.Ş.(Tarsim)	220.889	4,17%	31.12.2016	1.121.565	9.070.574	None	None
Subsidiaries							
Mapfre Yaşam Sigorta A.Ş.	20.816.506	99,50%	31.12.2016	(3.586.554)	17.137.116	Yes	Yes
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2.428.025	51,00%	31.12.2016	1.336.232	2.199.125	None	None
	23.465.420			(1.128.757)	28.406.815		

Other financial fixed assets	Cost TL	Share	Period	Net period profit/ (loss)	Equity	December 31, 2015	
						Undergone independent audit?	Independent audit report
Affiliates							
Tarım Sigortaları Havuz İşletmesi A.Ş.(Tarsim)	220.889	4,17%	31.12.2015	790.460	7.949.009	None	None
Subsidiaries							
Mapfre Yaşam Sigorta A.Ş.	20.816.506	99,50%	31.12.2015	2.446.257	22.815.350	Yes	Yes
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	2.428.025	51,00%	31.12.2015	1.667.859	2.498.130	None	None
	23.465.420			4.904.576	33.262.489		

45.3 Sum of bonus shares obtained due to capital achieved through internal sources of subsidiaries and affiliates: None (December 31, 2015 - None).

45.4 Limited property rights owned on immovables and values therein: None (December 31, 2015 - None).

45.5 Amount of liabilities such as guarantee, collateral, surety, advance, reimbursement, etc. granted for partners, affiliates and subsidiaries: None (December 31, 2015 - None).

46. Events after the balance sheet date

are defined in footnote no. 1.10.

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

47. Other

47.1 Names and amounts of the items exceeding 20% of the total amount of the group in which the account items bearing "other" in the financial statements are included or 5% of the total assets in the balance sheet:

	December 31, 2016	December 31, 2015
a) Other miscellaneous receivables:		
Creditors from compulsory earthquake insurance	(1.563.673)	(1.508.251)
Debtors from compulsory earthquake insurance	1.128.945	1.370.341
Creditors from state-supported agriculture insurance	(15.735)	(1.941)
Debtors from state-supported agriculture insurance	735.889	1.229.125
Miscellaneous receivables from agencies	4.595.587	7.283.804
Advances granted for real estate purchases	-	-
Real Estate Sales-Mersin	6.078.320	6.522.251
Real Estate Sales-Salıpazarı	-	-
Real Estate Sales-Bağcılar	-	-
Vendor Advances	-	-
Other	3.412.492	1.779.476
Total	14.371.825	16.674.805
b) Other miscellaneous receivables (long-term):	-	-
Real Estate Sales-Bağcılar	-	-
Real Estate Sales-Mersin	-	-
Total	-	-
b) Other miscellaneous payables:		
Payables to vendors	57.861.671	50.630.974
Other	448.760	850.156
	58.310.431	51.481.130
c) Other technical provisions:		
Balancing provisions	43.125.511	33.124.796
	43.125.511	33.124.796
d) Expenses for future months:		
Deferred commission expenses	166.342.435	151.856.135
Other expenses and income accruals	9.698.040	10.331.831
	176.040.475	162.187.966
e) Expenses for future months:		
Deferred commission income	41.820.041	35.644.981
Other expenses and income accruals	-	-
	41.820.041	35.644.981

(*) The maturity date of the Company's real estate sales realized in 2013 is December 1, 2016.

Mapfre Sigorta Anonim Şirketi

**Footnotes regarding the unconsolidated financial tables
as of December 31, 2016 (cont.)**

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

47. Other (cont.)

47.2 Separate totals of the receivables from personnel and payables to personnel, which is included in the account items “Other receivables” and “Other short and long-term payables” and exceed 1% of the total assets in the balance sheet: None (December 31, 2015 - None).

47.3 Amounts related to recourse receivables followed in off-balance sheet accounts: None (December 31, 2015 - None).

47.4 Explanatory note showing the amounts and sources of income and expenses of the previous period, as well as expenses and losses of the previous period: None (December 31, 2015 - None).

47.5 Other notes that are to be included

Other income and profits:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Agency interest income	161.726	391.782
Other interest income	1.348.221	1.361.281
Other income	501.887	812.731
Security sale income	406.701	296.219
Cancellation of the provisions for BITT	-	-
Total	2.418.535	2.862.013

Other expenses and losses:

	January 1 - December 31, 2016	January 1 - December 31, 2015
Bank virtual POS point and commission	(6.994.619)	(4.492.081)
Bank and insurance proceeding expenses	(7.788.665)	(4.632.325)
Non-deductible expenses	(800.474)	(470.541)
Interest expenses	(162.845)	(26.588)
Other	(2.314.054)	(1.049.505)
Total	(18.060.657)	(10.671.040)

Gross other technical expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
Assistance and support services	(17.795.645)	(15.621.219)
SBM and TMTB participation and query fee	(1.767.319)	(1.264.473)
Other	(2.217.052)	(5.700.476)
Total	(21.780.016)	(22.586.168)

Mapfre Sigorta Anonim Şirketi

Footnotes regarding the unconsolidated financial tables as of December 31, 2016 (cont.)

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

47. Other (cont.)

Provision and rediscount expenses for the period:

a) Provision expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
<u>Non-technical provisions</u>		
Other non-recurring provisions	1.304.398	195.319
Provisions for doubtful receivables, net (Note 12.1)	(45.027.314)	(21.418.294)
Provisions for doubtful severance pay, net (Note 22)	(722.023)	(401.189)
Provisions for security impairment	-	-
Provisions for social aid fund deficit (Note 22)	(42.683)	(207.134)
Provisions for leave (Note 22)	(1.168.911)	(469.985)
Other Provisions	(814.710)	-
Total non-technical provisions	(46.471.243)	(22.301.283)
<u>Technical provisions</u>		
Provisions for unearned premiums	(209.439.738)	(367.102.480)
Provisions for outstanding claim and compensation	(367.461.247)	(98.075.142)
Provisions for continued risks (Note 17)	(132.502)	16.116
Mathematical provisions	-	-
Provisions for bonuses and discounts	(41.904.058)	(27.373.976)
Other technical provisions (balancing provision) (Note 17)	(10.000.715)	(9.300.542)
Total technical provisions	(628.938.260)	(501.836.024)
<u>Tax Provisions</u>		
Tax Provisions	(27.199.733)	(11.932.546)
Total tax provisions	(27.199.733)	(11.932.546)

b) Rediscount expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
Rediscount interest income	11.345.347	5.840.186
Rediscount interest expenses	(4.726.764)	(8.611.635)
Total	6.618.583	(2.771.449)

Mapfre Sigorta Anonim Şirketi**Footnotes regarding the unconsolidated financial tables
as of December 31, 2016 (cont.)**

(The currency has been displayed as Turkish Lira (TL) unless stated otherwise.)

47. Other (cont.)**47.6 Statement of profit appropriation**

The company has made a profit amounting to 99,655,502 TL after tax in the accounting period ending on December 31, 2016 (December 31, 2015 – 32,816,871 TL). As the profit distribution statement of the Company for 2016 shall be clarified after the General Assembly Meeting is held, the profit shares to be distributed to the partners and secondary reserves are not included in the statement.

	December 31, 2016	December 31, 2015
<u>Period profit</u>		
Profit before corporate tax	126.855.235	44.749.417
Corporate tax	(27.199.733)	(11.932.546)
Tax expenses reflected to equity	-	-
Net profit for the period	99.655.502	32.816.871
Losses in previous period	-	-
Primary reserve	(4.969.293)	(1.640.844)
Legal funds required to be left to the Company and saved	(269.632)	-
Distributable period profit	94.416.577	31.176.027
<u>Primary dividend to partners</u>		
To stock holders	-	-
To preferred stock holders	-	-
To participation dividend stocks	-	(10.395)
To participation bond stock holders	-	-
To profit and loss partnership certificate holders	-	-
<u>Secondary dividend to partners</u>		
To stock holders	-	-
To preferred stock holders	-	-
To participation dividend stocks	-	-
To participation bond stock holders	-	-
To profit and loss partnership certificate holders	-	-
<u>Secondary reserves</u>	-	(3.281.686)
<u>Extra reserves</u>	-	(27.883.946)
<u>Other reserves</u>	-	-
<u>Special funds</u>	-	-

