2012

Annual Report

MAPFRE | GENEL SiGORTA

ANNUAL REPORT PREPARED RELATING
THE PERIOD 01.01.2012 – 31.12.2012 PURSUANT TO
ARTICLE 516 OF TURKISH COMMERCIAL CODE
CONCERNING THE INSURANCE, REINSURANCE AND PENSION COMPANIES

We would like to submit ANNUAL REPORT relating the activities of our Company during the year 2012 that we have prepared within the frame of the process and principals set out in Regulation Relating to the Financial Structure of Insurance, Reinsurance and Pension Companies and Article 516 of Turkish Commercial Code, with its annexes to your revision and approval. (12.03.2013)

Best Regards

MAPFRE GENEL SİGORTA A.Ş

Serdar GÜL
Vice Chairman of Executive Board
General Manager

Pedro LOPEZ SOLANES
Chairman of Executive
Board

ASSENT FOR ANNUAL REPORT

To Mapfre Genel Sigorta Anonim Şirketi Plenary Committee

We have been assigned to audit the annual report prepared as of 31 December 2012 dated by Mapfre Genel Sigorta Anonim Şirketi (hereinafter referred as "Company"). The annual report on the focus is the competence of the company executives. As an audit institution, we are in charge of expressing an opinion about the financial data in the annual reports in comparison with the previous independently audited financial statements and explanatory notes.

The audit has been conducted in accordance with the 5684 Insurance Code's independent auditing principles regulating design and disclosure of the annual reports. Such regulations require that the annual reports are planned and executed in order to ensure a reasonable assurance whether there is a significant error in harmony between the financial data in the annual report and the previously audited financial statements and explanatory notes. We believe in that the conducted audit constitutes a reasonable, reliable and sufficient base to make up our mind.

As to our opinion, the financial data including in the annexed annual report accurately reflect the financial situation of the company with all significant aspects as of 31 December 2012 in line with the 5684 Insurance Code and the current regulations. And it includes the summarized executive committee report as well as our independent auditing assessment and is accordant with the previous independently audited financial statements and explanatory notes.

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

Seda Akkuş Tecer, SMMM
Responsible Partner, Chief Auditor

12 March 2013
Istanbul, Turkey

GENERAL INFORMATION

Evaluations of the Chairman of the Executive Board and General Manager related to operating period and their expectations from the future

Dear Our Partners,
Our net profit at the end of 2012 after taxation was realized as 38.683.022 TL, we had 59% increases in our premium production and our total production reached up to 886.587.342 TL. Such high increase in the premium production had its reflections on our market share, and took our market share from 3.85% of the previous year to 5.18%. Our rank as tenth in premium production for several years is now 7th due to the increase in our market share. Our target for the next year and subsequent years is to increase the acceleration and take our place among the first 5 in terms of premium production volume.

Our company, which started to produce policies in the field of health starting from August 2011, took best advantage of its strong financial structure and became the most important player of the sector in health branch, and succeeded to take its place among the first four companies with the highest market share.

We have moved out of the general directorate building and compound where we had been active for years in June 2012. This need of moving resulted from our dynamism in the recent years due to the requirement of increasing the number of our personnel and departments and the former compound being unable to meet the need. We will have moved out of the building where we are temporarily active on purchase of a building to meet all needs of Mapfre Genel Sigorta.

With the three new branch directorates we opened in Eskişehir, Denizli and Gaziantep provinces within 2012, the number of our regional directorate and branch directorates reached 14. Year 2013 is going to be our year to further enhance our current local organizational structure. The high rated increases in the number of our agencies stabilized in 2012, and the number of our agencies, which was 1.495 at the end of 2011, became 1.478 as of the end of 2012. After the increased number of agencies in recent years, the efficiencies of the agencies started to be evaluated, and by fast annulment of inefficient agencies, new agencies are being established in compliance with the structure of our company.

In September 2012, 51% majority share of the Genel Servis having 6 vehicle repair stations throughout the country, with which we had worked as an associate for a long time, was purchased. The management of the Genel Servis passed onto our company on purchase of the majority shares, after which stage it became possible to manage and develop the Genel Servis within the framework of the policies of our company.

Structural changes were made in the organizational scheme for the purpose of fast and efficient management of our company in 2012. In this context, an appointment was made to the vacant position of deputy general directorate in charge of marketing.

On 10 April 2012 Fitch Ratings, an international rating institution, confirmed our company's Financial Strength rating that was AA (Tur) based on examinations carried out in the fields of financial and technical strength of our company, its management structure, risk acceptance policy and reinsurance practices as well as internationally recognized evaluation criteria. Our company has the equity above the minimum equity according to capital adequacy estimation calculated within the framework of current legal regulations and this sound financial structure constitutes a big guarantee for our insured and third persons. In 2013, our company will continue its operations in order to get better results and ensure higher quality services to compete with its rivals in the sector.

In this scope, we present the operational results of 2012 to the attention of yours.

Sincerely yours,

Serdar GÜL
Vice Chairman of Executive Board
General Manager

Pedro LOPEZ SOLANES
Chairman of Executive
Board

Summarized financial highlights of operating results

Dear Our Partners,

The results regarding the commercial activities of our company in 2012 are presented to your information below.

The total premium production of our company reached 886.587.342 TL with a 59% increase compared to the previous year.

When examined by branches, it is seen that there is an increase of 43.21% in accident branch which constitutes 44.59% of our total premium production and premium increase of 168.30% in health branch which constitutes 24.96%.

Our company ended up 2012 with a technical profit of 70.880.596 TL (1) and the highest technical profit 18.939.920 TL was received from the health branch.

Administrative expenses for our activities occurred as 58.706.070 TL (2). Our general expenses together with revenues and profits as well as expenses and loss arise from other activities and extraordinary activities 77.478.495 TL which is higher than that realized the previous year.

Our investment income is 57.248.784 TL, our investment expense except for the income transferred to the non-life technical segment is 12.962.672 TL. In result of the loss of 18.772.425 TL experienced in the extraordinary operations, the net financial result has realized as 22.627.372 TL (3).

In 2012, our company has seen the pretax profit 48.253.224 TL with an increase of 43% compared to the last year, and its post-tax profit was 38.683.022 TL.

We respectfully submit it to your information,

Serdar GÜL Vice Chairman of Executive Board General Manager	Pedro LOPEZ SOLANES Chairman of Executive Board

(1) The investment incomes transferred to the non-life technical segment amounting to 38.283.524 TL were reduced from the technical segment balance specified as 61.023.061 TL in the financial statements dated 31 December 2012, and having reduced net commission expense from the activity expenses, the calculated 58.706.070 TL amount was added. Besides, from the amount of 18.772.425 TL monitored in the income and profits and expense and losses account from the other activities and extraordinary activities in the financial statements, doubtful receivables regarding the recourses accrued amounting to 10.565.011 TL was transferred to technical profit.

(2) Net commission expenses have been deducted from the operating expenses given in the 31 December 2012 dated financial statements.

(3) The technical profit of 70.880.596 TL has been deducted from the period income and the remaining amount has constituted the financial profit in the 31 December 2012 dated financial statements.

Title and field of activity of the company

The title of the company is MAPFRE GENEL SİGORTA A.Ş. It has been established in Istanbul-Turkey on 16 August 1948, and its field of main activity is designing, marketing and providing post-sale services to insurance for the branches of Credit, Illness/Health, Watercraft Liability, Aircraft Liability, General Losses, Land vehicles, Rail Vehicles, Aircrafts, Accident, General Liability, Land Vehicles Liability, Watercrafts, Transportation, Fire and Natural Disasters, Breach of Confidence, Financial Losses and Legal Protection.

Historical background of the Company, and amendments to the Articles of Association during the annual period, if any, and reasons of such amendments

Genel Sigorta A.Ş. was incorporated in Sirkeci, İstanbul on 16 August 1948 with capital of 1.000.000 TL and participation by Türkiye Kredi Bankası A.Ş. and then businessmen. Genel Sigorta A.Ş. have been operational for 65 years and has a paid-up capital of 350 million.
Our company has introduced the following innovations;

It brought the insurance type of Contractor All Risks into Turkey for the first time in 1950,
It became the first insurance company with a contact office in Anatolia by launching a branch in Adana in 1961,
It became the first insurance company giving seminars to its agents in 1977,
It conducted a Project called 'Elite Project' in 1985 in order to effectively move the insurance and accounting applications on IT,
It became the first company in Turkish insurance sector by organizing a management trainee program in 1988,
It created a special maintaining network in 1999 in order to provide service to its clients in case of damages.

It went through difficult times after Türkiye Kredi Bankası was closed down. Later, with a capital change in 1975, it joined in Çukurova Holding A.Ş.

The company faced with another as one significant difficulty in 2002 when Pamukbank - its biggest production source and one of the biggest share holders - was transferred to the Saving Deposit Insurance Fund. However, it survived despite of the financial crisis and successfully went on its operations.

Genel Sigorta A.Ş. was evaluated by an international rating agency and given A+(Tur) credit rate in 2001 due to its strong financial structure. The company has reached out today with the same index. International Credit Rating Agency Fitch increased this degree to AA (Tur) in 2007 and confirmed the same rate at AA (Tur) on 10 April 2012.

The transfer of the controlling shares to Mapfre Group have been completed as of 20 September 2007 and the 280.000.000 shares owned by Mapfre S.A. and representing %80 out of the company's capital was transferred to Mapfre International S.A. as of 23 April 2008.

In accordance with the 03.12.2009 dated and 51308 numbered permission by the Undersecretariat of Treasury, the stocks at value of 35.000.000 TL, representing %10 of the company capital and owned by DemirToprak ithalat İhracat ve Tic.A.Ş. was transfered to Mapfre Internacional S.A. and the transfering registration was recorded on the stock register. Thus the share of Mapfre Internacional Sa was increased to 99,75%.

The stocks owned by Avor and representing 9,75% shares in the company with the value of 34.109.046 TL have been transferred to Mapfre Internacional S.A. and this transaction was recorded on the stock register during the executive committee meeting on 29 September 2010.

Company communication information

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

The contact information regarding the General Directorate and Regional and Branch Directorates is as follows.

General Directorate

Yenişehir Mahallesi Irmak Caddesi No:11
34435 Beyoğlu / İSTANBUL
Tel : 0212 334 90 00
Fax : 0212 334 90 19
e-mail : info@mapfregenelsigorta.com
web adress : www.mapfregenelsigorta.com
Major Taxpayers Tax Office
879 001 8869
Registry No : 38676

Adana Regional Directorate

Reşat Bey Mahallesi Vali Yolu Gülek Sitesi C Blok No: 27
Seyhan / ADANA
Tel : 0322 459 58 58
Faks : 0322 459 58 62
e-mail : adana@mapfregenelsigorta.com

Ankara Regional Directorate

Cevizlidere Caddesi No: 1/13 Dikmen
06520 Çankaya / ANKARA
Tel : 0312 472 75 72
Fax : 0312 472 58 59
e-mail : ankara@mapfregenelsigorta.com

Antalya Regional Directorate

Namık Kemal Bulvarı No: 59 Dokuma 07105
Kepez / ANTALYA
Tel : 0242 312 12 30
Fax : 0242 313 06 04
e-mail : antalya@mapfregenelsigorta.com

Bursa Regional Directorate

Alaattin Bey Mahallesi İzmir Yolu Caddesi Uludağ Ticaret Merkezi No: 277/G 16120 Nilüfer / BURSA
Tel : 0224 441 41 41
Fax : 0224 441 63 55
e-mail : bursa@mapfregenelsigorta.com

İzmir Regional Directorate

Cumhuriyet Bulvarı No: 43/5
35210 Konak / İZMİR
Tel : 0232 482 14 48
Fax : 0232 483 40 34
e-mail : izmir@mapfregenelsigorta.com

Malatya Regional Directorate

Niyazi Mahallesi Karakaş Sokak No: 10
44100 MALATYA
Tel : 0422 325 21 35
Fax : 0422 323 17 10
e-mail : malatya@mapfregenelsigorta.com

Kayseri Branch Directorate

Gültepe Mahallesi Mustafa Kemal Paşa Bulvarı No: 52/A
38010 Melikgazi / KAYSERİ
Tel : 0352 236 36 30
Fax : 0352 233 20 30
e-mail : kayseri@mapfregenelsigorta.com

Konya Branch Directorate

Musalla Bağları Mahallesi Ankara Caddesi No: 71/A 42100
Selçuklu / KONYA
Tel : 0332 235 86 86
Fax : 0332 235 80 00
e-mail : konya@mapfregenelsigorta.com

Samsun Branch Directorate

Atatürk Bulvarı Kale Mahallesi Çenesizler İş Hanı No: 584/6
55030 İlkadım / SAMSUN
Tel : 0362 431 01 21
Fax : 0362 431 01 04
e-mail : samsun@mapfregenelsigorta.com

Gaziantep Branch Directorate

İncilipınar Mahallesi 3 nolu Cadde Akınalan İş Merkezi 27090
Şehitkamil / GAZİANTEP
Tel : 0342 220 51 11
Fax : 0342 231 00 97
e-mail : gaziantep@mapfregenelsigorta.com

İzmit/Kocaeli Regional Directorate

Mehmet Ali Paşa Mahallesi Bağdat Caddesi No: 222
41000 İzmit / KOCAELİ
Tel : 0262 321 50 60
Fax : 0262 321 50 59
e-mail : izmit@mapfregenelsigorta.com

Istanbul Regional Directorate

Barış Mahallesi Eğitim Vadisi Bulvarı No: 9/9
Megakent - Beylikdüzü / İSTANBUL
Tel : 0212 871 46 12
Fax : 0212 871 46 13
e-mail : istanbul@mapfregenelsigorta.com

Denizli Branch Directorate

Saraylar Mahallesi Saltak Caddesi No: 36 DENİZLİ
Tel : 0258 265 33 83
Fax : 0258 265 33 82
e-mail : denizli@mapfregenelsigorta.com

Eskişehir Branch Directorate

Kurtuluş Mahallesi Cumhuriyet Bulvarı Şimşek İş Hanı No: 75/31 Odunpazarı / ESKİŞEHİR
Tel : 0222 240 13 33
Fax : 0222 240 13 38
e-mail : eskisehir@mapfregenelsigorta.com

Company capital and shareholding structure

The paid-up capital of the Company is 350.000.000.- TL, and its shareholding structure is as follows.

MAPFRE GENEL SİGORTA A.Ş. SHAREHOLDING STRUCTURE AS OF 31.12.2012

	SHARE AMOUNT (TL)	SHARE RATE%
MAPFRE INTERNATIONAL S.A.	349.109.046	99,75%
OTHER	890.954	0.25%
TOTAL	**350.000.000**	**100%**

The Chairman and Members of the board of directors of the company have no shares within the shareholding structure.

Amendments in the capital and shareholding structure of the company

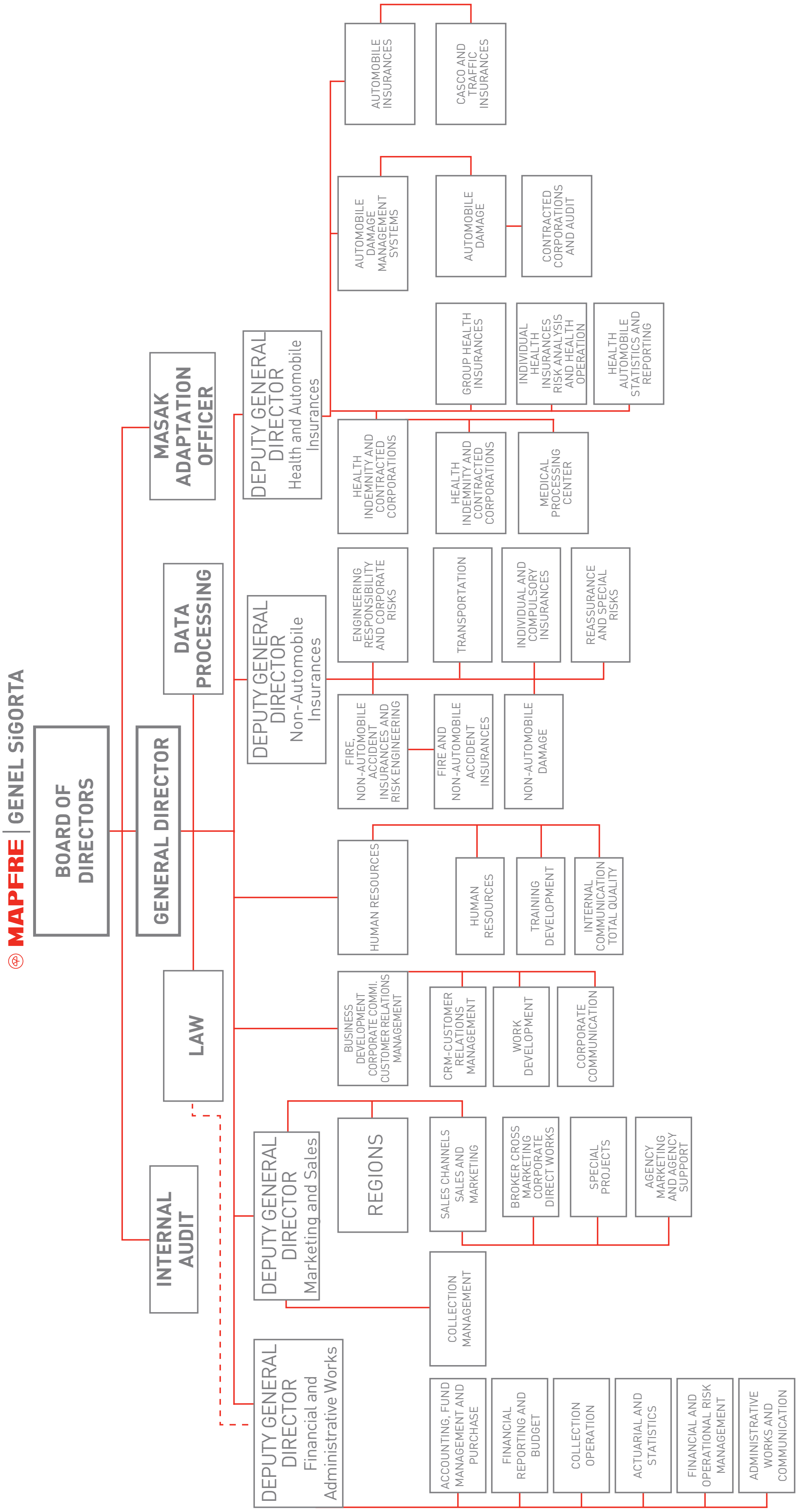
There has been no amendment in the capital and shareholding structure of the Company as of 31.2.2012.

Company preference share and rights recognized for the shares

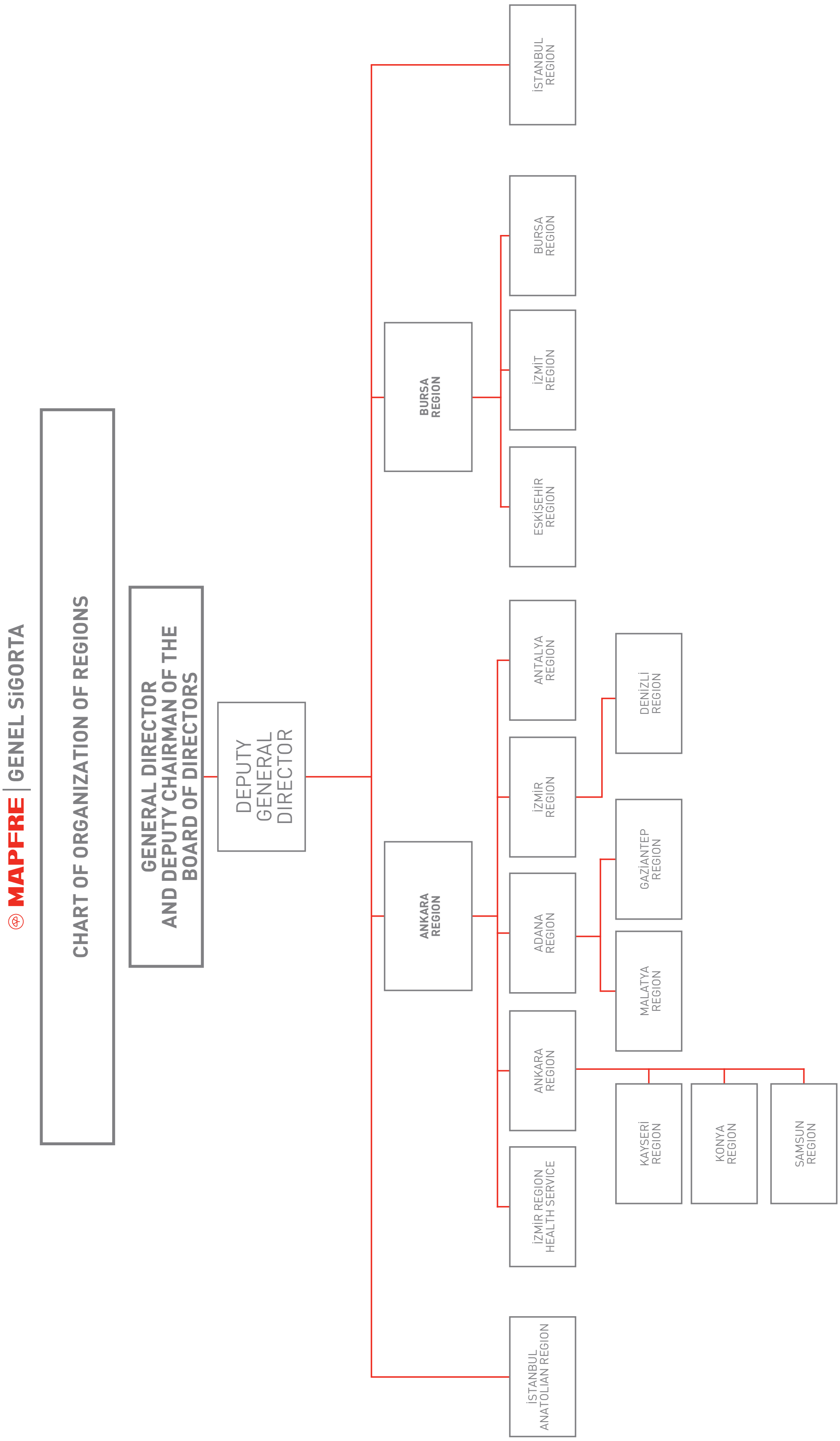
The company does not have privileged shares and rights recognized for such shares as of 31 December 2012.

The organizational chart of the company is as follows.

Organization Chart



Organization Chart



Board of Directors

Our Board of Directors selected as the Members of the Board of Directors for a period of three years in the Extraordinary General Board meeting of our company held on 28 September 2012, and formed as a result of the duty sharing in the Board of Directors meeting dated 05 October 2012 and numbered 2012/24 is given below.

ASSIGNMENT DATE
15.12.2011

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Chairman of Executive Board

EDUCATIONAL BACKGROUND
Üniversidad Complutense
Business Administration

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
2011/03 Mapfre Internacional General Manager
2003/09 Mapfre Internacional Assistant General Manager
2007/09- Mapfre Genel Sigorta A.Ş. Chairman of Executive Board
2007/03- Mapfre Internacional Finance Director
1995-Mapfre Reinsurance Deputy General Manager
1992-1995 Mapfre Reinsurance Technical Accounting Manager
1987-1992 Corporation Mapfre Technical Accounting Director

Pedro Lopez Solanes
Chairman of Executive Board

ASSIGNMENT DATE
15.12.2011

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Vice Chairman of Executive Board/ General Manager

ÖĞRENİM DURUMU
Boğaziçi University Computer Engineering

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
2003- General Manager and Vice Chairman of Executive Board (Mapfre Genel Sigorta)
2006-General Manager Head Assistant (Mapfre Genel Sigorta)
2002-Assistant General Manager (Mapfre Genel Sigorta)
1996- Coordinator (Mapfre Genel Sigorta)
1990-1993 Marketing-Fire Service Manager (Mapfre Genel Sigorta)

Serdar Gül
Vice Chairman of Executive Board/General Manager

ASSIGNMENT DATE
15.12.2011

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş.
Board Member

ÖĞRENİM DURUMU
Escuela del Seguro,
Madrid Insurance School

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
2011 - Mapfre Global Risks / General Manager
1993-2000 Industrial Re Musini, S.A / Marketing Manager
1981-1993 La Union y el Fenix Espanol / Manager

Alfredo Aran Iglesia
Board Member

ASSIGNMENT DATE
08.05.2012

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş.
Board Member

EDUCATIONAL BACKGROUND
Ankara University
Political Sciences Faculty

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
1991 - Çukurova Holding A.Ş. Legislation Audit Coordinator
1985-1991 Ministry of Finance Accounting Experts Board Accounting Expert

İbrahim Alpay Demirtaş
Board Member

ASSIGNMENT DATE
15.12.2011

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş.
Board Member

EDUCATIONAL BACKGROUND
METU Economics and
Administrative Sciences

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
2000 Tur Assist LTD. Ş./ General Manager
1999-2000 İnter Hayat A.Ş. / Assistant General Manager
1997-1999 Nordstern İmtaş Hayat A.Ş. / Assistant General Manager
1990-1997 Şark Hayat Insurance / Sale Director

Ali Güven Aykaç
Board Member

Senior Management

The senior management of our company consists of the General Director and 4 Assistant General Directors, and their duty sharing has been indicated as follows.

ASSIGNMENT DATE
15.12.2011

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Vice Chairman of Executive Borard /
General Manager

EDUCATIONAL BACKGROUND
Boğaziçi University Computer Engineering

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
2009- General Manager and Vice Chairman of Executive Board (Mapfre Genel Sigorta)
2006- General Manager Head Assistant (Mapfre Genel Sigorta)
2002- Assistant General Director (Mapfre Genel Sigorta)
1996- Coordinator (Mapfre Genel Sigorta)
1990-1993 Marketing-Fire Service Manager (Mapfre Genel Sigorta)

Serdar Gül
Vice Chairman of Executive Board General Manager

ASSIGNMENT DATE
02.01.2009

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Assistant General Manager for Financial and Administrative Works

EDUCATIONAL BACKGROUND
Marmara University Faculty of Economics and Administrative Sciences
University of Illinois at Urbana-Champaign USA Finance / Postgraduate

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
05.2006-01.2009 Assistant General Secretary
2005-2006 Republic of Turkey Prime Ministry Undersecretariat of Treasury Insurance Supervisory Board / Istanbul Group President
04.1990-05.2006 Turkish Prime Ministry Insurance Supervisory Board / Insurance Supervisor

Erdinç Yurtseven
Assistant General Manager

ASSIGNMENT DATE
02.01.2009

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Assistant Technical General Manager

EDUCATIONAL BACKGROUND
Yıldız University Civil Engineering
Construction Department

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
10.1997 Mapfre Genel Sigorta A.Ş Group Executive
12.1993 – 10.1997 Oyak Insurance A.Ş Assistant Technical Manager
01.1991-12.1993 Orkap Construction Site Manager
10.1990-01.1991 Kardeşler Insaat Static Account Expert

Nevzat Volkan Babür
Assistant General Manager

ASSIGNMENT DATE
10.06.2011

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Assistant General Manager of Health

EDUCATIONAL BACKGROUND
Istanbul Technical University

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
06.2011 Mapfre Genel Sigorta A.Ş Assistant General Manager
07.2010- 06.2011 HD Sigorta A.Ş / Assistant General Manager
2007- 06.2010 Başak Groupama Sg. A.Ş / Assistant General Manager
1995- 2007 Ray Insurance A.Ş Assistant General Manager
1994- 1995 / Milli Reasürans T.A.Ş. / Manager of Technical Affairs
1989-1994 / Halk Sigorta T.A.Ş. / Assistant Manager of Reassurance
1988-1999 Destek Reasürans T.A.Ş. / Specialist Assistant

Tolga Dağlıer
Assistant General Manager

ASSIGNMENT DATE
01.10.2012

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Assistant General Manager of
Marketing and Sales

EDUCATIONAL BACKGROUND
Istanbul Technical University Environmental Engineering

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES
2004.01 Türkiye Genel Sigorta A.Ş Group Executive
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 Assistant Manager

İlker Sırtıkırmızı
Assistant General Manager

Within the framework of the permit by the Company General Board, there is no transaction in the name of themselves or others or activity by the members of the board of directors within the scope of the prohibition of competition.

Number of the personnel

Employing 556 employees in total as of the end of December 2012, MAPFRE GENEL SİGORTA A.Ş. carries on business with 392 employees in General Directorate, a total of 164 employees in Adana, Ankara, Bursa, Izmir, Malatya, İzmit, Antalya and Istanbul District Offices and Konya, Kayseri, Gaziantep, Denizli, Eskişehir and Samsun Branch Offices.

The Company Board of Directors consists of 5 members including the General Director. While the General Director and 4 Assistant General Directors are commissioned in the senior management of the company, the remaining personnel consists of 2 Directors, 10 Group Executives and 539 personnel, middle managers and employees.

Table showing education status and genders of staff is below:

Graduation From	Male	Female	Total
Primary School	4	1	5
Secondary School	8	2	10
High Schools and Equivalents	49	57	106
2-year Vocational High School	25	56	81
University	135	179	314
Postgraduate	17	23	40
TOTAL	**238**	**318**	**556**

Information on human resources practices

MAPFRE GENEL SIGORTA is aware that the human resources are the important asset to take corporations to their target and adopts a strategic human resources administration model in order to enable the staff to be flexible and take over new roles in line with changing conditions.

Our group, in shaping the Human Resources Strategies; In view of the following fundamental opinions

- That our period of reaching our targets is in direct proportion with each employee of ours without exception bearing personnel responsibility for these targets and will to realize their inside potential in that direction,

- That customer satisfaction, the focus of our activity, would be possible with employees who are themselves happy and motivated,

In awareness thereof, our vision has been described as **“to create a corporate atmosphere in which the highest caliber staff want to work, they are able to turn their potential into high performance, are happy and satisfied with working conditions and always pay attention to customer satisfaction”.**

Our mission in human resources is to employ the personnel with required qualifications and realize our strategic objectives by implementing specific programs to keep such personnel in our company and develop their skills. We work in cooperation with our executives and key personnel to realize these targets.

The Company Human Resources Policies of our company are based on the principles of teamwork, innovation, creativeness and perfection in audit, management and leadership, corporate development and learning through constructive feedback, realization of effective and meaningful employee participation and equality of opportunity in line with our target of High Performance Corporate Culture.

In this context, our Human Resources Directorate provides support to enable all managers to lead and develop the staff ideally as well as all required equipment, tools and processes. Here are the basic functions of the human resources directorate as a support unit:

- Employment
- Salary and Vested Benefits
- Reporting
- Target and Performance Management
- Training
- Leadership Development and Skill Management
- Career Management
- Personnel Activities
- Processes to Comply with Legal Regulations

FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE MANAGEMENT ORGAN AND THE SENIOR EXECUTIVES

Financial rights provided to the members of the management organ and the senior executives

The Board Members, General Manager, Assistant General Manager, Directors and Group Managers are included among the management body and senior executives.

The attendance fee, wage, premium, bonus, profit share etc. financial interests provided to the board of directors members and senior executives within 2012 totaled to a gross amount of 4.314.454 TL.

The subsidy, travel, accommodation and representation expenses paid to the members of the board of directors and senior executives within 2012 totaling to 66.451 TL, the total of real and monetary expenses and similar securities have been realized as 322.229 TL.

RESEARCH AND DEVELOPMENT WORKS

Information on R&D practices on new services and activities

Mapfre Genel Sigorta follows the hereinafter procedures in developing new products and/or services:

- Determine new requirements and needs on basis of client and resource (agent, broker etc.) and specify new products and/or services in accordance with demands,

- Conduct feasibility studies on potential business capacity (market research – benchmarking) and design a plan for new products and/or services by getting know how support from Mapfre Headquarters,

- Check out the legal process related to the specified products and / or services,

- Define a guarantee coverage for product and/or service by complying with the insurance regulations and code as well as general insurance and reinsurance conditions,

- If necessary, the automation works related to product or/and service are carried out in coordination with Mapfre Soft.

Even in the cases of no requirement to get a new branch license, it might be necessary to apply the Undersecretariat of Treasury in order to get an approval for the new product/service. If necessary, all relative process of application and approval are completed as a final stage.

COMPANY ACTIVITIES AND SIGNIFICANT DEVELOPMENTS REGARDING ACTIVITIES

Company activities and significant developments regarding activities

With the Decision of the Board of Directors dated 21.09.2012 date and numbered 2012/23, the Company purchased 51% share of the Company titled Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. registered with Istanbul Commercial Registry Office under no 415857, and increased the capital of Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. by 500.000 TL to 572.000 TL in its Extraordinary General Board Meeting dated 05.10.2012.

The building at the address Meclisi Mebusan Caddesi No.23 Salıpazarı – Istanbul included in the real estates for investment purposes within the company assets was sold on 08 February 2013.

Internal control system activities in 2012

The Board Members in charge of Internal Systems has currently been appointed, and the person in charge of Internal Control pursues its activities reporting to the General Manager with final responsibility being on the part of the Board Members, within the framework of the Regulation on Insurance and Reinsurance as well as the Internal Systems of Pension Companies. In this context, the internal audit activities include the following as a minimum;

- Control of the transactions toward execution of the activities

- Control of the information systems and financial reporting systems via communication channels

- Compliance controls

- Include the control of the service purchases constituting an extension or complementation of the main services, and produces reports regarding the works held within the framework of the annual business plan.

About the risk management activities; for the purpose of determination and reduction to a minimum of the operational risks, the company realized a work called Riskmap throughout the company and form the operational risk map of the company. In this context, action plans were prepared with regard to the critical risks determined. Besides, the risks in the work processes are followed. In this context, the workflow of the company is modeled via a program. The modeling of the damage and underwriting processes in automobile and non-automobile branches have been completed, and health damage and underwriting processes shall be modeled in 2013. These models define actions involving risk, and the risk control points formed with regard to these actions.

Activities of Internal Auditing in 2012

The internal auditing operations in 2012 have aimed to control and audit all transactions in accordance with the existing law, regulations, notifications, company policies and administrative strategy in order to prevent any error, mistake or violations and to determine if any.

In line with this objective, the internal auditing operations in 2012 have been carried out in scope of Mapfre Genel Sigorta A.Ş. by Internal Auditing Department Regulation and all operations have been covered including services received from the outside, general management departments, regional directorates, branch managements and agents.

The Internal Auditing Department has conducted 29 audits in 2012. 7 out of these audits were carried out in general management departments, 14 out of them were carried out in the regional and branch directorates, 2 out of them were carried out in the branch managements while 6 of them were special missions and one consisted of Information Processing System audits.

Internal Audit System activities and Management opinion on the Internal Audit activities

Financial risks and insurance risks are observed via a risk-based capital adequacy model. Besides, policies and procedures regarding the follow-up of the risks arising from investments have been determined. After approval by the company Board Members of the policy and procedures in 2013, the Risk Management Committee shall be established, daily follow-up of the investment risks shall be started, and reporting to the parent holding of the limit excesses shall be started to the initiated.

In result of the internal auditing operations in 2012, it has been confirmed that general management departments, regional directorates, branch managements and audited agents have generally been operational in line with the company principles and policies and no application which may financially affect the company.

Participations of the company

The Company participations are as follows as of 31 December 2012.

	AMOUNT	SHARE
AFFILIATES		
TARIM SİGORTALARI HAVUZ İŞLETMELERİ A.Ş. (TARSİM)	125.125	4.17%
SUBSIDIARIES		
MAPFRE GENEL YAŞAM SİGORTA A.Ş.	40.716.506	99.50%
GENEL SERVİS YEDEK PARÇA DAĞITIM TİC. A.Ş.	2.428.025	51%
	43.269.656	

- The company has no acquired share of its own.

Public Audit

The audits realized by Insurance Audit Board (SDK) of the company within 2012 are as follows.

We were notified by SDK on 05 January 2012 that examination was made regarding the Insurance Procedures of the Customs Brokerages in the sector, and asked for an explanation. Necessary explanation regarding the request was made in writing to SDK.

An Internal Systems audit was realized on 10.02.2012 with the letter sent by SDK to our company. Information was sought with the letter addressed to our company by the Undersecretariat, we were sought information on the subjects specified in the report, and the audit was completed with the reply letter by the company.

In relation with the study to be held on an agency of ours on 25 June 2012, Republic of Turkey Treasury Undersecretariat asked information from our company. No notification was made to our company after the reply letter.

On 21 September 2012, information request was made by the Insurance Audit Board (SDK) from our company in relation with the subject of Spare part procurement of the sector. With the consolidated draft report prepared on the sector within 2013, various explanations were asked with a letter to our company. Necessary explanations have been made by our company regarding the asked subjects.

At the time of the Fraudulent Claim Examination in the sector on 02 November 2012, our Company was asked information, and no notification was made to our company after the written information submitted.

Technical information has been requested by Republic of Turkey Prime Ministry Treasury Undersecretariat with the letter dated 24 December 2012 and numbered 20454 on the Complementary Health Insurance product, and our company provided necessary information with the letter dated 26 December 2012 and numbered 1-378. However, because necessary informing was not made before starting the sale of the product, an administrative fine of 12.000 TL was accrued against our company with letters dated 04 February 2013 and numbered 02031, and the company paid 9.000 TL, corresponding to 3/4 of the administrative fine, without objection to the fine. Our company has provided necessary information to Republic of Turkey Prime Ministry Treasury Undersecretariat, and currently the sale of the product is in progress.

Special audit

Information and audit hours regarding the audit firms with which the company works about Independent Audit and Tax Audit are as follows.

INDEPENDENT AUDIT FIRM'S	
TITLE	GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş
ADDRESS	BÜYÜKDERE CADDESİ BEYTEM PLAZA NO.20 KAT. 9-10, 34381 ŞİŞLİ / İSTANBUL
TAX OFFICE REGISTRY NO	BOĞAZİÇİ CORPORATE T.O. 435 030 3260
TELEPHONE NO	0212 315 30 00
FAX NO	0212 230 82 91

YEAR 2012 AUDIT PERIOD	
RESPONSIBLE PARTNER, CHIEF AUDITOR	80 HOURS
CHIEF AUDITOR	15 HOURS
SENIOR AUDITOR	164 HOURS
AUDITOR AND ASSISTANT AUDITORS	1.645 HOURS
TOTAL	**1.900 HOURS**

CERTIFIED PUBLIC ACCOUNTING FIRM	
TITLE	FK YEMİNLİ MALİ MÜŞAVİRLİK LTD.ŞTİ.
ADDRESS	ATA 4 ÇARŞI PLAZA KAT.3 D.34 PLAZA ATAŞEHİR - İSTANBUL
TAX OFFICE REGISTRY NO	KOZYATAĞI T.O. 385 034 6662
TELEPHONE NO	0216 456 07 79
FAX NO	0216 456 06 82

YEAR 2012 AUDIT SCHEDULE	
MAY 2012	3 DAYS
AUGUST 2012	4 DAYS
NOVEMBER 2012	4 DAYS
DECEMBER 2012	3 DAYS
JANUARY 2013	4 DAYS
FEBRUARY 2013	4 DAYS
APRIL 2013	5 DAYS
TOTAL	**27 DAYS**

Information on the Internal Audit Responsible and auditors of the company elected in accordance with Article 353 of Turkish Commercial Code numbered 6762

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES

2010 - Mapfre Genel Sigorta A.Ş
2008-2010 KPMG Internal Audit Assistant Manager
2004-2008 Anadolu Sigorta A.Ş. Auditor

ASSIGNMENT DATE
07.05.2010

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

EDUCATIONAL BACKGROUND
Dokuz Eylül University /Civil Engineering
Northern Iowa University MBA

Y. Emre Göçmen
Internal Audit President

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES

1994/5 Çukurova Holding A.Ş. Legislation Audit Expert
1988/10-1994/5 Republic of Turkey Ministry of Finance Accounting Experts Board Accounting Expert

ASSIGNMENT DATE
25.05.1994

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Auditor

EDUCATIONAL BACKGROUND
Ankara University
Faculty of Political Sciences

Ahmet Çınar
Auditor

TERMS OF OFFICE AND PROFESSIONAL EXPERIENCES

2012 - Tur Assist LTD. Şti. / Vice General Manager
1998-2012 Tur Assist Ltd.Şti. Financial Affairs Director
1993-1998 Mega Ship Group Financial Affairs Director
1990-1993 Johnson&Johnson Financial Affairs Manager Assistant
1998-1990 Egesat A.Ş. Export Manager
1983-1988 Enka Teknik A.Ş. Irak Financial Affairs Chief

ASSIGNMENT DATE
1998

AREA OF RESPONSIBILITY
Mapfre Genel Sigorta A.Ş
Auditor

EDUCATIONAL BACKGROUND
Boğaziçi University Faculty of Economics and Administrative Sciences – Business Administration

Cemal Fenercioğlu
Auditor

AUDITOR'S REPORT

AUDITOR'S REPORT

TITLE	: MAPFRE GENEL SİGORTA A.Ş.
HEADQUARTERS	: İSTANBUL
COMPANY	
CAPITAL OF THE COMPANY	: 350.000.000 TL
AREA OF ACTIVITY	: INSURANCE
AUDITOR'S	
Name-Surname	: AHMET ÇINAR / CEMAL FENERCİOĞLU
Term of Duty	: 1 Year
Partnership	: Not partner
Number of Attended Board Meetings	: None
Scope of the audit on partnership accounts book and documents, date of audit and conclusions	: Nothing that requires review has been found during the audit on company accounts book and documents both at midyear and year end.
Result of inventories taken in company's treasury pursuant to Subparagraph 3 Of Clause 1 of Article 353 of Turkish Trade Act numbered 6762	: Nothing that requires review has been found as a result of the quarterly audit.
Dates and Results of Audits done pursuant to Clause 4 of Article 353 of Turkish Trade Act numbered 6762	: As a result of the monthly audit, it has been ascertained that all securities, guarantees and all kind valuable document is available and registered.
Submitted complaints and corruptions proceedings started about these	: No complaints and corruptions.

I have audited accounts and transactions of MAPFRE GENEL SİGORTA A.Ş. pertaining to 01.01.2012-31.12.2012 period according to Turkish Trade Act, company's prime contract, other legislation and generally accepted accounting principles and standards.

Apparently; balance sheet whose content I have adopted and which is dated 31.12.2012 and attached reflects the real financial situation of the company at the mentioned date while Profit-Loss Statement pertaining the period 01.01.2012-31.12.2012 reflects the real operating results of mentioned date and these are confirmed to be in full compliance with laws and Company Prime Contract.

I submit the voting of balance sheet and Profit/Loss statement and exoneration by Board to your votes.

AUDITOR
AHMET ÇINAR

AUDITOR
CEMAL FENERCİOĞLU

Lawsuits brought against the Company

The number of the lawsuits brought and pending against the company is 2.269 although they do not affect the financial standing and activities of the company. 2.266 of these lawsuits relate to the damages and correspond to 63.427.481.- TL, and such amount is included as Outstanding Damage within the financial statements of the company. Besides, there are 2 business lawsuits and another lawsuit corresponding to 357.000.- TL.

Necessary provisions are allocated in the financial statements of the company for both the damage and business lawsuits.

Information whether the targets specified in the past periods are reached, general board decisions are fulfilled

Our net profit at the end of 2012 after taxation was realized as 38.683.022 TL, we had 59% increases in our premium production and our total production reached up to 886.587.342 TL. Such high increase in the premium production had its reflections on our market share, and took our market share from 3.85% of the previous year to 5.18%. Our rank as 10th in premium production for several years is now 7th due to the increase in our market share. Our target for the next year and subsequent years is to increase the acceleration and take our place among the first 5 in terms of premium production volume.

Our company, which started to produce policies in the field of health starting from August 2011, took best advantage of its strong financial structure and became the most important player of the sector in health branch, and succeeded to take its place among the first four companies with the highest market share.

We have moved out of the general directorate building and compound where we had been active for years in June 2012. The necessity of moving is derived from our dynamism in the recent years due to the requirement of increasing in the number of our personnel and departments and the former compound being unable to meet the need. We will have moved out of the building where we are temporarily active on purchase of a new building that provides all needs of Mapfre Genel Sigorta.

With the three new branch directorates we opened in Eskişehir, Denizli and Gaziantep provinces within 2012, the number of our regional directorate and branch directorates reached 14. Year 2013 is going to be our year to further enhance our current local organizational structure. The high rated increases in the number of our agencies stabilized in 2012, and the number of our agencies, which was 1.495 at the end of 2011, became 1.478 as of the end of 2012.

After the increased number of agencies in recent years, the efficiencies of the agencies started to be evaluated, and by fast annulment of inefficient agencies, new agencies are being established in compliance with the structure of our company.

In September 2012, 51% majority share of the General Service having 6 vehicle repair stations throughout the country, with which we had worked as an associate for a long time, was purchased. The management of the General Service passed onto our company on purchase of the majority shares, after which stage it became possible to manage and develop the General Service within the framework of the policies of our company.

Structural changes were made in the organizational scheme for the purpose of fast and efficient management of our company in 2012. In this context, an appointment was made to the vacant position of Assistant General Manager in charge of marketing.

On 10 April 2012 Fitch Ratings, an international rating institution, confirmed our company's Financial Strength rating that was AA (Tur) based on examinations carried out in the fields of financial and technical strength of our company, its management structure, risk acceptance policy and reinsurance practices as well as internationally recognized evaluation criteria. Our company has the equity which is approximately two fold of minimum equity that our company should have according to capital adequacy estimation calculated within the framework of current legal regulations and this sound financial structure constitutes a big guarantee for our insured and third persons.

All decisions taken in the Ordinary General Board Meeting held on 30 March 2012 have been fulfilled by the company management.

Extraordinary General Board Meeting

The company held an extraordinary general board meeting on 28 September 2012. The main agenda of the meeting has been the reaching of a decision on determination of the number of the members of the new Board of Directors and their terms of office within the framework of article 359 of Turkish Commercial Code numbered 6102 and article 25 of the Law on Effectiveness and Form of Implementation of Turkish Commercial Code numbered 6103. Accordingly;

It has been decided within the framework of Article 359 of Turkish Commercial Code numbered 6102 and Article 25 of the Law on Effectiveness and Form of Implementation of Turkish Commercial Code numbered 6103 that for a period of 3 years, the number of members of the Board of Directors should be determined as 5, that Mr. Pedro Lopez Solanes should be elected the Chairman of the Board of Directors, Mr. Serdar Gül as the Deputy Chairman of the Board of Directors, Mr. İbrahim Alpay Demirtaş, Mr. Ali Güven Aykaç and Mr. Alfredo Aran Iglesia as the members of the Board of Directors be elected Members of the Board of Directors; that the Members of the Board of Directors apart from our members of the Board of Directors commissioned with payroll in any of the affiliated companies of Mapfre Group should be appreciated annual attendance fee throughout the period of their duties to take effect in 2012 and for subsequent years;

Information on participation of the Board of directors members in meetings

According to the Principal Agreement, Board of Directors holds meeting whenever it considers necessary. For meetings to be valid, a number of board members more than half must attend to the meeting. Decisions are made with majority votes of attendance. Minutes to be prepared according to this shall be registered on record book. Board manages the company and represents it with shareholders before the courts against third parties. 19 of 30 decisions made unanimously within the year are made by the attendance of all members.

• The amount of donation by the Company in 2012 is 1.500.- TL, and it has no social responsibility project and no expenditures based thereon.

Relations with the Companies group and outcomes

The parent company has no direct guidance over our company's selection in terms of which companies to be collaborated with . However our company, provided in accordance with the market conditions within the framework of the company policies, has done business with Mapfre Group companies given above in 2012.

The company has realized all transactions given above with suitable counter-performances provided in accordance with the market conditions. Our company is not exposed to losses due to the transactions given above. On the contrary, transactions of our company with Affiliated Companies caused faster feedbacks and faster realization of transactions in view of the commercial life.

Considering the relations of our company in 2012 within the framework of Article 199 of Turkish Commercial Code, it was understood that the relations of our company have been realized with suitable counter-performances provided in market conditions. Accordingly, there is no legal procedure or measure that the company should take within the framework of Article 199 of Turkish Commercial Code.

FINANCIAL STATE

Financial state and activity results

The total premium production of our company reached 886.587.342 TL with a 59% increase compared to the previous year.

When examined by branches, it is seen that there is an increase of 43,42% in accident branch which constitutes 44,59% of our total premium production and premium increase of 168,30% in health branch which constitutes 24,96% of the same.

Our company ended up 2012 with a technical profit of 70.880.596 TL (1) and the highest technical profit 18.939.920 TL was received from the health branch.

Administrative expenses for our activities occurred as 58.706.070 TL (2). Our general expenses together with revenues and profits as well as expenses and loss arise from other activities and extraordinary activities 77.478.495 TL which is higher than that realized the previous year.

Our investment income is 57.248.784 TL, our investment expense except for the income transferred to the non-life technical segment is 12.962.672 TL. In result of the loss of 18.772.425 TL experienced in the extraordinary operations, the net financial result has realized as 22.627.372 TL (3).

In 2012, our company has seen the pretax profit 48.253.224 TL with an increase of 43% compared to the last year, and its post-tax profit was 38.683.022 TL.

The technical outcomes of our company have been presented in the table included below in comparison with the previous year.

Besides, the Balance Sheet and Income Statements of our company regarding the last five years have been presented in the table included below

(1) The investment incomes transferred to the non-life technical segment amounting to 38.283.524 TL were reduced from the technical segment balance specified as 61.023.061 TL in the financial statements dated 31 December 2012, and having reduced net commission expense from the activity expenses, the calculated 58.706.070 TL amount was added. Besides, from the amount of 18.772.425 TL monitored in the income and profits and expense and losses account from the other activities and extraordinary activities in the financial statements, doubtful receivables regarding the recourses accrued amounting to 10.565.011 TL was transferred to technical profit.

(2) Net commission expenses have been deducted from the operating expenses given in the 31 December 2012 dated financial statements.

(3) The technical profit of 70.880.596 TL has been deducted from the period income and the remaining amount has constituted the financial profit in the 31 December 2012 dated financial statements

Brief financial data for the five - year period, including the reporting period

MAPFRE GENEL SİGORTA A.Ş.
5 YEAR BALANCE SHEET/ INCOME STATEMENT - TL

Assets	**31.12.2012**	**31.12.2011**	**31.12.2010**	**31.12.2009**	**31.12.2008**
I- Cash Reserves	531.553.595	388.287.481	503.742.743	282.435.390	168.550.567
II- Securities Portfolio	55.029.331	146.886.670	2.416.667	208.984.769	295.945.413
III- Receivables	486.263.273	364.633.495	219.040.437	234.474.280	263.722.810
IV- Receivables in Administrative and Legal Proceeding	39	38	37	37	38
V- Affiliates	43.281.691	40.853.666	40.859.106	33.894.106	33.894.106
VI- Fixed Assets	45.882.839	50.123.831	55.180.354	61.156.856	55.271.318
VII- Other Assets (Net)	115.227	83.450	179.742	582.434	1.416.752
Total Assets	**1.162.125.995**	**990.868.631**	**821.419.086**	**821.527.872**	**818.801.004**
Liabilities					
I- Debts	166.145.838	108.275.837	39.867.099	60.113.191	62.264.112
II- Provisions	480.841.468	382.843.917	287.157.592	247.203.141	250.956.715
III- Other Liabilities	22.610.571	27.233.318	13.155.311	13.229.805	11.566.701
IV- Equity Capitals (1)	445.854.926	438.280.043	431.165.987	426.771.117	398.479.661
V- Profit (1)	46.673.192	34.235.515	50.073.097	74.210.619	95.533.815
Total Liabilities	**1.162.125.995**	**990.868.631**	**821.419.086**	**821.527.872**	**818.801.004**
Income Statement					
I- Technical Incomes (2)	591.921.358	376.189.801	293.010.785	250.262.972	227.383.459
II- Technical Expenses (3)	510.475.751	328.159.730	251.363.715	208.688.303	204.302.539
III- Technical Profit/Loss (I - II)	81.445.607	48.030.071	41.647.070	41.574.668	23.080.920
IV- General Expenses (4)	58.706.070	44.719.962	33.441.986	30.232.887	21.728.599
V- Financial Incomes	57.248.784	60.206.345	67.766.161	83.499.412	125.548.763
VI- Financial Expenses (5)	31.735.097	29.836.600	25.434.565	13.141.185	17.062.732
VII- Damage of Inflation					
VIII- Period Profit/Loss (III-IV+V-VI-VII)	**48.253.224**	**33.679.854**	**50.536.679**	**81.702.051**	**109.838.352**
IX- Profit for the Period and Other Legal Liabilities	**9.570.202**	**7.434.508**	**8.453.752**	**15.481.602**	**22.294.707**
X- Net Period Profit/Loss (VIII-IX)	**38.683.022**	**26.245.346**	**42.082.927**	**66.220.449**	**87.543.645**

(1) Equity Capital Amount indicated does not include previous year's profit and loss and previous years' profit and losses are included in profit amount indicated in V.
(2) Investment incomes transferred from Non-life non-technical section indicated in financial statement dated 31 December 2012 is stated as "deducted".
(3) Amounts indicated as Non-Life technical expenses indicated in financial statement dated 31 December 2012 is separated as technical expenses and general expenses in above statement.
(4) Net commission expense is deducted from operating expenses indicated in financial statement dated 31 December 2012.
(5) Investment incomes transferred to non-life technical section from investment expenses indicated in financial statement dated 31 December 2012 is deducted and income and profits from other operations and extraordinary operations and expenses and losses from other operations and extraordinary operations are taken into account.

Determination and Evaluation by the Management Body whether the Company capital is unreturned or deeply in debt

Information on financial structure

The objective of “the regulation to measure and evaluate capital adequacy of insurance, reinsurance and pension companies” is to make sure insurance companies keep adequate capital against potential risks and in compliance with the existing liabilities. According to Chapter 17 (Guarantees) of the 5684 Insurance Code, the non-life insurance companies will establish a minimum guarantee fund which is not less than 1/3 out of the capital adequacy. Minimum guarantee fund is never less than 1/3 of the minimum capital amount for each operational branches.

According to the capital adequacy statement measuring the required equity capital, the capital surplus of the company is 100.025.461 TL.

Evaluation with respect to financial status, profitability and claim payment strength

The international ratios used in local auditing for the insurance sectors are available in the annexes. These ratios confirming the strong financial structure of Mapfre Genel Sigorta are significantly higher than the average of insurance sector as well as global norms.

The ratio of equity capital to compensate the damages is % 116 and net paid compensation rate is % 114. As for liquid assets, the rates for compensating damages are % 138 and % 136.

Profit share distribution policy

The Company takes the term profit of the concerned term to the General Board with the recommendation of the Board of Directors, and distributes the profit in accordance with the decision in the General Board.

Our Rates

A- RATIOS RELATING CAPITAL ADEQUACY

	%
1- Equity Capital/Premium Received (Gross)	56
2- Equity Capital/Premium Received (Net)	72
3- Equity Capital / Total Assets	42
4- Equity Capital / Technical Provisions	104
5- Foreign Assets / Total Assets	58

B- RATIOS RELATING ASSETS QUALITY AND LIQUIDITY

	%
1- Liquid Assets / Total Assets	50
2- Liquidity ratios	90
3- Current Ratio	164
4- Premium and Reinsurance Receivables/Total Assets	34
5- Intermediary Receivables / Equity Capital	61
6- Collection Ratio	68

C- OPERATING RATIOS

	%
1- Retention Ratio	77
2- Indemnity Ratio	71
3- Indemnity Share Rate	88
4- Premium Increase Rate	59

D- PROFITABILITY RATIOS

	%
1- Damage / Premium Rate (Gross)	66
2- Loss Ratio (Net)	73
3- Expense Ratio	21
4- Combined Ratio	94

RISKS AND THE EVALUATION OF THE MANAGEMENT ORGAN

Information on the transactions with the risk group in which the company is involved

Mapfre Genel Sigorta acts and applies the rules for the relations with the third parties in its relations with the companies under the risk. On 20 September 2007, it participated to MAPFRE Group with majority share of MAPFRE Genel Sigorta.

Since reinsurance protection of all insurance companies on treaty basis which MAPFRE owns are subjected to MAPFRE RE placements by 100%, reassurance protections on treaty basis of Mapfre General Insurance as of 01.01.2008 are placed via MAPFRE RE. MAPFRE RE is a reassurance company which has been rated as "A" by A.M BEST and operates as a subsidiary of MAPFRE S.A. Group in Madrid, Spain.

Information on risk management policies implemented by types of risks

The risk management policies and studies of our company are as follows.

1) Risk / Guarantee Coverage:
Our company has defined its risk acceptance policies in result of its deep rooted experiences and losses in the past. These policies are also periodically reviewed in the light of international criteria and statistics. The reinsurance contracts constitute a base for annually assessed risk acceptance criteria in the company.

Considering the fact that reinsurance protection is one of the most important means in terms of the company's survival, the risk engineers inspect in details and evaluate the specified risks. All related company officials and distribution channels are notified in written about the risk acceptance criteria and the application process is systematically followed.

2) Catastrophic Risk:
Moving from that Turkey is located on active earthquake fold lines, catastrophe scenario of company is created taking into account the earthquake risk. Therefore, earthquake risk is followed up on the basis of earthquake region by our company as in the rest of Turkish Insurance Sector. Earthquake risk especially in İstanbul and its vicinity is closely followed because it is the earthquake region with the most intensive risk. Hence, the situation is periodically reported and the said risk is kept under control. We share such evaluations and assessments with our reinsurers.

According to our total quake responsibilities (quake accumulation), the limits for required reinsurance protection programs are determined in cooperation with Mapfre Re reinsurance firm and other international reinsurance agents as well as brokers. Protection limits bought are able to be revised within the year in accordance with growing rates of earthquake portfolio of company and economic changes.

Such programs cover both earthquake risks as well as other natural disasters and the results of the catastrophic risks including a number of risk factors other than the natural disasters.

3) Assessment of Conservations:
Conservation amount of each branch / product is separately determined in our company. By doing so, the relative risk profiles, damages frequency and size as well as estimated loss, loss rations and if any reinsurance requirements and conditions are evaluated. Then the determined conversion amount is determined in line with the equity regulations.

4) Reinsurance Policies:
Reinsurance activities of our company emerge in different ways based on risk and based on annual treaty. Although our needs on risk basis –voluntary reinsurance- are generally met by the companies with which we have annual treaty, re-insurers which have strong financial structure according to needs and expertise and financial structure strength of which are documented by international rating institutions become our first choice.

As of the year 2008, proportional or non-proportional annual reinsurance agreements have been made with Mapfre Re; and needs and reinsurance issues of the company are resolved with the said company jointly.

MISCELLANEOUS

Miscellaneous

After end of the activity year, no event of particular importance has been occurred in the company that might affect the rights of the partners, creditors and other relevant persons and entities except those specified within this report.

FINANCIAL TABLES AND FOOTNOTES

MAPFRE GENEL SİGORTA ANONİM ŞİRKETİ

Financial statements as of 31 December 2012 and independent auditing report

Table of Contents

Mapfre Genel Sigorta Anonim Şirketi
As of 31 December 2012
Independent audit report

To: Mapfre Genel Sigorta Anonim Şirketi Executive Board.

1. We, hereby, inspected attached balance sheet prepared as of 31 December 2012 by Mapfre Genel Sigorta Anonim Şirketi, revenue statement belonging to the year ending on the same date, equity exchange table and cash flow table, summary of significant accountancy policies and foot notes.

Responsibility of Company management concerning financial statements

2. The company management is responsible to preparation of financial statements in accordance with accountancy principles and standards which are enforced as a matter of insurance legislation and their presentation in an honest manner. This responsibility involves designing, implementing and maintaining necessary internal systems, making accountancy estimations required by conditions and choosing and implementing suitable accountancy policies in order to ensure preparation of financial statements in a way not including substantial mistakes caused by failure and/or fraud and irregularities and make them reflect the reality in an honest manner.

Responsibility of Independent auditor

3. Our responsibility is to express our opinion about these financial statements based on the independent inspection that we carried out. Our independent inspection is conducted in compliance with regulations concerning independent inspection principles which are enforced as a matter of insurance legislation. These regulations necessitate abiding by ethical principles and executing independent inspection being planned in order to ensure a reasonable guarantee about whether financial statements reflect the reality correctly and honestly or not.

4. Our independent inspection involves employment of independent inspection techniques in order to gather independent inspection proofs concerning amounts stated in financial statements and foot notes. Independent inspection techniques have been chosen according to our occupational conviction in a manner covering also risk assessment about whether financial statements include a substantial mistake and also whether this mistake is caused by failure and/or fraud and irregularities. In this risk assessment, internal systems of the company have been taken into account. However, our goal is not to express opinion about efficiency of internal systems, and to put forth the relation between internal systems and financial statements prepared by the company management in order to design independent inspection techniques complying with conditions. Furthermore, our independent inspection involves evaluation of convenience of presenting financial statements and substantial accountancy estimations made with accountancy policies adopted by the company management as a whole.

   We believe that independent audit proofs we obtained during independent audit constitute an adequate and convenient basis for formation of our opinion.

Opinion

5. In accordance with our opinion, attached financial statements reflect correctly and honestly the financial condition of Mapfre Genel Sigorta A.Ş. as of 31 December 2012, financial performance belonging to the year ending on the same date and cash flow in compliance with accountancy principles and standards which are enforced as a matter of insurance legislation (see foot note no. 2).

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

Seda Akkuş Tecer, SMMM
Responsible Partner, Chief Auditor

12 March 2013
Istanbul, Turkey

Mapfre Genel Sigorta Anonim Şirketi Detailed Balance Sheet for the year ending on 31 December 2012

(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

ASSETS	Footnote	Independent audited 31 December 2012	Independent audited 31 December 2011
I- Current Assets			
A- Cash and Cashlike Assets	2.12	**531.553.595**	**388.287.481**
1- Cash in Hand	2.12	14.012	9.312
2- Received Checks		-	-
3- Banks	2.12	452.641.355	342.452.367
4- Cheques and Payment Orders Given (-)	2.12	(41.377)	(41.377)
5- Bank Guaranteed Credit Card Receivables with less than Three Months of Maturity	2.12, 14	78.939.978	45.867.179
6- Other Cash and Cash Equivalent Assets	2.12, 14	(373)	-
B- Financial Assets and Financial Investments that the Policyholders Bear the Investment Risk	**11**	**55.029.331**	**146.886.670**
1- Financial Assets Ready for Sale	11	55.029.331	146.886.670
2- Financial Assets to be held to Maturity		-	-
3- Financial Assets for Trading	11	-	-
4- Loans	11, 12	-	-
5- Provisions for Loans (-)		-	-
6- Financial Investments for the Benefit of Life Insurance Policyholders who Bear the Investment Risk		-	-
7- Share of the Company		-	-
8- Provisions for Devaluation of Financial Assets (-)		-	-
C- Receivables from Main Activities	**12**	**389.319.914**	**303.406.605**
1- Receivables from Insurance Activities	12	375.690.167	294.359.930
2- Provisions for Receivables from Insurance Activities (-)	12	(2.507.587)	(2.150.057)
3- Receivables from Reinsurance Activities	12	16.070.423	11.111.819
4- Provisions for Receivables from Reinsurance Activities (-)		-	-
5- Deposit Accounts with Insurance and Reinsurance Companies	12	66.873	84.875
6- Loans Given to Insureds (credits)		-	-
7- Provisions for Loans (Credits) Given to Insureds (-)		-	-
8- Receivables Arising from Pension Operations		-	-
9- Doubtful Receivables Arising from Main Activities	12	49.303.719	36.289.064
10- Provisions for Doubtful Receivables Arising from Main Activities (-)	12	(49.303.681)	(36.289.026)
D- Receivables from Related Parties	**12**	**-**	**1.150**
1- Receivables from Partners	12	-	-
2- Receivables From Participations		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Enterprises Subject to Common Management		-	-
5- Receivables from Personnel		-	1.150
6- Receivables from Other Related Parties	12	-	-
7- Rediscount for Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provisions for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		**18.253.907**	**7.800.937**
1- Receivables Arising from Financial Leasing		-	-
2- Unearned Interests Arising from Financial Leasing Transactions (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	47.1	18.915.199	7.800.937
5- Rediscount for Other Miscellaneous Receivables (-)		(661.292)	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Expenses Related to Next Months and Income Accruals		**64.323.789**	**41.887.297**
1- Deferred Production Expenses	47.1	62.642.512	40.762.493
2- Interest and Rental Incomes Accrued		-	-
3- Income Accruals		-	-
4- Other Expenses related to Next Months	47.1	1.681.277	1.124.804
G- Other Current Assets		**14.348.662**	**11.537.544**
1- Inventories to be Needed in Next Months		-	-
2- Prepaid Taxes and Funds	35	10.861.087	8.425.089
3- Deferred Tax Assets	21	2.603.902	2.728.635
4- Advance Payments Made for Business Activities		240.521	95.420
5- Advance Payments Made to Employees		609.782	36.752
6- Shortages Discovered in Counting and Delivery		-	-
7- Other Miscellaneous Current Assets		33.370	251.648
8- Provisions for Other Current Assets (-)		-	-
I- Total of Current Assets		**1.072.829.198**	**899.807.684**

Mapfre Genel Sigorta Anonim Şirketi Detailed Balance Sheet for the year ending on 31 December 2012

(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

ASSETS (continued)	Footnote	Independent audited 31 December 2012	Independent audited 31 December 2011
II- Non-Current Assets			
A- Receivables from Main Activities		**-**	**-**
1- Receivables from Insurance Activities		-	-
2- Provisions for Receivables from Insurance Activities (-)		-	-
3- Receivables from Reinsurance Activities		-	-
4- Provisions for Receivables from Reinsurance Activities (-)		-	-
5- Deposit Accounts with Insurance and Reinsurance Companies		-	-
6- Loans Given to Insureds (Credits)		-	-
7- Provisions for Loans (Credits) Given to Insureds (-)		-	-
8- Receivables Arising from Pension Operations		-	-
9-Doubtful Receivables Arising from Main Activities		-	-
10- Provisions for Doubtful Receivables Arising from Main Activities (-)		-	-
B- Receivables from Related Parties		**-**	**-**
1- Receivables from Partners		-	-
2- Receivables From Participations		-	-
3- Receivables from Subsidiaries		-	-
4- Receivables from Enterprises Subject to Common Management		-	-
5- Receivables from Personnel		-	-
6- Receivables from Other Related Parties		-	-
7- Rediscount for Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provisions for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		**110.714**	**77.344**
1- Receivables Arising from Financial Leasing		-	-
2- Unearned Interests Arising from Financial Leasing Transactions (-)		-	-
3- Deposits and Guarantees Given		110.714	77.344
4- Other Miscellaneous Receivables		-	-
5- Rediscount for Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	**9**	**43.281.691**	**40.853.666**
1- Blocked Bonds and Securities	9	12.035	12.035
2- Participations	9	125.125	125.125
3- Capital Subscriptions to Participations (-)	9		
4- Subsidiaries	9	43.144.531	40.716.506
5- Capital Subscriptions to Subsidiaries (-)		-	-
6- Enterprises Subject to Common Management		-	-
7- Capital Subscriptions to Enterprises Subject to Common Management (-)		-	-
8- Financial investments for the benefit of life insurance policyholders who bear the investment risk		-	-
9- Other Financial Assets Issued		-	-
10- Provisions for Devaluation of Financial Assets (-)		-	-
E- Tangible Assets		**38.092.641**	**42.357.105**
1- Real Estates Acquired with Investment Purposes	7	21.429.182	19.653.770
2- Provisions for Devaluation of Real Estates Acquired with Investment Purposes (-)	7	(275.000)	(275.000)
3- Real Estates Acquired with Usage Purposes	6	12.379.311	20.373.152
4- Machinery and Equipments		-	-
5- Fixtures and Installations	6	9.715.864	9.121.950
6- Motor Vehicles	6	5.850.798	4.209.380
7- Other Tangible Assets (Including Special Cost Value)	6	3.701.607	1.359.215
8-Tangible Assets Acquired by Leasing		-	-
9- Accumulated Depreciations (-)	6	(15.927.049)	(13.235.675)
10- Advances regarding Tangible Assets (Including Current Investments)	6	1.217.928	1.150.313
F- Intangible Assets	**8**	**7.790.198**	**7.766.726**
1- Rights	8	10.049.366	9.222.329
2- Goodwill		-	-
3- Expenses Related to the Period Before Starting the Activities		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Depreciations (-)	8	(3.343.437)	(1.679.458)
7- Advance Payments Made for Intangible Assets	8	1.084.269	223.855
G- Expenses and Income Accruals Pertaining to Future Years		**4.513**	**6.106**
1- Deferred Production Expenses		-	-
2- Income accruals		-	-
3- Other Expenses Related to Next Years		4.513	6.106
H- Other Non-Current Assets		**17.040**	**-**
1- Accounts in Effective Foreign Currency		-	-
2- Accounts in Foreign Currency		-	-
3- Stocks Needed in Future Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	17.040	-
6- Other Miscellaneous Non-Current Assets		-	-
7- Depreciations on Other Non-Current Assets (-)		-	-
8- Provisions for Other Non-Current Assets (-)		-	-
II- Total of Non-Current Assets		**89.296.797**	**91.060.947**
Total Assets (I + II)		**1.162.125.995**	**990.868.631**

Mapfre Genel Sigorta Anonim Şirketi Detailed Balance Sheet for the year ending on 31 December 2012

(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

LIABILITIES	Footnote	Independent audited 31 December 2012	Independent audited 31 December 2011
III- Short-Term Liabilities			
A- Financial Liabilities		**-**	**-**
1- Liabilities to Loan Institutions		-	-
2- Liabilities from Financial Lease Operations		-	-
3- Deferred Financial Leasing Costs (-)		-	-
4- Principal Installments and Interests of Long-Term Loans		-	-
5- Principals, Installments and interests of Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Value Difference of Other Financial Assets Issued (-)		-	-
8- Other Financial Liabilities		-	-
B- Liabilities Arising From Main Operations	**19**	**92.478.409**	**79.547.936**
1- Liabilities Arising from insurance Operations	2.27, 19	44.266.188	31.192.158
2- Liabilities Arising from Reinsurance Operations	19	47.591.254	46.968.938
3- Deposits Received from Insurance and Reinsurance Companies	19	620.967	1.386.840
4- Liabilities Arising from Pension Operations		-	-
5- Liabilities Arising from Other Main Operations		-	-
6- Rediscount for Liabilities Arising from Other Main Operations and Notes Payable (-)		-	-
C- Liabilities to Related Parties		**1.540.940**	**1.914.190**
1- Due To Shareholders	12.2	70.758	65.193
2- Due to Shareholdings		1	1
3- Liabilities to Subsidiaries		-	-
4- Liabilities to Enterprises Subject to Common Management		-	-
5- Due to personnel		1.309.260	1.511.253
6- Liabilities to Other Related Parties	12	160.921	337.743
D- Other Liabilities		**51.374.388**	**13.084.299**
1- Received Deposits and Guarantees		1.569.536	839.752
2- SGK Debts regarding Treatment Expenses		20.990.986	2.692.053
3- Other Miscellaneous Obligations	47.1	29.495.643	9.620.208
4- Rediscount for Other Various Liabilities (-)		(681.777)	(67.714)
E- Technical Provisions for Insurance Business		**464.943.851**	**370.978.982**
1- Provisions for Unearned Premiums - Net	17.15	326.115.404	222.955.860
2- Provisions for Continuing Risks - Net	17.15	177.670	1.257.893
3- Mathematical Provisions - Net		-	-
4- Provisions for Outstanding Claims - Net	17.15	138.650.777	146.765.229
5- Provisions for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes Payable and Other Fiscal Liabilities		**20.752.101**	**13.729.413**
1- Taxes and Funds Payable		5.110.735	4.307.376
2- Social security deductions payable		697.100	485.031
3- Overdue, Deferred or Reconstructed Taxes and Other Fiscal Liabilities		-	-
4- Other Taxes and Similar Liabilities Payable		4.606.327	2.175.607
5- Provisions for Tax and Other Liabilities on Profit for the Period	35	10.337.939	6.761.399
6- Prepaid Tax and Other Liabilities on Profit for the Period (-)		-	-
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks		**-**	**-**
1- Provision for Severance Pay		-	-
2- Provisions for Social Aid Fund Deficits		-	-
3- Provision for Cost Expenses		-	-
H- Income and Expense Accruals Relating to Future Months	**19**	**20.656.921**	**16.017.889**
1- Deferred Commission Incomes	19	20.655.778	16.016.750
2- Expense Accruals	19	578	578
3- Other Incomes regarding Future Months		565	561
I- Other Short-Term Liabilities	**22**	**1.562.136**	**1.162.750**
1-Deferred Tax Liability		-	-
2-Inventory and Receipt Overages		-	-
3- Other Various Short-Term Liabilities	22	1.562.136	1.162.750
III -Total Short Term Liabilities Total		**653.308.746**	**496.435.459**

Notes between pages 73 and 140 are complementary to these financial statements.

Mapfre Genel Sigorta Anonim Şirketi Detailed Balance Sheet for the year ending on 31 December 2012

(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

LIABILITIES	Footnote	Independent audited 31 December 2012	Independent audited 31 December 2011
IV- Long-Term Liabilities			
A- Financial Liabilities		**-**	**-**
1- Liabilities to Loan Institutions		-	-
2- Liabilities from Financial Leasing Operations		-	-
3- Deferred Financial Leasing Costs (-)		-	-
4- Bonds issued		-	-
5- Other Financial Assets Issued		-	-
6- Value Difference of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities		-	-
B- Liabilities Arising From Main Operations		**-**	**-**
1- Liabilities Arising from insurance Operations		-	-
2- Liabilities Arising from Reinsurance Operations		-	-
3- Deposits Received from Insurance and Reinsurance Companies		-	-
4- Liabilities Arising from Pension Operations		-	-
5- Liabilities Arising from Other Main Operations		-	-
6- Rediscount for Liabilities Arising from Other Main Operations and Notes Payable (-)		-	-
C- Liabilities to Related Parties		**-**	**-**
1- Due To Shareholders		-	-
2- Due to Shareholdings		-	-
3- Liabilities to Subsidiaries		-	-
4- Liabilities to Enterprises Subject to Common Management		-	-
5- Due to Personnel		-	-
6- Liabilities to Other Related Parties		-	-
D- Other Liabilities		**-**	**9.750.617**
1- Received Deposits and Guarantees		-	-
2- SGK Debts regarding Treatment Expenses		-	9.750.617
3- Other Miscellaneous Obligations	47,1	-	-
4- Rediscount for Other Various Liabilities		-	-
E- Technical Provisions for Insurance Business		**10.900.473**	**7.463.169**
1 - Provisions for Unearned Premiums - Net		-	-
2- Provisions for Continuing Risks - Net		-	-
3- Mathematical Provisions - Net		-	-
4- Provisions for Outstanding Claims - Net		-	-
5- Provisions for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net	17.15, 47.1	10.900.473	7.463.169
F- Provisions for Other Debts and Liabilities		**-**	**-**
1- Other Liabilities Payable		-	-
2- Overdue, Deferred or Reconstructed Taxes and Other Fiscal Liabilities		-	-
3- Other Provisions for Debt and Expense		-	-
G- Provisions for Other Risks		**4.997.144**	**4.401.766**
1- Provision for Severance Pay	22	2.919.091	2.176.189
2- Provisions for Social Aid Fund Deficits	22, 23	2.078.053	2.225.577
H- Other Incomes and Expense Accruals for Future Years		**-**	**-**
1- Deferred Commission Incomes		-	-
2- Expense Accruals		-	-
3- Other Incomes for Future Years		-	-
I- Other Long Term Liabilities		**391.514**	**302.063**
1- Deferred Tax Liability		391.514	302.063
2- Other Various Long-Term Liabilities		-	-
IV- Total Long Term Liabilities		**16.289.131**	**21.917.615**

Mapfre Genel Sigorta Anonim Şirketi Detailed Balance Sheet for the year ending on 31 December 2012

(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

EQUITY CAPITAL	Footnote	Independent audited 31 December 2012	Independent audited 31 December 2011
V- Shareholders' equity			
A- Paid-in Capital		**350.000.000**	**350.000.000**
1- (Nominal) Capital	2.13, 15	350.000.000	350.000.000
2- Unpaid Capital (-)		-	-
3- Capital Restatement Positive Differences		-	-
4- Capital Restatement Negative Difference (-)		-	-
5- Capital Expected to be Registered		-	-
B- Capital Reserves		**3.275.264**	**3.275.264**
1- Premiums on Issues of Common Stock		-	-
2- Profits on Cancellation of Common Stocks		-	-
3- Sales Profits to be Added to Capital		-	-
4- Foreign Currency Conversion Differences		-	-
5- Other Capital Reserves		3.275.264	3.275.264
C- Profit Reserves		**92.579.662**	**85.004.779**
1- Statutory Reserves	15	49.242.311	47.799.190
2- Statutory Reserves		-	-
3- Extraordinary Reserves		27.610.332	24.985.796
4- Special Funds (Reserves)		28.856	28.856
5- Valuation of Financial Assets	15	526.767	(2.980.459)
6- Other Profit Reserves	15	15.171.396	15.171.396
D- Retained Earnings		**12.677.029**	**12.677.028**
1- Retained Earnings		12.677.029	12.677.028
E- Losses from Previous Years (-)		**(4.686.859)**	**(4.686.858)**
1- Losses from Previous Years		(4.686.859)	(4.686.858)
F- Net Profit for the Period		**38.683.022**	**26.245.346**
1- Term Net Profit		37.743.737	26.245.346
2- Term Net Loss (-)		-	-
3- Term Profit not to be Distributed		939.285	-
Total Shareholders' Equity		**492.528.118**	**472.515.559**
Total Long Term Liabilities (III + IV + V)		**1.162.125.995**	**990.868.633**

Mapfre Genel Sigorta Anonim Şirketi Detailed Income Statement for The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

I- TECHNICAL PART	Footnote	Independent audited 1 January- 31 December 2012	Independent audited 1 January- 31 December 2011
A- Non-Life Technical Income		**630.204.883**	**424.554.452**
1- Earned premiums (Reinsurer Share Reduced)		580.039.175	354.837.943
1.1- Written Premiums (Reinsurer Share Reduced)	24	682.118.496	424.644.537
1.1.1- Gross Burnt Premiums (+)	24	886.587.342	557.793.398
1.1.2- Premiums Transferred To Reinsurer (-)	10, 24	(183.082.616)	(125.071.402)
1.1.3- Premiums Transferred to SGK (-)		(21.386.230)	(8.077.459)
1.2- Change against unearned premiums (reinsurer share and transferred part reduced) (+/-)	47	(103.159.544)	(69.377.365)
1.2.1 - Provisions for Unearned Premiums (-)		(142.900.274)	(89.786.010)
1.2.2 - Reinsurer share provisions for Unearned Premiums (+)	10	31.891.505	15.638.567
1.2.3 – SGK Share Provisions for Unearned Premiums (+/-)		7.849.225	4.770.078
1.3- Exchange for continuing risks (as reinsurer share and transferred part is deducted) (+/-)		1.080.223	(429.229)
1.3.1- Provisions for Continuing Risks (-)		4.319.258	(429.229)
1.3.2- Reinsurance Share Provisions for Continuing Risks (+)		(3.239.035)	-
2- Investment Revenues Transferred from Non-Technical Department		38.283.524	48.364.651
3- Other Technical Revenues (Reinsurer Share Deducted) (+/-)		724.758	594.826
3.1- Other Gross Technical Incomes (+/-)		848.954	714.527
3.2- Reinsurer Share in Other Gross Technical Incomes (+/-)		(124.196)	(119.701)
4- Recourse and Recovery Incomes Accrued (+)		11.157.426	20.757.032
B- Non-Life Technical Expense (-)		**(569.181.822)**	**(372.879.692)**
1- Realized Indemnities (Reinsurer Share Deducted) (+/-)		(424.534.564)	(277.669.420)
1.1- Paid-up Indemnities (Reinsurer Share Deducted)	17	(432.649.016)	(254.933.441)
1.1.1- Gross Paid Damages (-)	17	(492.886.261)	(308.114.166)
1.1.2- Reinsurer Share In Paid-Up Losses (+)	10, 17	60.237.245	53.180.725
1.2- Exchange for Continuing Risks (Reinsurer Share and Transferred Part Deducted) (+/-)	47	8.114.452	(22.735.979)
1.2.1- Provisions for Outstanding Losses (-)		1.917.545	(32.195.253)
1.2.2- Reinsurer Share for Outstanding Losses (+)	10	6.196.907	9.459.274
2- Exchange for Continuing Risks (Reinsurer Share and Transferred Part Deducted) (+/-)		-	-
2.1- Provisions for Bonuses and Discounts (-)		-	-
2.2- Reinsurer Share for Bonuses and Discounts (+)		-	-
3- Exchange for Other Technical Provisions (Reinsurer Share and Transferred Part Deducted) (+/-)	17, 47	(3.890.738)	(3.091.837)
4- Operating Expenses (-)	31	(129.674.808)	(88.523.680)
5- Exchange for Mathematical Provisions (Reinsurer Share and Transferred Part Deducted) (+/-)		-	-
5.1- Mathematical Provisions (-)		-	-
5.2- Reinsurer Share in Mathematical Provisions (+)		-	-
6- Other Technical Expenses (-)		(11.081.712)	(3.594.755)
6.1- Other Gross Technical Incomes (-)		(11.095.161)	(3.597.167)
6.2- Reinsurer Share In Other Gross Technical Expenses (+)		13.449	2.412
C- Technical Part Balance - Non-life (A - B)		**61.023.061**	**51.674.760**
D- Life Technical Income		**-**	**-**
1- Earned premiums (Reinsurer Share Reduced)		-	-
1.1- Written Premiums (Reinsurer Share Reduced)		-	-
1.1.1- Gross Burnt Premiums (+)		-	-
1.1.2- Premiums Transferred To Reinsurer (-)		-	-
1.2- Change Against Unearned Premiums (Reinsurer Share and Transferred Part Reduced) (+/-)		-	-
1.2.1 - Provisions for Unearned Premiums (-)		-	-
1.2.2 - Reinsurer Share Provisions for Unearned Premiums (+)		-	-
1.3- Exchange for Continuing Risks (As Reinsurer Share and Transferred Part is Deducted) (+/-)		-	-
1.3.1- Provisions for Continuing Risks (-)		-	-
1.3.2- Provisions for Continuing Risks (+)		-	-
2- Life branch investment income		-	-
3- Unrealized profits from investments		-	-
4- Other technical revenues (reinsurer share deducted)		-	-
4.1- Other Gross Technical Incomes (+/-)		-	-
4.2- Reinsurer Share in Other Gross Technical Incomes (+/-)		-	-
5- Recourse Incomes Accrued (+)		-	-
E- Life Technical Expense		**-**	**-**
1- Realized Indemnities (Reinsurer Share Deducted) (+/-)		-	-
1.1- Paid-up Indemnities (Reinsurer Share Deducted) (-)		-	-
1.1.1- Gross Paid Damages (-)		-	-
1.1.2- Reinsurer Share In Paid-Up Losses (+)		-	-
1.2- Exchange for Continuing Risks (Reinsurer Share and Transferred Part Deducted) (+/-)		-	-
1.2.1- Provisions for Outstanding Losses (-)		-	-
1.2.2- Reinsurer Share for Outstanding Losses (+)		-	-
2- Exchange for Continuing Risks (Reinsurer Share and Transferred Part Deducted) (+/-)		-	-
2.1- Provisions for Bonuses and Discounts (-)		-	-
2.2- Reinsurer Share for Bonuses and Discounts (+)		-	-
3- Exchange for Mathematical Provisions (Reinsurer Share and Transferred Part Deducted) (+/-)		-	-
3.1- Mathematical Provisions (-)		-	-
3.1.1- Actuarial Mathematical Provision (+/-)		-	-
3.1.2- Profit Share Provision (Provisions for policy holders for Investment Risk)		-	-
3.2- Reinsurer Share in Mathematical Provisions (+)		-	-
3.2.1- Reinsurer Share in Actuarial Mathematical Provisions (+)		-	-
3.2.2- Reinsurer Share in Profit Share Provision (Provisions for policy holders for Investment Risk) (+)		-	-
4- Exchange for Other Technical Provisions (Reinsurer Share And Transferred Part Deducted) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Losses Unrealized in Investments (-)		-	-
8- Investment Revenues Transferred to Non-Technical Part (-)		-	-
F- Technical Part Balance - Life (D - E)		**-**	**-**
G- Pension Technical Income		**-**	**-**
1- Fund Operating Incomes		-	-
2- Investment Expense Deduction		-	-
3- Entry Allowance Incomes		-	-
4- Management Expense Reduction In Case Of Cession		-	-
5- Special Service Expense Deduction		-	-
6- Capital Allocation Advance Value Increase Incomes		-	-
7- Other Technical Incomes		-	-
H- Pension Technical Expense		**-**	**-**
1- Fund Operating Expenses (-)		-	-
2- Capital Allocation Advance Devalorization Expenses (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expenses (-)		-	-
I- Technical Part Balance – Pension (G - H)		**-**	**-**

Notes between pages 73 and 140 are complementary to these financial statements.

Mapfre Genel Sigorta Anonim Şirketi Detailed Income Statement for The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

II- NON-TECHNICAL PART	Footnote	1 January-31 December 2012	1 January-31 December 2011
C- Technical Part Balance - Non-life (A - B)		**61.023.061**	**51.674.760**
F- Technical Part Balance - Life (D - E)		**-**	**-**
I- Technical Part Balance – Pension (G - H)		**-**	**-**
J- General Technical Part Balance (C+F+I)		**61.023.061**	**51.674.760**
K- Investment Incomes	**26**	**57.248.784**	**60.206.345**
1- Revenues Obtained from Financial Investments	26	41.454.555	35.033.290
2- Revenues Obtained by Converting Financial Investments into Cash	26	16.957.516	175.439
3- Valuation of Financial Investments	26	(7.363.911)	8.088.480
4- Foreign Exchange Profit	26, 36	3.298.952	10.677.538
5- Revenues from Subsidiaries		-	-
6- Revenues from Affiliates and Enterprises Subject to Common Management		-	-
7- Revenues Obtained From Field, Land and Buildings	26	2.901.672	6.231.598
8- Revenues Obtained From Derivative Products		-	-
9- Other Investments		-	-
10- Investment Revenues Transferred from Life Technical Part		-	-
L- Investment Expenses (-)		**(51.246.196)**	**(56.276.343)**
1- Investment Management Expenses- Including Interest (-)		-	-
2- Investment Value Decrease (-)	11	-	(1.425.135)
3- Loss Caused by Converting Investment into Cash (-)		(784.762)	(265.668)
4- Investment Revenues Transferred from Non-Life Technical Part (-)		(38.283.524)	(48.364.651)
5- Loss Caused as a Result of Derivative Products (-)		-	-
6- Foreign Exchange Loss (-)	36	(6.560.149)	(2.715.826)
7- Amortization Expenses (-)	31	(5.617.761)	(3.505.063)
8- Other Investment Expenses (-)		-	-
M- Revenue and Profit and Expense and Loss from Other Activities and Extraordinary Activities (+/-)		**(18.772.425)**	**(21.924.908)**
1- Reserves Account (+/-)	47	(14.075.718)	(18.575.054)
2- Rediscount account (+/-)	47	(991.111)	(22.261)
3- Qualifying Insurance Account (+/-)		-	161.987
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Account (+/-)	35	(88.077)	595.356
6- Deferred Tax Liability Expense (-)		-	-
7- Other Revenues and Profits	47.5	2.286.259	1.471.881
8- Other Expenses and Losses (-)	47.5	(5.903.778)	(5.556.817)
9- Revenues and Profits of Previous Year		-	-
10- Previous Period Expenses and Losses (-)	47.4	-	-
N- Term Net Profit or Loss		**38.683.022**	**26.245.346**
1- Term Net Profit Or Loss		48.253.224	33.679.854
2- Provisions for Tax and Other Liabilities on Profit for the Period (-)	35, 47	(9.570.202)	(7.434.508)
3- Term Net Profit or Loss		38.683.022	26.245.346
4- Inflation Adjustment Account		-	-

Mapfre Genel Sigorta Anonim Şirketi Cash Flow Table
For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

CASH FLOW TABLE	Footnote	Independent audited 1 January– 31 December 2012	Independent audited 1 January– 31 December 2011
A- CASH FLOWS ARISING FROM MAIN ACTIVITIES			
1- Cash flows arising from insurance Operations		810.888.299	477.057.360
2- Cash flows arising from reinsurance Operations		102.003.759	89.267.814
3- Cash flows arising from pension Operations		-	-
4- Cash outflow due to insurance activities (-)		(593.588.404)	(400.375.854)
5- Cash outflow due to reinsurance activities (-)		(193.848.568)	(112.994.302)
6- Cash outflow due to pension activities (-)		-	-
7- Cash due to main activities (A1+A2+A3-A4-A5-A6)		**V125.455.086**	**52.955.018**
8- Interest payments (-)		-	-
9- Income tax payments (-)		(9.152.144)	(8.838.083)
10- Other cash entries		-	-
11- Other cash exits (-)		(77.867.250)	(46.464.934)
12- Net cash arising from Main Activities		**38.435.692**	**(2.347.999)**
B- CASH FLOWS ARISING FROM INVESTMENT ACTIVITIES			
1- Sale of tangible assets		9.498.187	12.897.121
2- Acquisition of tangible assets (-)		(8.530.663)	(4.364.046)
3- Financial assets acquisition (-)		(58.670.668)	(148.664.065)
4- Sale of tangible assets		147.548.126	6.881.146
5- Received interests		41.454.555	35.923.541
6- Dividends Received	26	-	118.445
7- Other cash entries		703.704	149.396.473
8- Other cash exits (-)		(110.398.397)	(206.776.822)
9- Net cash from investment activities		**21.604.844**	**(154.588.207)**
C- CASH FLOWS ARISING FROM FINANCE ACTIVITIES			
1- Issues of Common Stock		-	-
2- Cash entries related to loans		-	-
3- Payment of financial leasing loans (-)		-	-
4- Paid-up dividends (-)	15.1	(22.177.690)	(31.787.862)
5- Other cash entries		-	-
6- Other cash exits (-)		-	-
7- Net cash from finance activities		**(22.177.690)**	**(31.787.862)**
D- EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(302.467)**	**2.050**
E- Net increase in cash and cash equivalents (A12+B9+C7+D)		**37.560.379**	**(188.722.018)**
F- Cash and cash equivalents in the beginning of the period		**177.416.265**	**366.138.283**
G- Cash and cash equivalents at the end of the period	**2.12**	**214.976.644**	**177.416.265**

Mapfre Genel Sigorta Anonim Şirketi Statement of Changes in Equity for The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

	Independently audited 31 December 2012 (*)										
	Capital	Share certificates of the Enterprise (-)	Value increase in assets	Inflation adjustment differences	Foreign Currency Conversion Differences	Yasal Yedekler	Extraordinary Reserves	Other Reserves and Undistributed Profits	Term Net Profit / (Loss)	Profits/ (losses) of previous years	Toplam
CURRENT PERIOD											
I- Balance at the End of Previous Period (31 December 2011)	350.000.000	-	(2.980.459)	-	-	47.799.190	24.985.796	18.475.516	26.245.346	7.990.170	472.515.559
II- Changes in Accounting Policy (Note 2.1.1)	-	-	-	-	-	-	-	-	-	-	-
III- New balance (I+II) (1 January 2012)	350.000.000	-	(2.980.459)	-	-	47.799.190	24.985.796	18.475.516	26.245.346	7.990.170	472.515.559
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Share Certificates of the Enterprise	-	-	-	-	-	-	-	-	-	-	-
C- Earnings and losses not included in income statement	-	-	3.507.226	-	-	-	-	-	-	-	3.507.226
D- Value increase/decrease in assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign Currency Conversion Differences	-	-	-	-	-	-	-	-	-	-	-
F- Other earnings and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (loss) for the Period	-	-	-	-	-	-	-	-	38.683.022	-	38.683.022
I- Distributed dividend (Note: 15)	-	-	-	-	-	-	-	-	(22.177.690)	-	(22.177.690)
J- Transfer to reserves	-	-	-	-	-	1.443.121	2.624.535	-	(4.067.656)	-	-
Minority shares	-	-	-	-	-	-	-	-	-	-	-
IV- Balance at the end of period (31 December 2012) (III+ A+B+C+D+E+F+G+H+I+J)	**350.000.000**	**-**	**526.767**	**-**	**-**	**49.242.311**	**27.610.332**	**18.475.516**	**38.683.022**	**7.990.170**	**492.528.118**

	Independently audited 31 December 2011										
	Capital	Share certificates of the Enterprise (-)	Value increase in assets	Inflation adjustment differences	Foreign Currency Conversion Differences	Legal Reserves	Extraordinary Reserves	Other Reserves and Undistributed Profits	Term Net Profit / (Loss)	Profits/ (losses) of previous years	Toplam
PREVIOUS PERIOD											
I- Balance at the end of previous period (31 December 2010)	350.000.000	-	200.550	-	-	44.660.156	21.105.029	15.200.252	42.082.927	7.990.170	481.239.084
II- Changes in Accounting Policy (Note 2.1.1)	-	-	-	-	-	-	-	-	-	-	-
III- New balance (I+II) (1 January 2011)	350.000.000	-	200.550	-	-	44.660.156	21.105.029	15.200.252	42.082.927	7.990.170	481.239.084
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Share Certificates of the Enterprise	-	-	-	-	-	-	-	-	-	-	-
C- Earnings and losses not included in income statement	-	-	(3.181.009)	-	-	-	-	-	-	-	(3.181.009)
D- Value increase/decrease in assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign Currency Conversion Differences	-	-	-	-	-	-	-	-	-	-	-
F- Other earnings and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit (loss) for the Period	-	-	-	-	-	-	-	-	26.245.346	-	26.245.346
I- Distributed dividend (Note: 15)	-	-	-	-	-	-	-	-	(31.787.862)	-	(31.787.862)
J- Transfer to reserves	-	-	-	-	-	3.139.033	3.880.768	3.275.264	(10.295.065)	-	-
Minority shares	-	-	-	-	-	-	-	-	-	-	-
IV- Balance at the end of period (31 December 2011) (III+ A+B+C+D+E+F+G+H+I+J)	350.000.000	-	(2.980.459)	-	-	47.799.190	24.985.797	18.475.516	26.245.346	7.990.170	472.515.559

(*) Detailed explanations concerning equity items are included in foot note numbered 15.

Notes between pages 73 and 140 are complementary to these financial statements.

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

1. General information

1.1 Name of the parent company and last owner of the group: Mapfre Genel Sigorta Anonim Şirketi ("Company") has been established in Istanbul-Turkey on 16 August 1948 and its main field of activity consists primarily of all kinds of insurance transactions in Turkey except life insurances, which are, accident, personal accident, traffic, fire, transportation, TCIP, engineering, agriculture and health. Having completed the transfer to Spanish Mapfre group of the dominant shares of the Company as of 20 September 2007, 280.000.000 shares representing 80% of the Company capital owned by Mapfre Internacional SA have been transferred to Mapfre Internacional SA ("Mapfre"), a participation of Mapfre SA in charge of international investments as of 23 April 2008, which transfer transaction was registered with the ledger of the Company.

Demir Toprak İthalat İhracat ve Tic. A.Ş shares amounting to 35.000.000 TL representing 10% of the company capital being transferred to Mapfre Internacional SA, the transfer transaction was registered to the share ledger of the company.

Avor İnşaat Gıda Tekstil Kimya San. ve Tic. A.Ş. shares amounting to 34.109.046 TL representing 9.75% of the company capital being transferred to Mapfre Internacional SA by virtue of the letter of permit dated 4 October 2010 and numbered 69664 of Republic of Turkey Prime Ministry Treasury Undersecretariat, the transfer transaction was registered to the share ledger of the company.

As a result of the board of directors meeting held on 13 February 2009, it was decided to rename the Company title as Mapfre Genel Sigorta Anonim Şirketi. To get necessary permits, the Company made legal applications to the Republic of Turkey Ministry of Industry and Commerce, Internal Trade General Directorate and Republic of Turkey Prime Ministry Treasury Undersecretariat Insurance General Directorate with letters dated 16 February 2009. The commercial title of the Company has been changed as Mapfre Genel Sigorta Anonim Şirketi as of 1 April 2009.

1.2 The residence and legal structure of the corporation, the country of establishment and the address of the registered office: The registered headquarters of the Company was at Meclisi Mebusan Caddesi No:25 Salıpazarı – Istanbul/Turkey, moved on 20 June 2012 to Yenişehir Mahallesi Irmak Caddesi No. 11 34435 Beyoğlu – Istanbul / Turkey address with the decision of the Board of Directors dated 20 June 2012 and numbered 2012/15. The company has regional directorates in Adana, Ankara, Antalya, Bursa, İzmir, Istanbul and İzmit provinces and branch directorates in Mersin, Malatya, Konya, Kayseri, Samsun, Gaziantep, Eskişehir and Denizli.

1.3 Subject of activity of the enterprise: The Company makes all kinds of insurance transactions in Turkey in the field of insurance except life including primarily fire and acts of God, transportation, land vehicles, rail vehicles, aircrafts, watercrafts, accidents, general liability, land vehicles liability, watercrafts liability, aircrafts liability, general losses, breach of confidence, financial losses IV, financial losses VII, financial losses IX, loan, legal protection and health. Besides, the Company performs reassurance transactions in the branch of health. The company started activities in the field of health insurance as of 1 August 2011 having taken over the health portfolio from Mapfre Genel Yaşam A.Ş. The Company decided to purchase 36.720 shares corresponding to 51% of Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. with its Board of Directors decision dated 21 September 2012 and numbered 2012/23.

1.4 Explanation of the activities and main fields of operation of the corporation: Explained in Note 1.2 and 1.3.

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

1. General information (continued)

1.5 The average number of the personnel working within the year in terms of categories:

	31 December 2012	31 December 2011
Top and senior executives	**87**	74
Other personnel	**469**	398
Total	**556**	472

1.6 The total amount of the wages and similar benefits provided to top executives such as the Chairman and members of the Board of Directors as well as general manager, general coordinator, deputy general managers and general secretaries in the current period: 4.703.134 TL (1 January - 31 December 2011 – 4.500.268 TL

1.7 In the financial tables; keys used in distribution of the investment revenues and activity expenses (personnel, management, research development, marketing and sale, outsourced benefits and services as well as other operating expenses):

Investment revenues transferred from non-technical department to the technical department

All expenses earned from directing to investment of the assets meeting technical equivalents are transferred to the technical department within the framework of the Circular on Principles and Procedures of the Keys used in Financial Tables being Prepared in line with the "Insurance Uniform Chart of Account of Republic of Turkey Prime Ministry Treasury Undersecretary (Treasury Undersecretariat) dated 4 January 2008 and numbered 2008/1. The amount transferred to the technical department is distributed to the sub-branches pro rata the ratios found as a result of division of the net cash flow amounts calculated having reduced the reassurer share for each branch with the total net cash flow amounts. Net cash flow is the amount found by reduction of the net paid damages from the net written premiums.

Distribution of the operating expenses

The personnel, management, research and development, marketing and sales expenses, outsourced benefits and services and other activity expenses not distributed directly as of 31 December 2012 are distributed in view of the weighted average of the ratios found by proportioning of the number of policies produced within the last three years for each sub-branch, gross premium amount and the number of damage notices with the circular of the Treasury Undersecretariat specified in the paragraph above.

1.8 Whether financial tables contain a single company or a companies group: The non-consolidated financial tables involve a single company (Mapfre Genel Sigorta Anonim Şirketi). The consolidated financial tables of the company are issued in accordance with the Communiqué regarding Issuance of Consolidated Financial Statements of Insurance and Reassurance Companies and Pension Companies.

1.9 Name of the reporting enterprise or other identity information and changes in the information since the previous balance sheet date: The name of the Company and other identity information have been specified in Note 1.1, 1.2 and 1,3, and the information involves notes regarding the changes since the previous balance sheet date.

1.10 Events after balance sheet date:

The financial statements of the Company issued as of 31 December 2012 have been approved by the Company management.

The building at the address Meclisi Mebusan Caddesi No.23 Salıpazarı – Istanbul included in the real estates for investment purposes within the company assets was sold on 08 February 2013 at a price of 59.351.250 TL

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

2. Summary of significant accounting policies

2.1 Preparatory principles

2.1.1 Information on the fundamentals used in issuance of the financial statements and the special accounting policies used:

The Company keeps its records over Turkish Lira (TL) according to the Insurance Account Plan specified within the scope of "Communiqué on Insurance Account Plan and Registration Statement" that took effect on 1 January 2005 upon publication on the Official Gazette dated 30 December 2004 and numbered 25686.

The Company, by virtue of the announcement of the Treasury Undersecretariat dated 2 May 2008 and numbered 2008/20, prepared its non-consolidated financial statements according to the principles of the Treasury Undersecretariat for insurance and reassurance companies and the accounting principles and standards set forth in the regulations in effect in accordance with the Insurance Law numbered 5684 (Insurance Law) published on the Official Gazette dated 14 June 2007 and numbered 26552.

The Company makes presentation of the financial statements according to the "Communiqué on Presentation of the Financial Statements" of the Treasury Undersecretariat dated 18 April 2008 and numbered 26851 issued within the scope of the Insurance Law and "Regulation on Financial Reports of Insurance and Reassurance Companies and Pension Companies" (Regulation on Financial Reports) that took effect on 1 January 2008 upon publication on the Official Gazette dated 14 July 2007 and numbered 26582.

Within the scope of the Regulation on Financial Reporting, it is essential that the activities of insurance and reassurance companies and pension companies be recognized within the framework of Turkish Accounting Standards announced by Turkish Accounting Standards (TMS), and the Turkish Financial Reporting Standards (TFRS), and it was decided that principles and procedures regarding the insurance contracts, subsidiaries, partnerships and participations under common control as well as financial statements, financial statements to be made public, and explanations and footnotes regarding the same shall be determined by the Treasury Undersecretariat. Consequently, the Company has recognized its activities as from 1 January 2008 within the framework of TMS and TFRS as well as other explanations, regulations and circulars published by the Treasury Undersecretariat. In the sector announcement of Treasury Undersecretariat dated 18 February 2008, it was announced that standards regarding TFRS 4- "Insurance Contracts", TMS 27 "Consolidated and Individual Financial Statements" and TMS 1 "standards regarding Presentation of Financial Tables" shall not apply. Under the Communiqué regarding Issuance of Consolidated Financial Statements of Insurance and Reassurance Companies and Pension Companies published on the Official Gazette dated 31 December 2009 and numbered 27097, the Company started to issue consolidated financial statements as from 31 March 2009. The consolidated financial statements of the company are also presented to the Treasury Undersecretariat.

Public Supervision, Accounting and Audit Standards Administration (KGK) established under the Decree with the Power of Law published on the Official Gazette dated 2 November 2011 is authorized, along with other authorities and duties thereof, to form and publish TMSs in compliance with international standards, make secondary arrangements and take necessary decisions toward implementation of Turkish Accounting Standards, and to approve the arrangements by institutions and entities with regulatory powers in their specific fields for the purpose of ensuring compliance with needs, transparency, reliability, clarity, comparability and consistency of the financial statements pertaining to those liable to keep ledgers in accordance with the laws they are bound with. KGK carries on the process of formation of TMS. Under Provisional Article 1 of the Decree with the Power of Law, current regulations shall continue to apply until effectiveness the standards and arrangements to be isused by KGK. This causes no change in the fundamentals used in issuance of the financial statements and the special accounting policies used as of the reporting period.

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

2. Summary of significant accounting policies (continued)

The Company, starting from 1 January 2008, also reflected the technical equivalents of insurance on its financial statements dated 31 December 2011 having calculated them within the framework of "the Regulation on Technical Equivalents of Insurance and Reassurance as well as Pension Companies and the Assets to which those Equivalents are to be Deposited" (Technical Equivalents Regulation) and various explanations by the Treasury Undersecretariat on the subject.

2.1.2 Other accounting policies convenient for understanding financial statements:

Adjustment of financial statements in high inflation periods

By virtue of the letter of the Treasury Undersecretariat dated 4 April 2005 and numbered 19387, the practice of inflation adjustment of the financial statements has been ended, and therefore, the Company did not correct its financial statements according to inflation as from the beginning of 2005. Consequently, the non-monetary assets and liabilities not included in the balance sheet on 31 December 2012, and the equity items including capital have been calculated within the scope of the standard on "Financial Reporting in Economies with High Inflation" numbered 29 published by TMSK, through indexing until 31 December 2004 of the entries until 31 December 2004, and moving of the entries thereafter over nominal values.

2.1.3 Currency used:

The functional and reporting currency of the Company is Turkish Lira (TL). The Company presented the amounts in the financial tables and footnotes over TL unless specified otherwise.

2.1.4 The degree of rounding the amounts presented in the financial table:

Unless specified otherwise in the financial tables and concerned footnotes, all amounts were shown as TL without rounding.

2.1.5 Measurement fundamentals used in issuance of the financial statements:

Financial statements were prepared according to historical cost principle apart from the ready for sale financial assets for trading purposes with their previously mentioned inflation adjustments and fair values.

2.1.6 Accounting policies, variations and errors in accounting estimations:

The Company prepares its financial statements within the framework of the accounting policies set forth in footnote numbered 2.1.1.

The accounting policies taken as a basis in preparation of the financial statements regarding the accounting period ending as of 31 December 2012 have been applied in consistency with those used in previous years except the new standards and TFRS interpretations summarized below applicable as of 1 January 2012.

The effects of these standards and interpretations on the financial condition and performance of the Company have been explained in relevant paragraphs.

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial
Tables For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

2. Summary of significant accounting policies (continued)

Amendments in the Turkish Financial Reporting Standards, Accounting policies and explanations:

The new standard, amendment and interpretations valid as of 1 January 2011 are as follows:

TMS 12 Income Taxes – Recovery of the Assets Taken as a basis (Amendment)

TMS 12, i) as a legally valid suggestion until provided otherwise, calculation has been updated that the deferred tax on the real estates for investment purposes measured with fair value model within the scope of TMS 40 will be re-earned through sale of the transported value of the real estate, and ii) that the deferred tax on assets not subject to depreciation measured with revaluation model in TMS 16 should be always calculated according to the principle of sale. The amendments should be applied retrospectively. This amendment has not been accepted by the European Union yet. The amendment has no effect on the financial standing or performance of the Company.

TFRS 7 Financial Instruments: Explanations – Improved Off-Balance Sheet Explanation Liabilities (Amendment),

The purpose of the amendment is better understanding by the readers of the financial statements of the transfer transactions of the financial assets (like securitization) in a way to involve possible risks that might be left on the party transferring the financial asset. Besides, the amendment brings additional explanatory requirements for cases where non-proportional financial asset transfer transactions are made until the end of the accounting period. Comparative explanations are not imperative. The amendment only affects principles of explanation, and has no effect on the financial standing or performance of the Company.

Standards published but not in effect and not early implemented

New standards, comments and amendments not taking effect for the current reporting period whereas published as of the approval date of the financial statements are as follows. Unless the Company specified otherwise, it shall make necessary amendments to affect the financial statements and footnotes after effectiveness of new standards and comments.

TMS 1 Presentation of Financial Statements (Amendment) – Presentation of Other Comprehensive Income Statement Components

The Amendments are valid for the annual accounting periods of 1 July 2012 and thereafter, but early implementation is also permitted. The amendments only change the grouping of the items shown in other comprehensive income statements. Items that can be classified (or reversed) in income statements on a prospective date shall be shown separately from the items that can never be classified into the income statement. The amendments shall be applied retrospectively. The amendment only affects principles of presentation, and will have no effect on the financial standing or performance of the Company.

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
(Currency Unit – Unless Specified otherwise it is shown as Turkish Lira (TL))

2. Summary of significant accounting policies (continued)

TMS 19 Benefits Provided to the Employees (Amendment)

The Standard is valid for the annual accounting periods of 1 January 2013 and thereafter, but early implementation is permitted. Implementation will be made retrospectively except some exceptions. Several subjects were clarified or modification was made in implementation within the scope of an amendment in the standard. The most significant of several amendments is the abolition of the practice of the benefit obligation corridor mechanism and determination of the distinction between the social rights of short and long term personnel according to the estimated payment date rather than the principle of earning of the personnel. The Company is evaluating the effect of the corrected standard on its financial standing and performance.

TMS 27 Individual Financial Statements (Amendment)

As a result of publication of TFRS 10 and TFRS 12, amendments were made in TMSK TMS 27. As a result of the amendments made, now TMS 27 only involves the subjects of recognition in individual financial statements of subsidiaries, jointly controlled enterprises, and participations. The transition provisions for those amendments are the same as TFRS 10. This standard has not been accepted by the European Union yet. No effect on the Company's financial standing or performance is expected from the amendment in question.

TMS 28 Investments in Participations and Business Partnerships (Amendment)

As a result of publication of TFRS 11 and TFRS 12, amendments were made in TMSK TMS 28, and the standard's name was renamed as TMS 28 Investments in Participations and Business Partnerships. Recognition via equity method was made as a result of the amendments made in not only participations but also business partnerships. The transition provisions for those amendments are the same as TFRS 11. This standard has not been accepted by the European Union yet. No effect on the Company's financial standing or performance is expected from the standard in question.

TMS 32 Financial Instruments: Presentation - Clarification of the Financial Assets and Debts (Amendment)

The Amendment clarifies the expression "existence of a legal right on clarification of the recognized amounts", and TMS 32 makes clear the field of practice of the settlement principle in the non-simultaneous and gross payment settlement systems (like exchange offices). The amendments shall be applied retrospectively for the annual accounting periods of 1 January 2014 and thereafter. No substantial effect on the Company's financial standing or performance is expected from the standard in question.

TFRS 7 Financial Instruments: Explanations - Clarification of the Financial Assets and Debts (Amendment)

The explanations made provide useful information to the users of the financial statements i) for evaluation of the effects on the financial standing of the company of the clarified transactions, and ii) comparison and analysis of the financial statements prepared according to TFRS and other generally accepted accounting principles. This amendment has not been accepted by the European Union yet. The amendments shall be applied retrospectively for the annual accounting periods of 1 January 2013 and thereafter as well as the intermediary periods in those accounting periods. The amendment only affects principles of explanation, and will have no effect on the financial standing or performance of the Company.

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2. Summary of significant accounting policies (continued)

TFRS 9 Financial Instruments – Class and Explanation

The new standard, upon the amendment in December 2011, will be valid for the annual accounting periods of 1 January 2015 and thereafter. TFRS 9 The first stage of Financial Instruments standard brings new provisions regarding measurement and classification of the financial assets and liabilities. The amendments in TFRS 9 shall affect the classification and measurement of the financial liabilities, and measurement of the financial liabilities classified as under measurement by reflection of the fair value difference profit or loss, and requires presentation in the other comprehensive income statement of the part regarding credit risk of the fair value differences of such financial liabilities. Early implementation of the standard is permitted. This standard has not been approved by the European Union yet. The Company is evaluating the effect of the standard on its financial standing and performance.

TFRS 10 Consolidated Financial Statements

The standard is valid for the accounting periods ending on 1 January 2013 and thereafter, and the amendments shall be applied retrospectively with some different regulations. Early implementation is permitted on condition that TFRS 11 Common Regulations and TFRS 12 Explanation of the Investments in Other Enterprises are simultaneously implemented.

It replaced the portion regarding consolidation of TMS 27 Consolidated and Individual Financial Statements Standard. A new definition of "control" was made for use in determination of which companies will be consolidated. It is a principle-based standard leaving more space for decision to the preparers of the financial statements. This standard has not been accepted by the European Union yet. The amendment has no effect on the financial standing or performance of the Company.

TFRS 11 Common Regulations

The standard is valid for the accounting periods ending on 1 January 2013 and thereafter, and the amendments shall be applied retrospectively with some regulations. Early implementation is permitted on condition that TFRS 10 Consolidated Financial Statements and TFRS 12 Explanation of the Investments in Other Enterprises are simultaneously implemented.

The standard regulates how the jointly managed business partnerships and joint activities will be recognized. The business partnerships are no longer permitted to be subject to proportional consolidation within the scope of the new standard. This standard has not been accepted by the European Union yet. No effect on the Company's financial standing or performance is expected from the standard in question.

TFRS 12 Explanations of the Investments in Other Enterprises

The standard is valid for the accounting periods ending on 1 January 2013 and thereafter, and the amendments shall be applied retrospectively with some regulations. Early implementation is permitted on condition that TFRS 10 Consolidated Financial Statements and TFRS 11 Joint Regulations are simultaneously implemented.

TFRS 12 involves all explanations regarding the consolidated financial statements included previously in TMS 27 Consolidated and Individual Financial Statements Standard, and all necessary footnote explanations that should be given with regard to the participations, business partnerships and structural enterprises included previously in TMS 31 Shares in Business Partnerships and TMS 28 Investments in Participations. This standard has not been accepted by the European Union yet. Within the scope of the new standard, the Company will give more footnote explanations regarding its investments in other enterprises.

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2. Summary of significant accounting policies (continued)

TFRS 13 Measurement of Fair Value

Although the new standard clarifies how the fair value will be measured within the scope of TFRS, it brings no amendment regarding when the fair value can and/or should be used. It constitutes a guidance for all fair value measurements. The new standard also brings additional explanation liabilities in relation with the fair value measurements. It is obligatory to apply this standard in the annual accounting periods ending on 1 January 2013 and thereafter, and the implementation will be made prospectively. Early implementation is permitted. New explanations should be given as from the period of implementation of TFRS 13 only – that is, comparative explanation is not necessary with previous periods. This standard has not been accepted by the European Union yet. The Company is evaluating the effect of the standard on its financial standing and performance.

Implementation Guide (amendment of TFRS 10, TFRS 11 and TFRS 12)

The amendment is valid for the annual accounting periods of 1 January 2013 and thereafter. The amendments are made on the implementation guide only to eliminate the need to retrospective adjustment. The first implementation date has been described as the "Commencement of the annual accounting period when TFRS 10 is first implemented". Evaluation whether or not control is made shall be held on the date of first implementation instead of the commencement of the offered comparative period. If control evaluation to TFRS 10 is different from that held in accordance with TMS 27/ TMSYK 12, then retrospective adjustment effects should be determined. However, if the control evaluation is the same, no retrospective adjustment is necessary. If more than one comparative period is offered, retrospective adjustment of only one period is allowed. TMSK has amended the implementation guides TFRS 11 and TFRS 12 for the same reasons, facilitating transition provisions. This amendment has not been accepted by the European Union yet. The amendment has no effect on the financial standing or performance of the Company.

Improvements in TFRS

Annual TFRS Improvements for 2009 – 2011 period involving amendments of the existing standards have been published. Necessary but not urgent amendments are being made within the scope of annual improvements. The effective date of the amendments is the annual accounting periods of 1 January 2013 and thereafter. Early implementation is permitted as long as necessary explanations are provided. This project has not been accepted by the European Union yet. No effect on the Company, financial standing or performance of the project are expected.

TMS 1 Presentation of Financial Statements:
The difference between the voluntary comparative additional information and comparative information to be presented as a minimal requirement has been clarified.

TMS 16 Tangible Assets:
It was clarified that the spare part and maintenance equipment complying with the definition of tangible assets do not constitute stocks.

TMS 32 Financial Instruments: Presentation:
It was clarified that the tax effect of the distributions to the share certificate holders should be accounted for within the scope of TMS 12. The amendment eliminates current liabilities in TMS 32 and requires accounting for within the framework of provisions of TMS 12 of all kinds of income taxes arising from distributions by companies to shareholders.

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2. Summary of significant accounting policies (continued)

TMS 34 Intermediary Period Financial Reporting:
TMS 34 clarifies the explanations sought in relation with total section assets and debts with regard to each section of activity. The total assets and debts of the sections of activity should be disclosed only if the information is regularly reported to the body authorized for decisions regarding the activities of the enterprise and a significant change occurred in the total amounts compared to the annual financial statements of the previous year.

2.1.7 Comparative information

By virtue of the "Sector Announcement regarding Presentation the New Accounting Codes and Financial Statements" numbered 2012/7 published on 31 May 2012, the credit card receivables with a maturity longer than three months amounting to 18.533.351 TL in the financial statements dated 31 December 2011 were classified under the account of receivables from insurance activities from other cash and cash equivalents for comparison with the financial statements dated 31 December 2012, and the credit card receivables with maturity lower than three months amounting to 45.867.179 TL were shown in the bank guaranteed credit card receivables with maturity less than three months in consistency with the way of presentation of the new financial statement. Besides, the short-term part amounting to 2.692.053 TL of the obligations to the Social Security Organization with regard to the treatment expenses shown under other miscellaneous debts account in the financial statements dated 31 December 2011 have been classified under the account of debts to Social Security Organization with regard to treatment expenses under short-term liabilities, and the long-term part amounting to 9.750.617 TL was classified under the account of debts to Social Security Organization with regard to treatment expenses under long-term liabilities. The recourse and recovery incomes amounting to 20.757.032 TL included in other gross technical incomes account in the financial statements dated 31 December 2011 have been shown separately in the financial statements for comparison with the financial statements dated 31 December 2012 by virtue of the sector announcement numbered 2012/7. Other technical expenses amounting to 3.594.755 TL shown under activity expenses in the financial statements dated 31 December 2011 are shown separately in the other gross technical expenses account.

2.2 Consolidation

Under the Communiqué regarding Issuance of Consolidated Financial Statements of Insurance and Reassurance Companies and Pension Companies published on the Official Gazette dated 31 December 2008 and numbered 27097, the Company started to issue consolidated financial statements as from 31 March 2009. The consolidated financial statements of the company are also presented to the Treasury Undersecretariat.

In its non-consolidated financial statements, the Company reflected Mapfre Genel Yaşam Sigorta Anonim Şirketi on the non-consolidated financial statements by adjustment of the capital increases until 31 December 2004 with proper correction factors in accordance with the sector announcement of Treasury Undersecretariat dated 18 February 2008 and numbered 2008/9 over the rearranged acquisition cost, and the capital increases after 31 December 2004 over the increase amount.

The Company has a subsidiary, Genel Servis Yedek Parça Dağıtım Ticaret A.Ş. (General Service) that should be consolidated within the scope of "TMS 27- Consolidated and Individual Financial Statements (TMS 27)" in its non-consolidated financial statements. Under clauses 5 and 6 of article 5 of the "Communiqué regarding Issuance of Consolidated Financial Statements of Insurance and Reassurance Companies and Pension Companies" dated 30 June 2009 and numbered 27097 by the Treasury Undersecretariat, the Company shall not realize consolidation in its financial statements dated 31 December 2012 and have shown its subsidiary in its records according to the cost method.

2.3 Department report

The Company realizes policy productions in Turkey. The Company pursues insurance activities within Turkey in a single reportable department and in non-life elementary branches, and does not give department reports because it is not a public one.

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2. Summary of significant accounting policies (continued)

2.4 Currency circulation

The Company takes as a basis the Republic of Turkey Central Bank (TCMB) foreign currency ask rates applicable on the transaction date in the policy transactions over foreign currency, and Republic of Turkey Central Bank foreign currency bid rates applicable on the transaction date in other transactions. The Company, when converting the end-of-the-term foreign currency balances into the used currency, uses Republic of Turkey Central Bank foreign currency bid rates. The foreign currency exchange rate difference arising from conversion into the used currency of the transactions over foreign currency or expression of the monetary items is reflected on the income statement of the expense or income in the relevant period.

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

		31 December 2012				31 December 2011
	TL/Us Dollar	**TL/Euro**	**TL/GBP**	TL/Us Dollar	TL/Euro	TL/GBP
Foreign currency bid rate	**1,7826**	**2,3517**	**2,8708**	1,8889	2,4438	2,9170
Foreign currency ask rate	**1,7912**	**2,3630**	**2,8858**	1,8980	2,4556	2,9322

2.5 Tangible assets

All tangible assets are registered first over their reissued cost value, and then are moved over their reissued cost values by conversion using the proper correction factor pertaining to the year of purchase until 31 December 2004. Those purchased as of the beginning of 2005 are moved over their purchase cost value. Tangible assets are shown over the cost value after reduction of accumulated depreciation, and, if any, over their net values after allocation of the provision for devalorization.

	31 December 2012	31 December 2011
Provision for devalorization of tangible assets	**(275.000)**	(275.000)

Depreciation is made taking into consideration the economic lifetime of the pecuniary fixed assets except lands, according to declining balances method for vehicles, fixtures and special costs, and according to normal depreciation method on share basis for buildings.

The depreciation periods of the pecuniary fixed assets estimated taking as a basis the beneficial lifetimes are given below:

Asset Type	**Beneficial lifetime**
Real Estates for Utilization Purposes (Buildings)	12-50
Fixture and installations	2-50
Motor vehicles	5
Special cost amounts	5

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2. Summary of significant accounting policies (continued)

2.6 Real Estates for investment purposes

The buildings and lands kept to earn rent or for value bringing purposes or for both rather than for use in the activities of the company or for administrative purposes or being sold in the normal course of the works are classified as real estates for investment purposes. Real estates for investment purposes consist of lands and buildings, and is shown over the acquisition cost by reduction of the accumulated depreciation except lands from the acquisition cost. No depreciation is allocated for lands because they have unlimited lifetime. As to the buildings, they were subjected to depreciation over their beneficial lifetime by the method of linear depreciation. In the event of the conditions pointing at devalorization in real estates for investment purposes, then examination will be made for determination of probable devalorization, and if as a result of the examination, the registered value of the real estates for investment purposes is more than its recoverable value, then it shall be reduced to its recoverable value by allocation of provisions. Recoverable value is accepted as the higher of the net cash flows from the existing use of the real estates for investment purposes and reasonable value after reduction of sales costs. The depreciation periods of real estates for investment purposes are as follows:

Asset type	**Beneficial lifetime**
Real estates for investment purposes (Buildings)	10-50

Besides, there are real estates kept and monitored among real estates for investment purposes by the Company for sales purposes. The Company plans to sell the real estates in question within 1 year, and allocates no depreciation over the real estates in question because of fulfillment of necessary conditions within the scope of TFRS 5 "Turkish Financial Reporting Standard regarding assets kept at hand for selling purposes and stopped activities". Real estates for investment purposes are valuated with lower of the purchase cost and fair value.

2.7 Intangible fixed assets

Intangible fixed assets consist of software license. All intangible assets being registered first over their cost value, and are moved over their reissued cost values by conversion using the proper correction factor pertaining to the year of purchase until 31 December 2004. Those purchased as of the beginning of 2005 are moved over their purchase cost values.

The values of the intangible assets are examined to test whether or not any devalorization occurred in case of a change of the conditions.

As of 31 December 2012, intangible fixed assets were subjected to share depreciation with the method of linear depreciation over their economic lifetime. The depreciation periods of the intangible fixed assets are specified below:

Asset type	**Beneficial lifetime**
Rights	3-15

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2. Summary of significant accounting policies (continued)

2.8 Financial assets

Financial instruments are agreements that increase the financial assets of an enterprise, and the financial liabilities or capital instruments of another enterprise. Financial assets:

- cash,
- the contractual right suggesting acquisition of cash or another financial asset from another enterprise,
- contractual right suggesting mutual exchange in favor of the enterprise of the financial instruments of one enterprise with another,
- Capital instruments of another enterprise.

A financial asset or liability will be calculated first over the transaction costs, which is a fair value provided (for the financial asset) and acquired (for financial liability), also adding transaction costs, if any. Fair value means the price of trading of a financial instrument between willing parties in a current transaction apart from cases such as compulsory sale and liquidation. Quoted market price, if any, is the best value reflecting the actual value of a financial instrument. The estimated fair values of the financial instruments have been determined by the Company using the existing market information and suitable valuation methods.

The Company reflects financial assets or liabilities to its balance sheet if it is a party to the concerned financial instrument contracts. The Company removes from records all or part of his financial assets only when it loses its control on the rights arising from the contract which the assets in question are subject to. The Company shall remove from records the financial liabilities from records only if its liability defined in the contract is removed, annulled or lapsed.

All normal financial asset purchases and sales shall be reflected on the records on the transaction date, that is, on the date when the Company undertook to purchase or sell the asset. The purchases and sales in question are generally trades requiring delivery of the financial asset within the timeframe specified with general practices and arrangements in the market.

Current financial assets

The Company classifies its current financial assets as financial assets and loans ready for sale, to be kept until maturity and for trading purposes, and receivables from main activities.

Classification and valuation of financial investments

a) Financial assets ready for sale

Financial assets ready for sale are non-derivative financial assets defined as ready for sale not classified as (a) to be kept until maturity, (b) for trading purposes, (c) loans and receivables. The pursuant valuation of the ready-for sale assets after first registration is made over its fair value.

All securities constituting the ready-for-sale financial assets portfolio of the Company as of dates 31 December 2012 and 31 December 2011 are over Turkish Lira.

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2. Summary of significant accounting policies (continued)

i) Government Bonds

The government bonds classified among financial assets ready for sale are valued according to their fair values. The values of the public securities calculated according to the internal performance method using concerned interest rates were compared to the fair values of the concerned security found taking into consideration the best order among the up-to-date instructions in the stock exchange market, and the difference between them were recognized under "Valuation of Financial Assets" account of equity. The difference between the values of the public securities calculated with the concerned interest rates according to internal performance method and their cost values is reflected on the income statement as interest income.

ii) Share certificates

The valuation of the share certificates classified under financial assets ready for sale is made over its fair value after first registration. Unrealized profits or losses not realized due to the changes in the fair value are recognized under the account "Valuation of Financial Assets" under equity item.. As to the dividends taken, they were shown among dividend incomes on the date of their receipt.

The fair values of the securities ready for sale traded in the active markets are determined with the closing price published in the Stock Exchange Market as of the balance sheet date.

All securities constituting the ready-for-sale financial assets portfolio of the Company as of 31 December 2012 are over Turkish Lira.

b) Financial assets to be kept at hand until maturity

Financial assets acquired for the purpose of keeping until maturity with fixed or definable payments are classified as securities to be kept until maturity.

The financial assets subject to reverse repurchase agreement transactions will be classified to financial assets to be kept until maturity, and after first registration, they are recognized with their discounted values using effective rate of interest method.

Profit or loss realized in case of devalorization or sell off of the real estates moved with their discounted cost value shall be included in the income statement in the relevant period.

The interests to be earned from moving of the financial assets to be kept until maturity are monitored in the unconsolidated income statement.

As of 31 December 2012, the Company has no financial asset to be kept until maturity in its portfolio.

c) Financial assets held for trading

Financial assets for trading purposes are assets gained for the purpose of earning profit from fluctuations in the price and similar factors formed in the market in the short run, or constituting part of a portfolio toward earning profit in the short run as independent from their reason of earning. After the date of first inclusion in the records, the financial assets for trading purposes are followed over fair value taking into consideration the best purchase order among the up-to-date orders in the stock exchange market. All realized and unrealized profits and losses regarding the financial asset for trading purposes are included into the income statement in the concerned period.

As of 31 December 2012, the Company has no financial asset for trading purposes in its portfolio.

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2. Summary of significant accounting policies (continued)

d) Loan and receivables:

Loan and receivables are financial assets created by provision of money or service to the debtor. The Company records the receivables from its main activities first over the acquisition cost, and monitors with their registered values. The loan and receivables are moved over their discounted costs after the first registration date. Provision for receivables is allocated if there is concrete indication that receivables from due insurance activities cannot be collected. The fees and other similar expenses paid in relation with the assets collected as security thereof are not acceptable as part of the transaction cost, and are reflected on the expense accounts.

Besides, the Company allocates provisions for receivables under administrative and legal proceedings due to its bad debts related to agencies and the insured under administrative and legal proceedings. The provision is shown under "Bad debt provision arising from main activities" in the balance sheet.

Non-current financial assets

Long-term securities consist of the shares of Genel Sigorta A.Ş. Civil Servants and Functionaries Pension and Benefit Fund Foundation owned by the Company by 0.17%. These securities, participations and subsidiaries are shown in the records over the acquisition cost.

Registration and deletion from records of the financial instruments

The Company reflects financial assets or financial liabilities to its balance sheet if it is a party to the concerned financial instrument contracts. All ordinary financial asset trading transactions are reflected on the records on the delivery date. The Company removes from records all or part of his financial assets only when it transfers the risks and benefits regarding the ownership of the assets in question, and it loses its control on the rights arising from the contract which they are subject to. The Company shall remove from records the financial liabilities from records only if its liability defined in the contract is removed, annulled or lapsed.

2.9 Devalorization in assets

Financial assets:

The objective indicators that a financial asset or a financial asset group incurred devalorization involve the following:

a) Significant financial troubles of the issuer or subscriber,
b) Violation of the contract,
c) A privilege granted by the creditor to the debtor which would not be granted under other conditions due to economic or legal reasons regarding the financial troubles the debtor incurs,
d) High probability that the debtor will go bankrupt or another type of financial restructuring will be made,
e) Elimination of the active market with regard to the financial asset in question due to financial difficulties,

The Company evaluates whether or not there is a relevant indicator as of the balance sheet dates, and reflects the devalorization, if any, on its records.

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2. Summary of significant accounting policies (continued)

Besides, the reductions that occur under the cost value in the fair value of the financial assets characterized as ready-for-sale capital instrument are accepted as an impartial indicator for devalorization. TMS 39 differs from UMS 39 published by International Accounting Standards Board in terms of such criterion. While TMS 39 puts forth the necessity of "long-term reductions substantially below the cost value in fair value" for determination of devolarization in ready-for-sale financial assets, the same criterion is dealt with as "long-term reductions substantially below the cost value in fair value" in UMS 39.

However, where there is an impartial indicator with regard to devalorization in both standards, it suggests reflection as loss on the income statement of the accumulated devalorization amount consisting of the difference between the cost value and the market value, and created under equities. The Company was following the share certificate devalorization under appreciation/(devalorization) account in the equity exchange table due to the reasons that the definition of "long term" and "substantial" were not expressly made in TMS 39 or UMS 39, that there was no guidance of the Treasury Undersecretariat with regard to the definitions of "long term" and "substantial", and that the drop in the stock exchange market prices of the share certificates whose fair value went below their cost lasted for a period less than a year. The Company suggested in 2009 that the devalorization in some financial assets can be long term having evaluated the developments within the last one year, and set some certain criteria to decide whether the devalorization that occurred in financial assets is "long term" and "substantial". The concept "long term" represents the financial assets that incur devalorization for a period of 18 months by the Company, and "substantial" represents the financial assets with a devalorization of 40% over its cost. The Company decided to allocate a provision for devalorization for the financial assets complying with both criteria. The Company reflected on the unconsolidated income statement the provision cancellation amounting to 1.284.499 TL (31 December 2011 - 1.425.135 TL provision expense) for ready-for-sale financial assets complying with such criteria as of 31 December 2012.

The amount of the relevant loss is recognized under profit and loss in case of existence of an objective indicator that devalorization loss occurred in loans and receivables. Besides, the Company allocates provisions for receivables due to its bad debts related to agencies and the insured under administrative and legal proceedings as well as the amounts not collected or collection of which is no longer improbable.

Nonfinancial assets:

Where the assets cannot be converted into money over the value they bear, it is considered whether or not there is devalorization in assets. When the value of the assets exceeds the amount that can be converted into money, then the expense of provision for devalorization is reflected on the income statement. The amount that can be converted into money is the higher of the net sale price of the asset and the utilization value. The utilization value reflects the current value of the prospective cash flows suggested to be acquired from utilization of an asset and its sale at the end of its economic lifetime, and the net sale price reflects the amount remaining after reduction from the sales revenue of the sales costs. The amount that can be converted into money is estimated for each asset, or if cannot be determined, for the group providing the cash flow where the asset is included. If the provision for devalorization allocated in past years is no longer valid or if a provision with a lower value is necessary, then the concerned amount is withdrawn and such amount is reflected on the unconsolidated income statement.

2.10 Derivative financial instruments

None.

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2. Summary of significant accounting policies (continued)

2.11 Clarification of financial assets (deduction)

The financial asset and liabilities are shown in the unconsolidated balance sheet being finalized in the event that there is a legal right and a power of sanction toward finalization, and in the event that there is the intent of collection/payment or simultaneous conclusion of the assets and liabilities in question on net basis.

2.12 Cash and cash equivalents

Cash and cash equivalents involve the future and demand cash and credit card amounts with the cash registry and banks. Cash equivalent values are short-term investments with high liquidity that can be easily converted into cash, with a maturity not exceeding 3 months, and without the risk of value loss.

The cash and cash equivalents are shown with the total of their acquisition costs and accrued interests.

Cash flow table

The cash and cash equivalents included in the cash flow table are given below:

	31 December 2012	31 December 2011
Cash Registry	**14.012**	9.312
Banks	**448.569.685**	339.671.135
- demand deposit	**8.045.025**	7.006.370
- time deposit	**440.524.660**	332.664.765
Blocked credit cards	**78.939.605**	64.401.053
Interest accrual	**4.071.670**	2.781.232
Payment orders	**(41.377)**	(41.377)
Cash and cash equivalents	**531.553.595**	406.821.355
Time deposit with original maturity exceeding 3 months	**(312.505.281)**	(226.623.858)
Interest accrual	**(4.071.670)**	(2.781.232)
Cash and cash equivalents constituting a basis to the cash flow table	**214.976.644**	177.416.265

2.13 Capital

2.13.1 The capital and partnership structure of the Company as of 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012		31 December 2011	
Name	**Share Rate**	**Share amount**	Share Rate	Share amount
Mapfre Internacional S.A.	**99,75%**	**349.109.046**	99,75%	349.109.046
Other	**0,25%**	**890.954**	0,25%	890.954
Total	**100,00%**	**350.000.000**	100,00%	350.000.000

The Company made no capital increase for the period ending on 31 December 2012.

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2. Summary of significant accounting policies (continued)

In the Extraordinary General Board meeting held on 24 December 2008, some amendments were made in some articles of the company articles of association, and the amendments in question has been published on the Official Gazette dated 8 January 2009. With the amendments made as of 24 December 2008, Company shares totaling to 350.000.000 were divided into 2 classes as 280.000.000 Group A shares and 70.000.000 Group B shares. Besides, the decisions that can be made with affirmative votes of at least 90% (amendment in the articles of association; capital increase, company merger, liquidation, participation in another company in a way to exceed 15% of the total value, distribution of less than 70% of the distributable dividend) were specified in the articles of association. With the amendments made, it was decided to distribute to the partners at least 70% of the profit distributable to the extent allowed by the laws.

2.13.2 As of the dates 31 December 2012 and 31 December 2011, there are privileges vested in the share certificates representing the capital.

2.13.3 The Company is not subject to the registered capital system as of 31 December 2012 and 31 December 2011.

2.13.4 Other information related to the capital of the Company is explained in Note 15.

2.14 Insurance and investment contracts - classification

Insurance contracts

All contracts of the Company related to its activity as of 31 December 2012 and 31 December 2011 consists of insurance contracts, and there is no investment contract.

Insurance contracts are contracts that transfer the insurance risk. The insurance contracts protect the insured against the negative economic results of the damage event within the framework of the terms and conditions undertaken in the insurance policy. The primary insurance contracts produced by the company are fire and acts of God, transportation, land vehicles, rail vehicles, aircrafts, watercrafts, accidents, general liability, land vehicles liability, watercrafts liability, aircrafts liability, general losses, breach of confidence, financial losses, loan, legal protection and health contracts.

Reassurance contracts

The Company transfers the insurance risks in the branches it is active to reassurer companies within the framework of reassurance contracts. Reassurance assets express the receivable figures from reassurance companies. The devalorization in the reassurance assets were evaluated as of the report date.

The incomes and expenses regarding the reassurance contracts are recognized in view of the periodicity principle in the profit and loss accounts on the date of their accrual.

Reassurance agreements do not eliminate the liabilities arising from the insurance contracts of the Company, and do not transfer the insurance risk existing in the financial statements.

The premiums written and damages formed are shown in the financial tables with gross and reassurance shares separately.

Reassurance assets and debts are excluded from the financial tables when the contract is over.

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2. Summary of significant accounting policies (continued)

2.15 Voluntary participation features in insurance and investment contracts

None (31 December 2011 - None).

2.16 Investment contracts without voluntary participation features

None (31 December 2011 - None).

2.17 Debts

Financial liabilities based on contract:

- Suggesting payment of cash or another financial asset to another enterprise, or
- Contractual liabilities suggesting mutual exchange against the enterprise of the financial instruments of one enterprise with another.

There is no loan lent as of the dates 31 December 2012 and 31 December 2011.

2.18 Taxes

Deferred income tax

Deferred tax should be reflected according to the balance sheet liability method taking into consideration the tax effects consisting of provisional differences between the values of the assets and liabilities as reflected on the financial reporting and their bases in the legal tax account. Deferred tax liability should be calculated over all taxable provisional differences.

Deferred tax assets should be calculated over all provisional differences and tax losses, if it seems possible to make the profits adequate for prospective reduction of the deductible provisional differences and unused tax losses.

The Company reflected the deferred tax asset and liabilities on financial statements by clarification. Deferred tax is calculated over the tax rates which are expected to be valid in the period when assets are generated or liabilities are fulfilled, and registered on the unconsolidated income statement as expense or income. Nevertheless, deferred tax is associated directly with equity account group if related to assets associated directly with equity in the same or a different period.

2.19 Benefits provided to the Employees

The Company has to pay indemnity to the personnel in case of dismissals and retirements apart from resignations and just reasons under the Code of Labor in effect. This indemnity is the equivalent of a wage for 30 days (31 December 2011 – 2.732 TL) provided it does not exceed 3.034 TL per year of working until dismissal or retirement as of 31 December 2012.

Liabilities regarding severance pay should be calculated within the framework of the provisions of "Turkish Accounting Standard regarding the Benefits Provided to Employees" ("TMS 19") using certain actuarial estimations over today's value of the estimated provision for the probable prospective liability amounts of all employees. Consequently, 2.919.091 TL (31 December 2011-2.176.189 TL) actuarial calculation was made and recorded for relevant liabilities as of 31 December 2012.

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2. Summary of significant accounting policies (continued)

Retirement rights and defined contribution plan:

The Company employees are members to Türkiye Genel Sigorta A.Ş. Civil Servants and Officers Retirement and Benefit Fund ("Fund") established according to provisional article 20 of Social Insurances Law numbered 506. The Company should pay premiums to the Fund for the employees in question. The technical financial statements of the Fund are audited by an actuary registered with the registry of actuaries in accordance with articles 1, 21, 28 and 31 of the Insurance Law numbered 5684.

Clause one of provisional article 23 of the Banking Law published on the Official Gazette dated 1 November 2005 and numbered 25983 stipulates transfer of the funds of the banks to the Social Security Organization ("SGK") within 3 years as from the date of publication of the Banking Law, and arranges the principles of such transfer. The law article in question concerning the transfer has been abolished with the decision dated 22 March 2007 and numbered E. 2005/39, K. 2007/33 published on the Official Gazette dated 31 March 2007 and numbered 26479 by virtue of the application by the Constitutional Court, by the President on 2 November 2005.

The justified decision regarding the abolition of the article in question by the Constitutional Court has been published on the Official Gazette dated 15 December 2007 and numbered 26372. After publication of the justified decision, Turkish Grand National Assembly ("TBMM") began to work on new legal regulations toward transfer to SGK of the bank fund participations, and the relevant articles of "Law on Amendment of Law on Social Insurances and General Health Insurance as well as Some Laws and Decrees with the Power of Law" numbered 5754 (New Law) has been accepted on 17 April 2008 by the General Board of TBMM. The New Law took effect on publication on the Official Gazette dated 8 May 2008 and numbered 26870.

The application of the Main Opposition Party to the Constitutional Court on 19 June 2008 requesting abolition of some articles of the New Law and stay of its execution until conclusion of the action for abolition has been declined by the decision of the Constitutional Court in its meeting dated 30 March 2011, and the justified decision has not been published on the Official Gazette as of the date of publication of the financial statements. On the other hand, with the Decision of the Board of Ministers published on the Official Gazette dated 9 April 2011 and numbered 27999, it was decided to extend the period regarding transfer of the funds to the Social Security Organization for two years and to postpone to 30 April 2013.

The commission to be formed with participation of SGK, Ministry of Finance, Treasury Undersecretariat, State Planning Organization Undersecretariat, BDDK, TMSF, a member representing the calculated Fund and of another representing the Fund participations separately for each fund; decided in relation with the transferee persons as of the transfer date, including the participations leaving the fund for each fund, that the cash value of the liability will be calculated using the technical interest rate of 6.90% taking into consideration the differences in question in the event that incomes and expenses per insurance branches of the funds within the scope of the Law and the monthly wages and incomes paid by the funds are above the monthly wages and incomes within the framework of SGK regulations. After transfer to SGK of the Fund participations under the New Law and those whom a monthly wage and/or income are paid and beneficiaries thereof, other social benefits and payments of those persons not met despite being included in the articles of foundation to which those people are subject to shall be continued to be met by the funds and by the corporations employing fund participations.

The Law on Amendment of the Social Insurances and General Health Insurance Law numbered 6283 known by the public as "law on accommodation" has been published on the Official Gazette as of 8 March 2012. The Company made its open fund calculation in question in terms of this law at the end of 2012, and taking into consideration the issues specified above, calculated an actuarial balance sheet deficit of 2.078.053 TL as of 31 December 2012 (31 December 2011 - 2.225.577 TL) and reflected the same on the records.

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2. Summary of significant accounting policies (continued)

2.20 Provisions

Provisions, contingent liabilities and contingent assets

The provisions are recorded only if the Company has an ongoing liability from the past (legal or structural), if it is possible due to such liability that the assets bringing economic benefit to the enterprise get out of hand, and if the amount of the liability to be realized can be estimated reliably. When the loss of value of money in time gains significance, provisions are calculated as a result of discount of the future cash flows using the pre-tax ratio of the current market estimations reflecting the time value of the money (and liability-specific risks, if appropriate).

Contingent liabilities, if they don't bear a high probability requiring fund transfer, are not reflected on the financial statements, but explained in the footnotes. As to contingent assets, they are not reflected on the financial statements, but explained on the footnotes if the probability of bringing economic income is high.

Technical provisions for insurance business

The Company utilized technical provisions for insurance business within the scope of TMS 37 as of 31 December 2012.

a) Provision for unearned premiums:

Provision for unearned premiums consists of amounts extending to the next accounting period in view of the gross number of days without any reduction of the premiums accrued for the insurance contracts made within the period 1 January – 31 December 2012 in effect as of the balance sheet date excluding the earthquake security premiums and transportation branch premiums in the policies issued before 14 June 2007 under "Regulation on Technical Provisions of the Insurance and Reassurance as well as Pension Companies and the Assets to which those Provisions will be Deposited" (Regulation on Technical Provisions) that took effect as of 1 January 2008 upon publication on the Official Gazette dated 7 August 2007 and numbered 26606. The provision for unearned premiums is being calculated for the earthquake security premiums in the policies issued after 14 July 2007 within the scope of the Treasury Undersecretariat Circular dated 4 July 2007. As to the relevant provision in the transportation insurance contracts, it is calculated taking 50% of the net premiums written in the last three months.

On the other hand, it was stipulated to continue the practice of allocation of unearned premiums after reduction of commissions for policies issued before 31 December 2007 because of transfer to the financial statements of 2008 of the provision for unearned premiums prepared for year 2007 under the Circular dated 28 December 2007 and numbered 2007/25 of the Treasury Undersecretariat.

As of "the Sector Announcement regarding Technical Provisions and Implementation of the Relevant Legislation" published by the Treasury Undersecretariat on 27 March 2009, the dates of start and end of the policies taken into consideration in return for unearned premiums shall be considered 12.00 at noon, and the policies shall be considered half day for the date of issuance of all policies and their dates of completion.

The terms and conditions and commissions of the reassurance agreements in effect are taken into consideration in calculation of the reassurer share amount in return for unearned premiums.

The part corresponding to future period or periods of the amounts accrued for non-proportional reassurance agreements are followed in the deferred expenses account.

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2. Summary of significant accounting policies (continued)

Accordingly, for the policies in effect as of 31 December 2011, the Company calculated the provision for earned premiums over the remaining amount after deduction of commissions, and wrote the provision for earned premiums over gross premiums for the policies in effect as of 31 December 2012 issued on and after 1 January 2008.
The part corresponding to future period or periods of the amounts accrued for non-proportional reassurance agreements are followed in the deferred expenses account. The part corresponding to future period or periods of the amounts accrued for non-proportional reassurance agreements are followed in the deferred expenses account. The commissions paid to the brokers for written premiums and such of the commissions collected due to the premiums transferred to the reassurers that corresponds to the future period or periods are followed having set off respectively under the accounts of deferred production incomes (incomes pertaining to the future months, Note: 19) and deferred production expenses (expenses pertaining to the future months Note: 47.1) in the balance sheet, and under the account of operating expenses in the income statement. 40.762.493 TL (31 December 2010 - 29.174.761 TL) was reflected on the financial statements as deferred commission expense and, 16.016.750 TL (31 December 2010 - 12.363.351 TL) as deferred commission income as of 31 December 2011.

b) Provision for Unexpired Risks:

For the insurance contracts issued as of 1 January 2008, the provision for unexpired risks under the Technical Provisions Regulation is allocated in the insurance branches where the risk levels undertaken throughout the period of the insurance contract and the time distribution of the earned premiums don't match, in the event that the provision for unearned premiums is inadequate compared to the risk incurred by the company and the expected level of expense.

The Companies are obliged to perform adequacy test in a way to involve the last 12 months in each accounting period against the probability that the indemnities that might arise due to the insurance contracts in effect are more than the provisions for unearned premiums allocated for the relevant contracts. In the event that the damage premium rate expected for the branches to be determined by the Treasury Undersecretariat is over 95%, then the amount found as a result of multiplication of the ratio exceeding 95% by the net unearned premiums is calculated as the provision for unexpired risks of that branch.

It has been stipulated in Article 7 of the sector announcement dated 18 July 2012 and numbered 2012/13 that in the event of amendment of the methods of calculation of the provision for pending claims or provision for unearned premiums under calculation of the provision for unexpired risks, the calculations of the provision for pending claims or provision for unearned premiums of the previous year subject to calculation of the provision for unexpired risks should be made according to the new method to eliminate the misleading effect. Since the Company started to use actuarial method in calculation of the amount of indemnity realized but not reported as from 30 June 2012 under the Regulation on Amendment of the Regulation on Technical Provisions of Insurance, Reassurance and Pension Companies and on Assets to deposit such Provisions published on the Official Gazette dated 17 July 2012 and numbered 28356, the transferred amount of pending claims has been used by calculation according to the new method in calculation of the unexpired risks.

The Treasury Undersecretariat has amended the sentence in the circular numbered 2012/15 and the second paragraph of the circular numbered 2007/21 "In this context, for calculation of the Provision for Unexpired Risks; it has been found convenient to take as a basis all sub branches included in the Uniform Chart of Accounts for Insurance set forth by the Undersecretariat within the framework of the Insurance Law numbered 5684" as "In this context, for calculation of the Provision for Unexpired Risks; it has been found convenient to take as a basis all main branches included in the Uniform Chart of Accounts for Insurance set forth by the Undersecretariat within the framework of the Insurance Law numbered 5684", to take effect starting from 31 December 2012. The net provision for unexpired risks has been calculated 177.670 TL as of 31.12.2012 according to the new calculation made in accordance with the relevant amendment. The net provision for unexpired risks has been calculated 1.377 TL as of 31.12.2011 according to the new method.

The provision for unexpired risks calculated net according to the circular of Treasury Undersecretariat numbered 2013/2 has been started to be calculated separately as gross and reassurance share as of 31 December 2012. The gross provision for unexpired risks as of 31.12.2012 has been calculated 750.348 TL (31 December 2011, 5.069.606), and the reassurer share of provision for unexpired risks has been calculated 572.678 TL (31 December 2011, gross: 5.069.606, reassurer share: 3.811.713 TL).

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2. Summary of significant accounting policies (continued)

c) Provision for pending loss and indemnity:

The Company, as of end-of-the-period, allocates a provision for damage for all obligations pertaining to the damage files notified and not paid yet. The provision for pending loss is determined in accordance with the expert reports and evaluations of an insured and the expert (31 December 2011– Provision for pending loss is determined in accordance with the expert reports or the evaluations of the insured and the expert, and in calculations regarding the provision for pending claims, it is taken into consideration with reduction of recourse and similar income items.)

Under the Regulation on Amendment of the Regulation on Technical Provisions of Insurance, Reassurance and Pension Companies and on Assets to deposit such Provisions published on the Official Gazette dated 28 July 2010 and numbered 27655, the amount of indemnity realized but not reported using the actuarial chain ladder methods, principles of which are determined by the Treasury Undersecretariat as of the end of the accounting period shall be calculated as from 30 September 2010. These methods are Standard Chain, Damage/Premium, Cape Cod, Frequency/Intensity and Munich Chain Method. The difference between the accrued and provision for pending claims determined on account is the amount of indemnity realized but not reported. The Company uses the Standard actuarial chain ladder method for all branches.

Actuarial chain ladder method calculations are made over gross amounts, and net figures are reached based on the effective relevant reassurance agreements of the company.

Besides, in the branches where major loss check is made by the actuary, an adequacy difference calculation is made for the next year for the major losses checked.

The major loss elimination is calculated in accordance with the "F-Major Losses Article" of the Circular dated 18 October 2010 and numbered 2010/16 published by the Treasury Undersecretariat. The Company did not do any major loss elimination in its provision for pending loss calculations as of 31 December 2012.

Under circular numbered 2011/23 on "Explanations regarding Calculation of Provision for Realized but not Reported Indemnity (IBNR)" of the Treasury Undersecretariat, an additional triangle has been added regarding the recourse, recovery and similar incomes accrued for each branch in AZMM table, and necessary calculations are made automatically.

Calculations to test the realized but not reported indemnity amounts under circular numbered 2012/316 on "Regulation on Amendment of the Regulation Regarding the Technical Provisions of the Insurance and Reassurance as well as Pension Companies, and the Assets to Deposit these Provisions" of the Treasury Undersecretariat have been abolished as of 30 June 2012.

In calculations regarding the branches where activity is newly started, adequacy difference of provision for pending claims realized but not reported and provision for pending claims is calculated according to the calculations made by the company actuary for five years of inauguration. In calculations regarding the branches where activity has been newly started, adequacy difference of provision for pending claims realized but not reported and provision for pending claims are calculated according to the calculations made by the company actuary for five years of inauguration under the article "H- Newly Established Companies and Newly Started Branches" of the circular numbered 2010/16 published by the Treasury Undersecretariat on 18 October 2010. In the financial losses branch where the Company just started its activities, 962 TL of pending adequacy difference was reflected on the Company's financial statements (31 December 2011-962 TL). Besides, according to the calculations of the company actuary, additional IBNR of 30.576 TL (31 December 2011 – 5.883 TL) for the profit loss insurances, and 1.908.278 TL (31 December 2011 - 418.403 TL) the health branch have been reflected as of 31 December 2012 on its financial statements. In this context, the Company as of 31 December 2012, has allocated a net provision for pending loss amounting to 138.650.777 TL (31 December 2011 – 146.765.229 TL).

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2. Summary of significant accounting policies (continued)

d) Provision for equalization:

The Company calculates provision for equalization within the framework of the Technical Provisions Regulation of the Treasury Undersecretariat published on the Official Gazette dated 7 August 2007 and numbered 26606 to be valid as of 1 January 2008.

Under the Technical Provisions Regulation, insurance companies are obliged to allocate provision for equalization for the insurance contracts involving loan earthquake securities to equalize the fluctuations in the indemnity rates in the following accounting periods and to meet the catastrophic risks. The provision in question is calculated at a rate of 12% of the net earthquake and loan premiums corresponding to each year. The amounts that accrue for the non-proportional reassurance agreements are accepted as transferred premium in calculation of the net premium. The provision for equalization, which used to be calculated net according to the provisions of the circular of Treasury Undersecretariat numbered 2013/2, started to be calculated separately as gross and reassurance share as of 31 December 2012, and was recognized under the Other Long Term Technical Provisions account. The gross provision for equalization as of 31.12.2012 is 34.315.245 TL (31 December 2011 23.005.245), and the reassurer share of provision for equalization is 23.414.772 TL (31 December 2011, 15.542.076 TL).

According to the provisions of circular numbered 2012/1 of the Treasury Undersecretariat, the company used 453.433 TL of the indemnity amount it paid due to Van earthquake left in conversation (gross paid indemnity 701.940 TL, reassurance share of paid indemnity 248.507 TL) from the amount of provision for equalization allocated in the previous years. The provision for equalization reflected on the income statement of 1 January 2012 – 31 December 2012 period is 3.890.738 TL net. (Gross 12.011.940 TL, reassurance share, 8.121.202 TL).

2.21 New Regulation on Treatment Expenses for Traffic Accidents within the scope of "Circular on Recognition of Payments regarding Treatment Expenses to the Social Security Organization and on Opening of a New Account Code in the Insurance Account Plan" numbered 2011/18

With article 59 of the "Law on Restructuring o Some Receivables and Amendment of the Social Securities and General Health Insurance Law as well as Some Other Laws and Decreases with the Power of Law " numbered 6111 published on the Official Gazette dated 25 February 2011 and numbered 27857, it was stipulated as of 25 February 2011 that in compulsory insurances providing health security to the traffic accidents; the amount to be specified by the Treasury Undersecretariat not exceeding 15% of the premiums written by the insurance companies should be transferred to the Social Security Organization ("SGK"), and that upon such transfer the liabilities of the insurance companies regarding treatment expenses due to injuries resulting from traffic accidents should be transferred to SGK. Also within the scope of Provisional article 1 of the same Law and article 59, it was stipulated that on transfer to SGK of the amount to be determined by the Treasury Undersecretariat provided not exceeding 20% of the amount to be transferred, the treatment services offered in relation with the injuries due to traffic accidents before 25 February 2011 shall also be covered by SGK.

In this context, principles and procedures regarding payment of the treatment expenses within the scope of compulsory traffic insurance, compulsory transportation insurance, and compulsory personal seat insurance have been regulated with "the Regulation on Principles and procedures regarding Collection of the Health Service Amounts Offered to the Concerned due to Traffic Accidents" published on the Official Gazette dated 27 August 2011 and numbered 8, and the Circular numbered 2011/17. In parallelism, the regulations for the Uniform Plan of Accounts for Insurance and the recognition principles with regard to the amendments have been regulated with the Circular on Recognition of the Payments made to SGK regarding Treatment Expenses and Opening of a New Account Code in the Insurance Account Plan (2012/18) in a way to take effect on 30 September 2011.

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2. Summary of significant accounting policies (continued)

Accordingly, IBNR is calculated taking out all data in relation with the indemnities paid for expenses of treatment for AZMM development triangles, pending indemnities and collected recourse, recovery and similar incomes in the branches of 714-Compulsory Highway Transportation financial Liability, 715-Compulsory Traffic and 718-Compulsory Personal Seat Accident for Buses. However, since no separation is made for years past in the premium side, the premiums are taken into consideration including those transferred to SGK in calculation of AZMM for the period after the Law.

The pending loss files accrued arising from the losses realized before 25 February 2011 with regard to the treatment expenses followed by the Company in its records as well as the calculated IBNR to be discharged regarding the treatment expenses in question have been closed and registered under the "Paid Indemnities" account. An amount of debt equal to the discharged equivalent is monitored under the accounts "346.02 Debts to SGK with regard to Liquidated Pending Indemnities in relation with the Treatment Expenses" and "446.02 Debts to SGK with regard to Liquidated Pending Indemnities in relation with the Treatment Expenses" in the balance sheet.

Besides, the expected loss premium rate used in calculation of the Provision for Ongoing Risks ("DERK") is calculated having reduced all amounts regarding the premium and loss to be transferred to SGK from the nominator and denominator. Amounts with regard to the past year premiums included in the denominator are calculated in accordance with the transfer principles of the current period, and are reduced from the past year premiums. The paid loss amounts used in calculation of DERK and the transferred and end-of-the-term pending and IBNR amounts are net of the treatment expenses within the scope of the Law and the effects of such expenses.

The amounts transferred to SGK in the period between 25 February 2011 - 26 August 2011 for the traffic branch in accordance with the circular numbered 2012/3 published by the Treasury Undersecretary on 16 March 2012 have been re-calculated in view of the circular provisions, and the calculated 425.907 TL additional difference has ben reflected on the revenue statement for 2012.

2.22 Regulation on "Pending Losses in the course of the Lawsuit" within the scope of "the Circular on Explanations with regard to Calculation of Provision for Realized but not Reported Indemnity (IBNR)" numbered 2011/23:

According to clause one of article 4 of the Regulation on Financial reports of the Insurance and Reassurance Companies and Retirement Companies, "except for the communiqués to be issued by the Undersecretariat on subjects specified in clause two, it is essential to recognize the Company activities within the framework of this Regulation and the legislation provisions of TMSK on the principles regarding preparation and submission of the financial statements". As to clause one of article 6 of the same Regulation, the balance sheet is defined as the "table reflecting the economic and financial status of the companies at a certain date, and showing accurately and correctly the assets, debts and equities thereof in the form of asset and liability accounts".

In this context, with the circular numbered 2011/23for the financial reports to reflect the true condition, it was specified that provision should be allocated by evaluation of the probability of gain and loss for the files in lawsuit process, and by which principles can a reduction in the provision for pending claims be made for the files in lawsuit process.

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2. Summary of significant accounting policies (continued)

Taking into consideration the date of conclusion of the lawsuit in accordance with the principles specified in the relevant circular, the rate of gain was calculated over the amounts of the lawsuits brought against in view of the sub-branches considering the realizations within the retrospective last five years from the end of period 2011 when calculation is made, and a reduction was made from the pending files accrued for the files in lawsuit process according to such rate of gain amounting to gross 9.753.916 TL and net 7.240.303 TL, and the gain rates used on sub-branch basis are given below.

	31 December 2012			31 December 2011		
Branch	Ratio of Gain (%)	Gross	Net	Ratio of Gain (%)	Gross	Net
Compulsory Traffic	14,02	4.701.768	4.699.232	13,65	4.629.623	4.624.319
Fire	25,00	745.241	481.090	25	1.054.365	767.380
Motor Land Vehicles Voluntary Financial Liability	25,00	794.078	793.853	25	735.583	735.047
Construction	25,00	1.019.452	205.924	15	465.635	112.809
Motor Land Vehicles - Automobile Insurance	25,00	595.837	595.837	23,02	423.887	423.843
Commodity	25,00	471.330	136.176	15	282.602	77.583
Theft	25,00	111.271	89.161	25	175.850	143.095
Installation	6,11	16.367	5.487	15	116.133	52.148
Financial Liability Against Third Persons	5,49	338.143	80.091	1,22	77.972	18.770
Machinery Breakdown	15,00	468.727	16.091	15	64.613	9.560
Personal Accident	25,00	50.316	26.634	15	36.063	10.781
Electronic device	15,00	937	703	25	2.319	2.136
Employer's Financial Liability	7,39	271.612	76.185	-	-	-
Compulsory Financial Liability regarding Poor Medical Practice	15,00	52.898	26.449			
Bus Seat Compulsory Personal Accident	25,00	115.086	7.319	-	-	-
Compulsory Highway Shipping Financial Liability	0,54	853	69	-	-	-
Total		**9.753.916**	**7.240.303**		**8.064.645**	**6.977.471**

2.23 Recognition of the incomes

Premium incomes

The written premiums express the amount after subtraction of annulments from the premiums of the policies issued within the period. Premium incomes are reflected on the unconsolidated financial statements according to principle of accrual by way of allocation of unearned premium over written premiums.

Commission incomes and expenses

Commission paid in relation with the written premiums and the commission incomes collected in relation with premiums transferred to the reassurance companies are accrued within the current period. Commissions collected and paid that are followed in accordance with the accrual principle are monitored under the accounts of incomes and expenses pertaining to future months respectively in the unconsolidated balance sheet under the activity expenses account as set off in the unconsolidated income statement.

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2. Summary of significant accounting policies (continued)

Recourse and recovery incomes

The Company, in the financial tables prepared as of 31 December 2009, recognizes the recourse receivables from insurance companies and real persons and legal entities agreed in pais when the recourse income related to the damage payments due to the letter of the Treasury Undersecretariat dated 18 January 2005 and numbered B.02.1.HM.O.SGM.O.3.1.1. The Company also allocates a provision for bad debt for its recourse receivables at the stage of lawsuit and execution. The Company, in the financial statements prepared as of 31 December 2011, accrued an income for recourse receivables from real persons and legal entities in accordance with the principles specified in the circulars of the Treasury Undersecretariat dated 20 September 2010 and numbered 14 January 2011, and numbered 2010/16 and 2011/1, and allocated a provision for the recourse receivables past 6 months (receivables from insurance companies) and 4 months (receivables from real persons and legal entities) after the date of payment of the damage constituting a basis to the recourse receivable. The company allocates a provision for bad debt for its recourse receivables at the stage of lawsuit and execution.

In the unconsolidated financial statements prepared as of 31 December 2012, the Company recognizes the accrued recourse and recovery incomes under the "Accrued Recourse and Recovery Expenses" account in accordance with the principles set forth in the circulars of the Treasury Undersecretariat dated 20 September 2010 and numbered 2010/13, and dated 31 May 2012 and numbered 2012/7.

Interest income

Interest incomes are recorded in accordance with the principle of accrual using effective revenue method.

Dividend income

Dividends are recorded as income on the date that the right to collection arises.

Rent income

Rent incomes are reflected on the financial statements when earned monthly.

2.24 Financial leasing

Financial leasing suggesting the transfer of all risks and benefits related to the proprietorship of the leased asset is reflected on the date of start of the financial leasing, taking into consideration the contractual price of the asset subject to the lease. Financial leasing payments are allocated throughout the rental period as capital and finance expense in a way to produce a fixed periodic interest rate for the remaining balance of each period. Finance expenses are reflected directly on the unconsolidated income statement in terms of periods. Capitalized leased assets are subject to depreciation over the estimated lifetime of the asset.

Operational leasing

The leasings where the landlord party keeps all risks and interests of the leased asset are classified as operational lease. Operational lease payments are directly registered as revenue in the unconsolidated income statement throughout the rental period.

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2. Summary of significant accounting policies (continued)

2.25 Profit share distribution

Earnings per share

Earnings per share are calculated by division of the net term profit distributable to the shareholders by the weighted average number of the shares within the year. In the event of capital increase from the internal resources within the term, then it is accepted that the newly found value is valid as of the start of period in calculation of the weighted average of the number of shares.

2.26 Related parties

Persons or enterprises related to the enterprise preparing their financial statements (referred as 'reporting enterprise' in this Standard).

(a) A person or a member of the close family of that person shall be related to the reporting enterprise in the following cases:

In the event that Person in question,

(i) has control or joint control power on the reporting enterprise,
(ii) has significant influence on the reporting enterprise,
(iii) is a member of the key executive personnel of the reporting enterprise or a parent partnership of the reporting enterprise.

(b) In the event that any one of the following conditions then the enterprise shall be considered related to the reporting enterprise:

(i) In the event that the enterprise and the reporting enterprise are the members of the same group (that is, each parent partnership, affiliate company and other affiliate company is related to the others).
(ii) In the event that the enterprise is a participation or business partnership of the other enterprise (or a group to which the other enterprise is a member).
(iii) In the event that both enterprises are the business partnership of a third party.
(iv) in the event that one of the enterprises is a business partnership of a third one and the other enterprise is a participation of the third enterprise in question.
(v) In the event that the enterprise has benefit plans after resignation with regard to the employees of the reporting enterprise and an enterprise related to the reporting enterprise. In the event that the reporting enterprise itself has a plan like this, the sponsor employers are related to the reporting enterprise too.
(vi) In the event of control or joint control of the enterprise by a person defined in article (a).
(vii) In the event that a person defined in clause (i) of article (a) has significant influence on the enterprise or is a member of the key executive personnel of the enterprise in question (or a parent partnership of this enterprise).

The transaction with the related party is the transfer of resources, services or liabilities between the reporting enterprise and the related party without regard to whether against a price or not.

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2. Summary of significant accounting policies (continued)

The transaction with the related parties is the transfer of resources, services or liabilities between the reporting enterprise and the related party without regard to whether against a price or not.

In the unconsolidated financial statements dated 31 December 2012 and concerning explanatory footnotes, Mapfre Group companies are defined as the related parties of the other partnerships, and the Company management as related parties.

2.27 Other monetary balance sheet items

Reflected on the balance sheet with their recorded values.

2.28 Events after the balance sheet date

Events that occur after the balance sheet date of the Company, which might affect the condition in the balance sheet date (events requiring correction) are reflected on the financial statements. Events not requiring correction are explained in footnotes if they bear certain significance.

3. Significant accounting estimations and provisions

It is necessary that the Company management make assumptions and estimations setting the probable liabilities and undertakings that might affect the amounts of assets and liabilities reported, occurrence of which are probable as of the balance sheet date, and the amounts of income and expense as of the reporting period. Realized outcomes can be different from the estimations. The estimations are regularly reviewed, necessary corrections are made, and are reflected on the income statement not consolidated in the period they are realized. The estimations used are primarily explained with insurance provisions for pending loss and indemnity, other technical provisions and provisions for devalorization of assets, and these estimations and assumptions are explained in detail in the relevant footnotes. Beyond those, significant estimations used in preparation of the financial statements are given below:

Provision for Severance Pay:

The Company calculated and recorded the provision for severance pay in the unconsolidated financial statements attached using actuarial assumptions.

Provision for doubtful receivables:

The Company allocated a provision for bad debts amounting to net 49.303.681 TL (31 December 2011 – 36.289.026 TL) in the financial statements pertaining to the period ending on 31 December 2012 for those mediators and insured not able to repay, and the recourse receivables at the stage of execution or trial.

Deferred tax:

Deferred tax assets are registered by earning taxable profit in the future where it is strongly probable to benefit from provisional differences and accumulated losses. Significant estimations and evaluations need to be done with regard to taxable profits that can take place in the future when determining the amount of the deferred tax assets to be registered (Note 21).

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4. Management of insurance and financial risk

Insurance risk

The main risk related to the insurance policy of the Company is that the damages and damage payments might be over expectations. Consequently, the main target of the Company in management of the insurance risk is to make sure that it has adequate provision for insurance to meet such liabilities.

The Company pursues activities in elementary field, and issues policies in the following main branches:

- Fire and natural disasters
- Marine
- Land vehicles
- Rail vehicle
- Aircrafts
- Watercrafts
- Accident
- General liability
- Land vehicles liability
- Watercrafts liability
- Aircrafts liability
- General losses
- Breach of confidence
- Financial losses IV
- Financial losses VII
- Financial losses IX
- Loan
- Legal protection
- Health

Generally short-term policies within the period of transportation are issued in the branch of transportation, for project period in construction-installation policies in the engineering main branch, and generally 12-month policies in other products.

The chief risks the Company has to manage are the risks of earthquake, flood, storm etc. natural disasters and fire, accident and theft. Because there is a tariff system in those branches, the management of the risks is made through pricing and segmentation. Besides, the Company gets reassurance support to meet the indemnity demands that can be received both on risk basis and as a result of catastrophic damage based on general international acceptances.

The Company performs the risks that might arise from the accident branch through segmentation and proper pricing taking into consideration geographical and human conditions.

The Company has been acting as reassurer until 1 August 2011 in the Health branch, and will act as direct insurer after 1 August 2011.

Consequently, the Company manages a wide insurance contract portfolio diversifying relevant risks by way of reassurance agreements and policy writing strategies.

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4. Management of insurance and financial risk (continued)

The insurance securities granted in relation with the non-life insurance branches as of 31 December 2012 are as follows:

	31 December 2012	31 December 2011
Land Vehicles	**9.940.760.386**	8.523.347.416
Land Vehicles Liability	**2.085.578.185.392**	1.441.594.412.677
Accident	**37.921.204.384**	14.720.622.843
Watercrafts	**365.305.825**	441.975.884
Aircrafts	**247.621.154**	540.366.466
Aircrafts Liability	**888.869.990**	1.393.732.920
General Liability	**10.954.505.151**	7.104.758.715
Fire and Natural Disasters	**69.232.860.950**	52.059.870.278
General Losses	**77.344.269.351**	35.242.057.395
Marine	**45.374.937.754**	26.248.350.968
Financial losses	**300.071.632**	434.448.218
Legal Protection	**1.875.785.247**	2.585.451.210
Disease / Health	**688.370.479.082**	249.359.075.863
Breach of confidence	**146.483.354**	123.733.830
Total	**3.028.541.339.652**	1.840.372.204.680

Footnote numbered 17 involves the loss development table of the Company prepared as of 31 December 2012.

Financial risk management

Primary financial instruments used by the Company are cash, time bank deposits, reverse repurchase transactions, share certificates and government bonds as well as receivables and loans from main activities. The Company faces various financial risks due to their financial instruments and insurance contract liabilities. Risks arising from the instruments used are market risk, foreign currency risk, liquidity risk and loan risk. Company management manages those risks as specified below.

(a) Market risk

i) Price risk

Since the Company possesses financial assets valuated with the market price, it is subject to price risk. The following table shows, on condition that all variables remain stable, the effect of 5% value increase/(decrease) in the market prices of the share certificates constituting the ready-for-sale financial assets of the Company:

	31 December 2012	31 December 2011
Market price increase /(decrease)	**Effect on equity**	Effect on equity
%5	**79.498**	150.639
(%5)	**(79.498)**	(150.639)

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4. Management of insurance and financial risk (continued)

ii) Interest risk

The interest risk means the changes in the actual values of the financial assets or future cash flows arising from the fluctuations in the market interests. The interest risk is monitored by the Company closely by examination of the market information and via proper valuation methods.

The following table shows, on condition that all other variables remain stable, the effect of 5% value increase/(decrease) in the interest rates of the government bonds included in the accounts of ready-for-sale financial assets and financial assets for trading purposes in the portfolio of the Company as of 31 December 2012 and 31 December 2011:

	31 December 2012	31 December 2011
Interest rate increase/(decrease)	**Effect on equity**	Effect on equity
%5	**1.133.808**	4.763.006
(%5)	**(1.133.808)**	(4.763.006)

iii) Exchange rate risk

The exchange rate risk arises from the Company having foreign currency debts and assets, and the exchange rate risk arising from the difference in foreign currency exchange rate differences in their conversion into TL.

The foreign currency position of the Company as of 31 December 2012 and 31 December 2011 are as follows.

31 December 2012	**US Dollar**	**TL Equivalent**	**Euro**	**TL Equivalent**	**British Sterling**	**TL Equivalent**	**Other currencies TL Equivalent**	**Total TL Equivalent**
Cash and cash equivalents	**2.811.776**	**5.012.271**	**538.117**	**1.265.491**	**37.770**	**108.429**	**6.577**	**6.392.768**
Financial assets	-	-	-	-	-	-	-	-
Receivables from insurance activities	**28.095.777**	**50.083.532**	**12.306.441**	**28.941.057**	**9.645**	**27.689**	**1.784.702**	**80.836.979**
Receivables from reassurance activities	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Loans to the insured	-	-	-	-	-	-	-	-
Given deposits and securities	-	-	-	-	-	-	-	-
Receivables from partners	-	-	-	-	-	-	-	-
Total assets	**30.907.553**	**55.095.803**	**12.844.558**	**30.206.548**	**47.415**	**136.118**	**1.791.279**	**87.229.747**
Debts from main activities	**9.766.656**	**17.410.041**	**1.653.159**	**3.887.734**	-	-	-	**21.297.775**
Technical provisions, net	**2.802.268**	**4.995.322**	**2.461.300**	**5.788.240**	**28.049**	**80.523**	**4.535**	**10.868.619**
Deposits and guarantees received	-	-	-	-	-	-	-	-
Total liabilities	**12.568.924**	**22.405.363**	**4.114.459**	**9.675.974**	**28.049**	**80.523**	**4.535**	**32.166.394**
Foreign currency position, net	**18.338.629**	**32.690.440**	**8.730.099**	**20.530.574**	**19.366**	**55.595**	**1.786.744**	**55.063.353**

31 December 2011	USD	TL Equivalent	Euro	TL Equivalent	GBP	TL Equivalent	Other currencies TL Equivalent	Total TL Equivalent
Cash and cash equivalents	1.071.139	2.023.274	1.991.188	4.866.065	1.092	3.185	-	6.892.524
Financial assets	-	-	-	-	-	-	-	-
Receivables from insurance activities	19.519.233	36.869.879	8.237.989	20.131.998	34.081	99.414	137.482	57.238.773
Receivables from reassurance activities	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Loans to the insured	-	-	-	-	-	-	-	-
Given deposits and securities	-	-	-	-	-	-	-	-
Receivables from partners	-	-	-	-	-	-	-	-
Total assets	20.590.372	38.893.153	10.229.177	24.998.063	35.173	102.599	137.482	64.131.296
Debts from main activities	2.548.180	4.813.257	3.893.824	9.515.727	-	-	-	14.328.984
Technical provisions, net	3.067.747	5.794.667	1.880.490	4.595.541	41.810	121.960	10.103	10.522.273
Deposits and guarantees received	-	-	-	-	-	-	-	-
Total liabilities	5.615.927	10.607.925	5.774.314	14.111.269	41.810	121.960	10.103	24.851.257
Foreign currency position, net	14.974.445	28.285.229	4.454.863	10.886.795	(6.637)	(19.361)	127.379	39.280.042

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4. Management of insurance and financial risk (continued)

The following table shows, on condition that all variables remain stable, the effect of 10% value increase/(decrease) of the foreign currencies in the portfolio of the Company on the pre-taxation profit level:

		31 December 2012
Currency	**Exchange rate value increase / (decrease)**	**Effect on pre-taxation profit**
US Dollar	**10%**	**3.269.044**
US Dollar	**-10%**	**(3.269.044)**
Euro	**10%**	**2.053.057**
Euro	**-10%**	**(2.053.057)**
British Sterling	**10%**	**5.560**
British Sterling	**-10%**	**(5.560)**

		31 December 2011
Currency	Exchange rate value increase / (decrease)	Effect on pre-taxation profit
US Dollar	10%	2.828.523
US Dollar	-10%	(2.828.523)
Euro	10%	1.088.680
Euro	-10%	(1.088.680)
British Sterling	10%	1.936
British Sterling	-10%	(1.936)

(b) Loan risk

Credit risk means the condition the Company would encounter if the third parties are in mutual relation with fail to fully or partially comply with the requirements of the contract. The Company tries to manage the credit risk by constant evaluation of the reliability of the parties he is related to. The Company manages the subject of activity taking security where it deems necessary considering its field of activity.

Financial assets subject to loan risk among the financial instruments of the Company consist mostly of cash and cash equivalents, reverse repurchase transactions, government bonds and receivables from main activities apart from the cash registry account, and receivables involving loan risk included in other assets of the Company. The total amount of the financial instruments in question is 987.240.238 TL as of 31 December 2012 (involves other receivable balance including loan risk amounting to 12.941.367 TL), and represents the maximum loan risk (31 December 2011 - 835.558.655 TL).

The information on credit risk management of the Company is included in note 12.

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4. Management of insurance and financial risk (continued)

(c) Liquidity risk

Liquidity risk is the risk of a company not meeting its funding needs. The Company measures and evaluates the liquidity risk periodically within the framework of compliance of its affiliated group with the liquidity risk policies. As of 31 December 2012, the due date distributions of the Company's unreduced commercial debts and financial debts are as follows according to the maturity dates

31 December 2012	**Less than 1 year**	**1 year-5 years**	**Longer than 5 years**	**Total**
Debts from reassurance activities	**47.591.254**	**-**	**-**	**47.591.254**
Debts from insurance activities	**44.266.188**	**-**	**-**	**44.266.188**
Other debits	**51.374.388**	**-**	**-**	**51.374.388**
	143.231.830	**-**	**-**	**143.231.830**

31 December 2011	Less than 1 year	1 year-5 years	Longer than 5 years	Total
Debts from reassurance activities	47.150.330	-	-	47.150.330
Debts from insurance activities	31.192.158	-	-	31.192.158
Other debits	13.152.012	9.750.617	-	22.902.629
	91.494.500	9.750.617	-	101.245.117

Regulations on capital adequacy are calculated in 6-month terms within the framework of "Regulation on Measurement and Evaluation of the Capital Adequacies of Insurance and Reassurance and Pension Companies" published on the Official Gazette dated 19 January 2008 and numbered 26761. The main purpose of the capital management of the Company is to form a strong capital structure to maintain the operations of the Company and to maximize the value it brings to the Company partners provided in a sustainable manner.

The capital surplus of the Company is calculated 71.839.377 TL as of 31 December 2012 (31 December 2011 - 218.311.423 TL) under "Regulation on Amendment of the Regulation on Measurement and Evaluation of the Capital Adequacies of Insurance and Reassurance and Pension Companies" published on the Official Gazette dated 1 March 2009 and numbered 27156.

5. Section information

Explained in footnote numbered 2.2.

6. Tangible assets

6.1 All depreciation expenses and redemption and consumption shares of the term 5.617.761 TL (31 December 2011–.3.505.063 TL).

6.1.1 Depreciation Expenses: 3.953.782 TL (31 December 2011 – 2.935.970 TL).

6.1.2 Redemption and consumption shares : 1.663.979 TL (31 December 2011 – 552.809 TL)

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6. Tangible assets (continued)

6.2 Depreciation calculation methods and increases (+) or decreases (-) in depreciation expenses of the period resulting from the changes done in these methods: None (31 December 2011 None).

6.3 Fixed asset movements in the current period:

6.3.1 Cost of the pecuniary and non-pecuniary fixed assets purchased, manufactured or constructed: 8.530.663 TL (31 December 2011 – 6.436.379 TL).

6.3.2 Cost of the sold or scraped pecuniary assets: 8.416.301 TL (31 December 2011 – 9.346.258 TL).

6.3.3 Valuation increases in the current period: None (31 December 2011 – None).

6.3.4 The nature, total amount, date of start and completion of the investments being made, and their degree of completion: None (31 December 2011 – None).

Tangible asset movement table:

	1 January 2012	**Additions**	**Exits**	**Transfers (*)**	**31 December 2012**
Cost:					
Real estates for utilization purposes	20.373.151	35.661	-	(8.029.501)	12.379.311
Motor vehicles	4.209.380	1.114.971	(623.867)	1.150.314	5.850.798
Fixture and installations	9.121.950	1.320.069	(726.155)	-	9.715.864
Special cost amounts	1.359.215	2.342.392	-	-	3.701.607
Advances regarding Pecuniary Assets	1.150.313	1.726.942	(509.013)	(1.150.314)	1.217.928
Total cost	**36.214.009**	**6.540.035**	**(1.859.035)**	**(8.029.501)**	**32.865.508**
Accumulated depreciation:					
Real estates for utilization purposes	(4.089.943)	(279.660)	-	2.470.834	(1.898.769)
Motor vehicles	(2.421.646)	(1.490.365)	582.971	-	(3.329.040)
Fixture and installations	(5.903.237)	(1.453.638)	679.437	-	(6.677.438)
Special cost amounts	(658.802)	(542.902)	-	-	(1.201.704)
Total accumulated depreciation	**(13.073.628)**	**(3.766.565)**	**1.262.408**	**2.470.834**	**(13.106.951)**
Net registered value	**23.140.381**	**2.773.470**	**(596.627)**	**(5.558.667)**	**19.758.557**

(*) The transfer balance from real estates for use consist of transfers to the account of real estates for investment purposes.

	1 January 2011	Additions	Exits	Transfers	31 December 2011
Cost:					
Real estates for utilization purposes	20.248.551	124.600	-	-	20.373.151
Motor vehicles	3.673.951	1.420.779	(1.094.723)	209.373	4.209.380
Fixture and installations	7.951.277	1.189.031	(18.358)	-	9.121.950
Special cost amounts	1.303.831	55.384	-	-	1.359.215
Advances regarding Pecuniary Assets	-	1.359.686	-	(209.373)	1.150.313
Total cost	33.177.610	4.149.480	(1.113.081)	-	36.214.009
Accumulated depreciation:					
Real estates for utilization purposes	(3.629.567)	(448.605)	-	(11.771)	(4.089.943)
Motor vehicles	(2.665.422)	(818.614)	1.062.390	-	(2.421.646)
Fixture and installations	(4.490.935)	(1.430.599)	18.297	-	(5.903.237)
Special cost amounts	(420.650)	(238.152)	-	-	(658.802)
Total accumulated depreciation	(11.206.574)	(2.935.970)	1.080.687	(11.771)	(13.073.628)
Net registered value	**21.971.036**	**1.213.510**	**(32.394)**	**(11.771)**	**23.140.381**

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6. Tangible assets (continued)

There is mortgage on the real estates for utilization purposes amounting to 155.570 TL in favor of the Treasury Undersecretariat.

The tangible assets acquired as lessee by the Company in financial leasing transactions contain the following balance sheets:

	31 December 2012	31 December 2011
Cost-effective financial leasing contracts (fixtures and installations)	**800.578**	800.578
Accumulated depreciation	**(798.737)**	(798.265)
Net book value	**1.841**	2.313

The Company reflected its operational renting expense amounting to 3.765.497 TL on the income statement as of 31 December 2012 (31 December 2011 – 2.181.263 TL).

7. Real Estates for investment purposes

	1 January 2012	**Additions**	**Exits**	**Transfers**	**31 December 2012**
Cost:					
Land	16.751.659	130.162	(5.247.619)	184.450	11.818.652
Buildings	869.338	41.454	-	7.845.051	8.755.843
Buildings kept for sale purposes	2.032.773	-	(1.178.086)	-	854.687
Total cost	**19.653.770**	**171.616**	**(6.425.705)**	**8.029.501**	**21.429.182**
Provision for devalorization and accumulated depreciation:					
Buildings-depreciation	(162.047)	(187.217)	-	(2.470.834)	(2.820.098)
Buildings and land - Provision for devalorization	(275.000)	-	-	-	(275.000)
Total	**(437.047)**	**(187.217)**	**-**	**(2.470.834)**	**(3.095.098)**
Net book value	**19.216.723**	**(15.601)**	**(6.425.705)**	**5.558.667**	**18.334.084**

	1 January 2011	Additions	Exits	Adjustments	31 December 2011
Cost:					
Land	16.751.659	-	-	-	16.751.659
Buildings	1.939.588	-	(1.070.250)	-	869.338
Buildings kept for sale purposes	8.981.135	214.565	(7.162.927)	-	2.032.773
Total cost	27.672.382	214.565	(8.233.177)	-	19.653.770
Provision for devalorization and accumulated depreciation:					
Buildings-depreciation	(277.158)	(16.284)	119.624	11.771	(162.047)
Buildings and land - Provision for devalorization	(433.107)	-	158.107	-	(275.000)
Total	(710.265)	(16.284)	277.731	11.771	(437.047)
Net book value	26.962.117	198.281	(7.955.446)	11.771	19.216.723

Besides the company has earned a rent income of 557.378 TL (1 January - 31 December 2011 – 487.729 TL) from the real estate for investment purposes in 1 January-31 December 2012 period.

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8. Intangible fixed assets

	1 January 2012	Additions	Exits	Transfers	31 December 2012
Cost:					
Rights	9.222.329	913.712	(131.561)	44.886	10.049.366
Investments in progress	223.855	905.300	-	(44.886)	1.084.269
Total Cost	**9.446.184**	**1.819.012**	**(131.561)**	**-**	**11.133.635**
Accumulated depreciation:					
Rights (*)	(1.679.458)	(1.663.979)	-	-	(3.343.437)
Total Depreciation	(1.679.458)	(1.663.979)	-	-	(3.343.437)
Net book value	7.766.726	155.033	(131.561)	-	7.790.198

(*) The Company recognized as expense in 2012, all of the health portfolio amount worth 909.717 TL transferred from Mapfre Genel Yaşam A.Ş. as of 1 August 2011 allocating depreciation.

	1 January 2011	Additions	Exits	Transfers	31 December 2011
Cost:					
Rights	7.373.851	1.848.478	-	-	9.222.329
Investments in progress	-	223.855	-	-	223.855
Total Cost	7.373.851	2.072.333	-	-	9.446.184
Accumulated depreciation:					
Rights	(1.126.649)	(552.809)	-	-	(1.679.458)
Total Depreciation	(1.126.649)	(552.809)	-	-	(1.679.458)
Net book value	6.247.202	1.519.524	-	-	7.766.726

9. Investments in participations

	31 December 2012			31 December 2011		
	Nominal value	**Inflation difference**	**Total**	Nominal value	Inflation difference	Total
Türkiye Genel Sigorta A.Ş. Memur ve Hizmetlileri Emeklilik ve Yardım Sandığı Vakfı	**1**	**11.192**	**11.193**	1	11.192	11.193
Other	**5**	**837**	**842**	5	837	842
Affiliated security	**6**	**12.029**	**12.035**	6	12.029	12.035
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	**125.125**	**-**	**125.125**	125.125	-	125.125
Participations	**125.125**	**-**	**125.125**	125.125	-	125.125
Mapfre Genel Yaşam	**31.840.000**	**8.876.506**	**40.716.506**	31.840.000	8.876.506	40.716.506
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	**2.428.025**	**-**	**2.428.025**	-	-	-
Subsidiaries	**34.268.025**	**8.876.506**	**43.144.531**	31.840.000	8.876.506	40.716.506
Total	**34.393.156**	**8.888.535**	**43.281.691**	31.965.131	8.888.535	40.853.666

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9. Investments in participations (continued)

	31 December 2012		31 December 2011	
	Participation Rate	**Place of Establishment**	Participation Rate	Place of Establishment
Tarsim	4,17%	Türkiye	4,17%	Türkiye
Mapfre Genel Yaşam	99,50%	Türkiye	99,50%	Türkiye
Genel Servis	51,00%	Türkiye	-	-

The summary financial information of the participations and affiliates are given in note 45.2.

(*) The Company shows Tarsim investment it participates at a rate of 4.17% among participations instead of other financial assets.

10. Reassurance assets

The information on reassurance contracts of the Company are included in the footnote numbered 2.14.

As of 31 December 2012, the amounts of the Company included in the balance sheet and income statement related to the reassurance transactions arising from insurance companies are as follows:

	31 December 2012	31 December 2011
Reassurer share against provision for unearned premiums (Note 17)	**87.357.232**	55.465.727
SGK share for unearned premiums (Note 17)	**12.619.304**	4.770.078
Reassurer share against provision for pending indemnity (Note 17)	**64.576.994**	58.380.074
Reassurer share for ongoing risks (Note 17)	**572.678**	-
Reassurer share for equalization provision (Note 17)	**23.414.772**	-
Current account of reassurer companies (net)	**(4.495.694)**	(35.857.119)
Reassurer share for recourse and recovery receivables	**(505.315)**	(170.262)
Total reassurance assets	**183.539.971**	82.588.498

	1 January - 31 December 2012	1 January - 31 December 2011
Premiums transferred to reassurers	**(183.082.616)**	(125.071.402)
Premiums transferred to SGK	**(21.386.230)**	(8.077.459)
Commission from reassurers	**36.989.725**	30.988.080
Reassurer share in paid losses	**60.237.245**	53.180.725
Reassurer share against pending losses	**6.196.907**	9.459.274
Reassurer share against unearned premiums	**31.891.505**	15.638.567
SGK share in provisions for unearned premiums	**7.849.225**	4.770.078
Reassurer share in provisions for ongoing risks	**(3.239.035)**	-
Reassurer share in equalization provision	**8.121.203**	-
Reassurer share for recourse incomes	**(4.430.249)**	(5.556.823)
Total reassurance expense	**(60.852.320)**	(24.668.960)

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
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11. Financial assets

11.1 Sub-classes of the items in accordance with the activities of the establishment:

		31 December 2012			31 December 2011	
Financial assets	**Blocked**	**Unblocked**	**Total**	Blocked	Unblocked	Total
Financial assets ready for sale	**-**	**55.029.331**	**55.029.331**	77.517.461	69.369.209	146.886.670
Government Bonds	**-**	**20.007.999**	**20.007.999**	77.517.461	65.548.389	143.065.850
Private Sector Debentures		**33.431.375**	**33.431.375**	-	-	-
Repurchase Agreement	**-**	**-**	**-**	-	808.031	808.031
Share certificates	**-**	**1.589.957**	**1.589.957**	-	3.012.789	3.012.789
Total	**-**	**55.029.331**	**55.029.331**	77.517.461	69.369.209	146.886.670

The Company reflected on the income statement the income of provision for devalorization amounting to 1.284.499 TL (31 December 2011 – 1.425.135 TL) for ready-for-sale financial assets as of 31 December 2012.

The movements of ready-for-sale financial assets for the year ending on 31 December 2012 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**146.886.670**	2.416.667
Purchases	**58.670.668**	148.664.065
Sales	**(147.548.126)**	(6.881.146)
Unrealized interest income reflected on the income statement	**(7.363.911)**	8.088.480
Unrealized net profit/(loss) reflected on the statement of changes in equity	**4.384.030**	(3.976.261)
Devalorization	**-**	(1.425.135)
End of period	**55.029.331**	146.886.670

As of 31 December 2012, the Company has no financial asset for trading purposes (31 December 2011 -None).

As of 31 December 2012, the Company has no financial asset to be kept until maturity (31 December 2011 – None).

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11. Financial assets (continued)

The maturity analysis of the financial assets is as follows:

31 December 2012	On demand	0-1 Month	1 - 3 months	3 - 6 months	6 months - 1 year	1 year-3 years	Longer than 3 years	Total
Share Certificate	1.589.957	-	-	-	-	-	-	1.589.957
Government Bonds	-	-	-	-	9.583.200	10.424.800	-	20.008.000
Private Sector Debentures	-	-	-	-	30.840.348	2.591.026	-	33.431.374
Repurchase Agreement	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total	**1.589.957**	**-**	**-**	**-**	**40.423.548**	**13.015.826**	**-**	**55.029.331**

31 December 2011	On demand	0-1 Month	01- 3 months	3 - 6 months	6 months - 1 year	1 year-3 years	Longer than 3 years	Total
Share Certificate	3.012.789	-	-	-	-	-	-	3.012.789
Government Bonds	-	2.779.420	-	-	109.229.590	31.056.840	-	143.065.850
Reverse repurchase transactions	-	808.031	-	-	-	-	-	808.031
Loans	-	-	-	-	-	-	-	-
Total	**3.012.789**	**3.587.451**	**-**	**-**	**109.229.590**	**31.056.840**	**-**	**146.886.670**

All financial assets of the Company are over TL as of 31 December 2012 and 31 December 2011.

11.2 Securities issued within the year apart from share certificates: None.

11.3 Securities representing debt redeemed within the year: None.

11.4 Information showing the values of the securities and financial fixed assets shown over their cost value in the balance sheet according to their stock exchange market prices, and of the securities and financial fixed assets shown over their stock exchange market prices according to their cost values:

Securities

	31 December 2012		31 December 2011	
	Cost value	**Registered value (Stock Exchange Market value)**	Cost value	Registered value (Stock Exchange Market value)
Financial assets ready for sale	**41.400.726**	**55.029.331**	144.150.633	146.886.670
Government Bonds	**19.631.372**	**20.008.000**	138.401.452	143.065.850
Private sector debentures	**20.023.059**	**33.431.374**	-	-
Repurchase Agreement	**-**	**-**	807.544	808.031
Share certificates	**1.746.295**	**1.589.957**	4.941.637	3.012.789
Financial assets held for trading	**-**	**-**	-	-
Government Bonds	**-**	**-**	-	-
Financial assets to be kept at hand until maturity	**-**	**-**	-	-
Reverse repurchase transactions	**-**	**-**	-	-
Total	**41.400.726**	**55.029.331**	144.150.633	146.886.670

Sale of financial fixed assets

The financial fixed assets monitored with their cost value has no stock exchange market price.

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
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11. Financial assets (continued)

11.5 Security amounts included within in the securities and long-term securities group issued by shareholders, affiliates and subsidiaries of the enterprise and the partnerships issuing the same: None.

11.6 Value increases within the last three years in the financial assets: There is no value increase within the last three years in the financial fixed assets.

11.7 Total amount of mortgages or sureties existing on the assets:

	31 December 2012	31 December 2011
Securities portfolio	**109.664.000**	77.176.664
Real estate mortgages	**155.570**	155.570
Total	**109.819.570**	77.332.234

All of the encumbrances on the securities portfolio as of 31 December 2012 and a portion of the mortgage deeds amounting to 155.570 TL are in the name of Republic of Turkey Treasury Undersecretariat. The Company has calculated the securities it blocked according to the valuation conditions set forth in article 6 of "Regulation on Financial Structure of the Insurance, Reassurance and Pension Companies" published on the Official Gazette dated 7 August 2007 and numbered 26606 passed by virtue of the Insurance Law.

12. Receivables

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

	31 December 2012	31 December 2011
Current receivables		
Receivables from insurance activities		
Receivables from the insured	31.025.466	24.431.233
Receivables from the Agencies	299.107.249	256.091.128
Recourse and recovery receivables	14.854.038	14.243.206
Bank Guaranteed Credit Card Receivables	31.920.592	18.252.685
Receivables from Insurance Companies	(92.620)	(109.691)
Rediscount (-)	(1.124.558)	(361.501)
	375.690.167	**312.547.060**
Receivables from reassurance activities		
Receivables from reassurance activities	16.070.423	11.111.819
	16.070.423	**11.111.819**
Stocks with insurance and reassurance companies		
Stocks with insurance and reassurance companies	66.873	84.875
	66.873	**84.875**
Provision for receivables from insurance activities		
Receivables under legal proceedings arising from main activities	49.303.719	36.289.064
Provision for receivables under legal proceedings arising from main activities	(49.303.681)	(36.289.026)
Provision for receivables from insurance activities (*)	(2.507.587)	(2.150.057)
	(2.507.549)	**(2.150.019)**
TOTAL	**389.319.914**	**321.593.735**

(*) The Company, in accordance with the principles specified in the circulars of the Treasury Undersecretariat dated 20 September 2010 and numbered 14 January 2011, and numbered 2010/16 and 2011/1, allocated a provision for the recourse receivables past 6 months (receivables from insurance companies) and 4 months (receivables from real persons and legal entities) after the date of payment of the damage constituting a basis to the recourse receivable. The provision for recourse receivable as of 31 December 2012 amounts to 2.507.587 TL (31 December 2011 – 2.150.057).

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12. Receivables (continued)

Other miscellaneous receivables and details of the expenses pertaining to future months are given in footnote no 47.

Movement table of provision for receivables under legal proceedings arising from main activities is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**36.289.026**	19.410.322
Classifications	**-**	-
Additional provision allocated	**13.023.896**	18.098.506
Released provision	**(9.241)**	(1.219.802)
Collection	**-**	-
End of period	**49.303.681**	36.289.026

The prospective aging of the receivables from immature insurance activities as of 31 December 2012 is as follows:

	31 December 2012	**31 December 2011**
0-90 days	**153.010.368**	127.683.057
91-180 days	**106.001.792**	116.419.029
181-270 days	**36.671.575**	10.619.565
271-360 days	**14.565.985**	3.355.261
More than 360 days	**7.579.824**	2.846.081
Total	**317.829.544**	260.922.995

	31 December 2012	31 December 2011
Overdue by 0-90 days	**27.363.313**	23.766.395
Overdue by 90-180 days	**13.686.878**	9.422.239
Overdue by 180-270 days	**6.640.260**	5.850.165
Overdue by 270-360 days	**5.301.997**	3.958.755
Overdue by more than 360 days	**4.868.175**	8.626.511
Total	**57.860.623**	51.624.065

(*) There is a total of 13.108.699 TL surety for the overdue receivables of the company without allocated provision as of 31 December 2012 (31 December 2011 – 23.492.037 TL).

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12. Receivables (continued)

12.2 The receivable-debt relation of the enterprise with partners, participations and subsidiaries:

				31 December 2012
		Receivables		Debts
	Commercial	Non-commercial	Commercial	Non-commercial
1) Partners				
Mapfre International S.A.	-	-	-	-
Other	-	-	-	70.759
2) Subsidiaries				
Mapfre Genel Yaşam Sigorta A.Ş.	9.090	-	261.624	-
Genel Servis Yedek Parça Dağıtım A.Ş.	83.417	-	-	-
3) Other related party				
Mapfre Re Compania Reaseguros S.A.			10.042.051	
Mapfre EmpresasComp. De Seguro	674.817	-	-	-
Mapfre Global	-	-	8.608.008	-
Mapfre Asistencia SA	-	-	664.615	-
Tur Asist	-	-	-	-
Mapfre Soft	-	-	-	-
Other	-	-	-	-
4) BOARD OF DIRECTORS				
Board of Directors	-	-	-	-
Total	**767.324**	**-**	**19.576.298**	**70.759**

				31 December 2011
		Receivables		Debts
	Commercial	Non-commercial	Commercial	Non-commercial
1) Partners				
Mapfre International S.A.	-	-	-	-
Other	-	-	-	65.193
2) Subsidiaries				
Mapfre Genel Yaşam Sigorta A.Ş.	55.514	-	10.952.829	-
3) Other related party				
Mapfre Re CompaniaReaseguros S.A.	-	-	19.055.778	-
Mapfre EmpresasComp. De Seguro	-	-	(309.221)	-
Mapfre Global	-	-	5.158.429	-
Mapfre Asistencia SA	-	-	456.967	-
Tur Asist	-	-	-	-
Mapfre Soft	-	-	-	313.347
Other	-	-	-	24.396
4) BOARD OF DIRECTORS				
Board of Directors	-	-	-	-
Total	**55.514**	**-**	**35.314.782**	**402.936**

12.3 Total amount of mortgage and other securities taken for the receivables:

	31 December 2012	31 December 2011
Received mortgage deeds	**32.527.060**	35.145.982
Cash	**1.601.389**	893.651
Letters of Credit received	**7.099.031**	5.204.381
Other guarantees and sureties	**1.760.233**	1.751.715
Total	**42.987.713**	42.995.729

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
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12. Receivables (continued)

12.4 Separate amounts and rates of conversion into TL of the receivables and debts represented with foreign currencies and without exchange rate guarantee and foreign currencies included in assets:

Shown with exchange rates in footnote Note 4 (a) ii.

13. Derivative financial instruments

None (31 December 2011 – None).

14. Cash and cash equivalents

Cash and cash equivalents constituting a basis to the period ending on 31 December 2012 are shown in footnote numbered 2.12.

The Company has no blocked time and/or demand deposit in favor of the Treasury Undersecretariat as of 31 December 2012.

The maturity of the time deposits as of the balance sheet date is between 1 day to 163 days (31 December 2011- 35 days to 189 days). The annual interest rates of the time deposits on foreign currency basis is as follows:

	31 December 2012	31 December 2011
Foreign currency/TL	**Annual interest rate (%)**	Annual interest rate (%)
TL	**3,00 - 10,50**	9,30 – 12,50
Euro	**1,50**	1,00 - 1,50
US Dollar	**1,00**	-

Values of cash and cash equivalents on foreign currency basis are shown on the footnote numbered Note 4 (a) ii.

15. Capital

15.1 Distributions to partners; amounts of the transactions by the corporation with partners by the will of the partners:

The Company, in accordance with the decision taken in its Ordinary General Board Meeting dated 30 March 2012, distributed in cash its dividend amounting to 22.177.690 TL on 6 September 2012.

15.2 Legal reserves

According to the Turkish Commercial Code, legal reserves are divided into two as primary and secondary legal reserves. According to the Turkish Commercial Code, 5% of the net legal profit shall be allocated until primary legal reserves reach 20% of the paid-up/issued capital of the Company. As to secondary legal reserves, they are 10% of the distributed profit exceeding 5% of the paid-up/issued capital. According to the Turkish Commercial Code, the legal reserves, unless they exceed 50% of the paid-up/issued capital, may be used to clarify the losses only, no other way of use is possible.

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15. Capital (continued)

The movements of the legal reserves within the term are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**47.799.190**	44.660.156
Transfer from the profit of the last year	**1.443.121**	3.139.034
End of period	**49.242.311**	47.799.190

Valuation of the financial assets:

Unrealized profits or losses as well as tax effects due to the changes in the fair value of the ready-for-sale financial assets are followed under "Valuation of Financial Assets" within the equity item.

The movements within the accounting period of the valuation amount of the financial assets are as follows. The amounts in question are shown within the equity as settled for deferred tax effect.

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**(2.980.459)**	200.550
Effect of fair value change and sales	**4.384.030**	(3.976.262)
Deferred tax amount related to fair value increase (Note 21)	**(109.067)**	122.142
Transfer from current term corporate tax related to fair value increase (Note 35)	**(767.737)**	673.111
End of period	**526.767**	(2.980.459)

Other profit reserves;

Other Profit Reserves within the Equity account as of 31 December 2012 and 31 December 2011 amounting to 15.171.396 TL means the incomes earned from the Provisions for Earthquake Damages included in the balance sheet as of 31 December 2006, and incomes obtained from such provisions and monitored within the concerned provisions until 14 June 2007.

Other capital reserves;

As of 31 December 2012 and 31 December 2011, Other Capital Reserves amounting 3.275.264 TL within the Equity account express 75% of the sales revenue of the share certificates sold after inclusion in the assets of the Company for two full years (730) days.

15.3 Capital movements

The paid-up capital of the Company as of 31 December 2012 and 31 December 2011 consist of 350.000.000 shares with a unit nominal value 1 TL.

Other detail information regarding the capital of the Company is included in footnote numbered 2.13.

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16. Other provisions and capital component of optional participation

Information related to other reserves included within equity are included in footnote no 15.

17. Insurance liabilities and reassurance assets

17.1 Security amount of the company to be established for life and non-life branches and security amount established according to life and non-life branches in view of assets:

	31 December 2012	31 December 2011
Amount of security to be established for non-life branches (*)	**123.854.375**	76.609.102
Amount of security established for non-life branches (**)	**134.150.000**	79.298.464

(*) In accordance with article 4 of "the Regulation on Financial Structures of Insurance and Reassurance and Pension Companies" passed by virtue of the Insurance Law and published on the Official Gazette dated 7 August 2007 and numbered 26606, the Minimum Guarantee Fund of the insurance companies and pension companies active in the field of life and personal accident branch cannot be less than one thirds of the total minimum incorporation capital amounts. Minimum guarantee fund for non-life insurance branches is created as surety in capital adequacy calculation period. The Company calculated the securities it blocked in the name of the Treasury Undersecretariat as of 31 December 2012 in accordance with the valuation conditions set forth in article 6 of the same regulation.

(**) As of 31 December 2012, the Company increased the amount of surety created for non-life branches in favor of the Treasury Undersecretariat to 134.150.000 TL.

17.2 The numbers of life policies of the Company as well as the numbers and mathematical equivalents of the allocated life and existing life insurance holders: None (31 December 2011 – None).

17.3 insurance surety amount provided to non-life insurance holders in terms of branches: Explained in footnote numbered 4.

17.4 Pension investment funds and unit prices established by the Company: None (31 December 2011 – None).

17.5 Participation documents in the portfolio as well as the number and amounts of the participation documents in circulation: None (31 December 2011 – None).

17.6 Portfolio amounts in view of the entering, quitting, annulled and existing private pension and group pension participants within the term: None (31 December 2011 – None).

17.7 Valuation methods used in calculation of the profit share in life insurances with profit share: None (31 December 2011 – None).

17.8 Private and corporate distribution of the numbers as well as gross and net participation shares of the private pension participants newly included within the term: None (31 December 2011 – None).

17.9 Private and corporate distribution of the numbers as well as gross and net participation shares of the private pension participants included from another company within the term: None (31 December 2011 – None).

17.10 Private and corporate distribution of the numbers as well as gross and net participation shares of the private pension participants passing from the life portfolio of the company to private pension within the term: None (31 December 2011 – None).

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17. Insurance liabilities and reassurance assets (continued)

17.11 Private and corporate distribution of the numbers as well as gross and net participation shares of the private pension participants leaving the Company's portfolio to pass to another company, or not passing to another company within the term both together: None (31 December 2011 – None).

17.12 Number as well as gross and net premium amounts of the life insurance holders newly included within the term, their private and group distributions: None (31 December 2011 – None).

17.13 Number as well as gross and net premium amounts of the life insurance holders leaving the portfolio within the term, private and group distributions of the amount of their mathematical equivalents: None (31 December 2011 – None).

17.14 Profit share distribution rate to the life insurance holders within the term: None (31 December 2011 – None).

17.15 Amounts resulting from insurance contracts:

	31 December 2012	31 December 2011
Gross technical provisions for insurance business		
Provision for unearned premiums	**426.091.940**	283.191.665
Provision for pending damage and indemnity:	**203.227.771**	205.145.303
Provision for unexpired risks	**750.348**	5.069.606
Provision for equalization	**34.315.245**	23.005.245
Total	**664.385.304**	516.411.819
Reassurer shares in technical provisions for insurance business		
Provision for unearned premiums (Note 10)	**87.357.232**	55.465.727
SGK share of provision for unearned premiums (Note 10)	**12.619.304**	4.770.078
Provision for pending damage and indemnity (Note 10)	**64.576.994**	58.380.074
Provision for unexpired risks	**572.678**	3.811.713
Provision for equalization	**23.414.772**	15.542.076
Total	**188.540.980**	137.969.668
Net technical provisions for insurance business		
Provision for unearned premiums	**326.115.404**	222.955.860
Provision for pending damage and indemnity:	**138.650.777**	146.765.229
Provision for unexpired risks	**177.670**	1.257.893
Provision for equalization	**10.900.473**	7.463.169
Total	**475.844.324**	378.442.151

Movement table of provision for pending loss within the accounting period

			1 January - 31 December 2012			1 January - 31 December 2011
	Gross	**Reassurer share**	**Net**	Gross	Reassurer share	Net
Start of the Period	**205.145.316**	**58.380.087**	**146.765.229**	172.950.063	48.920.813	124.029.250
Paid loss	**(492.886.261)**	**(60.237.245)**	**(432.649.016)**	(308.114.165)	(53.180.725)	(254.933.441)
Current period pending losses	**490.968.716**	**66.434.152**	**424.534.564**	340.309.418	62.639.999	277.669.420
End of period	**203.227.771**	**64.576.994**	**138.650.777**	205.145.316	58.380.087	146.765.229

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17. Insurance liabilities and reassurance assets (continued)

	1 January - 31 December 2012			1 January - 31 December 2011		
	Gross	Reassurer share	Net	Gross	Reassurer share	Net
Realized and reported losses	188.351.574	67.299.318	121.052.256	171.816.156	54.186.480	117.629.676
Realized but not reported losses	14.876.197	(2.722.324)	17.598.521	33.329.160	4.193.607	29.135.553
Total	203.227.771	64.576.994	138.650.777	205.145.316	58.380.087	146.765.229

Movement table of provision for unearned premiums within the accounting period:

	1 January - 31 December 2012			1 January - 31 December 2011		
	Gross	Reassurance share	Net	Gross	Reassurance share	Net
Start of the Period	283.191.666	60.235.806	222.955.860	193.405.655	39.827.160	153.578.495
Increase/(decrease)				-	-	-
-Provision for unearned premiums in current period	418.743.412	94.431.927	324.311.485	79.002.884	32.401.394	46.601.490
-Provision for unearned premiums in past years	(275.843.138)	(54.691.197)	(221.151.941)	10.783.127	(11.992.748)	22.775.875
End of period	426.091.940	99.976.536	326.115.404	283.191.665	60.235.805	222.955.860

Movement table of provision for unexpired risks within the accounting period:

	1 January - 31 December 2012			1 January - 31 December 2011		
	Gross	Reassurance share (*)	Net	Gross	Reassurance share	Net
Start of the Period	5.069.606	3.811.713	1.257.893	2.051.082	1.222.418	828.664
Net change	(4.319.258)	(3.239.035)	(1.080.223)	3.018.524	2.589.295	429.229
End of period	750.348	572.678	177.670	5.069.606	3.811.713	1.257.893

(*) The Company started to make the calculation as gross and as reassurance share as of 31.12.2012.

Movement table of provision for equalization within the accounting period:

	1 January - 31 December 2012			1 January - 31 December 2011		
	Gross	Reassurance share (*)	Net	Gross	Reassurance share	Net
Start of the Period	23.005.245	15.542.076	7.463.169	15.349.143	10.977.81	4.371.332
Net change	11.310.000	7.872.696	3.437.304	7.656.102	4.564.265	3.091.837
End of period	34.315.245	23.414.772	10.900.473	23.005.245	15.542.076	7.463.169

(*) The Company started to make the calculation as gross and as reassurance share as of 31.12.2012.

Net technical provisions expressed in terms of foreign currency as of 31 December 2012 are specified in footnote 4 (a) ii.

(*) 453.434 TL reduced from the provision for equalization regarding the damage of Van Earthquake that occurred in 2011 has been recognized under the paid losses in the financial statements.

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17. Insurance liabilities and reassurance assets (continued)

The loss development table of the company as of 31 December 2012 with final loss cost estimations is as follows:

									Year of Accident
Year of Notification	31 December 2005 and before	1 January 2006 31 Dec. 2006	1 January 2007 31 Dec. 2007	1 January 2008 31 Dec. 2008	1 January 2009 31 Dec. 2009	1 January 2010 31 Dec. 2010	1 January 2011 31 Dec. 2011	1 January 2012 31 Dec. 2012	Total
In the year of accident	2.763.146	2.122.841	2.347.591	3.758.940	3.760.693	5.710.976	9.302.257	65.733.224	95.499.668
1 year later	647.493	415.807	1.803.009	2.334.418	2.685.470	3.530.991	5.722.755		17.139.943
2 years later	755.247	463.574	1.263.475	1.679.634	1.102.787	1.091.578			6.356.295
3 years later	538.352	301.398	238.998	835.891	578.392				2.493.031
4 years later	320.453	353.765	331.608	296.159					1.301.985
5 years later	379.139	288.234	141.196						808.569
6 years later	248.191	142.289							390.480
7 years later	430.487								430.487
Total pending loss by virtue of the damage development table	6.082.508	4.087.908	6.125.877	8.905.042	8.127.342	10.333.545	15.025.012	65.733.224	124.420.458
Realized but not reported losses									17.598.521
Provision for pending loss of received contracts									4.416.554
Quota share provision for pending loss (2007 and before)									(620.967)
Excess of Loss									-
Cut off									76.484
Recoverable Pending Items									(7.240.303)
MMK Adequacy Difference									30
Provision for total pending damage and indemnity as of 31 December 2012									138.650.777

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17. Insurance liabilities and reassurance assets (continued)

The loss development table of the company as of 31 December 2011 with final loss cost estimations is as follows:

									Year of Accident
Year of Notification	**2004 and before**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**
In the year of accident	2.057.669	1.636.702	3.384.870	4.955.771	4.301.090	4.892.425	8.791.698	60.838.690	90.858.915
1 year later	748.774	1.343.905	1.438.582	1.740.472	2.667.088	3.795.024	3.859.104	-	15.592.949
2 year later	416.786	558.671	979.087	1.469.163	2.448.539	1.768.603	-	-	7.640.849
3 year later	400.627	278.310	491.454	398.019	828.965	-	-	-	2.397.375
4 year later	393.194	137.599	933.938	342.478	-	-	-	-	1.807.209
5 year later	438.922	456.207	677.839	-	-	-	-	-	1.572.968
6 year later	185.417	190.004	-	-	-	-	-	-	375.421
7 year later	188.159	-	-	-	-	-	-	-	188.159
Total pending loss by virtue of the damage development table	**4.829.548**	**4.601.398**	**7.905.770**	**8.905.903**	**10.245.682**	**10.456.052**	**12.650.802**	**60.838.690**	**120.433.845**
Realized but not reported losses									29.135.553
Provision for pending loss of received contracts									5.486.356
Quota share provision for pending loss (2007 and before)									(1.386.840)
Excess of Loss									(16.680)
CutOff									89.504
Recoverable Pending Items									(6.977.471)
MHK Adequacy Difference									962
Provision for total pending damage as of 31 December 2011									**146.765.229**

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18. Liabilities of investment agreement

None (31 December 2011 – None).

19. Commercial and other debts, deferred incomes

The debts of the company from its main activities as of 31 December 2012 are as follows:

	31 December 2012	31 December 2011
Debts from insurance activities	**44.266.188**	31.192.158
Debts to the Insured/intermediaries	43.422.486	30.505.253
Debts to insurance companies	843.702	686.905
Debts from reassurance activities	**47.591.254**	46.968.938
Debts to reassurance companies	16.656.924	41.328.508
Debts to intermediaries	872.409	1.998.643
Debts to insurance companies	30.311.284	3.823.179
Debt rediscount	(249.363)	(181.392)
Received stocks	**620.967**	1.386.840
Received stocks	620.967	1.386.840
Debts from other main activities	**-**	-
Debts from other main activities	-	-
Total	**92.478.409**	79.547.936

Commercial and other debts expressed in terms of foreign currency as of 31 December 2012 and 2011 are specified in footnote 4 (a) ii.

The details of the incomes pertaining to the future months and expense accruals as of 31 December 2012 are as follows:

	31 December 2012	31 December 2011
Deferred commission incomes	20.655.778	16.016.750
Expense accruals	578	578
Other	565	561
Total	20.656.921	16.017.889

20. Financial obligations

As of 31 December 2012, the Company has no financial obligation (31 December 2011 – None).

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21. Deferred income tax

The distribution of the deferred tax asset and liabilities using provisional differences subject to deferred tax and tax rates in effect as of 30 June 2012:

	Cumulative provisional differences	Deferred tax assets / (liabilities)
	31 December 2012	31 December 2012
Current deferred tax assets /(liabilities)		
Security valuation	157.537	31.507
Provision for doubtful receivables	6.756.564	1.351.313
Provision for ongoing risks	177.670	35.534
Provision for leave	1.562.136	312.427
Provision for BSMV	203.578	40.716
Receivable and Debt Rediscounts	1.438.340	287.668
Personnel Bonus Payment Advance	800.000	160.000
Notes Receivable Rediscount	(1.882.193)	(376.439)
Pending loss IBNR difference transferred to SGK	1.231.780	246.356
Other provisions	66.504	13.303
Recourse doubtful receivables	2.507.587	501.517
Total of current deferred tax assets / (liabilities)	**13.019.503**	**2.603.902**
Non-current deferred tax assets / (liabilities)		
Social support fund deficit	2.078.053	415.611
Provision for Devolarization of Assets	275.000	55.000
Provision for severance pay	2.919.091	583.818
Fixed asset depreciation differences	(7.144.516)	(1.428.903)
Total of non-current deferred tax assets / (liabilities)	**(1.872.372)**	**(374.474)**
Total deferred tax assets	**11.147.131**	**2.229.428**

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21. Deferred income tax (continued)

	31 December 2011	31 December 2011
	Cumulative provisional differences	Deferred tax assets / (liabilities)
Current deferred tax assets /(liabilities)		
Security valuation	1.836.740	367.348
Provision for doubtful receivables	5.356.275	1.071.255
Personnel Bonus Payment Advance	1.420.000	284.000
Receivable and debt rediscounts	447.228	89.446
Provision for ongoing risks	1.257.893	251.579
Notes Receivable Rediscount	(668.878)	(133.776)
Provision for leave	1.162.750	232.550
Provision for BSMV	139.027	27.805
Provision for actuarial chain	424.286	84.857
Commission of agency portfolio transfer	418.750	83.750
Pending loss IBNR difference transferred to SGK	1.316.299	263.260
Van earthquake pending loss	532.803	106.561
Total of current deferred tax assets / (liabilities)	13.643.174	2.728.635
Non-current deferred tax assets / (liabilities)		
Social support fund deficit	2.225.577	445.115
Provision for Devolarization of Assets	275.000	55.000
Provision for severance pay	2.176.189	435.238
Fixed asset depreciation differences	(6.187.079)	(1.237.415)
Total of non-current deferred tax assets / (liabilities)	(1.510.313)	(302.062)
Total deferred tax assets	12.132.861	2.426.573

The table of movements of the deferred tax asset is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**2.426.572**	1.709.074
Deferred tax effect reflected on equity (Note 15)	**(109.067)**	122.142
Deferred tax income / (expense)	**(88.077)**	595.356
End of period	**2.229.428**	2.426.572

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22. Pension social support liabilities

According to Turkish Code of Labor, a Company is liable to pay severance pay for its personnel who completed one year and dismissed from the Company, or who retired and completed his/her years of service, who earned his retirement, who was summoned for military service or who deceased. The pay to be made is the same as a month's wage for each year of service, and such amount is limited to 3.034 TL (31 December 2011– 2.732 TL) as of 31 December 2012. The calculated its relevant liability as of 31 December 2012 according to TMS 19, and registered its severance pay liability amounting to 2.919.091 TL (31 December 2011 – 2.176.189 TL) in its records.

Provision for severance pay is allocated calculating the value today of the probable liability requiring payment in the event of retirement of the employees. Consequently, the actuary assumptions used to calculate the liability as of 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012	31 December 2011
Discount rate	**7,73%**	10,00%
Estimated salary increase rate	**5,00%**	5,10%

The provision for severance pay movements for the accounting periods ending on 31 December 2012 and 31 December 2011 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**2.176.189**	1.979.817
Paid within the period	**(606.816)**	(410.366)
Amount of provision allocated in the current period	**1.349.718**	606.738
End of period	**2.919.091**	2.176.189

(*) Actuarial income/loss included.

The movements of provision for social benefit fund asset deficits for the accounting periods ending on 1 January – 31 December 2012 and 2011 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**2.225.577**	2.370.034
Period (income) expense, net	**(147.524)**	(144.457)
End of period	**2.078.053**	2.225.577

Permit leave movement is as follows as of 31 December 2012 and 2011:

	1 January - 31 December 2012	1 January - 31 December 2011
Start of the Period	**1.162.750**	785.321
Period expenses	**399.386**	377.429
	1.562.136	1.162.750

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23. Other liabilities and expense provisions

23.1 Provisions related to social security of the personnel and others:

The Company employees are members to Mapfre Genel Sigorta A.Ş. Memur ve Hizmetlileri Emeklilik ve Yardım Sandığı Vakfı ("Fund") established according to provisional article 20 of Social Insurances Law numbered 506. The Company, in accordance with the legal regulations specified in detail in Note 2, detected the deficit to be calculated in view of the methods determined within the framework of the legal regulations in question in the course of transfer to SGK, using actuarial methods, and reflected the provision regarding the fund deficit on financial statements within the scope of TMS 37 as 2.078.053 TL (2.225.577 TL as of 31 December 2011).

23.2 Other provisions

23.3 Total amount of commitments not included in the liability:

Commitments not included in the liability are specified in footnote no 43.

24. Net insurance premium income

The detail of the net written insurance premiums regarding the accounting period of the Company as of 31 December 2012 and 31 December 2011 are as follows:

			1 January - 31 December 2012
	Gross	Reassurance share	Net
Land vehicles	175.257.867	3.367.828	171.890.039
Land vehicles liability	222.199.415	27.212.916	194.986.499
Financial losses	354.992	305.762	49.230
Fire and natural disasters	105.442.151	81.867.060	23.575.091
General losses	101.167.216	70.019.899	31.147.317
Disease / health	221.302.093	-	221.302.093
Marine	25.288.307	5.687.343	19.600.964
Accident	16.266.488	5.474.094	10.792.394
General liability	14.453.221	8.179.444	6.273.777
Watercrafts	2.256.902	1.838.474	418.428
Aircrafts	543.829	175.315	368.514
Aircrafts liability	200.490	121.568	78.922
Legal Protection	1.288.896	-	1.288.896
Breach of confidence	565.475	219.143	346.332
Total premium income	**886.587.342**	**204.468.846**	**682.118.496**

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24. Net insurance premium income (continued)

			1 January - 31 December 2011
	Gross	Reassurance share	Net
Land vehicles	142.222.006	3.310.594	138.911.413
Land vehicles liability	134.479.635	13.600.707	120.878.928
Financial losses	821.602	703.951	117.651
Fire and natural disasters	72.697.635	50.664.691	22.032.944
General losses	66.956.426	43.056.970	23.899.457
Disease / health (*)	82.481.547	89.338	82.392.209
Marine	23.842.118	6.205.078	17.637.040
Accident	17.839.782	6.244.862	11.594.921
General liability	12.149.509	6.987.719	5.161.790
Watercrafts	1.904.916	1.404.585	500.331
Aircrafts	623.431	622.250	1.181
Aircrafts liability	133.920	133.883	36
Legal Protection	1.295.209	-	1.295.209
Breach of confidence	345.663	124.233	221.429
Total premium income	557.793.398	133.148.861	424.644.537

25. Subscription fee (wage) incomes

None (31 December 2011 – None).

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26. Investment incomes and expenses

The details of the investment expenses and incomes of the Company pertaining to accounting period 1 January – 31 December 2012 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Investments Value Reductions		
Provision for Share Certificate Devalorization	**-**	(1.425.135)
Total Value Reductions of Investments	**-**	(1.425.135)
Depreciation Expenses		
Depreciation Expenses	**(5.617.761)**	(3.505.063)
Total Depreciation Expenses	**(5.617.761)**	(3.505.063)
Loss Caused by Converting Investment into Cash		
Share certificate Sale Loss	**(784.449)**	(265.669)
Fixed Asset Sales Loss	**(313)**	
Loss Caused by Converting Investment into Cash	**(784.762)**	(265.669)
Loss of Exchange		
Current accounts exchange difference profit	**(5.874.216)**	(1.427.042)
Other currency exchange profits	**(678.855)**	(122.135)
Foreign currency sale profit	**(7.078)**	(165.617)
Foreign currency deposit exchange difference profit	**-**	(1.001.032)
Foreign Exchange Losses Total	**(6.560.149)**	(2.715.826)
Investment Revenues Transferred from Non-Life Technical Part		
Incomes from Government Bonds	(6.279.820)	(8.010.022)
Repurchase Agreement Incomes	(19.467)	(39.652)
Time Deposit Incomes	(31.813.348)	(34.536.519)
Share certificate sale profit-losses	(170.889)	51.617
Sale Profits from Real Estates for Investment Purposes	-	(5.688.152)
Share Certificate profit share income	-	(117.296)
Rental incomes	-	-
Other	-	(24.626)
Total Investment Incomes Transferred to Non-Life Technical Department	**(38.283.524)**	(48.364.651)
Total	**(51.246.196)**	(56.276.343)

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26. Investment incomes and expenses (continued)

	1 January - 31 December 2012	1 January - 31 December 2011
Revenues Obtained from Financial Investments		
Financial assets ready for sale	101.640	158.485
Financial assets held for trading	-	-
Financial assets to be kept at hand until maturity	-	-
Time deposit interest incomes	41.352.915	34.874.805
Interest revenue from receivables from shareholders	-	-
Revenues Obtained from Financial Investments	41.454.555	35.033.290
Revenues obtained from financial investments		
Financial assets ready for sale	16.957.516	175.439
Financial assets held for trading	-	-
Total Revenues Obtained from Financial Investments Converted into Cash	16.957.516	175.439
Valuation of Financial Investments		
Financial assets ready for sale	(7.363.911)	8.088.480
Financial assets held for trading	-	-
Financial assets to be kept at hand until maturity	-	-
Evaluation Total of financial investments	(7.363.911)	8.088.480
Exchange Profit		
Foreign currency deposit exchange difference profit	1.306.386	186
Current accounts exchange difference profit	1.484.684	10.320.798
Foreign currency sale profit	30.946	199.221
Other currency exchange profits	476.936	157.333
Foreign Exchange Profits Total	3.298.952	10.677.538
Revenues Obtained from Field, Land and Buildings		
Rent	557.378	487.730
Sale	2.344.294	5.743.868
Total Revenues Obtained from Field, Land and Buildings	2.901.672	6.231.598
Total	57.248.784	60.206.345

(*) The investment incomes transferred to non-life technical section have been calculated within the framework of the "Circular on Principles and Procedures of the Keys used in Financial Tables being Prepared in line with the Insurance Uniform Chart of Accounts" published by Republic of Turkey Prime Ministry Treasury Undersecretariat on 4 January 2008.

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27. Net accrual incomes of financial assets

The income and expense information in relation with the government bonds followed under the ready-for-sale financial assets in the intermediary accounting periods expiring on 31 December 2012 and 2011 is as follows;

	1 January - 31 December 2012	1 January - -31 December 2011
Ready-for-sale government bonds	**(7.363.911)**	8.088.480
Total	**(7.363.911)**	8.088.480

28. Assets reflected on the fair value difference income statement

None (31 December 2011 – None).

29. Insurance right and claims

Explained in footnote no. 17 for insurance liabilities and reassurance assets.

30. Investment agreement rights

None (31 December 2011 – None).

31. Other necessary expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Operating expenses classified under technical section	**129.674.808**	88.523.680
Operating expenses classified under non-technical section	**5.617.761**	3.505.063
Total	**135.292.569**	92.028.743

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32. Types of expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Personnel expenses	**33.560.262**	27.316.868
Net commission expense	**70.968.738**	43.803.718
General management expenses	**12.412.334**	9.289.205
Marketing and sale expense	**7.491.222**	4.279.489
Outsourced benefits and services expenses	**2.000.878**	1.459.147
Other	**3.241.374**	5.970.008
Operating expense transferred to technical department	**129.674.808**	92.118.435

33. Expenses of benefits provided to the employees

	1 January - 31 December 2012	1 January - 31 December 2011
Salaries	**24.281.142**	17.686.305
Severance pay	**606.816**	410.366
Notice pay	**58.249**	36.858
Premium payment	**827.614**	2.241.478
Employer's share of fund	**2.309.083**	3.286.286
Food Expenses	**1.535.607**	1.092.515
Personnel transportation expense	**1.268.240**	884.415
Individual retirement contribution share	**621.449**	671.008
Personnel Training Expense	**502.170**	198.035
Overtime Wages	**222.751**	54.710
Annual leave wages	**208.006**	34.271
Personnel group life policy expense	**230.872**	91.578
Other	**888.263**	629.043
Total	**33.560.262**	27.316.868

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34. Financial costs

34.1 All Finance expenses of the term: None (31 December 2011 – None).

34.1.1 Delivered to production cost: None (31 December 2011 – None).

34.1.2 Delivered to fixed asset cost: None (31 December 2011 – None).

34.1.3 Directly registered as expense: None (31 December 2011 – None).

34.2 Concerned part cost with partners, subsidiaries and affiliates from the finance expenses of the period. (those above 20 % shares in the total amount will be separately shown): None (31 December 2011 – None).

34.3 Sales and purchases with partners, subsidiaries and affiliates (those above 20 % shares in the Total Amount will be separately shown.):

			1 January - 31 December 2012
	Received/(given) reassurance commission	**Reassurance premium received/ (given) in damage**	**Reassurance premium (transferred) / taken over**
Mapfre Re Compania Reaseguros S.A.	**33.600.008**	**52.474.315**	**(109.505.338)**
Mapfre Genel Yaşam	**(4.319)**	**(6.358.702)**	**185.052**
Total	**33.595.689**	**46.115.613**	**(109.320.286)**

			1 January - 31 December 2011
	Received/(given) reassurance commission	Reassurance premium received/(given) in damage	Reassurance premium (transferred) / taken over
Mapfre Re CompaniaReaseguros S.A.	30.032.240	46.102.391	(90.706.957)
Mapfre Genel Yaşam	(1.562.803)	(38.217.275)	31.246.349
Total	28.469.437	7.885.116	(59.460.608)

34.4 Interest, rent or substitutes taken from and paid to the partners, subsidiaries and affiliates (those above 20% shares in the Total Amount will be separately shown:

Specified in footnote no 43.

35. Income taxes

The Company activities are subject to the tax legislation and implementations in effect in Turkey.

The corporate tax ratio in Turkey is 20%. Corporate tax is stated until the evening of the twenty fifth day of the fourth month subsequent to the end of the concerned accounting period, and is paid in a single installment until the end of the relevant month. 20% provisional tax is calculated and paid over the revenues formed in quarterly periods under the tax legislation, and the amounts so paid are deducted from the tax calculated over annual revenue.

The financial losses shown on the declaration as per the Corporate Tax Law can be reduced from the corporate tax base of the period provided they do not exceed 5 years. The statements and the relevant accounting records may be examined within five years by the tax office, and the tax accounts can be revised.

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35. Income taxes (continued)

15% corporate tax deduction is made by the full-fledged taxpayer corporations over the profit shares distributed to the foreign-based taxpayer corporations excluding those earning profit share through a work place or permanent representative in Turkey and foreign-based taxpayers exempt from corporate tax (addition of profit to capital is not considered profit distribution), and listed in clauses (1), (2) and (3) of clause two of article 75 of the Income Tax Law .

15% tax deduction is made over the profit shares distributed to the corporations exempt from tax (addition of profit to capital is not considered profit distribution) listed in clauses (1), (2) and (3) of clause two of article 75 of the Income Tax Law.

15% tax deduction is made over the profit shares distributed to the full-fledged taxpayer real persons, those who are not corporate taxpayers and those exempt from income tax (addition of profit to capital is not considered profit distribution) listed in clauses (1), (2) and (3) of clause two of article 75.

15% tax deduction is made over the profit shares distributed to the foreign-based taxpayer real persons and foreign-based taxpayers exempt from income tax (addition of profit to capital is not considered profit distribution) listed in clauses (1), (2) and (3) of clause two of article 75.

Withholding practice with reduced ratio is possible in accordance with the provisions of the international treaty toward prevention of double taxation, and it is applicable upon disclosure of the residence certificate.

An enterprise is exempt from corporate tax at a rate of 75% for the revenues from the share certificates it may hold in the company assets for a period of longer than 2 assets corporate tax under clause 1-e of article 5 of the Corporate Tax Law.

The amounts of the taxes paid in cash and tax equivalents as of 31 December 2012 are given below:

	1 January - 31 December 2012	1 January - 31 December 2011
Tax equivalent to be paid	**10.337.939**	6.761.399
Taxes paid in advance	**(10.861.087)**	(8.425.089)
	(523.148)	(1.663.690)

The analysis of the tax expense equivalent reflected on the income statement as of the year ending on 31 December 2012 is given below:

	1 January - 31 December 2012	1 January - 31 December 2011
Pre-taxation profit (deferred tax included)	**48.253.224**	33.679.854
Deferred tax (income) / expense	**88.077**	(595.356)
	48.341.301	33.084.498
Tax ratio	**20%**	20%
Calculated corporate tax provision	**9.668.260**	6.616.900
Legally unacceptable expenses	**(98.058)**	817.608
Current tax expense, net deferred tax income	**9.570.202**	7.434.508

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35. Income taxes (continued)

	31 December 2012	31 December 2011
Reflected on equity (Note 15)	**767.737**	(673.110)
Reflected on the income statement	**9.570.202**	7.434.508
Current tax expense	**10.337.939**	6.761.398

36. Net exchange rate Incomes / Expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Foreign currency deposit exchange difference profit/loss	**1.306.386**	(1.000.846)
Current accounts exchange difference profit/loss	**(4.389.532)**	8.893.756
Foreign currency sale profit	**23.868**	33.604
Other transactions exchange difference profit/loss	**(201.919)**	35.199
Foreign Exchange Profits Total	**(3.261.197)**	7.961.713

37. Earnings per share

37.1 Benefit and benefit share rates per share that are shown separately for the beneficial share certificates:

Earnings per share are calculated by division of the net term profit by the weighted average number of the shares within the period. Calculation is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Net current term profit	**38.683.022**	26.245.346
Weighted average number of shares with a nominal value of 1 TL each	**350.000.000**	350.000.000
Profit/(loss) per share (TL)	**0,11**	0,07

38. Profit share per share

The profit per share is calculated by division of the dividend paid within the year by the weighted average number of the Company shares within the period. Calculation is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Dividend distributed within the period	**22.177.690**	31.787.863
Weighted average number of shares with a nominal value of 1 TL each	**350.000.000**	350.000.000
Profit per share (TL)	**0,06**	0,09

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39. Cash from activities

Cash from activities has been specified in the Cash Flow Table.

40. Debenture convertible into share certificate

None.

41. Preferred share certificates convertible into money

None.

42. Risks

The lawsuits brought against the company are as follows as of 31 December 2012:

	31 December 2012	31 December 2011
Actions for damages	63.427.481	59.116.429
Business lawsuits	57.000	50.000
Other lawsuits	300.000	150.000
Total	63.784.481	59.316.429

(*) The company allocated no provision for the lawsuits amounting to 300.000 TL from among the other lawsuits as of 31 December 2012, considering the possibility of winning.

43. Undertakings

	31 December 2012	31 December 2011
Letters of credit	6.055.912	3.892.738
	6.055.912	3.892.738

As of 31 December 2012, the bank letters of credit given involve bank letters of credit amounting to 66.330 USD.

44. Enterprise mergers

None (31 December 2011 – None).

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45. Transactions with related parties

The definition of related parties has been provided as establishment that can directly or indirectly control or significantly influence the other party through contractual rights, family relation or similar ways. Related parties also involve capital holders and Company management. The related party transactions involve transfer of the assets and liabilities among related parties whether or not a price is implemented. In the unconsolidated financial statements dated 31 December 2012 and concerning explanatory footnotes, the related parties of the partners and the Company management have been defined as related parties.

The sales and purchases of the Company with other related parties as of 31 December 2012 are as follows:

Purchases and sales with partners and subsidiaries are explained in footnote no 34.3.

	1 January 31 December 2012	1 January 31 December 2011
	Purchases / sales (Net)	Purchases/sales (Net)
1- Insurance activities		
Mapfre Genel Yaşam	**(111.445)**	(320.760)
Total Insurance Activities	**(111.445)**	(320.760)
2- Rent income		
Mapfre Genel Yaşam	**118.245**	78.644
Genel Servis Yedek Parça Dağ.Tic.A.Ş.	**121.846**	
Rental Incomes Total	**240.091**	78.644
3- Other Sales/Purchases		
Mapfre Soft SA	**(1.037.781)**	(1.014.510)
Mapfre S.A.	**(4.861)**	(26.281)
MapfreInformatıca	**(58.873)**	-
Mapfre Servucıous	**-**	-
Mapfre Internacional	**(12.078)**	(9.151)
Mapfre Genel Yaşam Sigorta A.Ş.	**(4.384.233)**	(1.841.236)
Genel Sigorta Memur ve Hiz. Emeklilik ve Yardım Sand. Vakfı	**1.111.799**	839.173
Turasist Yardım ve Servis Ltd.şti.	**(3.219.632)**	142.882
Centro De ExpermentacionSeguridadVial Mapfre S.A.	**(16.128)**	-
Fundacion Mapfre	**43.363**	-
Genel Servis Yedek Parça Dağ.Tic.A.Ş.	**299.252**	
Other Sales/Purchases Total	**(7.279.172)**	(1.909.123)

45.1 Amounts of doubtful receivables allocated due to receivables from partners, participations and affiliates, and their debts: None (31 December 2011 – None).

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45. Transactions with related parties (continued)

45.2 Inventory of the affiliates and subsidiaries with indirect capital and management relationship with the company, names, participation and rates and amounts of the partners included in the subsidiaries and affiliates account, term profit or loss, net term profit or loss included in the last financial statements of the partnerships in question, and the period of the financial statements, whether or not they are prepared in accordance with the standards of our Board, whether or not they were subject to independent audit, and the type of the independent audit report as positive, negative and conditional:

							31 December 2012
Other financial fixed assets	**Amount TL**	**Share**	**Period**	**Term net profit/ (loss)**	**Equity**	**Passed Independent Audit**	**Independent audit report**
Participations							
Tarım Sigortaları Havuz İşletmesi A.Ş. (Tarsim)	**125.125**	**4,17%**	**31.12.2012**	**743.049**	**5.523.195**	**Geçmedi**	**Yok**
Subsidiaries							
Mapfre Genel Yaşam Sigorta A.Ş.	**40.716.506**	**99,50%**	**31.12.2012**	**4.625.893**	**49.615.554**	**Geçti**	**Var**
Genel Servis Yedek Parça Dağıtım Tic. A.Ş.	**2.428.025**	**51,00%**	**31.12.2012**	**(28.189)**	**818.476**	**Geçmedi**	**Yok**
	43.269.656			**5.340.753**	**55.957.225**		

							31 December 2011
Other financial fixed assets	Amount TL	Share	Period	Term net profit/(loss)	Equity	Passed Independent Audit	Independent audit report
Participations							
Tarım Sigortaları Havuz İşletmesi A.Ş.(Tarsim)	125.125	4,17%	31.12.2011	811.492	4.782.528	Geçmedi	Yok
Subsidiaries							
Mapfre Genel Yaşam Sigorta A.Ş.	40.716.506	99,50%	31.12.2011	6.320.196	44.674.462	Geçti	Var
	40.841.631			7.131.688	49.456.990		

45.3 Costless share certificate amount due to capital increase done with inherent resources in affiliates and subsidiaries: None (31 December 2011 – None).

45.4 Real rights owned on the real estates and values thereof: None (31 December 2011 – None).

45.5 Amount of guarantee, undertaking, bail, bill guarantee, endorsement etc. liabilities in favor of partners, participations and subsidiaries: None (31 December 2011 – None).

46. Events after the balance sheet date

None (Mapfre Genel Sigorta has taken over the health portfolio pertaining to Mapfre Genel Yaşam as of 31 December 2011 - 1 August 2011, and started production of health policies.)

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47. Other

47.1 Names and amounts of the items exceeding 20% of the total amount of the group of the account items bearing the expression "other" in the financial statements, and 5% of the total balance sheet assets:

	31 December 2012	31 December 2011
a) Other Miscellaneous Receivables:		
Creditors from compulsory earthquake insurance	**(1.034.362)**	(585.590)
Debtors from compulsory earthquake insurance	**2.414.704**	2.425.268
Creditors from state-supported agriculture insurance	**(5.584.757)**	(1.806.511)
Debtors from state-supported agriculture insurance	**6.692.971**	2.298.496
Miscellaneous receivables from agencies	**582.898**	2.527.829
Delivered Advances	**6.441.367**	-
Real Estate Sale-Mersin	**6.500.000**	-
Other	**2.902.378**	2.941.445
Total	**18.915.199**	7.800.937
b) Other various liabilities:		
Obligations to sellers	**28.267.458**	6.272.564
Other	**1.228.185**	3.347.644
	29.495.643	9.620.208
c) Other technical provisions:		
Provision for equalization	**10.900.473**	7.463.169
	10.900.473	7.463.169
d) Expenses Related to Next Months:		
Deferred commission expenses	**62.642.512**	40.762.493
Other expenses and income accruals	**1.681.277**	1.124.804
	64.323.789	41.887.297

47.2 Separate totals of the amounts of receivables from the personnel and debts to the personnel exceeding one percent of the balance sheet assets total included within the account item "Other receivables" and "Other short and long-term debts": None (31 December 2011 – None).

47.3 Amounts regarding the recourse receivables pursued in regulatory accounts: None (31 December 2011 – None).

47.4 Explanatory note showing the amounts and sources of the income and expenses of the previous period and expense and deficits of the previous period: None (31 December 2011 – None).

Mapfre Genel Sigorta Anonim Şirketi Footnotes of Financial Tables For The Year Ending on 31 December 2012
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47. Other (continued)

47.5 Other notes required to be included

Other revenues and profits:

	1 January - 31 December 2012	1 January - 31 December 2011
Agency Interest Incomes	551.014	125.005
Other interest incomes	114.485	46.627
Other incomes	300.582	1.300.249
Income from movable sales	338.135	-
Annulment of BSMV provision	982.043	-
Total	**2.286.259**	1.471.881

Other expenses and losses:

	1 January - 31 December 2012	1 January - 31 December 2011
Bank and insurance transactions expenses	2.399.710	2.383.064
Interest expense	1.153	
Legally unacceptable expenses	667.780	454.840
Other	739.464	694.846
Virtual pos point and commission of bank	2.095.671	2.024.067
Total	**5.903.778**	5.556.817

Provision and rediscount expenses of the term:

a) Provision expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Non-technical provisions		
Provisions no longer required	(66.299)	176.951
Provision for doubtful receivables, net (Note 12.1).	(13.014.655)	(18.322.661)
Provisions for severance pay, net (Note 22)	(742.902)	(196.372)
Provisions for social aid fund deficit (Note 22)	147.524	144.456
Provision for Leave (Note 22)	(399.386)	(377.429)
Total non-technical provisions	**(14.075.718)**	(18.575.055)
Technical provisions		
Provision for unearned premiums	(103.159.544)	(69.377.364)
Provision for pending damage and indemnity	8.114.452	(22.735.979)
Provisions for Continuing Risks (Note 17)	1.080.223	(429.229)
Other technical provisions (provision for equalization) (Note 17)	(3.890.738)	(3.091.836)
Total technical provisions	**(97.855.607)**	(95.634.408)
Tax equivalent		
Tax equivalent	(9.570.202)	(7.434.509)
Provision for total taxes	**(9.570.202)**	(7.434.509)

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47. Other (continued)

b) Rediscount expenses

	1 January - 31 December 2012	1 January - -31 December 2011
Rediscount Interest Incomes	**682.032**	188.177
Rediscount interest expenses	**(1.673.143)**	(210.438)
Total	**(991.111)**	(22.261)

c) Miscellaneous

The collection and liquidation of the health service amounts to the concerned due to article 98 of the Law on Highway Traffic numbered 2918 amended with article 59 of the "Law on Amendment of the Law on Restructuring of Some Receivables and Social Insurances and General Health Insurance Law as well as Some Other Laws and Decrees with the Power of Law" numbered 6111 and to traffic accidents are bound to new methods and principles.

47.6 Profit distribution table (*)

As of 31.12.2012, the profit distribution table of Mapfre Genel Sigorta A.Ş. is as follows in compliance with the previous year;

	31 December 2012	31 December 2011
Pre-corporate tax profit	**48.253.224**	33.679.854
Corporate tax	**10.337.939**	6.761.398
Expense of tax reflected on equity	**(767.737)**	673.110
	38.683.022	26.245.346
Term Profit not to be Distributed	**939.285**	-
Post-tax term profit	**37.743.737**	26.245.346
5% reserve	**1.887.187**	1.312.267
10% extraordinary reserves	**3.774.374**	2.624.535
	32.082.176	22.308.544
I. Dividend	**21.000.000**	21.000.000
10% Legal reserve	**1.108.218**	130.854
Extraordinary reserve	**11.082**	-
Partners 2nd Dividend	**9.962.876**	1.177.690
Profit distributable to partners (1st and 2nd dividend total)	**30.962.876**	22.177.690

(*) Mapfre Genel Sigorta finalized in the General Board meeting held on 29 March 2013, the decision to distribute the dividend of 2012, and the amount of distributable dividend.

Not

Not

Not

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