

ING  EMEKLİK

A new beginning

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# OUR CORPORATE POLICY

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## Mission

Setting the standard in helping our customers manage their financial future.

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## Vision

Being a company that fulfills its promises to its stakeholders, is aware of its social responsibilities to the community at large and promotes its employees and therefore is preferred by them.

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## Principles

**We act with integrity.** We aim for an above average return.

**We are open and clear.** We promote sustainable development and respect human rights.

**We respect each other and the society.** We are involved in the communities we operate in.

# ING EMEKLİLİK AT A GLANCE

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ING Emeklilik applied for life insurance license to the Undersecretariat of Treasury in December 2009 upon completing the preparatory stages during 2009 and commenced to offer life insurance products as of March 2010, and personal accident insurance policies on August 16, 2010.

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Founded on January 23, 2003 under the name of Oyak Emeklilik Co. Inc., ING Emeklilik obtained its operating license on July 7, 2003. Commencing its operations on October 27, 2003 as a pioneer in Turkey, ING Emeklilik was the only company offering private pensions until 2010.

ING Group and Oyak Group reached an agreement on June 19, 2008 for the 100% acquisition of Oyak Emeklilik by ING Group. The acquisition was completed on December 4, 2008 upon the approval of the General Directorate of Insurance of the Undersecretariat of Treasury on November 25, 2008. Being fully integrated into ING Group Oyak Emeklilik has been operating under the name of ING Emeklilik Co. Inc. since January 27, 2009.

The company applied for life insurance license to the Undersecretariat of Treasury in December 2009 upon completing the preparatory stages during 2009 and commenced to offer life insurance products as of March 2010, and personal accident insurance policies on August 16, 2010.

As of December 2013, in addition to its headquarters in Istanbul, ING Emeklilik serves at seven liaison offices with approximately 300 employees.

## **2003**

- *Incorporation*
- *Start of pension sales*

## **2008**

- *Acquisition by ING Group*

## **2009**

- *The company is named ING Emeklilik*

## **2010**

- *Launch of credit life insurance sales*
- *Launch of personal accident insurance sales*

## **2011**

- *Launch of annual life insurance sales*

## **2012**

- *Customer oriented strategy was determined*
- *The total net asset value of fund exceeded TL 1 billion.*

## ING EMEKLİLİK AT A GLANCE

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Being one of the worldwide leading financial institutions, ING Group offers a wide range of products and services in banking, investment management, pension and life insurance to retail and corporate customers.

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Being one of the worldwide leading financial institutions, ING Group offers a wide range of products and services in banking, investment management, pension and life insurance to retail and corporate customers. ING Group focuses on delivering high-quality products to its customers, maintaining and developing its current services while improving its business performance. ING group of Dutch origin serving in more than 40 countries from Asia to United States, from Europe to Australia to over 61 million customers with its 82 thousands employees offers innovative financial services in developing Turkish financial services market promising many opportunities thanks to its fast growing economy and a young dynamic population.

### 2013

- As of 1<sup>st</sup> of March, 2014, the company name will be changed as NN Group from ING Sigorta.

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*In more than*

**40** **Countries**

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**61** *million*

*Customers*

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**82** *thousand*

*Employees*

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# ING PENSION PRODUCTS

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In 2014, ING Emeklilik continued to launch new products in accordance with the customers' needs.

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## **We put our customers at the heart of our business in designing our new products...**

In 2014, ING Emeklilik continued to launch new products in accordance with the customers' needs.

### **Private pension products**

Benefitting from the expertise of strong distribution channels in Private Pension, ING Emeklilik has made a competitive difference with Orange Plus Pension Plan, Blue Pension Plan, Private Pension Plan and VIP Pension Plan products in 2014.

ING Emeklilik continued to be there for its customers during both the participation and the pension periods. As a consequence of a longer lifetime in Turkey as well as worldwide, it offered two separate "Retirement Income Plans", namely Net and Flexible, in order to help its customers to achieve a more comfortable retirement.

### **Life Products**

To improve the competitive position in all of its distribution channels resulting from increased sales in 2014 compared to the previous year, ING Emeklilik speeded up the process to promote new life products in 2015.

Entering the new year 2015, ING Emeklilik's portfolio of life and personal accident products included the following products;

- ✓ *Live Well Life Insurance*
- ✓ *Annual Critical Illness Insurance,*
- ✓ *Personal Accident Insurance,*
- ✓ *Personal Accident Emergency Health Insurance,*
- ✓ *Personal Accident Insurance Purchased at desk*
- ✓ *Mortgage Protection Life Insurance,*
- ✓ *Consumer Loan Protection Insurance*
- ✓ *Company Principal Protection Insurance*

# SHAREHOLDING STRUCTURE

ING Emeklilik actively operated in the fast growing pension sector in 2014.

ING Continental Europe Holdings B.V took over Oyak Emeklilik Co. Inc on November 25, 2008 from Ordu Yardımlaşma Kurumu upon the approval of Undersecretariat of Turkish Treasury – General Directorate of Insurance. The corporate name of the company has been changed to ING Emeklilik Co. Inc. with an amendment of the articles of incorporation at the extraordinary general meeting held on January 26, 2009. The Assembly resolution and the amended text of articles of incorporation were registered on January 27, 2009. The final shareholding structure of the Company is presented below.

Shareholder	Number of Shares	Value of Shares
ING Continental Europe Holdings B.V.	39,041,414	39,041,414
ING Verzekeringen Intertrust II B.V.	1	1 TL
ING Verzekeringen Intertrust III B.V.	1	1 TL
ING Verzekeringen Intertrust IV B.V.	1	1 TL
ING Verzekeringen Intertrust V B.V.	1	1 TL

	31 <sup>st</sup> December 2014		31 <sup>st</sup> December 2013	
	Total Value of shares TL	Percentage of shares %	Total Value of shares TL	Percentage of shares %
ING Continental Europe Holdings B.V. (*)	39,041,413	-	53,641,413	99%
Capital to be registered	-	-	-	-
Other	4	-	4	0%
	39,041,417		53,641,417	100%



# FINANCIAL INDICATORS

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The total assets increased by 23.3% compared to 2013 value and reached to TL 1.91 billion as of December 31, 2014.

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000 TL	2014	2013	Change (%)
Assets under management	1,767,132	1,390,851	27.1
Paid-in capital	40,201	54,801	-26.6
Shareholder's equity	13,164	33,476	-61
Total Assets	1,911,821	1,550,466	23.3
Technical income	118,775	94,820	25
Technical profit/loss	-63,323	-60,794	4
Non-operating profit/loss	-17,713	-10,793	-100
Profit/loss before tax	-80,959	-71,587	14

ING Emeklilik actively operated in the fast growing pension sector in 2014. The shareholder's equity was TL 13.2 million. The total assets increased by 23.3% compared to 2013 value and reached to TL 1.91 billion as of December 31, 2014. The percentage of cash assets in total assets was 4.3% and the percentage of private pension insurance receivables in total assets was 92.4% as of December 31, 2014.



# MESSAGE FROM THE CEO

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2014 has been a good year for the Pension industry with positive net inflow of new customers.

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Dear stakeholders,

As ING Emeklilik, a fruitful year that we have obtained favorable results of our steps towards a sustainable growth has come to an end. Throughout this year we have conducted a series of initiatives to provide better protection for our customers and focused on ensuring the existing clients stay longer within the Pension system.

2014 has been a good year for the Pension industry with positive net inflow of new customers. ING Emeklilik has also benefited from that. On the other hand, the Life insurance total premium volume of the industry has fallen, connected to the loan volume offered by banks. It was encouraging to see that ING Emeklilik could avoid the shrinkage that was experienced by the industry and has had a reflection of this in market share.

An important progress and step for ING Emeklilik in 2014 has been our separation process from ING Group. As one of the most significant milestones in this process was ING Group's approval of NN Group's intention for Initial Public Offering and being listed on Netherlands stock market Euronext Amsterdam on 5<sup>th</sup> of June, 2014. Then, on July 2<sup>nd</sup> 2014, we were listed and traded, as a standalone company, on Euronext Amsterdam under the listing name 'NN Group' with symbol 'NN'.

On the other hand, 2014 was a year of turnaround for us at ING Emeklilik where we have put a couple of focus areas into the plan. We know that for our clients, one of the most important things they expect from us is clear guidance and care. Therefore it was important for us to make improvements to our interaction with our customers and prospects to give them a more tailored and frequent advice.

On the Pension side, our focus area was on servicing our clients for different needs they might have depending on their life stages. In this regard, we developed a specific offering that provides an income from Pension savings to retirees.

## MESSAGE FROM THE CEO

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We redesigned our Credit Life proposition to clients in order better support ING Bank which has led to a modest market share gain for ING Emeklilik.

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Another item of transformation has been our focus on Life insurance in our distribution channels. We redesigned our Credit Life proposition to clients in order better support ING Bank which has led to a modest market share gain for ING Emeklilik. We also helped our agencies in giving advice to clients on the benefit of Life protection.

Our last but one of the most important turnarounds has been about investing in the internal organization where we put more effort into efficiency and becoming a leaner organization creating value to its customers. In this regard our distribution channel environment has been changed and expanded.

I would like to thank our colleagues for their great effort on these projects and their contribution to our success, as well as our business partners and customers for their support all the way through this period.

As of February 2015, we will be operating under the name of “NN Hayat ve Emeklilik” within the NN Group, one of the Europe’s leading insurance and investment management company offering service to more than 15 million customers in more than 18 countries with around 12,000 employees. I believe this change is an opportunity for us to achieve more by focusing on a tailored proposition to the Turkish market for a unique concentration on Life and Pensions.

Kind regards,

**Frank Eijsink**

CEO, ING Emeklilik

# WORLD AND TURKEY'S ECONOMIC OUTLOOK 2014

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The European economy, with a 17% share in the global economy, is predicted to grow by 1% in 2014.

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## THE WORLD ECONOMY IN 2014

The growth in Latin America, mainly in Brazil falls to its lowest level in the last 12 years, to the exclusion of 2009. The main reasons for this decrease are the oil prices and the consumer confidence that has not been reached the desired level yet. The IMF estimates scarcely any growth in Brazil, and expects the economy in countries such as Venezuela and Argentina to contract by the end of 2014.

Accounted for 12% of the global economy, China's growth rate fell from 9% to 7%. The growth is projected to slow to 5-6% in the coming 5-year period. The economists suggest that the China's impressive growth model has lost its edge. Capital accumulation has reached saturation, and the return on investments is falling down in China, compared to 15 years ago.

The European economy, with a 17% share in the global economy, is predicted to grow by 1% in 2014. Euro area inflation expectations have been falling. European Central Bank has loosened the monetary policy by decreasing the interest rates in June and September. In parallel with Europe, Japan took actions towards expansionary monetary policy. 10-year interest rates continue to decline in Japan that fears recession and deflation just as European region. It is almost impossible for Japan to grow 1% either in 2014 or 2015.

US monetary policy differs from that of Europe and Japan. While world economy, just as in the examples of Russia, Europe and Latin America slows down, US economy is growing. Having decided to make reduction in the pace of its asset purchases in December 2013, Fed exited its asset-purchase program in October 2014 and is expected to raise interest rates in the second quarter of 2015. Fearing a repeat of the recession, US is not likely to take any action that will disrupt the global financial environment or that will cause a major increase in the interest rates. While there is a recession throughout the world, it is expected that Fed's interest rate hike to be smaller and cautious.

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## 2.9%

*BIST Stock Indices rose  
by 2.9% in total in the  
1<sup>st</sup> quarter of 2014*

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## WORLD AND TURKEY'S ECONOMIC OUTLOOK 2014

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Money market report of the Federal Reserve, the central bank of the United States, indicating that the first interest rate cut would not take place before June 2015, lead market to finish end of year on a positive note.

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### **TURKISH ECONOMY IN 2014**

Turkey's economy in the first quarter of 2014 was not favorable due to negative growth forecasts. The effects of December 17<sup>th</sup> corruption scandals in addition to the Federal Reserve's decision, the central bank of the United States, for an interest rate increase in January, caused TL to lose value by 9% and bond yields to rise by double digits in only 18 days.

Despite the pressure by senior government officials to lower interest rates, the indirect interventions of the Central Bank of Turkey to calm the markets fails and the policy rate went up to 10% from 4.5%. However until this intervention, the dollar reserves of the Central Bank decreased by US\$ 10 billion. Together with the tight liquidity policy, a rise of 12% in reference rate enabled the depreciation of the Turkish lira to stop. Other than these, the agenda in the 1<sup>st</sup> quarter was set by the political uncertainties and municipal elections. On the last week of March the BİST Stock Indices recovered its drop by 10% in January and rose by 2.9% in total in the 1<sup>st</sup> quarter. Biennial benchmark bonds closed out the 1<sup>st</sup> quarter by 10.7% interest rate.

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*Biennial benchmark  
bonds closed out the  
1<sup>st</sup> quarter by 10.7%  
interest rate.*

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During 2<sup>nd</sup> quarter, positivism on global markets and decreased political uncertainty had a notable impact on the market. The results of the local elections on the last day of March showed that the Justice and Development Party (AKP) had still a public support despite huge corruption scandals including also ministers. Opinion on the interest rate to be maintained low for a longer time in developed countries had led global risk appetite to surge. Unusual measures by European Central Bank to reinvigorate the economy had been followed by positivism in the markets. Turkey gained great advantage from this positive atmosphere among developing countries. The CBRT loosened its monetary policy by the end of the quarter



and lowered the policy rate. BiST 100 Indices recorded 12.6% gains in value in the 2<sup>nd</sup> quarter. Biennial benchmark interest rate decreased to 8% while TL has appreciated by 1.4%.

The mood of positivism had faded out into tension because of İSiS and into uncertainty before the presidential elections in the 3<sup>rd</sup> quarter. The instability caused by İSiS in the Middle East had a negative effect on the export and an inflation rate more than expected has stopped the CBRT from cutting interest rates. By the end of 3<sup>rd</sup> quarter, the major index on the İstanbul stock exchange fell by 4.5% and the biennial bond interest went up to 10% while TL has depreciated by 2.7%.

The decrease in oil prices in the last quarter of the year, dissents in monetary policy in the US and the EU and the deflation risk were among factors influencing the markets. Lower oil prices leading lower current account deficit and lower inflation rate reduced the political tension between Turkey and Western countries. Money market report of the Federal Reserve, the central bank of the United States, indicating that the first interest rate cut would not take place before June 2015, lead market to finish end of year on a positive note. The TL was maintained unchanged, BiST rose by 14.4% and the bond interest rate was at 7% level in the 4<sup>th</sup> quarter.

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# 12.6%

*BiST 100 Indices recorded 12.6% gains in value in the 2<sup>nd</sup> quarter.*

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## WORLD AND TURKEY'S ECONOMIC OUTLOOK 2014

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Export and inflation will be the two important parameters to determine the performance of Turkey in the upcoming period.

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2014 was a year of macroeconomic imbalance. In the first 3 quarters, the GDP growth slowed to 2.8% from 4% (in 2013). The Turkish economy is expected to grow by 3% in 2014. Turkey's end-2014 consumer price index rose by 8.17%. Policy rate increased from 4.5% (in 2013) to 8.25%. The most important positive economic outcome was the current account deficit in 2014. The current account deficit narrowed to 46 billion US dollars (5.7% of GDP) from 65 billion US dollars in November 2013 (7.9% of GDP). The year-end 2014 figure is expected to be at the same level. The slowdown in domestic demand, tighter credit policies and weak TL decelerated imports while moderate growth in exports was the main reason for the decrease in the current account deficit. Despite the economic slowdown, while the budget deficit that was 1.2% of GDP in 2013, rose to 1.7% in 2014.

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*The Turkish economy is expected to grow by 3% in 2014.*

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Besides the opportunity for a better macroeconomic environment in 2015, the high possibility that the Federal Reserve might start tightening and risks associated with fiscal/monetary policy before the general elections might cause missing this opportunity. Export and inflation will be the two important parameters to determine the performance of Turkey in the upcoming period. In the case that the Federal Reserve increased interest rate, export figures would be important to balance the negative effects that might occur later on in inflation and capital movements in 2015. As per the inflation, lower oil prices, decreasing exchange rate pass-through along with the high base effect in food prices could lead the inflation numbers come down to 6-6.5% range. However, a rapid depreciation of the Turkish lira might have a negative impact on it. Moderate recovery in domestic demand and low interest rate environment could generate a GDP growth rate of 4% in 2015. In the case of a faster growth and lower oil prices, a lower deficit figure might occur (4.7% of GDP).



# THE PRIVATE PENSION INDUSTRY

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The number of contributors rose by 21% while total assets under management climbed 36% (excluding state contribution) in 2014.

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## SECTORAL DEVELOPMENTS IN 2014

By year-end 2014, the total number of contributors in the Private Pension System exceeded 5 million, with a total value of contributors' funds of TL 34 billion. The number of contributors rose by 21% while the total assets under management climbed 36% compared to year-end 2013. The total contribution of the participants increased by 27% and reached TL 28 billion.

By the end of December 2014, according to Retirement Surveillance Center (EGM) data dated December 19, 2014, the Company had increased its:

- Total number of contracts and certificates to 305,860
- Number of contributors to 261,182
- Total contributions to TL 1,334,613,381
- The total assets under management to TL (excluding state contribution) 1,623,068,644.

These figures indicate respective growth rates of 10% in number of contributors, 13% in total contributions and 21% in assets under management compared to year-end 2013. According to 2014 year-end industry figures, the Company's market shares are as follows:

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**5.2%**

*Number of contributors*

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**5.3%**

*Number of contracts and certificates*

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**4.8%**

*Contribution collection*

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**4.8%**

*Amount directed to investment*

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**4.7%**

*Assets under management*

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## PENSION FUNDS' BENCHMARKS AND PERFORMANCE

The performance of the nine funds that ING Emeklilik A.Ş. has launched are evaluated based on their benchmarks and investment limits of financial assets to invest in.

Fund Name	Code	Fund Name	İNG (%)
ING Emeklilik Government Bonds and Bills Income Pension Mutual Fund	İEG	Fixed Income	10.52
ING Emeklilik Flexible Income Pension Mutual Fund	İEA	Flexible Income	6.74
ING Emeklilik Composite Growth Pension Mutual Fund	İEK	Composite Growth	16.64
ING Emeklilik Stock Growth Pension Mutual Fund	İEH	Equity	26.13
ING Emeklilik Liquid Composite Mutual Pension Fund	İER	Money Market	8.63
ING Emeklilik Flexible Pension Mutual Fund	İEE	Flexible	12.72
ING Emeklilik Government Bonds and Bills Standard Pension Mutual Fund	İEB	Standard	10.22
ING Emeklilik Flexible Growth Pension Mutual Fund	İEF	Flexible Growth	15.21
ING Emeklilik Contribution Pension Fund	İGE	Contribution	11.95

Fund name	Benchmark	Investment Strategy	Limitations	
			Min.	Max.
Government Bonds and Bills Income Pension Mutual Fund	60% KYD DIBS 365 Index	Government Debt Securities	70%	100%
	19% KYD DIBS 547 Index	Shares Certificates	0%	20%
	4% KYD O/N Repurchase (Gross) Index	Inflation-indexed DIBSs	5%	35%
	10% KYD CPI Indexed DIBS Index	Reverse Repo	0%	10%
	1% KYD 1-month TL Deposit Index	Eurobond	0%	20%
	1% ISE 100 Index	Takasbank (İstanbul Settlement and Custody Bank) Money Market Transactions	0%	10%
			0%	25%
	1% KYD Eurobond (US\$-TL) Index	Deposit and Contribution Account	0%	25%
	1% KYD Eurobond (EURO-TL) Index	Fixed and Variable Private Sector Bonds	0%	20%
	1% KYD Variable Private Sector Bond Index			
	1% KYD Fixed Private Sector Bond Index			
	1% KYD DIBS All Index			
	Flexible Income Pension Mutual Fund	20% KYD Eurobond (US\$-TL) Index	Eurobond (EURO)	5%
20% KYD Eurobond (EURO-TL) Index		Eurobondlar (US\$)	5%	35%
39% KYD DIBS 182 Index		Foreign-Exchange Indexed DIBS	0%	%30
			10%	%40
13% O/N Repurchase (Gross) Index		DIBS (TL)	10%	%40
1% KYD Inflation- Indexed Securities Index		Inflation-Indexed DIBSs	0%	30%
1% KYD Variable Private Sector Bond Index		Share Certificates	0%	30%
1% KYD Fixed Private Sector Bond Index		Reverse Repo	0%	10%
1% KYD 1-month TL Deposit Index		Takasbank (İstanbul Settlement and Custody Bank) Money Market Transactions	0%	10%
			0%	25%
1% ISE All Stock Market Index		Deposit and Contribution Account	0%	25%
1% KYD DIBS All Index		Fixed Private Sector Bonds	0%	30%
1% KYD 1-month US\$ Deposit Index		Variable Private Sector Bonds	0%	30%
1% KYD 1-month EUR Deposit Index				

## PENSION FUNDS' BENCHMARKS AND PERFORMANCE

Composite	44% BIST National XU-100 Index	DIBSs	15%	45%
Growth	44% KYD DIBS 182 Index	Inflation-Indexed DIBSs	0%	%30
Pension	4% KYD O/N Repurchase (Gross)	Share Certificates	30%	%60
Mutual Fund	Index			
	1% KYD Inflation-indexed Securities Index	Reverse Repo	0%	10%
	1% KYD Variable Private Sector Bond Index	Eurobond	0%	20%
	1% KYD Fixed Private Sector Bond Index	Takasbank (Istanbul Settlement and Custody Bank) Money Market Transactions	0%	10%
	1% KYD 1-month TL Deposit Index	Deposit and Contribution Account	0%	25%
	1% KYD Eurobond (US\$-TL) Index	Fixed Private Sector Bond	0%	30%
	1% KYD Eurobond (EUR-TL) Index	Variable Private Sector Bond	0%	30%
	1% KYD DIBS All Index			
	1% BIST All Shares Index			
Stock Growth	89% ISE 100 Index	Government Debt Securities	0%	20%
Pension	6% KYD O/N Repurchase (Gross)	Share Certificates	80%	100%
Mutual Fund	Index			
	1% KYD Eurobond (US\$-TL) Index	Reverse Repo and Stock Exchange and Money Market	0%	20%
	1% KYD Eurobond (EUR-TL) Index	Eurobond	0%	20%
	1% KYD 1-month TL Deposit Index	Stock Exchange and Money Market	0%	20%
	1% KYD DIBS All Index	Deposit	0%	20%
	1% ISE 100 Index			

Liquid Flexible Mutual Pension Fund	58% KYD O/N Repurchase (Gross) Index	Public Debt Securities + Private Sector Debt Securities	0%	100%	
	35% KYD DIBS 91 Bond Index	Private Sector Debt Securities (unquote)	0%	10%	
	5% KYD 1-Month TL Deposit Index	Reverse Repo	0%	100%	
	1% KYD Variable Private Sector Bond Index	Reverse Repo (OTC – Over the Counter)	0%	10%	
	1% KYD Fixed Private Sector Bond Index	Repo	0%	10%	
		Deposit/Time Deposit (Foreign Currency/TL) / Contribution Account (Foreign Currency/TL)	0%	20%	
		Takasbank (İstanbul Settlement and Custody Bank) Money Market Transactions	0%	10%	
		Asset-backed security	0%	10%	
	Flexible Pension Mutual Fund	24% BiST National XU-100 Index	DIBSs	35%	65%
		64% KYD DIBS 182 Index	Inflation-indexed DIBSs	0%	30%
4% KYD O/N Repurchase (Gross) Index		Shares Certificates	10%	40%	
1% KYD 1 Month TL Deposit Index		Reverse Repo	0%	10%	
1% KYD Inflation-indexed Securities Index		Eurobonds	0%	30%	
1% KYD Variable Private Sector Bond Index		Takasbank (İstanbul Settlement and Custody Bank) Money Market Transactions	0%	10%	
1% KYD Fixed Private Sector Bond Index		Deposit and Contribution Accounts	0%	25%	
1% KYD Eurobond (US\$-TL) Index		Fixed Private Sector Bond	0%	30%	
1% KYD Eurobond (EUR-TL) Index		Variable Private Sector Bond	0%	30%	
1% KYD DIBS All Index					
1% BIST All Shares Index					

## PENSION FUNDS' BENCHMARKS AND PERFORMANCE

Government		DIBS, Revenue Sharing	78%	100%
Bonds and	63% KYD DIBS 365 Index	Certificates and Lease		
Bills Standard		Certificates		
Pension		Shares Certificates	0%	20%
Mutual Fund	20% KYD DIBS 182 Index	(BİST100/BİST Participation)		
	1% KYD DIBS All Index	Ters Repo/BPP	0%	2%
	1% KYD Inflation-indexed Securities Index	TL-denominated Time Deposit /Participation Account	0%	20%
	1% KYD Variable Private Sector Bond Index	TL-denominated Debt Instruments and Lease	0%	20%
	1% KYD Fixed Private Sector Bond Index	Certificates trading in the stock exchange, issued by banks or other investment-grade issuers		
	10% BİST National XU-100 Index			
	2% KYD O/N Repurchase (Gross) Index			
	2% KYD O/N Repurchase (Gross) Index			

Flexible Growth Pension Mutual Fund	39% BIST National XU-100 Index	DIBSs	20%	50%
	30% KYD DIBS 182 Index	Inflation-indexed DIBSs	0%	30%
	9% KYD DIBS 365 Index	Shares Certificates	25%	55%
	10% KYD O/N Repurchase (Gross) Index	Reverse Repo	0%	10%
	5% KYD 1-Month TL Deposit Index	Eurobond	0%	30%
	1% KYD Inflation-indexed Securities Index	Takasbank (Istanbul Settlement and Custody Bank) Money Market Transactions	0%	10%
	1% KYD Variable Private Sector Bond Index	Deposit and Contribution Account	0%	25%
	1% KYD Fixed Private Sector Bond Index			
	1% KYD Eurobond (US\$-TL) Index			
	1% KYD Eurobond (EUR-TL) Index			
	1% KYD DIBS All Index			
	1% BIST All Shares Index			
	Contribution Pension Fund		Reverse Repo and Takasbank (Istanbul Settlement and Custody Bank) Money Market Transactions	0%
76% KYD TL 365 Bond Index				
1% KYD TL Bond All Index		TL-denominated	0%	15%
7% KYD 1-Month Deposit Index		Deposits, participation		
4% KYD Fixed Private Sector Bond Index		accounts, debt securities issued by banks or lease certificates issued by asset lease companies incorporated by banks		
1% KYD Variable Private Sector Bond Index				
10% BIST 30 Index				
1% KYD O/N Repurchase (Gross) Index		Equities included in BİST 100 Index or BİST Participation Index	0%	15%
	TL-denominated Debt securities, revenue sharing certificates and lease certificates issued by the Turkish Treasury	75%	100%	

## CUSTOMER CONTACT CENTER – 444 1 666

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Customer Contact Center employees are the representatives of ING Emeklilik customers starting from the moment the customers enter the Company.

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They provide the coordination within ING Emeklilik to satisfy every customer demand. They care about their customers, by providing clear information at every stage and are committed to keep the promise to the customer.

Improvements in the technological infrastructure of the Customer Contact Center in 2015, will provide faster solutions to the needs of customers through a more comprehensive analysis.

### **CUSTOMER CONTACT CENTER ACTIVITIES**

ING Emeklilik Customer Contact Center consisting of two departments, namely inbound and outbound, serves its customers during weekdays from 9 am to 6 pm on 444 1 666.

The primary functions of the Customer Contact Center are to offer information (basic information on customer-product-service processes), to introduce the Company products, to direct customers to the relevant departments upon response to information queries and conversation requests received via either the Company's website or incoming calls, and to execute operations according with customers' demands and finally promotion activities.

### **Incoming Calls (Inbound) Activities**

The Inbound team answers calls from customers to accede to customers' requests and then directs them to the relevant departments when necessary.

### **Outgoing Calls (Outbound) Activities**

The outbound team gets in touch with customers in order to inform them about promotions and all other issues. According to "ING Customer's Golden Rules" all customers with private pension, personal accident and annual life insurance contracts receive a "Welcome Call" to ensure a higher level customer satisfaction.

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**1 day**

*In 2014, average demand solution duration was realized as 1 day.*

---



Customers receive semiannual and annual calls in order to update them about their contribution. The outbound team regularly calls customers with defaulted credit cards and irregular payments to ensure periodic collection and to recover payments.

The outbound team calls the contributors who wish to leave the system, inform them and find solutions to their request.

### **Activities for Improving Service Quality**

Investment is made not only on technology but also on human resources to continuously support the improvement of customer representatives.

Incoming calls and outgoing calls made by the Customer Contact Centre are monitored and evaluated according to the predetermined criteria. Regular feedback is provided to improve continuously the service quality and to support the personal development of already crackerjack customer representatives.

### **CUSTOMER SATISFACTION AND CUSTOMER COMPLAINT POLICY**

Customer demands to be resolved in two to seven days, is among the priorities of ING Emeklilik. In 2014, average demand solution duration was realized as 1 day.

Customer Contact Center receives customer complaints directly or through intermediaries. The core principle of customer complaint handling of ING Emeklilik is to ensure customer satisfaction by informing them of the issue in writing, or verbally within two working days, within five working days in the case of sales-related complaints and by resolving the complaint or demand within seven working days.

### **Net Promoter Score**

ING Emeklilik is successfully implementing the Net Promoter Score, customer satisfaction surveys designed to measure customer loyalty, since 2010. Following surveys, in the light of the survey responses ING Emeklilik has interviews to resolve customer dissatisfaction and turn unsatisfied customers into happy customers recommending (promoter) ING Emeklilik to their friends/relatives.

## R&D FOR NEW SERVICES & ACTIVITIES AND PROJECTIONS FOR 2014

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In 2014 ING Emeklilik continued to make investments in agent-based projects and for the future of the agents.

---

Our Company provided full support to the distribution channel and the business partners throughout 2014. We created added value in achieving goals due to the intensive support we gave to our business partners and our direct sales team of 67 people specialized in pension and life insurance. As of August, Anadolubank, one of our business partners, started to sell the “Live Well Life Insurance” specifically to its customers. In 2014 we continued to make investments in agent-based projects and for the future of the agents. In particular, we implemented the tablet applications that the sales team can instantly view customer information on the system. Also, for the first time in Turkey, we successfully conducted a Joint-Venture project, which aimed to maintain a long-term cooperation with the agency. In 2015, we are planning to take concrete steps toward creating value for our customers by supporting our business partners with effective campaign management and appropriate products to different customer segments.

### **2015 PROJECTIONS**

The 2014 Private Pension developments, were beyond the “optimistic expectations” stated in 2014 industrial expectations section of the Development Report 2013 published by the Pension Monitoring Center. According to the report, compared to the “positive expectations”, there has been a 23% rise in the contract numbers, 20% rise in the number of participants while the total assets under management has increased by 22%. The sector authorities expect the TL 35 billion reached by the end of 2014 to be TL 50 billion in 2015 while the 5 million participants to reach around 6 million.

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**6 million**

*The number of Private Pension participants expected to reach around 6 million in 2015.*

---

In 2014, within the framework of “2<sup>nd</sup> stage of the Transformation Action Plan,” the government made a statement on “Auto-Enrollment” in PPS which referred to “everyone who began to work, would be required to automatically join the private pension system”. Within the framework of the action plan in order to increase the savings, pilot studies of the auto-enrollment are expected to be completed in 2015 and the system to be fully implemented in 2016. In addition, it is expected that the savings will be brought to the system thanks to the legislation that came into force as of the end of 2012 by the Secretariat of Treasury extending the deadline to transfer the fund accumulated in the funds and foundations to PPS system to 31<sup>st</sup> of December, 2015. According to Secretariat of Treasury data, there are over TL 10 billion worth fund, accumulated in Turkey, and around 200 foundations and funds to benefit from this legislation.

However, with the decrease in the rate of profit return provided by the PPS to the companies due to management cost deductions and changes in the participation fee rate, life insurance and pension companies are expected to focus on the life insurance field in 2015. The ratio of life insurance premiums spent to GDP is 0.2% and there is a 2% fall in premiums in 2014 in accordance with the fall in bank loans. Although the production is expected also in 2015 to be largely formed within the framework of the sale of credit life insurance to protect their client risks in loan sales, taking into account the population dynamics and customer potential in the market, there is a significant growth potential in the other life branches with innovative products and channels. According to the report “2023 Vision, Goals and Expectations for Turkish Insurance and Pension Industry” of the Insurance Association of Turkey, the “protective” life insurance in 2023 is expected to reach TL 10 billion with a “normal growth” rate and TL 16 billion with an “accelerated growth” rate.

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*The sector authorities expect the TL 35 billion reached to be TL 50 billion in 2015.*

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# ANNUAL REPORT COMPLIANCE OPINION



Güney Bağımsız Denetim ve  
SMMM AŞ  
Eski Büyükdere Cad.  
Orjin Maslak No:27  
Maslak, Sarıyer 34398  
İstanbul - Turkey

Tel : +90 212 315 30 00  
Fax: +90 212 230 82 91  
ey.com  
Ticaret Sicil No: 479920-427502

To the Board of Directors of İNG Emeklilik A.Ş.

## Report on the Auditing of the Board of Directors' Annual Report in compliance with the Independent Auditing Standards

We have audited the accuracy and compliance of the financial information provided in the annual activity report of İNG Emeklilik Anonim Şirketi as of 31 December 2014.

### Board of Directors' Responsibility on Annual Report

Management is responsible for the compliance and fair presentation of the annual report with the financial statements and furthermore for such internal control as it determines is necessary to enable the preparation of consolidated financial statements in accordance with the principles and procedures of preparing and issuing annual reports as set out by article 514 of Turkish Commercial Code (TCC) Law No. 6102 and Insurance Law No: 5684

### Independent Auditors' Responsibility

Our responsibility is to express an opinion on the compliance and fair presentation of financial information provided in the Company's annual report with the audited financial statements stated in the Company's independent auditor's report dated 2nd March 2015 in accordance with the prevailing principles and procedures set out as per the TCC Law No. 397, Insurance Law No: 5684 and Private Pension Saving and Investment System Law No. 4632 within the framework of the regulations concerning independent audit principles in effect.

Our audit was performed in compliance with the regulations concerning core principles on independent audit principles in effect as per insurance legislation and in accordance with the Independent Auditing Standards which is a part of Turkey Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority.

This requires compliance with ethical requirements and plan and perform in order to obtain reasonable assurance on the compliance and fair presentation of financial information provided in the Company's annual report with the financial statements. Independent audit involves performing independent audit procedures to obtain independent audit evidence about the previous financial statements. The procedures selected depend on the auditor's professional judgment. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial information provided in the accompanying board of directors' annual report presents fairly and is in compliance with, in all material respects, the audited financial statements.

### Other liabilities arising under legislation

As per article 402, paragraph 3 of Turkey Commercial Code no 6102, BDS 570, in the context of "Sustainability of the Company", there is no significant uncertainty regarding the company's activities in the predictable future.

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



**Damla Harman**, SMMM  
Responsible Partner, Lead Auditor

2<sup>nd</sup> of March  
İstanbul, Türkiye

# MANAGEMENT DETAILS

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## **MEMBERS OF THE BOARD OF DIRECTORS**

### **David Engel Knibbe**

#### **Chairman**

David Knibbe (1971) began his career at ING in February 1997 within the ING Group Manager Development Program. In 1998, he served as a Portfolio Manager for Institutional Clients at ING. Following his assignment to ING Bank in Holland as Head of Investments Central Holland in 2000, Knibbe worked in Greece as Managing Director of ING Piraeus in 2002. In 2004 he was appointed to Director of Income Insurance at Nationale-Nederlanden. In 2007 he became General Manager at Nationale-Nederlanden, responsible for Retail Life, Individual Pensions and Group Pensions. In January 2010 Knibbe as CEO Corporate Clients lead 3 labels: Nationale-Nederlanden Corporate Clients, ING Investment Management and AZL. In 2011 he was appointed as CEO Insurance Central Europe and Rest of Europe responsible for nine European countries where ING Group's life insurance and pension operations were being carried out. In 2013, Mr. Knibbe became the CEO of International Insurance, also with responsibility for Insurance Belgium and Insurance Luxembourg. David Engel Knibbe holds degrees from Rotterdam's Erasmus University and Harvard Business School.

### **John Thomas McCarthy**

#### **Vice Chairman**

John Thomas McCarthy has a BA degree from Tufts University in German and Economics, and MA degree at Ebenhard Karls University and Tufts University in German and an MBA degree in International Finance from Babson College. He worked as the general manager with State Street Bank GmbH between 1971 and 1975. From 1976 to 1988, Mr. McCarthy served as Vice President and Senior Vice President in New York, London and Bahrain at the American Express Bank Ltd. Between 1989 and 1990 he was the Assistant General Manager at Koç-American Bank A.T. Then between 1991 and 2007 he was the General Manager of ING Bank N.V'. Since 2008, he holds the position of Vice Chairman of the Board of Directors at ING Bank A.Ş.

## MANAGEMENT DETAILS

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### **Bram Boon**

**Resignation: 21.01.2014**

#### **Member of the Board of Directors**

Bram Boon had his Bachelor's degree in Mathematics at the University of Utrecht in 1978. Between 1978 and 1982 he had his Master's Degree in Mathematics, from Vrije University. In 1987 he had a Master's Degree in Actuarial Science at Erasmus University. He started his career in 1984 at International Division of Nationale-Nederlanden in the Actuarial department. From 1987 to 1990, he was a Senior Actuary in charge of General Insurance at Mercantile Mutual, an affiliate of ING. After working as the Manager in Charge of Operations and Development between 1990 and 1992 at ING affiliate Tiel Utrecht Verzekerd Sparen, he served as Senior Financial Officer and Actuary in Charge of Certification, at Nationale- Nederlanden General Insurance from 1992 to 1994. Between 1994 and 1995, he was a Senior Actuary at the ING Group Actuarial and Risk Management Department. Then after working as the CEO in charge of Southern and Eastern Netherlands Operations, ING Bank, between 1995 and 1999, he held the position of Sales Director at RVS, an affiliate of ING from 1999 to 2002. Following these duties, Mr. Boon became the Chairman, Director, and CEO PT of ING-Aetna Life between 2002 and 2003; ING Asigurari de Viata Sales Director in 2004; and CEO of ING Fondu de Pensii, and from October 2004 to 2008 Chairman of the Romanian Association of Pension Institutions (APAPR). Between October 2008 and February 2012, he has held the position of CEO and Chairman at ING Pension Funds Greece. As of December 2012, he continues his career as CEO of ING Asigurari de Viata-Romania.

### **Pieter Gerar Quir Coopmans**

**Appointment: 21.01.2014**

He completed his degree in Business Administration at European University, Antwerp and attained a master's degree in Business at Nyenrode Business University in 2002. In 1996, he joined ING Bank Netherlands as the Unit Manager. Between 1998 and 2003, he worked as Unit Sales Manager of the Zurich Financial Services Netherlands. He was assigned as Sales Director in 2006 at SNS Real Group Netherlands where he started as a Sales Manager in 2003. His career at ING began in 2009 and from 2012 on, he is the CEO of ING Life Luxembourg SA.

**Tankut Taner Çelik****Resignation: 21.10.2014****Member of the Board of Directors**

Tankut Taner Çelik is a graduate of Marmara University, with a Major in Business Administration; he also holds an MBA in Accounting and Finance from Manchester University, and a PhD from İstanbul Technical University. He began working for İMPEXBANK A.Ş. first as a Specialist in 1990 and continued as the Assistant Manager. Mr. Çelik then served as Assistant Manager from 1994 to 1996, and Group Manager between 1996 and 1998 at ABN AMBRO BANK N.V. From 1998 to 2002, he held the positions of Director and General Manager at Global Portföy Yönetim A.Ş. Between 2003 and 2004, he worked at ING Portföy Yönetimi A.Ş. as an Assistant General Manager, and was appointed General Manager in 2004.

**Jetse Frederik de Vries****Resignation: 23.06.2014****Member of the Board of Directors–CEO**

Jetse Frederik de Vries holds an undergraduate and a Master's degree in Management from Webster University. He also received a Master's in Law from Leiden University, and is currently enrolled at Oxford University as a student in the online Philosophy program. Mr. De Vries worked as an Assistant Professor in the Law Faculty of Leiden University between 1985 and 1986. He then became a Management Trainee at Nationale-Nederlanden from 1986 to 1987. He held various managerial duties at Victoria Vesta between 1987 and 1991 and from 1991 to 1992 worked as a business consultant to Le Group Commerce. Between 1992 and 1993, Mr. De Vries served as marketing manager at Belair Insurance, and as Sales and Marketing Manager at RVS from 1993 to 1997. Between 1997 and 2000, he held the position of CEO at Nederlanden Asigurari de Viata in Romania. He then became the CEO of ING Nationale- Nederlanden in Spain from 2000 to 2003. Between 2003 and 2008, Mr. De Vries served as Vice President at ING Canada Insurance. He was then the CEO at ING Life Insurance and Pension Fund in Russia from 2008 to 2010. Since March 2010, he has been a Board Member and CEO at ING Emeklilik A.Ş.

**Frank Eijsink****Appointment: 23.06.2014****Board Member- CEO**

He was graduated from the Applied Physics Department of the Eindhoven University of Technology in 1997, and received a bachelor's degree in Industrial Engineering and Management Sciences in 1998 from the same university. He started his career as a Business Analyst at A. Kearney in 1998, and resigned in 2003 as a Manager. Between 2003 and 2006, he worked as Corporate Strategist at ING Corporate Strategy. In 2006, he started to work as Business Development Manager at ING Variable Annuities Europe and continue to work in this position until 2008 when he was appointed as the CEO of ING Life Luxembourg. Carrying out the CEO position of ING Life Luxembourg position until 2012, Eijsink worked as Director of Financial Strategy at ING Insurance and Investment Management Europe / NN Group between 2012 and 2014 until 2012. He continues his career as the CEO of ING Emeklilik A.Ş. since June 2014.

## MANAGEMENT DETAILS

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### **Süleyman Sarper Evren**

**Resignation: 12.08.2014**

**Member of the Board of Directors-Assistant General Manager, Reconstruction and Corporate Development**

Süleyman Sarper Evren was graduated from Boğaziçi University with a degree in Mathematics. In 1994 he began his professional career as an Assistant Specialist at Oyak Sigorta A.Ş. Between 1995 and 1997, he worked as a Specialist at Axa Oyak Hayat Sigorta. From 1999 to 2003, he served first as Assistant Manager and then as Manager at Axa Oyak Hayat Sigorta A.Ş. Then in 2003 he became the Head of Marketing at İNG Emeklilik. Mr. Sarper Evren, who served as Chief Financial Officer and Chief Operating Officer until 2012, was elected a Member of the Board of Directors in 2012. He was the Assistant General Manager in Charge of Finance until November 2013, and currently is the Assistant General Manager in Charge of Reconstruction and Corporate Development.

### **Emine Sebilcioğlu**

**Appointment: 13.08.2014**

**Board member – Vice General Manager, Financial Affairs**

Emine Sebilcioğlu, who was assigned CFO in November 2013 is a graduate of İstanbul University with a degree in Business Administration. In 1994 she started working at PwC Turkey as Assurance and Business Advisory Services specialist and ended up as the director of the same department in 2002. From 2002 to March 2007 she was CFO at Fortis Yatırım Menkul Değerler A.Ş, responsible for Accounting, Budgeting, Financial Reporting, Compliance, Risk Control and Internal Control Departments. From March 2007 to August 2008 she was assigned assistant COO, from August 2008 to February 2009 COO and finally from February 2009 to November Board Member besides being COO. In November 2009 until March 2011 she started at BNP Paribas Investment Partner as Head of Tax, Structuring and Participations. Between March 2011 and November 2013 she became Chief Financial Officer and Executive Vice President at BNP Paribas Cardif Emeklilik, BNP Paribas Cardif Hayat and BNP Paribas Cardif Sigorta. As of November 2013 she becomes CFO at İNG Emeklilik. Besides being a CPA, she is holding an Advanced Licence and Corporate Governance Licence by Capital Markets Board of Turkey.



## **INTERNAL AUDIT**

### **Duygu Erol**

Duygu Erol is a graduate of Kadir Has University Faculty of Economic and Administrative Sciences, Department of Business Administration. She had her Master's degree in Accounting-Finance in 2007. Before İNG Emeklilik she worked at Finans Emeklilik at various finance and fiscal control positions. She is a Certified Accountant, and holds following licenses: Certified Internal Audit (CIA), Certification in Risk Management Assurance (CRMA) and Capital Markets Board of Turkey External Auditor Licence. Duygu Erol, is the Internal Audit Manager since September 2013.

## **SENIOR MANAGEMENT**

### **İhsan Çevik**

#### **Assistant General Manager, Sales**

İhsan Çevik is a Business Administration graduate of Middle East Technical University. He worked at various public and private sector companies between 1980 and 1993. In 1993 he became the Manager in Charge of Technical Operations, Product Development and Actuaries at Bayındır Hayat Sigorta. In 1997, he was appointed Assistant General Manager and was assigned General Manager of İlgaz Tourism, an affiliate of the same group, in 2001. Mr. Çevik then worked as the Regional Director of the Axa Oyak Insurance Bakırköy regional office in 2002; since 2003, he has been the Assistant General Manager at İNG Emeklilik.

### **Willebrordus Johannes Olsthoorn**

#### **Assistant General Manager, Operations**

Willebrordus Johannes Olsthoorn is a graduate of Faculty of Law of Leiden University and received his Master's degree in Civil Law from the same university in 1992. Between 1998 and 2002 he worked as Vice President at İNG Nationale-Nederlanden Pension Fund Society Poland. From 2002 to 2007, he served as General Manager and Operations Manager at İNG Non-State Pension Fund/İNG Life Insurance ZAO Russia. Then between 2007 and 2012 he worked as Operations Manager at İNG Insurance Central & Rest of Europe Holland. Since 2012, he has been the Assistant General Manager in Charge of Operations at İNG Emeklilik.

### **Deniz Kalafat Uysal**

#### **Director, Marketing**

Ms. Deniz Kalafat Uysal completed her undergraduate education at Bosphorus University majoring in Politics and International Relations in 1994, and received her MBA degree from the same university in 1997. In 1996 she began her professional career at Unilever, and until 1999 worked as the Assistant Brand Manager in charge of Central Asia and Caucasian Republics. In 1999, she was appointed Brand Manager in the same region, a position she held until 2001. Between 2001 and 2005 she worked as Senior Brand Manager of the Lipton brand in Turkey. She continued her career as Business Development Manager at The Coca-Cola Company and had an active role in determining market entrance strategies and business plan for hot tea category and in the purchasing process of Dogadan company. Between 2006 and 2008 she continued her career as co-founder and managing partner of Prime Dining Group. In 2008 she became Marketing Director at Ülker, an affiliate of Yıldız Holding, and from 2009 to 2012 served as Marketing Director at Milford-Yıldız, another affiliate of Yıldız Holding. Since 2012 she has held the position of Marketing Director at İNG Emeklilik A.Ş.

## MANAGEMENT DETAILS

### Sujoy Ghosh

#### Chief Bancassurance Officer

Sujoy Ghosh, with more than 17 years management experience has worked in 4 countries, in 9 different markets and 3 sectors. Between 1992 and 1994, Sujoy Ghosh had an MBA degree in TATA Institute of Social Sciences in India. Between 1994 and 1996 Sujoy Ghosh worked as senior consultant at Andersen, managed a team of 2 thousands people in 12 different regions as Northern Regional Manager at Coca-Cola India between 1996 and 2002 and then worked between 2002-2004 as Vice President in charge of Human Resources and Sales at TAT-AİG Life company; afterwards between 2004 and 2006 he worked as Vice President at ABN-AMBRO (Retail Bank). Between 2007 and 2009 Sujoy Ghosh was the Region Head Bancassurance of Korea, Thailand, India in The Asia Pacific Region and was responsible for Bancassurance Training, Strategic Planning and Business Development Manager at the same time. He was assigned as İNG Insurance Asia Pacific Region Head in January 2010. As of January 2013 Sujoy Ghosh was appointed Chief Bancassurance Officer of İNG Emeklilik.

### Başak Başar Beleli

#### Chief Human Resources Officer and Organizational Development

##### Appointment: 05.03.2014

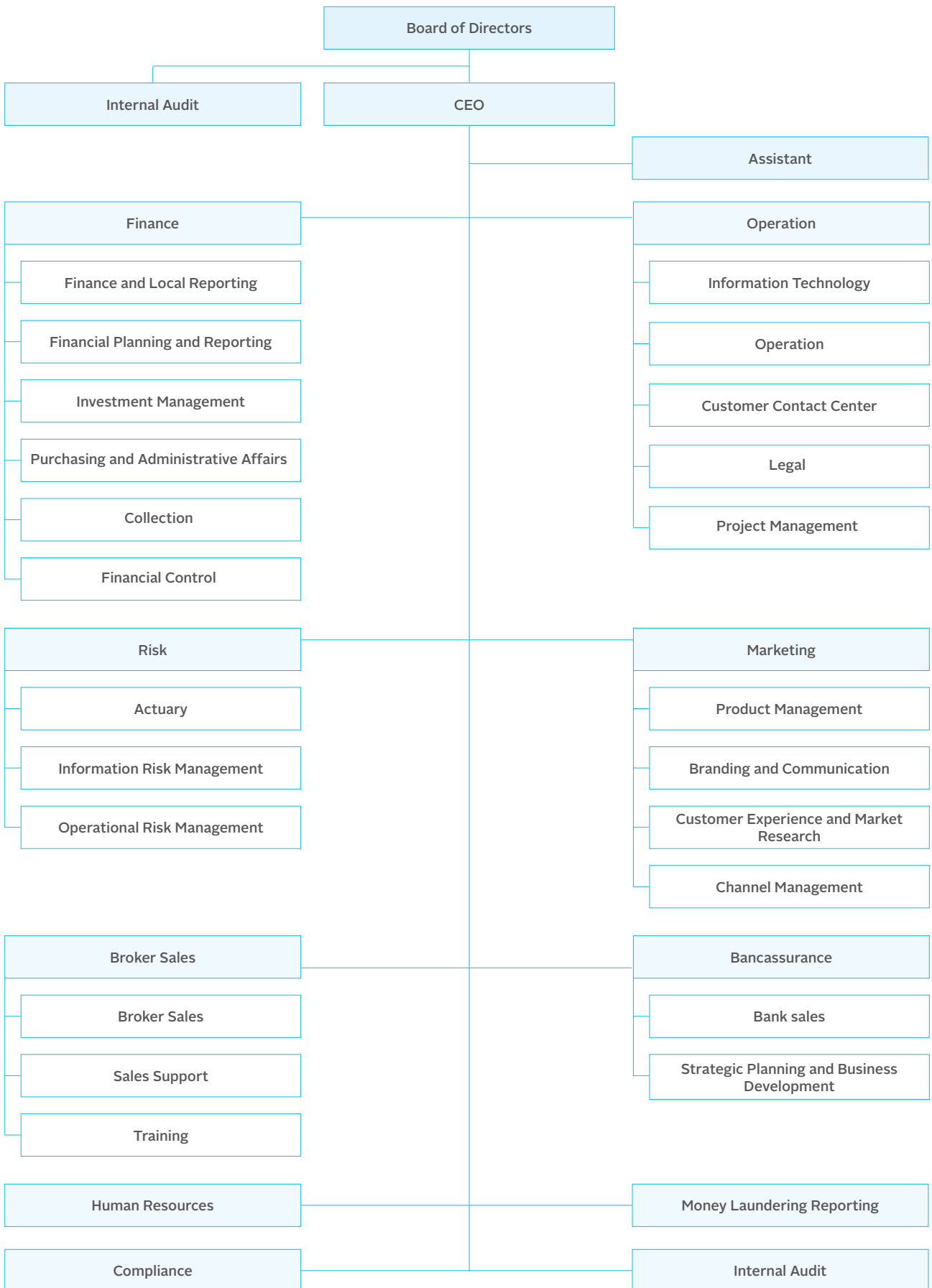
After graduating from Department of Economics at Boğaziçi University in 1996, her career began in the same year at Procter & Gamble as a Financial Analyst. She was appointed as Finance Director and Group Finance Director, respectively in the same company. In 2008, Beleli started working as Director of Human Resources at Cadbury Turkey which was rebranded as Kraft Foods later on. She worked in various managerial positions in different departments of Human Resources. As of 24<sup>th</sup> of February, 2014, Başak Başar Beleli has been working as Chief Human Resources Officer at İNG Emeklilik A.Ş.

### INFORMATION ON ATTENDANCE OF MEMBERS OF THE BOARD AT RELEVANT MEETINGS DURING THE FISCAL YEAR

Board of Directors Meeting Dates	Meeting No.	Attendance
21.01.2014	1	4
21.01.2014	2	4
21.01.2014	3	4
03.02.2014	4	4
03.02.2014	5	4
03.02.2014	6	4
28.02.2014	7	4
28.02.2014	8	4
28.02.2014	9	4
28.02.2014	10	4
28.02.2014	11	4
28.02.2014	12	4
28.02.2014	13	4
28.02.2014	14	4

28.02.2014	15	4
28.02.2014	16	4
03.03.2014	17	4
03.03.2014	18	4
05.03.2014	19	4
05.03.2014	20	4
17.03.2014	21	4
18.03.2014	22	4
24.03.2014	23	4
24.03.2014	24	4
24.03.2014	25	4
24.03.2014	26	4
24.03.2014	27	4
25.03.2014	28	4
25.03.2014	29	4
25.03.2014	30	4
25.03.2014	31	4
26.03.2014	32	4
07.04.2014	33	4
07.04.2014	34	4
09.04.2014	35	4
10.04.2014	36	4
28.04.2014	37	4
05.05.2014	38	4
05.05.2014	39	4
05.05.2014	40	4
12.05.2014	41	4
01.06.2014	42	5
03.06.2014	43	4
03.06.2014	44	4
03.06.2014	45	4
03.06.2014	46	4
21.06.2014	47	4
23.06.2014	48	4
17.07.2014	49	4
17.07.2014	50	4
17.07.2014	51	4
04.08.2014	52	4
08.08.2014	53	4
12.08.2014	54	4
02.09.2014	55	4
15.09.2014	56	4
24.09.2014	57	4
24.09.2014	58	4
29.09.2014	59	4
29.09.2014	60	4
21.10.2014	61	4
21.10.2014	62	4
12.11.2014	63	3
12.11.2014	64	3
12.11.2014	65	3
12.11.2014	66	3
23.12.2014	67	3

# ORGANIZATIONAL CHART



# HUMAN RESOURCES STRATEGY AND ACTIVITIES

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ING Emeklilik gives its employees the opportunity to develop themselves, and provide them with an inspiring and healthy work environment.

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Our business centers around people and trust. Being entrusted with other people's financial matters is a responsibility we take very seriously. Only by acting with professionalism, and integrity can we build and maintain the confidence of our stakeholders: customers, employees, shareholders, business partners and society at large – all of whom are essential to the success of our company.

Our values; Care, Clear and Commit not only set the standard for our management strategy but also constitute our HR strategy. Moreover, they are brought to life through our day-to-day activities.

## **We care**

Means we empower people to be at their best. We care about our employees' private lives, we care about their development and value their opinions & contributions. That is why we give our employees the opportunity to develop themselves, and provide them with an inspiring and healthy work environment. One way of demonstrating our care is by leading the sector with our state of the art HR practices as such "working from home" and "flexible hours". Other examples are the job rotation, promotion from within and project based work opportunities we provide in addition to conventional classroom training programs; knowing that on the job learning is the most effective way of personal development. We appreciate our colleagues, who are the ones that make it happen.

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*One way of demonstrating our care is "working from home" and "flexible hours" applications.*

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## HUMAN RESOURCES STRATEGY AND ACTIVITIES

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We know that we can build trust and a sense of fairness among our employees only by being clear about the way we manage our employees and our business.

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### **We are clear**

Means we communicate proactively and honestly; say what we mean and mean what we say. We foster a culture where everyone is easy to approach, attentive and responsive. We believe that listening with genuine interest and empathy can solve every issue we face. We know that we can build trust and a sense of fairness among our employees only by being clear about the way we manage our employees and our business. In an effort to achieve this, we use internationally renowned remuneration and performance management systems and methodologies. That enables objective measurement and appraisal of our performance, in the area of performance management. In the area of remuneration, clear communication of our policies around our compensation & benefit management that are following the best practices of the market, enables us to build the sense of fairness we strive for.

### **We commit**

Means we act with integrity and comply with all applicable laws, regulations and internal policies and guidelines. We seek to recruit professionals who are not only keen to develop together with the Company in pursuit of becoming the leader of the Turkish pension and insurance market, but also those who are striving to take accountability for their actions in delivering on our promises. It also means doing business with the future in mind that is why as HR we laid the foundation for our aspiration of being a strategic partner by implementing the HR business partnering model. This way of working enables us more to value long-term objectives over short-term gains. Last but not least, we encourage our employees to challenge the status quo to add value to our business that lasts.

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*We encourage our employees to challenge the status quo to add value to our business that lasts.*

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EXECUTIVE SUMMARY OF BOARD REPORT  
SUBMITTED TO THE GENERAL ASSEMBLY

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## 2014 ASSESMENT REPORT BY THE INTERNAL AUDIT DEPARTMENT

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The most important aim of internal auditing is to help the company to attain its objectives and create value added opinions and suggestions.

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The purpose of internal audit activities carried out by the Internal Audit Department is to ensure compliance of the transactions with the current laws and other regulations, as well as the corporate strategies, policies, internal regulations, principles, objectives and rules of the insurance business and that efficiency and adequacy prevails in internal control and risk management systems. Furthermore, the most important aim of internal auditing is to help the company to attain its objectives and create value added opinions and suggestions.

In terms of organizational structure, the Internal Audit Department reports to the Board of Directors and it is also a member of Corporate Audit Service (CAS), which is an independence audit unit within ING with performing its activities in compliance with the Institute Internal Auditors (IIA).

In 2014, the Internal Audit Department issued 6 audit reports as well as 1 follow-up report by Operational Risk Management (ORM) Department to evaluate the effectiveness of the audit reports' findings.

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**6 units**

*In 2014, the Internal  
Audit Department issued  
6 audit reports.*

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Ensuring that the activities and the programs are in line with the objectives and the targets set by the Company, and monitoring whether the activities are carried out the way they were planned are responsibilities of Internal Audit Department.

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Internal auditing includes all the departments of the Company, the regional directorates and the agencies and has operated by:

- Examining the compliance of all Company operations with the legislations, internal arrangements and the general policies of the Company,
- Offering assurance in terms of the effective and adequate performance of risk management and internal control activities,
- Analyzing the accuracy and the reliability of financial and administrative information,
- Monitoring the economical and efficient utilization of Company resources,
- Ensuring that the activities and the programs are in line with the objectives and the targets set by the Company, and monitoring whether the activities are carried out the way they were planned.

Such activities are also monitored through the following methods:

- Compiling information and analyzing them objectively.
- Reporting this information in a clear and comprehensible way to the relevant authorities.
- Taking action plans from the relevant executives pursuant to these reports,
- Checking whether the issues outlined in the audit reports are corrected, and whether the warning notes are taken into consideration for further operations.

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## **1 unit**

*In 2014, the Internal Audit Department issued 1 follow-up report.*

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# AGENDA OF THE 2014 ORDINARY GENERAL ASSEMBLY MEETING

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1. Opening and the formation of the Council,
2. Authorizing the Council to sign the minute book and documents on behalf of the General Assembly,
3. Reading and discussing the Board of Directors Annual Report,
4. Reading, discussing and approving the Balance Sheet, Profit/Loss Statement and discussing the dividend distribution,
5. Acquittance of the Members of the Board of Directors
6. Discussing the election of the Members of Board of Directors and determining their office terms
7. Remunerations of the Board of Directors
8. Election of Independent Auditor
9. Wishes and Requests,
10. Closing.

# STATEMENT OF FINANCIAL POSITION FOR FIVE-YEAR PERIOD INCLUDING THE REPORTING PERIOD

TL thousand	2014	2013	2012	2011	2010
ASSETS UNDER MANAGEMENT	1,767,132	1,390,851	1,092,350	778,361	639,760
PAID-IN CAPITAL	40,201	54,801	108,160	50,160	46,160
SHAREHOLDERS' EQUITY	13,164	33,476	54,865	23,721	27,616
TOTAL ASSETS	1,911,821	1,550,466	1,233,231	859,225	697,842
TECHNICAL INCOME	118,775	94,820	83,813	67,212	46,872
TECHNICAL PROFIT/LOSS	-63,324	-60,794	-28,052	-8,504	-1,841
NON-TECHNICAL PROFIT/LOSS	-17,713	-10,793	45	892	-182
PROFIT/LOSS BEFORE TAX	-80,959	-71,587	-28,007	-7,612	-2,023

## INFORMATION ON THE FINANCIAL STRUCTURE

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ING Emeklilik actively operated in the fast growing pension sector in 2014. Shareholder's equity was TL 13.2 million. The total assets increased by 23.3% compared to 2013 value and reached to TL 1.91 billion as of December 31, 2014. The percentage of cash assets in total assets was 4.3% and the percentage of private pension insurance receivables in total assets was 92.4% as of December 31, 2014.

# INFORMATION CONCERNING THE RISK MANAGEMENT POLICIES BY TYPES OF RISKS

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Through a strong risk management system, ING Emeklilik aims to control risks, and to minimize losses on one hand, while creating value for contributors, shareholders, distribution channels and employees on the other.

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## Financial Risks

The company is exposed to the following financial risks:

**Liquidity risk** - risk of not having enough liquid assets at a given moment and therefore being forced to sell illiquid assets at distressed prices. Mitigating actions are liquidity planning and holding a minimum amount of investments in liquid assets.

**Interest rate risk** - risk of interest rates changing, thus causing a change in the market value of assets and liabilities. Mitigating actions consist in asset/ liability duration matching, to the best possible extent.

**Equity risk** - risk of stock market changes, thus causing fluctuations in the underlying equity funds. There are no mitigation actions taken here (like e.g. hedging) as only clients' money are invested in equities. The effect of the company is of second order, i.e. lower asset management fees in case equity funds decrease.

**Credit risk** - risk of bonds within the company's portfolio defaulting or worsening rating. The mitigating action is a clear and selective investment policy, whereby only bonds above a certain rating and from an approved universe are purchased.

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*Liquidity risk is the risk of not having enough liquid assets at a given moment and therefore being forced to sell illiquid assets at distressed prices.*

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## INFORMATION CONCERNING THE RISK MANAGEMENT POLICIES BY TYPES OF RISKS

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**FX risk** - risk of having (part of) assets and liabilities denominated in different currencies, thus causing surplus fluctuations when FX rates change. Mitigating actions are asset/ liability FX matching, by either re-contracting liabilities in local currency or by purchasing assets (cash) in foreign currency when FX is favorable.

### **2- Non-financial risks**

- a) Business risk
- b) Market Risk
- c) Reputation Risk
- d) Compliance Risk
- e) Operational Risk

### **OPERATIONAL RISK**

The Company implements an Operational Risk and Compliance Risk Management Process, which aims to define and measure operational and compliance risks, identify and implement risk policies and operating procedures, as well as establish, execute, monitor and report the necessary control mechanisms to mitigate risks.

Operational risk is defined as: “The risk that the Company will incur direct or indirect loss due to inadequate or failed internal processes, human resources and systems performance, or else from external factors”.

Through a strong risk management system, the Company aims to control risks, and to minimize losses on one hand, while creating value for contributors, shareholders, distribution channels and employees on the other.

---

*FX risk is the risk of having (part of) assets and liabilities denominated in different currencies, thus causing surplus fluctuations when FX rates change.*

---

The risk management approach at ING is based on the “Three Lines of Defense” philosophy, which can be defined as follows:

1 <sup>ST</sup> LINE OF DEFENSE	2 <sup>ND</sup> LINE OF DEFENSE	3 <sup>RD</sup> LINE OF DEFENSE
Line Departments	Compliance and Risk Management	Audit
<ul style="list-style-type: none"> <li>• Department managers hold primary accountability for managing operational risk and compliance risk during daily operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Supports management in defining the risk function, risk appetite, strategies and policies.</li> <li>• Critically analyzes whether risk definitions, risk reports and action plans designed to mitigate risks are complete, correct and effective.</li> </ul>	<ul style="list-style-type: none"> <li>• Undertakes financial, operational, compliance and risk management audits.</li> <li>• Provides independent and objective assurance on the effectiveness of internal controls and risk management.</li> </ul>

**The operational risk categories are as follows:**

- 1) Control Risk,
- 2) Unauthorized Activity Risk,
- 3) Process Risk,
- 4) Employment Practice and Workplace Security Risk,
- 5) Information (Technology) Risk
- 6) Compliance Risk,
- 7) Fraud Risk.

The main objectives of the risk management process covering all the Company activities and departments regarding the types of risks above are as follows:

- To increase the awareness of operational and compliance risk,
- To work with department managers to ensure that activities are conducted as per the risk appetite of the ING Group and upper management,
- To develop early warning systems,
- To take action to reduce risks and to ensure that additional measures are taken,
- Thus, to definitively reduce the costs of operational risk.

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*Business Continuity Management handles how the critical activities of the Company would be maintained in the event of any crisis.*

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As part of the Operational Risk Management, the Company

## INFORMATION CONCERNING THE RISK MANAGEMENT POLICIES BY TYPES OF RISKS

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continues its studies regarding the Physical Security Management, Business Continuity Management, and Information Security Management. The activities of Physical Security Management include ensuring compliance of the working areas of the Head Office, Regional Sales Offices and Affiliates with security standards and occupational safety principles, as well as the preparing of contingency plans and minutes, the organizing of physical security committee meetings, and meeting the training requirements of the relevant personnel. The activities of Business Continuity Management include reviewing existing crisis plans and critical processes, and defining how the critical activities of the Company would be maintained in the event of any crisis. In order to prepare for crisis events and identify deficiencies, comprehensive tests are performed based on a crisis scenario, and hence, the Company is ready against any emergency likely to occur.

### COMPLIANCE RISK

Due to its importance, compliance risk is a separately handled operational risk category. Compliance risk is “The risk of failure by ING to abide by integrity and honesty. It is also the failure to comply with the Company’s business principles, laws and other regulations, and standards of financial services, which is the Company’s main area of activity”. The Company places utmost importance on the management of compliance risk, being fully aware of the fact that in the financial services sector, in which it operates, customer trust is of the essence.

#### Compliance Risk Management is responsible for the following:

- Compliance with laws and other applicable legislation,
- Compliance with the code of conduct,
- Compliance with the Company’s and ING’s business principles,
- Compliance with the ING Group’s and the Company’s applicable compliance policies and other related internal procedures and regulations

The ING Group, of which the company is a part, has defined

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*The ING Group, of which the company is a part, has defined numerous policies on risk management and compliance, and which are in effect for all group companies.*

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numerous policies on risk management and compliance, and which are in effect for all group companies.

Some of these policies include:

- Code of Conduct,
- Financial and Economic Crimes Policy,
- Insider Information Policy,
- Anti-fraud Policy (Whistleblower Policy),
- Gifts, Entertainment Activities and Anti-corruption Policy.

In this context, and with the aim of effectively managing Operational Risks, as well as Compliance Risk, and in strict collaboration with relevant managers, necessary studies are carried out in accordance with legal requirements to attain risk management in line with ING Group's policies, and to establish strong risk management awareness throughout the Company.

Compliance Department is managed by the Compliance Directorate.

#### **OPERATIONS FOR PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM**

As per MASAK regulations and the compliance policies of ING Group, the Company has appointed a Money Laundering Reporting Compliance Officer. The Financial Economic Crimes Policy Compliance Project is one of the projects completed in 2010. Within this scope, the Company has circulated and put into effect the following:

Customer Identification, Customer Acceptance Procedure, Name Scan, Alarm Management, Suspicious Transaction Reporting Procedure and a Customer Risk Matrix. Awareness training sessions have also been held. Also, early warning systems designed to monitor suspicious transactions have been developed and an automated reporting system has been established.

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*In line with ING Group's policies, and to establish strong risk management awareness throughout the Company.*

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**ING Emeklilik Incorporated Company**

Financial Statements as at year ended  
31 December 2014 together with Independent  
Auditor's Report Thereon

## ING Emeklilik Incorporated Company

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**Independent Auditor's report of ING Emeklilik Anonim Şirketi  
as of 31 December 2014.**

To the Board of Directors of ING Emeklilik Sigorta Anonim Şirketi

1. We have audited the accompanying balance sheet of ING Emeklilik Anonim Şirketi (the "Company") as at 31 December 2014 and the related statement of income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Company management's responsibility for the financial statements***

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards set out as per the insurance legislation. This responsibility includes designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Independent auditor's responsibility***

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was performed in compliance with the regulations regarding core principles on independent audit principles set by insurance legislation and in accordance with the Independent Auditing Standards which is a part of Turkey Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority. Those standards require that the ethical principles are complied with and that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

4. Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the independent auditors consider internal systems. However our purpose is not expressing an opinion on the effectiveness of the entity's internal control, but to consider the relation of the financial statements prepared by the Company management and the internal systems in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

5. In our opinion, the accompanying financial statements give a true and fair view of the financial position of ING Emeklilik Anonim Şirketi as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards (see Note 2) in force as per the insurance legislation.

***Report on Independent Auditor's Responsibilities Arising from Other Regulatory Requirements***

1) In accordance with article 402, paragraph 4 of Turkey Commercial Code no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with Article 402 of the Turkey Commercial Code, the Board of Directors has provided us with the required explanations and documents.

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

**Damla Harman, SMMM**  
Responsible Partner, Lead Auditor

2 March 2015  
İstanbul, Türkiye

## ING EMEKLİLİK INCORPORATED COMPANY

### DETAILED BALANCE SHEET

### AS AT 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

		Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
	Note		
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>			
	4, 14	81.261.995	66.083.834
1- Cash	4, 14	-	-
2- Cheques received		-	-
3- Banks	4, 14	58.661.576	44.087.160
4- Cheques given and payment orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	4, 14	28.600.419	21.996.674
6- Other Cash and Cash Equivalents	4, 14	-	-
<b>B- Financial Assets and Investments with Risks at Policyholders</b>			
	4, 11	12.666.135	27.548.242
1- Financial Assets Available for Sale	4, 11	12.666.135	27.548.242
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments with Risks at Life Insurance Policyholders		-	-
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
<b>C- Receivables from Main Operations</b>			
	4, 12	21.694.105	42.171.738
1- Receivables from Insurance Operations	12	6.044.927	8.573.232
2- Provision for Receivables from Insurance Operations (-)	12	(1.540.486)	(416.350)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations	12	17.189.664	34.014.856
9- Doubtful Receivables from Main Operations	12	12.282.042	195.505
10- Provision for Doubtful Receivables from Main Operations (-)	12	(12.282.042)	(195.505)
<b>D- Due from Related Parties</b>			
	4, 12	5.145.994	2.235.095
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures	2, 45	5.145.994	2.234.982
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	-	113
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables Due from Related Parties (-)		-	-

**ING EMEKLİLİK INCORPORATED COMPANY**  
**DETAILED BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

(CURRENCY: TURKISH LIRA (TL))

		Audited Current Period	Audited Prior Period
	Note	31 December 2014	31 December 2013
<b>E- Other Receivables</b>	4, 47.1	<b>281.549</b>	113.217
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given	47.5	<b>181.067</b>	111.167
4- Other Miscellaneous Receivables	47.5	<b>100.482</b>	2.050
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>6.142.679</b>	6.310.825
1- Deferred development/ Production Expenses	47.5	<b>4.118.925</b>	5.522.468
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.5	<b>2.023.754</b>	788.357
<b>G- Other Current Assets</b>		<b>488.062</b>	470.884
1- Inventories to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	35	<b>484.767</b>	470.884
3- Deferred Tax Assets		-	-
4- Job Advances		<b>3.295</b>	-
5- Advances to Employees		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>127.680.519</b>	144.933.835

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

## ING EMEKLİLİK INCORPORATED COMPANY DETAILED BALANCE SHEET AS AT 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

		Audited	Audited
		Current Period	Prior Period
	Note	31 December 2014	31 December 2013
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>			
1- Receivables from Insurance Operations		1.767.132.005	1.390.850.670
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations	4, 17	1.767.132.005	1.390.850.670
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
<b>B- Due from Related Parties</b>			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>C- Other Receivables</b>			
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>			
1- Investments in Equity Shares	9	508.686	350.000
2- Investments in Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint Ventures	9	508.686	350.000
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Financial Investments with Risks at Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets (-)		-	-



**ING EMEKLİLİK INCORPORATED COMPANY**  
**DETAILED BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

(CURRENCY: TURKISH LIRA (TL))

		Audited	Audited
		Current Period	Prior Period
	Note	31 December 2014	31 December 2013
<b>E- Tangible Fixed Assets</b>	6	<b>8.099.852</b>	7.632.609
1- Investment Properties		-	-
2- Impairment in value for Investment Properties (-)		-	-
3- Owner Occupied Properties		-	-
4- Machinery and Equipments	6	<b>7.600.681</b>	6.457.817
5- Furnitures and Fixtures	6	<b>3.234.334</b>	2.736.209
6- Motor Vehicles	6	<b>60.470</b>	60.470
7- Other Tangible Assets (Including Leasehold Improvements)	6	<b>4.231.346</b>	3.921.604
8- Leased Tangible Fixed Assets		-	-
9- Accumulated Depreciation (-)	6	<b>(7.026.979)</b>	(5.543.491)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progress)		-	-
<b>F- Intangible Fixed Assets</b>	8	<b>7.100.953</b>	4.623.911
1- Rights	8	<b>11.928.577</b>	8.229.427
2- Goodwill		-	-
3- Establishment Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	<b>(4.827.624)</b>	(3.605.516)
7- Advances Regarding Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Development/Production Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H- Other Non-Current Assets</b>		<b>1.299.243</b>	2.074.648
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	<b>1.299.243</b>	2.074.648
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
<b>II- Total Non-Current Assets</b>		<b>1.784.140.739</b>	1.405.531.838
<b>TOTAL ASSETS (I+II)</b>		<b>1.911.821.258</b>	1.550.465.673

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

## ING EMEKLİLİK INCORPORATED COMPANY DETAILED BALANCE SHEET AS AT 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

		Audited	Audited
		Current Period	Prior Period
	Note	31 December 2014	31 December 2013
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>			
		544.622	-
1- Borrowings from Financial Institutions	4, 20	544.622	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables Arising from Main Operations</b>	4,19	39.075.704	36.584.884
1- Payables Arising from Insurance Operations		988.822	516.463
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations	4	38.086.882	36.068.421
5- Payables Arising from Other Main Operations		-	-
6- Rediscount on Payables from Other Main Operations (-)		-	-
<b>C-Due to Related Parties</b>	4,12,45	8.434.165	7.283.748
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures	45, 12	-	-
5- Due to Personnel	45, 12	219.334	119.979
6- Due to Other Related Parties	12	8.214.831	7.163.769
<b>D- Other Payables</b>		4.378.760	3.732.867
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution Related to Treatment Expenses		-	-
3- Other Miscellaneous Payables	4, 19,1, 47,1	4.378.760	3.732.867
4- Rediscount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		20.676.020	19.573.827
1- Reserve for Unearned Premiums - Net	17,15	10.265.265	13.281.089
2- Reserve for Unexpired Risks- Net		-	-
3- Mathematical Reserves - Net		-	-
4- Reserve for Outstanding Claims - Net	17,15	10.410.755	6.292.738
5- Reserves for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
<b>F- Taxes and Other Liabilities and Relevant Provisions</b>		2.101.638	1.816.950
1- Taxes and Funds Payable		1.551.106	1.288.653
2- Social Security Premiums Payable		550.532	528.297
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit		-	-
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		-	-
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>		17.855.989	19.231.879
1- Provision for Employment Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	17.855.989	19.231.879
<b>H- Deferred Income and Expense Accruals</b>		70.765	46.640
1- Deferred Commission Income	19	70.765	46.640
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Short Term Liabilities</b>	475	79.087	198.139
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short Term Liabilities		79.087	198.139
<b>III - Total Short Term Liabilities</b>		<b>93.216.750</b>	<b>88.468.934</b>

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

**ING EMEKLİK INCORPORATED COMPANY**  
**DETAILED BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

(CURRENCY: TURKISH LIRA (TL))

	Note	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
<b>IV- Long-Term Liabilities</b>			
<b>A- Borrowings</b>			
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables Arising from Main Operations</b>		<b>1.767.132.005</b>	1.390.850.670
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations	4, 17,19	<b>1.767.132.005</b>	1.390.850.670
5- Payables Arising from Other Main Operations		-	-
6- Rediscount on Payables from Other Main Operations (-)		-	-
<b>C- Due to Related Parties</b>			
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>			
1- Deposits and Guarantees Received	4, 19	<b>403.583</b>	381.782
2- Payables to Social Security Institution Related to Treatment Expenses		<b>403.583</b>	381.782
3- Other Miscellaneous Payables		-	-
4- Rediscount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>			
1- Reserve for Unearned Premiums - Net		<b>37.222.294</b>	36.914.263
2- Reserve for Unexpired Risks - Net		-	-
3- Mathematical Reserves - Net	17,15	<b>34.014.682</b>	34.684.361
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17,15	<b>3.207.612</b>	2.229.902
<b>F- Other Liabilities and Provisions</b>			
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>			
1- Provisions for Employment Termination Benefits	22	<b>682.479</b>	374.287
2- Provisions for Pension Fund Deficits		<b>682.479</b>	374.287
<b>H-Deferred Income and Expense Accruals</b>			
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long Term Liabilities</b>			
1- Deferred Tax Liabilities		-	-
2- Other Long Term Liabilities		-	-
<b>IV- Total Long Term Liabilities</b>		<b>1.805.440.361</b>	1.428.521.002

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

## ING EMEKLİLİK INCORPORATED COMPANY

### DETAILED BALANCE SHEET

### AS AT 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

		Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
	Note		
<b>V- Equity</b>			
<b>A- Paid in Capital</b>			
1- (Nominal) Capital	1.1, 15	40.201.189 39.041.417	54.801.189 53.641.417
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		1.159.772	1.159.772
4- Negative Capital Restatement Differences (-)		-	-
5- Unregistered Capital		-	-
<b>B- Capital Reserves</b>			
1- Equity Share Premiums	1.1, 15	110.850.000	54.000.000
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves	15	110.850.000	54.000.000
<b>C- Profit Reserves</b>			
1- Legal Reserves		(340.659)	(3.738.646)
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	(56.443)
5- Revaluation of Financial Assets	15	(340.659)	(3.682.203)
6- Other Profit Reserves		-	-
<b>D- Retained Profits</b>			
1- Retained Profits		-	-
<b>E- Accumulated Losses (-)</b>			
1- Accumulated Losses		(56.586.806)	-
<b>F- Net Profit/(Loss) of the period</b>			
1- Net Profit for the Period		(80.959.576)	(71.586.806)
2- Net Loss for the Period (-)		-	-
3- Net Loss for the Period (-)		(80.959.576)	(71.586.806)
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>			
		13.164.147	33.475.737
<b>TOTAL EQUITY AND LIABILITIES (III+IV+V)</b>			
		1.911.821.258	1.550.465.673

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

**ING EMEKLİLİK INCORPORATED COMPANY**  
**STATEMENT OF INCOME FOR THE**  
**YEAR ENDED 31 DECEMBER 2014**

(CURRENCY: TURKISH LIRA (TL))

		Audited	Audited
		Current Period	Prior Period
	Note	1 January – 31 December 2014	1 January – 31 December 2013
<b>I-TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>			
1- Earned Premiums (Net of Reinsurer Share)		7,319.649	6.035.283
1.1- Written Premiums (Net of Reinsurer Share)	24	5.845.231	7.332.229
1.1.1- Gross Written Premiums (+)	24	6.608.086	8.755.249
1.1.2- Ceded Written Premiums (-)	24	(762.855)	(1.423.020)
1.1.3- Written Premiums to SSI		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Reserves Carried Forward) (+/-)	17.15	1.344.244	(1.296.946)
1.2.1- Reserve for Unearned Premiums (-)	17.15	1.948.083	(1.439.342)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.15	(603.839)	142.396
1.2.3- SSI share of Reserve for Unearned Premiums, (+/-)		-	-
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Reserve for Unexpired Risks (-)		-	-
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Section		130.174	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross (+)		-	-
3.2- Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Salvage and Subrogation Income (+)		-	-
<b>B- Non-Life Technical Expenses (-)</b>			
1- Incurred Losses (Net of Reinsurer Share)	17.15	(640.797)	(988.418)
1.1- Claims Paid (Net of Reinsurer Share)	17.15	(918.085)	(218.098)
1.1.1- Claims Paid, gross (-)		(919.295)	(3.964.456)
1.1.2- Reinsurance Share of Claims Paid (+)	17.15	8.273.210	3.746.358
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	277.288	(770.320)
1.2.1- Outstanding Claims Reserves (-)	17.15	46.173	(934.500)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.15	231.115	164.180
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1- Provision for Bonus and Discounts (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	(114.812)	(102.278)
4- Operating Expenses (-)	31	(8.403.232)	(5.880.380)
5- Change in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses		-	-
6.1- Other Technical Expense, gross (-)		-	-
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-
<b>C- Non-Life Technical Net Profit (A - B)</b>			
		(1.839.192)	(935.793)
<b>D- Life Technical Income</b>			
1- Earned Premiums (Net of Reinsurer Share)		70.599.640	54.181.374
1.1- Written Premiums (Net of Reinsurer Share)	24	68.928.060	59.534.728
1.1.1- Gross Written Premiums (+)	24	69.703.323	60.211.036
1.1.2- Ceded Premiums to Reinsurers (-)	24	(775.264)	(676.308)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Reserves Carried Forward) (+/-)	17.15	1.671.580	(5.353.354)
1.2.1- Reserve for Unearned Premiums, gross (-)	17.15	1.597.380	(5.494.285)
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	17.15	74.200	140.931

# ING EMEKLİLİK INCORPORATED COMPANY

## STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

		Audited	Audited
		Current Period	Prior Period
	Note	1 January – 31 December 2014	1 January – 31 December 2013
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Reserve for Unexpired Risks (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2- Life Branch Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
5- Accrued Salvage and Subrogation Income		-	-
<b>E- Life Technical Expense</b>		<b>(92.333.230)</b>	<b>(65.440.795)</b>
1- Incurred Losses (Net of Reinsurer Share)	17.15	<b>(15.685.200)</b>	<b>(14.177.903)</b>
1.1- Claims Paid (Net of Reinsurer Share)	17.15	<b>(11.289.896)</b>	<b>(12.638.719)</b>
1.1.1- Gross Claims Paid (-)		<b>(11.997.767)</b>	<b>(12.656.687)</b>
1.1.2- Claims Paid Reinsurer Share (+)	17.15	<b>707.871</b>	17.968
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	<b>(4.395.304)</b>	<b>(1.539.184)</b>
1.2.1- Outstanding Claims Reserves (-)	17.15	<b>(4.308.589)</b>	<b>(1.623.922)</b>
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.15	<b>(86.715)</b>	84.738
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Discounts Reserves (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	<b>669.679</b>	<b>(4.109.938)</b>
3.1- Mathematical Reserves (-)	17.15	<b>668.342</b>	<b>(4.117.356)</b>
3.2- Reinsurer Share of Mathematical Reserves (+)	17.15	<b>1.337</b>	7.418
4- Change in Provisions for Policies Investment Risks of Which Belong to Life Insurance Policyholders (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
4.1- Provisions for Policies with Investment Risks on Life Insurance Policyholders (-)		-	-
4.2- Reinsurer Share of Provisions for Policies with Investment Risks at Life Insurance Policyholders (+)		-	-
5- Change in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17.15	<b>(862.898)</b>	<b>(752.150)</b>
6- Operating Expenses (-)	31	<b>(76.454.811)</b>	<b>(46.400.804)</b>
7- Investment Expenses (-)		-	-
8- Unrealized Losses on Investments (-)		-	-
9- Investment Income Transferred to the Non-Life Technical Section (-)		-	-
<b>F- Net Technical Income - Life (D - E)</b>		<b>(21.733.590)</b>	<b>(11.259.421)</b>
<b>G- Pension Business Technical Income</b>		<b>40.855.677</b>	<b>34.603.194</b>
1- Fund Operating Expense Fee		<b>28.014.489</b>	<b>24.172.406</b>
2- Administration Fee Deduction		<b>5.187.761</b>	<b>4.196.443</b>
3- Initial Fee Income	25	<b>6.317.728</b>	<b>6.191.206</b>
4- Management Fee In Case Of Temporary Suspension		<b>1.335.699</b>	<b>43.139</b>
5- Income from Private Service Charges		-	-
6- Increase in Value of Capital Commitment Advance		-	-
7- Other Technical Income		-	-
<b>H- Pension Business Technical Expense</b>		<b>(80.606.612)</b>	<b>(83.201.790)</b>
1- Fund Management Expenses (-)		<b>(5.543.614)</b>	<b>(5.096.149)</b>
2- Decrease in Value of Capital Commitment Advance (-)		-	-
3- Operating Expenses (-)	31	<b>(73.367.888)</b>	<b>(76.796.808)</b>
4- Other Technical Expenses (-)		<b>(1.604.437)</b>	<b>(1.287.019)</b>
5- Penalties (-)		<b>(90.673)</b>	<b>(21.814)</b>
<b>I- Net Technical Income - Pension Business (G - H)</b>		<b>(39.750.935)</b>	<b>(48.598.596)</b>

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

**ING EMEKLİLİK INCORPORATED COMPANY**  
**STATEMENT OF INCOME FOR THE**  
**YEAR ENDED 31 DECEMBER 2014**

(CURRENCY: TURKISH LIRA (TL))

		Audited Current Period	Audited Prior Period
		1 January – 31 December 2014	1 January – 31 December 2013
	Note		
<b>II- NON-TECHNICAL SECTION</b>			
<b>C- Net Technical Profit - Non-Life</b>		<b>(1.839.192)</b>	(935.793)
<b>F- Net Technical Profit - Life</b>		<b>(21.733.590)</b>	(11.259.421)
<b>I- Net Technical Profit - Pension Business</b>		<b>(39.750.935)</b>	(48.598.596)
<b>J- Total Net Technical Profit (C+F+I)</b>		<b>(63.323.718)</b>	(60.793.810)
<b>K- Investment Income</b>		<b>3.597.282</b>	5.385.924
1- Income from Financial Investments	26	<b>3.519.728</b>	4.609.885
2- Income from Sales of Financial Assets		-	-
3- Valuation of Financial Investments	26, 27	<b>(318.911)</b>	644.955
4- Foreign Exchange Gains	36	<b>396.465</b>	131.084
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Section		-	-
<b>L- Investment Expenses (-)</b>		<b>(3.573.445)</b>	(2.560.547)
1- Investment Management Expenses - including interest (-)		<b>(8.780)</b>	(128.339)
2- Diminution in Value of Investments (-)		-	-
3- Losses On Sales of Investments (-)		-	-
4- Investment Income Transferred to Non-Life Technical Section (-)		<b>(130.174)</b>	-
5- Loss from Derivative Transactions (-)		-	-
6- Foreign Exchange Losses (-)	36	<b>(320.748)</b>	(93.575)
7- Depreciation Expenses (-)	6,8	<b>(3.113.743)</b>	(2.338.633)
8- Other Investment Expenses (-)		-	-
<b>M- Income and Profits / Expenses and Losses From Other and Extraordinary Operations(+/-)</b>		<b>(17.659.696)</b>	(13.618.372)
1- Provisions (+/-)	47,5	<b>(16.593.885)</b>	(13.772.500)
2- Rediscounts (+/-)		-	-
3- Specified Insurance Accounts (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts (+/-)	21, 35	<b>(744.294)</b>	533.160
6- Deferred Tax Liabilities Accounts (-)		-	-
7- Other Income and Profits	47,5	<b>97.334</b>	15.982
8- Other Expenses and Losses (-)	47,5	<b>(419.156)</b>	(395.014)
9- Retained earnings and profits	Mad 47,4	<b>306</b>	-
10- Prior Period Expenses and Losses (-)		-	-
<b>N- Net Profit for the Year</b>		<b>(80.959.576)</b>	(71.586.806)
1- Net Profit or Loss for the Year		<b>(80.959.576)</b>	(71.586.806)
2- Corporate Tax Provision and Other Fiscal Liabilities (-)		-	-
3- Net Profit or Loss for the Year		<b>(80.959.576)</b>	(71.586.806)
4- Inflation Adjustment Account		-	-

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

# ING EMEKLİLİK INCORPORATED COMPANY

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

Current Period	31 December 2014										Total
	Audited										
	Equity Shares Owned by the Company Capital	Increase in value of assets	Inflation Adjustment	Currency Translation Adjustment	Legal Statutory Reserves	Revaluation of Financial Assets	Other Reserves and Retained Earnings	Net Profit for the Year (or loss)	Retained earnings (losses)		
I - Closing Balance of Prior Period (31/12/2013)	53.641.417		1.159.772			(3.682.203)	53.943.557		(71.586.807)	33.475.737	
II - Amendments in accounting policy											
III - Opening Balance (I + II) (01/01/2013)	53.641.417		1.159.772			(3.682.203)	53.943.557		(71.586.807)	33.475.737	
A- Capital increase (A1+A2)	(14.600.000)						56.850.000			42.250.000	
1- Cash	(14.600.000)						56.850.000			42.250.000	
2- Internal sources											
B- Equity shares purchased by the company											
C- Gains or losses that are not included in the statement of income							56.443			56.443	
D- Value increase in financial assets						3.341.544				3.341.543	
E- Currency translation adjustments											
F- Other gains or losses											
G- Inflation adjustment differences											
H- Net profit (or loss) for the period								(80.959.576)		(80.959.576)	
I - Dividends distributed											
J- Transfer to reserves									15.000.000	15.000.000	
IV- Closing Balance (31/12/2014) (II+A+B+C+D+E+F+G+H+I+J) <sup>(c)</sup>	39.041.41		1.159.772			(340.659)	110.850.000	(80.959.576)	(56.586.807)	13.164.147	

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



# ING EMEKLİLİK INCORPORATED COMPANY

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

31 Aralık 2013										
Bağımsız denetimden geçmiştir										
Current Period	Equity Shares Owned by the Company (-) Capital	Increase in value of assets	Inflation Adjustment	Currency Translation Adjustment	Legal Statutory Reserves	Revaluation of Financial Assets	Other Reserves and Retained Earnings	Net Profit for the Year (or loss)	Retained earnings (losses)	Total
I - Balance at the end of the previous year (31/12/2012)	107,000,000		1,159,772			1,064,295		(28,007,320)	(26,351,263)	54,865,484
II - Changes in accounting policy										
III - Opening Balance (I + II) (01/01/2012)	107,000,000		1,159,772			1,064,295		(28,007,320)	(26,351,263)	54,865,484
A- Capital increase (A1+A2)	(53,358,583)						54,000,000		54,358,583	55,000,000
1- Cash	1,000,000						54,000,000			55,000,000
2- Internal sources	(54,358,583)								54,358,583	
B- Equity shares purchased by the company										
C- Gains or losses that are not included in the statement of income										
D- Value increase in financial assets						(4,746,498)	(56,443)			(56,443)
E- Currency translation adjustments										
F- Other gains or losses										
G- Inflation adjustment differences										
H- Net profit (or loss) for the year								(71,586,806)		(71,586,806)
I - Dividends distributed										
J- Transfer to reserves								28,007,320	(28,007,320)	
IV- Closing Balance (31/12/2013) (III+ A+B+C+D+E+F+G+H+I+J) <sup>(*)</sup>	53,641,417		1,159,772			(3,682,203)	53,943,557	(71,586,806)		33,475,737

(\*)The nominal capital of the company is TL 107,000,000 as of 31 December 2013 with an unregistered capital value of TL 23,000,000

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

## ING EMEKLİLİK INCORPORATED COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

(CURRENCY: TURKISH LIRA (TL))

		Audited Current Period	Audited Prior Period
	Note	1 January – 31 December 2014	1 January – 31 December 2013
<b>A. Cash flows from the operating activities</b>			
1. Cash inflows from insurance activities		86.015.054	74.969.154
2. Cash inflows from reinsurance activities		-	-
3. Cash inflows from pension business		69.190.497	46.942.545
4. Cash outflows due to insurance activities (-)		(108.449.270)	(78.642.553)
5. Cash outflows due to reinsurance activities (-)		-	-
6. Cash outflows due to pension business (-)		(86.249.302)	(93.453.219)
<b>7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)</b>		<b>(39.493.021)</b>	<b>(50.184.073)</b>
8. Interest payments (-)		-	-
9. Income taxes payments (-)		(13.883)	92.345
10. Other cash inflows		5.655.084	28.160.245
11. Other cash outflows (-)		(20.659.299)	(29.885.475)
12. Net cash generated from the operating activities		(54.511.118)	(51.816.958)
<b>B. Cash flows from investing activities</b>			
1. Sale of tangible assets		-	-
2. Purchase of tangible assets (-)	6, 8	(467.243)	(3.485.056)
3. Acquisition of financial assets (-)		(2.635.728)	(17.305.571)
4. Sale of financial assets		14.882.107	-
5. Interests received		3.200.817	5.254.840
6. Dividends received		-	-
7. Other cash inflows		396.465	131.084
8. Other cash outflows (-)		(3.573.445)	(7.307.046)
<b>9. Net cash generated from the investing activities</b>		<b>(11.802.973)</b>	<b>(22.711.749)</b>
<b>C. Cash flows from the financing activities</b>			
1. Issue of equity shares		-	-
2. Cash provided from loans and borrowings		544.622	-
3. Finance lease payments (-)		-	-
4. Dividends paid (-)		-	-
5. Other cash inflows		56.850.000	54.000.000
6. Other cash outflows (-)		-	-
<b>7. Net cash generating from the financing activities</b>		<b>57.794.622</b>	<b>54.000.000</b>
<b>D. Effect of exchange rate differences on cash and cash equivalents</b>		<b>-</b>	<b>216.632</b>
<b>E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)</b>		<b>15.086.477</b>	<b>(20.312.074)</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	14	<b>66.083.835</b>	<b>86.347.974</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	14	<b>81.170.311</b>	<b>66.035.900</b>

Takip eden dipnotlar bu finansal tabloların tamamlayıcı parçalarıdır.

# ING EMEKLILIK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

#### 1. General information

##### 1.1. Name of the Parent Company and the ultimate owner

ING Continental Europe Holdings B.V took over Oyak Emeklilik Anonim Şirketi in November 25, 2008 from Ordu Yardımlaşma Kurumu upon the approval of Undersecretariat of Turkish Treasury – General Directorate of Insurance. The company's legal status has been changed to incorporated company (The "Company") with an amendment of the articles of incorporation in accordance with the Turkey Commercial Code no.6762 at the extraordinary general meeting held on January 26, 2009. The Assembly resolution and the amended text of articles of incorporation were registered on January 29, 2009. The final shareholding structure of the Company is presented below:

	31 December 2014		31 December 2013	
	Value of shares TL	Share %	Value of shares TL	Share %
ING Continental Europe Holdings B.V. (*)	39.041.413	-	53.641.413	%99
Unregistered capital	-	-	-	-
Other	4	-	4	%0
	<b>39.041.417</b>		53.641.417	100%

In order to ensure capital optimization the Company has decided to remove accumulated losses by a capital reduction in accordance with the Board of Directors decision dated 17 January 2013 and numbered 2. On 6th of May, 2013, the Company's capital has been reduced to TL 57.648.737 by a reduction of TL 26.351.263, thereby removing the accumulated losses with a concurrent registration of TL 23.000.000 capital which increased the Company's capital to TL 80.648.737. On 29th of August 2013, the Company's capital has been reduced to TL 52.641.414 by a reduction of TL 28.007.320, thereby removing the accumulated losses with a concurrent capital increase of TL 500.000 TL which increased the Company's capital to TL 53.141.417. On 31st of December 2013, TL 500.000 capital increase and TL 19.500.000 of premium on issued shares have been registered. The Company's capital reached TL 53.641.417 as of 31 December 2013.

In order to ensure capital optimization the Company has decided to remove accumulated losses by a capital reduction in accordance with the Board of Directors decision dated 17 March 2014 and numbered 21. On 8 April 2014, the Company's capital has been raised to TL 38.741.417 by a reduction of TL 15.000.000 via removing accumulated losses together with a capital increase of TL 100.000. Concurrently, TL 14.900.000 of premium on issued shares have been registered.

The Company's capital has been raised to TL 38.841.417 by a capital increase of TL 100.000 in accordance with the Board of Directors decision dated June 2014 and numbered 43. Concurrently, TL 12.900.000 of premium on issued shares have been registered.

The Company's capital has been raised to TL 38.981.417 by a capital increase of TL 100.000 in accordance with the Extraordinary General Assembly's decision dated 13 August 2014. Concurrently, TL 11.400.000 of premium on issued shares have been registered.

The Company's capital has been raised to TL 39.041.417 by a capital increase of TL 100.000 in accordance with the Extraordinary General Assembly's decision dated 28 October 2014. Concurrently, TL 11.650.000 of premium on issued shares have been registered.

##### 1.2. The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a Corporation, which was established in accordance with the requirements of Turkish Commercial Code and is located at Maslak Mh. Ahi Evran Cd. Olive Plaza No:11 Şişli, İstanbul.

##### 1.3. Main operations of the Company

The Company has been established to provide any private pension, life, personal accident insurances together with reinsurance services and to carry out any legal proceedings, actions and affairs in the Company's areas of business within the constraints as envisaged by the legislations of private pension, insurance and other related legislation on capital market. The Company carries out its private pension activity in accordance with the Private Pension Savings and Investment System Law No: 4632 and its life activity according to the principles of the Insurance Law No. 5684.

# ING EMEKLİLİK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

#### 1. General Information (continued)

As of 31 December 2014, the Company owns 9 Private Pension Funds that the Company is the founder (As of 31 December 2013, the Company owns 9 Private Pension Funds that the Company is the founder).

Operating only in the private pension industry until 24 February 2014, the Company has received a life insurance licence from the Undersecretariat of Treasury of the Republic of Turkey on 24 February 2010. Following the licencing, the Company commenced to offer life insurance products as of March 2010 with credit life insurance. The credit life insurance is a product designed for customers taking out a loan from ING Bank A.Ş. The Company commenced to offer personal accident insurance policies on August 16, 2010.

#### 1.4. Details of the Company's operations and nature of field of activities

The business principles for the private pension activity are determined in accordance with the Private Pension Savings and Investment System Law No: 4632 and for the life and personal accident insurance activities according to the principles of the Insurance Law No. 5684 and the communiqués and other regulations in force.

#### 1.5. The average number of the personnel during the year in consideration of their categories

	31 December 2014	31 December 2013
Top executives	8	7
Managers	39	31
Specialists	271	250
Other	2	1
<b>Total</b>	<b>320</b>	<b>289</b>

#### 1.6. Remuneration and fringe benefits provided to top management

For the year 1 January - 31 December 2014, gross remuneration and fringe benefits provided to top management is amounting to TL 7.065.894 (31 December 2013: TL 5.226.087).

#### 1.7. Keys used in the distribution of investment income and operating expenses in the financial statements (personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses)

As of 31 December 2014, as per the "Communique on the Amendment of the Circular on Procedures and Principles for the Keys used in Financial Statements within the Scope of the Insurance Uniform Accounting Plan" issued by the TR Prime Ministry Undersecretariat of Treasury (Undersecretariat of Treasury) on 9 August 2010, all the personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses related to the technique section of the Company are being distributed between non-life, life and private pension branches. All directly distributable expenses of life, non-life and private pension branches are charged to the related branches. As per non-distributable expenses, the expense ratios are determined according to the paragraph (a) and (b) of the article 3 of the communique of the Undersecretariat of Treasury General Directorate of insurance numbered 2010/9.

#### 1.8. Information on the financial statements as to whether they comprise an individual company or a group of companies

The accompanying financial statements comprise only the financial information of the ING Emeklilik Anonim Şirketi.

#### 1.9. Name or other identifying information of the reporting enterprise and changes in such information since the previous balance sheet date:

Trade name of the company	: ING Emeklilik Anonim Şirketi
Registered address of the head office:	: Şişli, Maslak Mh. Ahi Evran Cd. Olive Plaza No:11 İstanbul
Phone number	: (212) 334 05 00
Fax	: (212) 346 38 25
The web page of the Company:	: www.ingemeklilik.com.tr
E-mail	: muhasebe@ingemeklilik.com.tr

# ING EMEKLILIK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

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#### 1.10. Subsequent events

The financial statements of the Company as at 31 December 2014 are approved by Board of Director's decision dated 2 March 2014. The General assembly and related legal authorities have not the authority to make changes on financial statements after they are published.

The Company trade name has been rebranded as NN Hayat ve Emeklilik Anonim Şirketi by the decision of Extraordinary General Assembly dated 29 January 2015 and has been published on the Turkish Trade Registry Gazette issued on 5 February 2015.

At the Extraordinary General Assembly Meeting dated 29 January 2015, it has been decided to raise the Company's capital by TL 100.000; at the same meeting a capital increase by TL 17.900.000 of premium on issued shares has been also decided. Capital increase decision was published in the Trade Registry Gazette dated February 5, 2015.

#### 2. Summary of significant accounting policies

##### 2.1. Basis of Preparation

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

###### Basis of Preparation

The Company prepares its financial statements in accordance with the prevailing accounting principles and standards for insurance and reinsurance companies set out by the by T.R. Prime Ministry Undersecretariat of the Treasury and applicable regulations required by the Insurance Law No: 5684.

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

The Company accounts for its operations in accordance with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on July 14, 2007 and effective from January 1, 2008 and within the framework of this regulation, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") and other regulations, communiqués and explanations issued by Undersecretariat of Treasury on accounting and financial reporting. With reference to the notice of the Undersecretariat of Treasury No. 9 dated February 18, 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were not included in the scope of this application. In addition, as of December 31, 2009, the insurance companies are obliged to apply the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" dated December 31, 2008 and published in the Official Gazette numbered 27097. The company does not present consolidated financial statements as it does not own any partnership to consolidate.

The Public Oversight, Accounting and Auditing Standards Authority (POA) established in accordance with the Statutory Decree published in the Official Gazette on November 2, 2011, among its other powers and duties, is authorized to shape and issue TASs in line with national and international standards to ensure the suitability, transparency, reliability, clarity, comparability, and consistency of the financial statements prepared by those who are obliged to keep books as per the applicable laws, to make secondary rules in connection with the implementation of Turkish Accounting Standards and to make required decisions, and to grant approvals for the institutions and organizations authorized to make rules in their areas, along with other powers and duties.

Pursuant to the "Decree of the Assembly Regarding the Determination of the Scope of Implementation of Turkish Accounting Standards" dated January 13, 2011 and numbered 6102; institutions concerning public interest stated in the Public Service Commission numbered 660 shall be subject to independent audit within the framework of Article 397 of the Code 6102, based on the decree of the Cabinet and entities mentioned in Paragraph 2 of Article 1534 of the same Code shall apply TAS in the preparation of their separate and consolidated financial statements.

Entities established in order to execute at least one of the fields of activity specified in the Banking Law no. 5411 dated October 19, 2005, development and investment banks and financial holding companies as well as the financial organizations to carry out insurance, private pension or capital market operations within the framework of Capital Market Law no. 6362 dated December 6, 2012, Insurance Law no. 5684 on April 3, 2007, and Private Pension Saving and Investment System Law no. 4362 on March 28, 2001 as well as relevant legislations are subject to their own regulations.

## ING EMEKLİLİK INCORPORATED COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

#### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

## 2. Summary of significant accounting policies (continued)

### 2.1.2 Other related accounting policies for the understanding of financial statements

All principles used in preparation of the financial statements and information regarding the special accounting policies being implemented are explained in note 2.1.1 and all accounting policies are explained in other notes below.

### 2.1.3 Functional currency

The Company's financial statements have been presented using the currency of the primary economic environment in which the entity operates (the functional currency). The Company presented its financial statements in Turkish Lira (TL) which is the currency used in the presentation of its financial statements.

### 2.1.4 New and Adjusted International Financial Reporting Standards

#### New and adjusted standards and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations (summarized below) effective as of 1 January 2014. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

#### i) New standards, amendments and interpretations effective as at January 1st, 2014

##### TAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities (Amended)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the financial position or performance of the Company.

##### TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

##### TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial Assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have a significant impact on the financial position or performance of the Company.

##### TAS 39 Financial Instruments: Recognition and Measurement (Amended) - Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the financial position or performance of the Company.

##### TFRS 10 Consolidated Financial Statements (Amended)

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

# ING EMEKLILIK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

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#### 2. Summary of significant accounting policies (continued)

##### ii) Standards issued but not yet effective and not early adopted

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

##### TFRS 9 Financial Instruments - Classification and Explanation

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option liabilities and requires that the change in fair value of a fair value option financial liability attributable to credit risk is presented under other comprehensive income statement. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA financial liability as one to be measured at fair value with changes in fair value reported in profit or loss (the 'fair value option').

##### TAS 19 - Defined Benefit Plans: Employee Contributions (Amended)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have any impact on the financial position or performance of the Company.

##### TFRS 11 - Stock Acquisition in Joint Operations (Amendments)

TFRS 11 has been amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business as defined in TFRS 3 Business Combination to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer business shall disclose the information required by TFRS 3 and other TFRS relating business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have any impact on the financial position and performance of the Company.

##### TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortization for intangible fixed assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have any impact on the financial position and performance of the Company.

##### Annual Improvements to TASs/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010-2012 Cycle" and "Annual Improvements - 2011-2013 Cycle. The changes are effective for annual reporting periods beginning on 1 July 2014.

##### TFRS 2 Share-Based Payments:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

##### TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

## **ING EMEKLİLİK INCORPORATED COMPANY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014**

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

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### **2. Summary of significant accounting policies (continued)**

#### **TFRS 8 Operating Segments**

The amendments are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

#### **Annual Improvements – Cycle 2010-2012**

#### **TAS 16 Tangible Fixed Assets and TAS 38 Intangible Fixed Assets**

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

#### **TAS 24 Related Party Disclosures**

The amendment clarifies that an entity that provides key management personnel services is a related party subject to the related party disclosures. The amendment is effective retrospectively.

#### **Annual Improvements – Cycle 2011-2013**

#### **TFRS 3 Business Combinations**

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

#### **TFRS 13 Basis for Conclusions on Fair Value Measurement**

The portfolio exception in TFRS 13 can be applied not only to financial assets, financial liabilities but also to the other contracts within the scope of TAS 39. The amendment is effective prospectively.

#### **TAS 40- Investment Property**

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Company do not expect that these amendments will have significant impact on the financial position or performance of the Company.

#### **The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective for the current reporting period. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

#### **Annual Improvements – Cycle 2010-2012**

#### **TFRS 13 Fair Value Measurement**

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.



# ING EMEKLILIK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

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#### 2. Summary of significant accounting policies (continued)

##### Annual Improvements – Cycle 2011-2013

##### IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Two alternative ways of application have been offered for transition to IFRS 15; either a full retrospective approach or a modified retrospective approach. If the modified retrospective approach is preferred, former periods will not be restated, however comparative numeric disclosures as footnotes are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

##### IFRS 9 Financial Instruments - Final Standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace the standard of Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects their cash flow characteristics and the business model in which they are managed. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others entities book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position and performance of the Company.

##### IAS 27 - Equity Method in Separate Financial Statements (Amendment to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39),

Or

- Using the equity method

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

##### Annual Improvements to IFRSs, Cycle 2012-2014

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Change in methods of disposal
- IFRS 7 Financial Instruments: Clarifications - service contracts, applicability of changes to IFRS 7, condensed interim financial statements
- IAS 19 Employee Benefits— regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"

## ING EMEKLİLİK INCORPORATED COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

#### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

#### 2. Summary of significant accounting policies (continued)

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

#### IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognizes a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognized only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

#### IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendment to IFRS 10 and IAS 28)

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

#### IAS 1: Disclosure Initiative (Amendment to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and Subtotals, Notes Structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected to have significant impact on the notes to the financial statements of the Company.

#### 2.2 Consolidation

In the 12 August 2008 dated and 2008/36 numbered "Sector Announcement Related to the Accounting of Subsidiaries, Associates and Joint Ventures in the Stand Alone Financial Statements of Insurance, Reinsurance and Individual Pension Companies" of the Turkish Treasury and in the Communiqué on the Preparation of Consolidated Financial Statements dated 31 December 2008, also taking into consideration the materiality principal, it is concluded that those partnerships would lie outside the scope of consolidation in the event that total assets of the subsidiaries, associates and joint ventures is lower than 1% of the parent company and in the event that the total shares of these subsidiaries, associates and joint ventures which are below this limit does not exceed 5% of total assets of the parent company. The Company established 6 separate incorporated companies with 50% share, namely EMK Sigorta Aracılık Hizmetleri A.Ş.(EMK) in 2011, DSM-Extra Sigorta Aracılık Hizmetleri A.Ş.(Extra) in 2012, Lira Sigorta Aracılık Hizmetleri A.Ş.(Lira), PNG Sigorta Aracılık Hizmetleri A.Ş.(PNG), Leo Sigorta Aracılık Hizmetleri A.Ş.(Leo) and Trias Sigorta Aracılık Hizmetleri A.Ş.(Trias). The company acquired 100% shares of EMK Sigorta Aracılık Hizmetleri A.Ş. (EMK) in 2014. Taking into consideration the materiality principal, the aforementioned subsidiaries and joint ventures are not consolidated in the financial statements of the Company as at 31 December 2014.

In regard to the General Assembly decision on 31 October 2013, Lira Sigorta Aracılık Hizmetleri A.Ş. trade name is changed to "Ünlem Sigorta Aracılık Hizmetleri A.Ş." The change is registered on 5 November 2013.

#### 2.3 Segment reporting

As at 31 December 2014 and 31 December 2013, the Company carries out pension operations in a single reportable segment in Turkey and since 10 March 2010 and 16 August 2010 in life and personal accident insurance branches respectively. Not being a public company, the Company does not perform segment reporting on account.

#### 2.4 Foreign currency translation

The Company's financial statements have been presented using the currency of the primary economic environment in which the entity operates (the functional currency). The Company presented its financial statements in Turkish Lira (TL) which is the currency used in the presentation of its financial statements.

# ING EMEKLILIK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

#### 2. Summary of significant accounting policies (continued)

In preparing the financial statements of the Company, transactions in foreign currencies (currencies other than TL) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in or indexed to foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the date when the fair value was determined.

#### 2.5 Tangible fixed assets

Tangible fixed assets are carried at cost, less any accumulated depreciation and impairment losses.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy. Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use.

The costs of the tangible fixed assets are charged evenly throughout their useful life by straight-line depreciation method.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful life, residual value, and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Depreciation periods for plant, property and equipment are presented in the table below:

	Useful life
Machinery and equipment	5 – 10 years
Motor vehicles	10 years
Furnitures and fixtures	5 – 10 years
Special costs	5 – 10 years

#### 2.6 Investment Properties

The Company does not have any investment properties as at the date of balance sheet (31 December 2013: None)

#### 2.7 Intangible Fixed Assets

##### Intangible fixed assets acquired

Intangible fixed assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives (5 years). Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs amortized over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economic benefit are amortized over their estimated useful lives (not exceeding 3 years).

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### 2. Summary of significant accounting policies (continued)

#### 2.8 Financial assets

Financial investments, other than those that are classified as financial assets at fair value through profit or loss and are initially measured at fair value, are recognized by fair market value less the transaction costs.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified as “financial assets at fair value through profit and loss”, “financial assets to be held until maturity”, “available-for-sale financial assets”, “loans and receivables”.

#### Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income generating from investments other than those that are classified as financial assets at fair value through profit and loss are calculated by effective interest method.

#### Financial assets at fair value through profit and loss (available-for-sale financial assets)

Financial assets at fair value through profit and loss are classified as available-for-sale financial assets. A financial asset is classified in this category when it is acquired to be disposed in short-term.

Financial assets that constitute derivative financial instruments which are hedged against financial risk are also classified as financial assets at fair value through profit and loss. Assets under this category are classified as working assets.

#### Financial Assets to Be Held until Maturity

Financial assets with fixed or with determinable payments and fixed maturity which the company is willing and able to hold till maturity are classified as “held-to-maturity” investments. Financial assets to be held until maturity are recognized after initial registry value is discounted from the amortized cost of a financial asset and the related income is calculated by using the effective interest method.

#### Available-for-sale financial assets

Investments other than a) held-to-maturity, b) held for trading, or c) loans and receivables are classified as available-for-sale financial assets. Available-for-sale financial assets are stated at their fair value, only if they are reliably measured.

Available-for-sale financial assets that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost. Gains and losses arising from available-for-sale financial assets are included in profit or loss for the period (such as dividends and interest). Changes in the fair value of such these assets are recognized in the equity.

When the related asset is disposed of or is determined to be impaired, it is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

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

#### Loans and receivables:

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Further, the Company allocates doubtful receivables provisions for the bad debts in connection with the commission paid to the agents.

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## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

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## 2. Summary of significant accounting policies (continued)

### 2.9 Impairment of Assets

#### Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired, are reviewed for possible reversal of the impairment at each reporting date.

#### Impairment of financial assets

The Company assesses its financial assets other than those at fair value through profit and loss or group of financial assets, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Moreover, the Company reserves a provision for doubtful receivables arising from the main activities for the doubtful receivables related to third parties, which are under administrative and legal follow up and for uncollectible amounts or the amounts which do not have the possibility of collection anymore.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Except for available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

In the event that there is a significant change in the fair value of the Company's portfolio of available-for-sale financial assets in the current period or the fair value is below its cost for a long period, the provision for this impairment is presented in the income statement under "Investment expenses".

#### 2.10 Derivative Financial Instruments

None (31 December 2013: None)

#### 2.11. Offsetting Financial Assets and Liabilities

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

#### 2.12 Cash and cash equivalents

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

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### 2. Summary of significant accounting policies (continued)

#### 2.13 Capital

As of December 31, 2014, the Company's nominal capital is TL 39.041.417 and is represented by 39.041.417 of equity shares having a nominal amount of TL 1 each (December 31, 2013: the Company's nominal capital is TL 53.641.417 and is represented by 53.641.417 of equity shares having a nominal amount of TL 1 each)

The Company has not accepted the registered capital system and there is no privilege to shares. As of December 31, 2014, the Company has TL 39.041.417 TL registered and paid capital. (31 December 2013 – TL 53.641.417)

#### 2.14 Insurance and investment contracts – classification

##### Insurance contracts

According to TFRS 4, insurance contracts are contracts in which one part (the insurer) accepts a significant insurance risk and pays compensation to the other part (insuree) when any uncertain case (the case subject to the claim) affects the insuree.

Company contracts, being recorded at the date the insurance risks are transferred, are classified as insurance contracts as of the maturity date and/or amortization of the all contractual rights and liabilities. (31 December 2013: None)

##### Investment contracts.

All contracts under the Company's portfolio are considered as insurance contracts.

##### Reinsurance agreements

Reinsurance provides a company with the share or transfer of specific risks with the reinsurer. It's a coverage or a protection instrument for companies.

Reinsurance spreads risk, increases the insurance company's flexibility and capacity to take on larger amounts of insurance business, allows the management of the catastrophic risks arising from savings surplus. Reinsurers co-operating with various insurance companies in various markets provide technical knowledge transfer to insurance companies.

As a reinsurance contract includes all the details on transactions and processes, the scope, definition, technical details, conditions for the acceptance of the business and compensation method, general and special conditions, legal framework, the parties of the contract as cedent and reinsurer of the business to be transferred to the reinsurer are clearly defined.

#### 2.15 Insurance and Investment Contracts With Discretionary Participation Features

None (December 31, 2013 - None).

#### 2.16 Investment Contracts without Discretionary Participation Features

None (December 31, 2013 - None).

#### 2.17 Borrowings

Contractual financial liabilities are:

- contractual liabilities allowing to transfer cash or other financial assets to another enterprise, or
- contractual liabilities allowing the enterprise to exchange their financial instruments with another enterprise to the former's disadvantage.

The spot loans of the company as of 31 December 2014 is TL 544.622. (31 December 2013: None)

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#### 2. Summary of significant accounting policies (continued)

##### 2.18 Deferred income tax

Deferred income tax assets and liabilities are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are determined using tax rates (tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The deferred tax assets and liabilities are reported as net in the accompanying financial statements.

Deferred taxes are recognized as an expense or income to the income statement, except when they relate to items credited or debited directly to equity (in which case the tax is also recognized directly in the equity).

##### 2.19 Employee benefits

###### (a) Defined benefit plan

In accordance with existing Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Company calculates the provision for "Employment Termination Benefits" on the accompanying financial statements using the "Projection Method" and on the basis of past experience in terms of expiration term of services of the Company's employees and entitlement to employment termination benefits and discounts this provision by price-earnings ratio of government securities at the date of balance sheet. All gains and losses are presented in the income statement.

###### (b) Defined contribution plan

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

The Company also makes payments to monthly pension contribution as contributions paid by staff within the company retirement plan and recognize as expense in personnel expenses amount of which corresponds to their share.

##### 2.20 Provisions

Provisions, contingent liabilities and contingent assets

In accordance with TAS 37, provisions are recognized when the Company has a present or constructive obligation (legal or structural) as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. When the monetary depreciation gains significance, provisions are calculated by discounting the pre-tax ratio of the current market estimations reflecting the time value of money over the future cash flows (and liability-specific risks, if appropriate).

If the situation requiring fund transfer is not highly likely, contingent liabilities are not reflected in the financial statements but explained in the footnotes. Contingent assets, on the other hand, are not reflected in the financial statements but explained in the footnotes if they are highly likely to generate economic returns.

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#### 2. Summary of significant accounting policies (continued)

A provision for lawsuits placed against the Company amounting TL 2.547.161 is reflected in the accompanying financial statements. (31 December 2013: TL 1.715.400) There isn't any placed or expected to be placed lawsuit against the Company with a significant impact on the financial statements as of 31 December 2014. (31 December 2013: none)

#### Technical reserves

Company has also reserves for contractual obligations arising from insurance contracts other than these within the scope of TAS 37

#### Unearned Premium Reserve

Within the framework of the article 5 of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves"), Unearned Premium Reserve consists of amounts extending to the next accounting period or periods and calculated on a daily basis for all policies in force as of 1 January 2008, as accrued premiums without deducting commissions or any other deductions.

In accordance with paragraph 5 of the article 5 of the aforesaid regulation, parts corresponding to coming period(s) of the commissions paid to brokers provided that production related accrual is carried out, commissions taken for the premiums assigned to the reinsurer, amounts paid for non-proportional reinsurance treaties, variable production expenses shall be recognized under other accounts related with deferred revenues and deferred expenses accounts. Deferred commission expenses as at 31 December 2014 is TL 4.118.925 and is recognized under prepaid expenses and income accruals as deferred commissions expenses account. (31 December 2013: TL 5.522.468). In addition, the Company's deferred commission income amounting TL 70.765 as of 31 December 2014 is recognized under deferred income and expense accruals. (31 December 2013: 46.640).

#### Unexpired Risks Reserve

It is recognized within the framework of the article 6 of the Regulation on Technical Reserves, in the period that insurance contract is effective, for insurance branches that the level of risk undertaken is not compatible with the allocation of the earned premium over time, as well as the reserves for unearned premiums are not sufficient to cover the risk perceived by the Company and estimated cost level. The Company has no unexpired risk reserve as of 31 December 2014. (31 December 2013: None)

#### Provision for outstanding claims and damages

The Company accounts for outstanding claims provision for claims incurred, but not paid in the current or previous periods.

The insurance companies has to account for additional provision for outstanding claims incurred as of the balance sheet date but not reported. For claims incurred, but not paid the Company has to make the calculations based on the last five years results. As the Company start to its life and personal accident operations respectively on 10 March 2010 and 16 August 2010, in accordance with actuary's opinion that the Company statistical data would provide fair consideration as of 2014, the past results of the Company has taken into consideration to calculate provision for claims incurred, but not paid. (In this respect, as of 31 December 2013, in accordance with actuary's opinion the Company has taken 70% its past data and 30% industry average). As at 31 December 312014, the Company has accounted for provision for claims incurred but not reported into account amounting to TL 1.206.661 (31 December 2013: TL 1.999.076), a gross outstanding claim provision amounting to TL 9.619.905 (31 December 2013: TL 4.565.074) and an outstanding claim reinsurance share amounting to TL 415.811 (31 December 2013: TL 260.006). The Company has not accounted an outstanding claim reinsurance share as of 31 December 2014 (31 December 2013: TL 11.406).

#### Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves calculated on the basis of technical principles determined by the tariffs and represent the Company's total liability to the policyholders. The remaining amount of premiums that are collected, after deduction of present value of total liabilities to policyholders and beneficiaries are accounted for as life actuarial mathematical reserves. Actuarial mathematical reserve is accounted on the basis of formulas and technical principles determined by the tariffs for life insurance contracts with periods longer than a year. Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method). However, actuarial mathematical reserves calculated



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#### 2. Summary of significant accounting policies (continued)

as the difference between the payments made by the insuree until then and all payments made by the insurer until then (retrospective method) or on the basis of generally acceptable actuarial principals set by the Undersecretariat cannot exceed this sum. In the case of a negative actuarial mathematical reserve, this amount is accounted as zero.

Actuarial mathematical reserves is calculated on accrual basis or on cash basis in accordance with formulas and technical principles determined by the tariffs. As of 31 December 2014 the Company life mathematical reserves is TL 34.059.464. (31 December 2013: TL 34.727.806)

#### Equalization Reserve

According to the Decree of Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held for Such Provisions, insurance companies are required to provide equalization reserve in their financial statements for earthquake and credit coverage in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the subsequent periods.

Based on the explanation numbered 2009/9 regarding "Application of Regulation on the Technical Reserves", published on 27 march 2009, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage in life and accident branches. In addition, the calculation technique of the equalization reserves is revised by the Undersecretariat of Treasury by "Regulation for the Amendment on Regulations about Technical Reserves and Assets for Investing Reserves of Insurance, Reinsurance and Pension Funds Companies" numbered 27655 and dated July 28, 2010. According to the related Regulation's Article No.9 and fifth paragraph entitled as "Equalization Reserves", Insurance companies can use their own statistical data for calculation of the equalization reserves amount for the life policies that have guaranty of death, but if the entity that has not own statistical data, has to made provisions as equalization reserve via considering 11% of the amount of life indemnity (also include costs share) as earthquake premium and 12% of the same amount as equalization reserve. Within this scope, in life branch 11% of the amount of life indemnity (including costs share) has been considered as earthquake premium and 12% of this amount is accounted as equalization reserve. In Personal Accident Insurance branch, for the policies covering the earthquake risk, equalization reserve is calculated by taking into consideration 12% of earthquake premiums. The Company has made an equalization reserve of TL 3.355.738 as of December 31, 2014 (December 31, 2013 – TL 2.229.902).

#### 2.21 Accounting for revenues

##### Written Premium

Written premiums represent premiums on policies written during the year, net of cancellations. Premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

##### Commission received and commission paid

The commission received and the commission paid under the technical revenue/expenses of life and non-life branches consists of the commission paid related to the written premiums and commission received related to the transferred premium to reinsurance companies. Commissions received and paid, which are traced on an accrual basis, being offset, are monitored under the operating expenses in the income statement, and under future months' revenues and expenses, respectively in the balance sheet.

##### Fund operating expense fee

It's the account that the deductions of fund operating expense fee calculated on the basis of fund's net asset value is accounted.

##### Administration Fee Deduction

It's the balance that the deductions of administrative expenses on contributions to the private pension of the contributor is accounted.

##### Initial fee income

The initial fee income account includes the accrued balance either when the participants enter the private pension system for the first time or when they contract out new private pension at another company for the first time, on condition that the gross minimum wage at the date the private pension agreement is signed, is not exceeded. Within the framework of the Company's existing private pension contracts, the collection of the initial fee is deferred till the date the participants leave the system, and deferred and contingent fees are booked as income. Initial fees prepaid at the 10% of the minimum wage are recognized at "Entrance fee income".

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### 2. Summary of significant accounting policies (continued)

#### Capital allocation advance income

It's the account that the positive difference between the provision for advance and the revenue generated from funds' sales after all the expenses during the fund establishment are deducted from the value increase of the portfolio between the creation date of the portfolio and selling date of the funds is booked as income.

#### Fund management expenses

The management fee of the pension investment funds is recognized under fund management expenses.

#### Commissions paid to brokers

Commissions paid to brokers stated under individual private pension technical expenses, is the account that the accrued commission expenses paid to private pension agents are recognized.

As at 31 December 2014, taking into account the assumption that brokers realized 80% of their targets, TL 5,918,081 of provisions for commissions paid to brokers is recognized. (31 December 2013: TL 9,417,565).

#### Interest income and expense

Interest income and expense is calculated by effective interest method and recognized on accrual basis in the income statement of the related period.

#### Dividend income

The dividends are recognized as income as of the date that right to receive occurs.

#### 2.22 Finance Lease - the Company as lessee

The Company has no finance lease receivables. (31 December 2013: None)

#### 2.23 Profit Share Distribution

None (31 December 2013: None)

#### 2.24 Related parties

A related party is any related person or entity to the Company that has prepared the financial statement ("reporting Company").

(a) A person or a close member of that person's family is related to a reporting entity,

if that person:

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or,
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity has a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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#### 2. Summary of significant accounting policies (continued)

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

In the financial statements and related notes dated December 31, 2014 and December 31, 2013, all the entities and top executives under ING Group except shareholders are defined as related parties.

#### 3. Significant Accounting Estimates and Requirements

Preparation of financial statements requires the use of assumptions and estimates by the Company management that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Actual results might be different than estimated. Estimations are reviewed on a regular basis, necessary changes are done and are reflected on the income statement. The estimations are mainly associated to the calculation of the fair value of the financial assets, provision for employment termination benefit, provisions for impairment of the assets, provision for litigation, deferred tax assets and interpretations with a significant impact on financial statements and important assumptions and evaluations made by taking into consideration the basis of the future estimations or estimations as at the date of balance sheet are as follows:

##### Deferred tax

At the balance sheet date, the Company has a TL 169.900.426 of future taxable profit against which the unused tax losses can be utilized (31 December 2013: TL 98.418.395). Taking into consideration its profit projections and within the framework of the conservatism principle, the Company did not recognize the deferred tax asset in its balance sheet. (31 December 2013: none)

##### Doubtful receivable provisions

The provision for doubtful debts reflects the estimated amount of provision that the Company management estimates to offset future losses arising from accounts receivable that have been issued but not yet collected as a consequence of the current economic conditions at the balance sheet date. The impairment of receivables is detected by taking into consideration their performance and credibility and their performance between the balance sheet date and the date of the approval of the financial statements together with the reviewed conditions. As of the dates of the related balance sheets, the Company has presented its provision for doubtful receivables in Note 12.1.

##### Employment termination benefits

The Company booked the provision for employment termination benefits by actuarial assumptions.

##### Provision for litigation

As of 31 December 2014 and 31 December 2013, in line with the legal advice of the Company Lawyer, for cases with a probable cash outflow the Company recorded a provision for litigation amounting to TL 2.547.161 (31 December 2013: TL 1.715.400) corresponding to the total case cost and attorney's fees together with the foreclosure attorneys' fees.

As per technical and other provisions, all other assumptions and estimations the Company made have been detailed under related footnotes.

#### 4. Insurance and Financial Risk Management

##### 4.1 Risk Management and Insurance Risk

##### 4.1.1 Risk management process, operational risk, compliance risk

The Company implements a Risk Management Process, which aims to define and measure operational risks, identify and implement risk policies and operating procedures, as well as establish, execute, monitor and report the necessary control mechanisms to mitigate risks.

Operational risk is defined as "The risk that the Company will incur direct or indirect loss due to inadequate or failed internal processes, human resources and systems performance, or else from external factors". Through a strong risk management system, the Company aims to control risks, and to minimize losses on one hand, while creating value for contributors, shareholders, distribution channels and employees on the other.

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### 4. Insurance and Financial Risk Management (continued)

The objectives of the Operational Risk Function are as follows:

- To increase the awareness of operational risk,
- To work with managers to ensure that activities are conducted as per the risk appetite of the senior management,
- To develop early warning systems,
- To take action to reduce risks and to ensure that additional measures are taken,
- Thus, to definitively reduce the costs of operational risk.

The risk management approach of the Company can be defined as follows:

	Individual responsible	Authorities and responsibilities
1 <sup>st</sup> line of defense	Line Departments	Department managers hold primary accountability for managing operational risk and compliance risk during daily operations.
2 <sup>nd</sup> line of defense	Compliance and Risk Management	Supports management in defining the risk function, risk appetite, strategies and policies. Critically analyzes whether risk definitions, risk reports and action plans designed to mitigate risks are complete, correct and effective.
3 <sup>rd</sup> line of defense	Audit	Undertakes financial, operational, compliance and risk management audits. Provides independent and objective assurance on the effectiveness of internal controls and risk management.

The Risk Management Process consists of following stages:

- Defining risks
- Measurement and rating of risks
- Identify company risk profile
- Identify risk appetites
- Monitoring and controlling risks
- Reporting

The operational risk categories are as follows:

- Control Risk,
- Unauthorized Activity Risk,
- Processing Risk,
- Employment Practice and Workplace Security Risk,
- Personal and Physical Security Risk,
- Information (Technology) Risk
- Business Continuity Risk,
- Compliance Risk,
- Internal Fraud Risk,
- External Fraud Risk.

The Company continues its studies for these defined risk types regarding "Operational Risk Management Process" including all Company's operations and departments.

Due to its importance, compliance risk is a separately handled operational risk category. Compliance risk is "The risk of failure by the Company to abide by integrity and honesty. It is also the failure to comply with the Company's business principles, laws and other regulations, and standards of financial services, which is the Company's main area of activity".

Compliance Risk Management is responsible for the following:

- Compliance with laws and other applicable legislation,
- Compliance with the code of conduct,
- Compliance with the Company's and ING's business principles,
- Compliance with corporate management

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#### 4. Insurance and Financial Risk Management (continued)

The ING Group has defined numerous policies on risk management and compliance, and which are in effect for all group companies. Some of these policies include:

- Code of Conduct,
- Financial Economic Crime Policy,
- Insider Trading Policy,
- Whistle Blower Policy,
- Gifts, Entertainment and Anti-Bribery Policy

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

##### 4.1.2.1 Sensitivity to insurance risk

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. The Company has adopted acceptance of risk policy together with reinsurers since 2014 that it started its insurance operations. Higher than the determined coverages are subject to medical and financial assessment. The Company's policy production strategy is based on the accurate distribution of the risk incurred to reinsurance companies considering the nature, type and extent of the risk.

The reinsurance arrangements of the Company in life and non-life insurance branches consist of surplus reinsurance treaty and catastrophe excess treaty. However, the Company can also enter into reinsurance contracts with facultative participation in case of treaties exceeding risk limits. In 2014, the Company determined a retention amount of TL 130.000 per insuree as surplus reinsurance treaty (31 December 2013: TL 130.000)

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

Generally, the Company's insurance contracts include life insurance and personal accident insurance.

The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
<b>31 December 2014</b>			
Life	13.479.708.979	(517.540.441)	12.962.168.538
Personal Accident	6.443.340.667	(314.220.546)	6.129.120.121
<b>Total</b>	<b>19.923.049.646</b>	<b>(831.760.987)</b>	<b>19.091.288.659</b>
<b>31 December 2013</b>			
Life	11.685.201.208	(350.457.006)	11.334.744.202
Personal Accident	6.006.302.301	(435.341.060)	5.570.961.241
<b>Total</b>	<b>17.691.503.509</b>	<b>(785.798.066)</b>	<b>16.905.705.443</b>

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

The value of incurred claims at current period is as follows:

	Gross	Reinsurance Share	Net
<b>31 December 2014</b>			
Incurred claims- Life	16.306.356	(621.156)	15.685.200
Incurred claims – Personal Accident	9.145.122	(8.504.325)	640.797
<b>Total</b>	<b>25.451.478</b>	<b>(9.125.481)</b>	<b>16.325.997</b>

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#### 4. Insurance and Financial Risk Management (continued)

31 December 2013	Gross	Reinsurance Share	Net
Incurring claims - Life	14.280.609	(102.706)	14.177.903
Incurring claims – Personal Accident	4.898.956	(3.910.538)	988.418
Total	19.179.565	(4.013.244)	15.166.321

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

Provisions and their impact on the balance sheet as at 31 December 2014 are explained below:

- Unexpired Risks Reserve

It is the provision covering the last 12 months as of each accounting period against the probability of future losses incurred from in force policies that may exceed the unearned premium reserve accounted for the related policies. As per the assessment as of 31 December 2014, there is none risk generating any risk provision. (31 December 2013: None, as the Company start to its life and personal accident operations respectively on 10 March 2010 and 16 August 2010)

- IBNR and ACLM

In accordance with the article 7, paragraph 3 of the Decree of Technical Provisions, the insurance companies has to make the calculations of outstanding claims reserve based on the past claims data by using the best adequate model of ACLM for the company portfolio determined by Undersecretariat of Turkish Treasury. In accordance with the article 6 of the aforesaid Decree, the insurance companies has to account for provision for outstanding claims incurred but not reported by using the model determined by Undersecretariat of Turkish Treasury. In accordance with the paragraph 8 of the related article, the additional provision per branch shall be accounted by using the model resulting with the highest total for ACLM and IBNR.

The effect on the balance sheet as of 31 December 2014: The Company has taken into consideration the data of the last 5 years to calculate incurred but not reported claims and compensations. As the Company start to its life and personal accident operations respectively on 10 March 2010 and 16 August 2010, with the thought that the Company statistical data would provide fair consideration as of 2014, the past results of the Company has taken into consideration to calculate provision for claims incurred, but not reported. (In this respect, as of 31 December 2013, in accordance with actuary's opinion the Company has taken 70% of its past data and 30% industry average). As at 31 December 2014, the Company has accounted for provision for claims incurred but not reported amounting to TL 1.206.661 (31 December 2013: TL 1.999.076), a gross outstanding claim provision amounting to TL 9.619.905 (31 December 2013: TL 4.565.074) and an outstanding claim reinsurance share amounting to TL 415.811 (31 December 2013: TL 260.006). The Company has not accounted an outstanding claim reinsurance share as of 31 December 2014 (31 December 2013: TL 11.406).

- Unearned premium reserve

Within the framework of the article 5 of the Regulation on Technical Reserves, Unearned Premium Reserve consists of amounts extending to the next accounting period or periods and calculated on a daily basis for all policies in force as of 1 January 2008, as accrued premiums without deducting commissions or any other deductions. Deferred commission expenses as at 31 December 2014 is TL 4.118.925 and is recognized under prepaid expenses and income accruals as deferred commissions expenses account. (31 December 2013: TL 5.522.468). In addition the Company's deferred commission income amounting TL 70.765 as of 31 December 2014 is recognized under deferred income and expense accruals. (31 December 2013: 46.640).

- Equalization reserve

According to the article 9 of the Regulation on Technical Reserves issued based on the Insurance Law No. 5684, the equalization reserve is for earthquake and credit coverage in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the subsequent periods. According to the related Regulation's Article No.9 and fifth paragraph entitled as "Equalization Reserves", Insurance companies can use their own statistical data for calculation of the equalization reserves amount for the life policies that have guaranty of death, but if the entity doesn't have own statistical data, has to made provisions as equalization reserve via considering 11% of the amount of life indemnity (including costs share) as earthquake premium and 12% of the same amount as equalization reserve. Within this scope, in life branch 11% of the amount of life has been considered as earthquake premium and 12% of this amount is accounted as equalization reserve. In Personal Accident Insurance branch, for the policies covering the earthquake risk, equalization reserve is calculated by taking into consideration 12% of earthquake premiums.

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#### 4. Insurance and Financial Risk Management (continued)

The effect on the balance sheet as at 31 December 2014: As of December 31, 2014 the Company has made a gross equalization reserve of TL 2.899.670 for life branch and TL 307.942 for personal accident branch (December 31, 2013 – gross TL 2.036.772 for life branch, gross TL 193.130 for personal accident branch).

- Life mathematical reserves

Life mathematical reserves is the provision calculated by the actuarial principles for policyholders and beneficiaries to cover life, health and personal accident insurance contracts with periods longer than a year.

The effect on the balance sheet as at 31 December 2014: As of 31 December 2014 the gross life mathematical reserves of the Company is TL 34.059.464. (31 December 2013: TL 34.727.806)

#### 4.2 Financial risk

##### 4.2.1 Information on capital risk management and capital requirement

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

The Company measures its adequacy semi-annually, in June and December, in accordance with the article 10 of the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" and as of reporting date the measurement as at 31 June 2014 continues. As of December 31, 2014, the Company's required capital is TL 23.458.057 (December 31, 2013: TL 23.007.233). As of December 31, 2014, the Company's capital is TL 7.594.984 lower than required capital amount. (December 31, 2013: TL 12.387.830 higher.)

As of 31 December 2014, when taking into consideration current period loss and accumulated losses, the half of the sum of the Company capital and legal reserves are uncovered as a result of loss as indicated in the article 376 of the Turkey Commercial Code. On 8 January 2015, ING Continental Europe Holdings B.V. the main partner of the Company raised the Company's capital by a total cash capital increase of TL 18.000.000 through a capital increase amounting TL 100.000 and TL 17.900.000 of premium on issued shares.

##### 4.2.2 Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its financial assets and liabilities. The Company's risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company's performance. The Company's exposure to credit risk in general is due to its life, non-life and pension insurance receivables. Details on these receivables are presented in Note.12.

##### Market risk

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

##### Exchange rate risk

The Company's foreign currency denominated/indexed assets and liabilities expose the Company to exchange rate risks. The details of the Company's foreign currency denominated assets and liabilities as of December 31, 2014 and December 31, 2013 are presented below in details.

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### 4. Insurance and Financial Risk Management (continued)

	31 December 2014			31 December 2013		
	Value of foreign currency	Exchange rate (CBRT Forex Buying)	Value TL	Value of foreign currency	Exchange rate (CBRT Forex Buying)	Value TL
<b>Foreign currency assets</b>						
<b>Banks (FED):</b>						
USD	325.626	2,3189	755.094	296.145	2,1343	632.062
Euro	34.893	2,8207	98.422	25.421	2,9365	74.649
<b>Receivables</b>						
Euro	-	-	-	-	-	-
<b>Total</b>			<b>853.516</b>			<b>706.711</b>
<b>Foreign currency liabilities</b>						
<b>Deposits and Guarantees Received</b>						
USD	28.050	2,3189	65.045	33.025	2,1343	70.485
Euro	7.940	2,8207	22.396	7.940	2,9365	23.316
<b>Provision for loans</b>						
EUR	428.194	28207	1.207.807	234.739	2,9365	689.311
USD						
<b>Total</b>			<b>1.295.248</b>			<b>783.112</b>
<b>Net position</b>			<b>(441.732)</b>			<b>(76.401)</b>

### Sensitivity to exchange rate risk

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

	31 December 2013		31 December 2013	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / (Loss) - Increase	69.005	(113.178)	56.158	(63.798)
Profit / (Loss) - Decrease	(69.005)	113.178	(56.158)	63.798

### Interest rate risk

Interest rate risk indicates changes in the market value of assets and liabilities and change in future cash flows arising from fluctuations in market interest rates. The Company closely monitors interest rate risk by analyzing market data and via adequate valuation methods.

The table below shows the effect of 5% increase (decrease) of market interest rate on profit and profit reserves given that all other variables are fixed as at 31 December 2014. The logic in the calculation is that, comparing the interest rate changes in TL bond which is accepted as benchmark with the average interest rate changes of other bonds, determining the correlation with the benchmark and recalculating a new interest rate and hence a price for the bonds by applying this 5% change of the benchmark proportionally.



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**4. Insurance and Financial Risk Management (continued)**

	<b>Effect on profit and profit reserves 31 December 2014</b>	Effect on profit and profit reserves 31 December 2013
<b>Market interest rate increase / (decrease)</b>	<b>TL</b>	<b>TL</b>
%5 increase	<b>82.725</b>	304.541
%5 decrease	<b>(82.725)</b>	(304.541)
	<b>The Effect of Revenue and Expenses 31 December 2014</b>	The Effect of Revenue and Expenses 31 December 2013
<b>Financial assets available for sale</b>		
<b>Market interest rate increase / (decrease)</b>	<b>TL</b>	<b>TL</b>
%5 increase	<b>(83.571)</b>	(463.209)
%5 decrease	<b>83.571</b>	463.209
	<b>The Effect of Revenue and Expenses 31 December 2014</b>	The Effect of Revenue and Expenses 31 December 2013
<b>Cash and cash equivalents</b>		
<b>Market interest rate increase / (decrease)</b>	<b>TL</b>	<b>TL</b>
%5 increase	<b>11.068</b>	5.338
%5 decrease	<b>(11.068)</b>	(5.338)

**Price risk**

The Company is exposed to price risk due to its available for sale financial assets.

The table below presents the effect of an increase/decrease by 5% of the government bonds' prices on the Company for sale financial assets in case that all other variables remain fixed.

<b>31 December 2014</b>	<b>Price increase / (decrease)</b>	<b>Effect on Financial assets</b>
	<b>5%</b>	<b>620.146</b>
	<b>(5%)</b>	<b>(620.146)</b>
	Price increase / (decrease)	Effect on Financial assets
31 December 2013		
	5%	1.364.251
	(5%)	(1.364.251)

**Credit risk**

This risk expresses the probability of loss arising from the full or partial default of the counterparties with which the Company has a business relationship. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it performs its operations in Turkey.

As of the balance sheet date, the Company has presented its receivables from life, non-life and pension operations, and guarantees received and provision for doubtful receivables in note 12.1. There is none restructured receivables. (31 December 2013: None)

Financial assets, banks and other cash and cash equivalents except account receivables are exposed to credit risk. Those assets are classified as unexpired and unimpaired financial assets.

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#### 4. Insurance and Financial Risk Management (continued)

##### Liquidity risk

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

##### Days to maturity:

31 December 2014									
	Expired	No maturity	Up to 1 month	1-3 month	3 months -1 year	1 – 5 years	Not distributed	Total	
Liquid assets	-	5.394.855	47.266.721	-	28.600.419	-	-	81.261.995	
Financial investments	-	-	-	-	-	12.666.135	-	12.666.135	
Receivables From Main Operation	11.099.792	-	494.556	3.319.126	6.073.616	707.018	1.767.132.005	1.788.826.113	
Due from Related Parties	2.722.737	-	-	-	2.423.257	-	-	5.145.994	
Tangible Fixed Assets	-	-	-	-	-	-	8.099.850	8.099.850	
Intangible Fixed Assets	-	-	-	-	-	-	7.100.953	7.100.953	
Deferred Tax Assets	-	-	-	-	-	-	1.299.243	1.299.243	
Other receivables and working assets	-	-	-	488.061	-	6.424.299	-	6.912.360	
Financial Assets	-	-	-	-	-	-	508.686	508.686	
<b>Total assets</b>	<b>13.822.529</b>	<b>5.394.855</b>	<b>47.761.277</b>	<b>3.807.187</b>	<b>37.097.187</b>	<b>19.797.452</b>	<b>1.784.140.737</b>	<b>1.911.821.258</b>	
Financial liabilities	-	-	544.622	-	-	-	-	544.622	
Accounts payables	-	-	39.075.704	-	-	-	1.767.535.588	1.806.611.292	
Due to Related Parties	-	-	8.434.165	-	-	-	-	8.434.165	
Other Miscellaneous Payables	-	-	4.378.759	-	-	-	682.479	5.061.237	
Provisions for liabilities	-	-	2.294.393	951.450	29.716.375	29.210.201	15.833.376	78.005.795	
Equity	-	-	-	-	-	-	13.164.147	13.164.147	
Other liabilities	-	-	-	-	-	-	-	-	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>54.727.642</b>	<b>951.450</b>	<b>29.716.375</b>	<b>29.210.201</b>	<b>1.797.215.590</b>	<b>1.911.821.258</b>	
<b>Liquidity Surplus / (Deficit)</b>	<b>13.822.529</b>	<b>5.394.855</b>	<b>(6.966.365)</b>	<b>2.855.737</b>	<b>7.380.917</b>	<b>(9.412.819)</b>	<b>(13.074.853)</b>	<b>-</b>	
31 December 2013									
	Expired	No maturity	Up to 1 month	1-3 month	3 months 1 year	1 – 5 years	5 Years and over	Not distributed	Total
Liquid assets	-	1.291.046	42.796.114	21.996.674	-	-	-	-	66.083.834
Financial investments	-	-	-	-	-	-	27.285.020	263.222	27.548.242
Receivables From Main Operation	2.330.506	-	18.653.025	12.075.154	7.128.103	1.984.950	-	1.390.850.670	1.433.022.408
Due from Related Parties	-	-	-	-	2.235.095	-	-	-	2.235.095
Tangible Fixed Assets	-	-	-	-	-	-	-	7.632.609	7.632.609
Intangible Fixed Assets	-	-	-	-	-	-	-	4.973.911	4.973.911
Deferred Tax Assets	-	-	-	-	-	-	-	2.074.648	2.074.648
Other receivables and working assets	-	-	-	470.884	6.310.825	-	-	113.217	6.894.926
Financial Assets	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>2.330.506</b>	<b>1.291.046</b>	<b>61.449.139</b>	<b>34.542.712</b>	<b>15.674.023</b>	<b>1.984.950</b>	<b>27.285.020</b>	<b>1.405.908.277</b>	<b>1.550.465.673</b>
Financial liabilities	-	-	-	-	-	-	-	-	-
Accounts payables	-	-	36.584.884	-	-	-	-	1.390.850.670	1.427.435.554
Due to Related Parties	-	-	7.283.748	-	-	-	-	-	7.283.748
Other Miscellaneous Payables	-	-	-	3.732.867	-	-	-	-	3.732.867
Provisions for liabilities	-	-	13.670.028	3.954.673	14.939.702	30.523.525	1.625.147	11.381.181	76.094.256
Equity	-	-	-	-	-	-	-	33.475.737	33.475.737
Other liabilities	-	-	2.061.729	-	-	-	-	381.782	2.443.511
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>59.600.389</b>	<b>7.687.540</b>	<b>14.939.702</b>	<b>30.523.525</b>	<b>1.625.147</b>	<b>1.436.089.370</b>	<b>1.550.465.673</b>
<b>Liquidity Surplus / (Deficit)</b>	<b>2.330.506</b>	<b>1.291.046</b>	<b>1.848.750</b>	<b>26.855.172</b>	<b>734.321(28.538.575)</b>	<b>25.659.873</b>	<b>(30.181.093)</b>	<b>-</b>	<b>-</b>

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**4. Insurance and Financial Risk Management (continued)**

**Fair value of financial assets**

	31 December 2014		31 December 2013	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash	-	-	-	-
Banks	52.661.576	52.661.576	44.087.160	44.087.160
Other cash and cash equivalents	28.600.419	28.600.419	21.996.674	21.996.674
Financial Assets Available for sale <sup>(1)</sup>	12.666.135	12.666.135	27.548.242	27.548.242
Receivables From Main Operation	21.694.105	21.694.105	42.171.738	42.171.738
Due from related parties	5.145.994	5.145.994	2.235.095	2.235.095
Other receivables	769.610	769.610	113.217	113.217
<b>Total financial assets</b>	<b>121.537.839</b>	<b>121.537.839</b>	<b>138.152.126</b>	<b>138.152.126</b>
<b>Financial liabilities</b>				
Financial borrowings	544.622	544.622	-	-
Payables From Main Operation	39.075.704	39.075.704	36.584.884	36.584.884
Due to related parties	8.434.165	8.434.165	7.283.748	7.283.748
Deposits and Guarantees Received	403.583	403.583	381.782	381.782
Other	832.333	832.333	3.732.867	3.732.867
<b>Total financial liabilities</b>	<b>49.290.406</b>	<b>49.290.406</b>	<b>47.983.281</b>	<b>47.983.281</b>

<sup>(1)</sup> The fair value of the shares at Pension Monitoring Center A.Ş. (registered value amounting TL 263.223) cannot be determined.

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

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods.

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value can be practically measured.

Financial assets:

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

Financial liabilities

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

Fair value of the financial assets and liabilities presented with their fair value in the balance sheets are determined as follows:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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### 4. Insurance and Financial Risk Management (continued)

Financial assets presented in their fair value:

31 December 2014	Level 1	Level 2	Level 3
Financial Assets Available for Sale			
Government bonds	12.402.912	-	-
	12.402.912	-	-
31 December 2013			
	Level 1	Level 2	Level 3
Financial Assets Available for Sale			
Government bonds	27.285.020	-	-
	27.285.020	-	-

The fair value of the shares at Pension Monitoring Center A.Ş. (registered value amounting TL 263.223) cannot be determined.

### 5. Segment information

As at 31 December 2014 and 31 December 2013, the Company carries out pension operations in a single reportable segment in Turkey and since 10 March 2010 and 16 August 2010 in life and personal accident insurance branches respectively. Not being a public company, the Company does not perform segment reporting on account.

### 6. Tangible fixed assets

	Vehicles	Machinery and equipment	Furnitures and Fixtures	Special costs	Total
<b>Cost value</b>					
Opening balance as at 1 January 2013	60.470	6.457.818	2.736.209	3.921.604	13.176.101
Additions	-	1.754.827	498.125	511.831	2.584.783
Disposals	-	(611.964)	-	(202.089)	(634.053)
<b>Closing balance as at 31 December 2014</b>	<b>60.470</b>	<b>7.600.681</b>	<b>3.234.334</b>	<b>4.231.346</b>	<b>15.126.831</b>
<b>Accumulated Depreciation</b>					
Opening balance as at 1 January 2013	(12.112)	(3.602.518)	(894.128)	(1.042.144)	(5.550.902)
Charge for the Period	(6.047)	(976.150)	(331.858)	(479.892)	(1.793.948)
Disposals	-	240.813	-	77.059	317.871
<b>Closing balance as at 31 December 2014</b>	<b>(18.159)</b>	<b>(4.337.855)</b>	<b>(1.225.986)</b>	<b>(1.444.977)</b>	<b>(7.026.979)</b>
<b>Net Book Value as at 31 December 2014</b>	<b>42.311</b>	<b>3.688.856</b>	<b>1.582.318</b>	<b>2.786.369</b>	<b>8.099.852</b>

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**6. Tangible fixed assets**

	Vehicles	Machinery and equipment	Furnitures and Fixtures	Special costs	Total
<b>Cost value</b>					
Opening balance as at 1 January 2012	60.470	4.749.990	1.833.095	3.047.490	9.691.045
Additions	-	1.707.828	903.114	874.114	3.485.055
Disposals	-	-	-	-	-
<b>Closing balance as at 31 December 2013</b>	60.470	6.457.818	2.736.209	3.921.604	13.176.100
<b>Accumulated Depreciation</b>					
Opening balance as at 1 January 2012	(6.065)	(2.706.906)	(699.636)	(577.388)	(3.989.995)
Charge for the Period	(6.047)	(767.116)	(322.963)	(457.370)	(1.553.496)
Disposals	-	-	-	-	-
<b>Closing balance as at 31 December 2013</b>	(12.112)	(3.474.022)	(1.022.599)	(1.034.758)	(5.543.491)
<b>Net Book Value as of 31 December 2013</b>	48.358	2.983.79	1.713.610	2.886.846	7.632.609

The Company has no additional impairment loss recognized for tangible fixed assets in the current period (31 December 2013: None)

There is no pledge or hypotec on tangibles assets of the Company. (31 December 2013: None)

**7. Investment Properties**

None (31 December 2013: None).

**8. Intangible Fixed Assets**

<b>Cost value</b>	<b>Rights</b>
Opening balance as at 1 January 2014	8.229.427
Additions	3.699.149
<b>Closing balance as at 31 December 2014</b>	<b>11.928.576</b>
<b>Accumulated Amortization</b>	
Opening balance as at 1 January 2014	(3.605.516)
Charge for the Period	(1.222.107)
<b>Closing balance as at 31 December 2014</b>	<b>(4.827.623)</b>
<b>Net Book Value as of 31 December 2014</b>	<b>7.100.953</b>
<b>Cost value</b>	
Opening balance as at 1 January 2012	5.335.700
Additions	2.893.727
<b>Closing balance as at 31 December 2013</b>	<b>8.229.427</b>
<b>Accumulated Amortization</b>	
Opening balance as at 1 January 2012	(2.820.379)
Charge for the Period	(785.137)
<b>Closing balance as at 31 December 2013</b>	<b>(3.605.516)</b>
<b>Net Book Value as of 31 December 2013</b>	<b>4.623.911</b>

As of December 31, 2014, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2013: None).

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#### 9. Investments in Affiliates

In the 12 August 2008 dated and 2008/36 numbered "Sector Announcement Related to the Accounting of Subsidiaries, Associates and Joint Ventures in the Stand Alone Financial Statements of Insurance, Reinsurance and Individual Pension Companies" of the Turkish Treasury and in the Communiqué on the Preparation of Consolidated Financial Statements dated 31 December 2008, also taking into consideration the materiality principal, it is concluded that those partnerships would lie outside the scope of consolidation in the event that total assets of the subsidiaries, associates and joint ventures is lower than 1% of the parent company and in the event that the total shares of these subsidiaries, associates and joint ventures which are below this limit does not exceed 5% of total assets of the parent company. The Company established 6 separate incorporated companies with 50% share, namely EMK Sigorta Aracılık Hizmetleri A.Ş. (EMK) in 2011, DSM-Extra Sigorta Aracılık Hizmetleri A.Ş.(Extra) in 2012, Ünlem Sigorta Aracılık Hizmetleri A.Ş.(Ünlem), PNG Sigorta Aracılık Hizmetleri A.Ş.(PNG), Leo Sigorta Aracılık Hizmetleri A.Ş.(Leo) and Trias Sigorta Aracılık Hizmetleri A.Ş.(Trias). The company acquired 100% shares of EMK Sigorta Aracılık Hizmetleri A.Ş. (EMK) in 2014. Taking into consideration the materiality principal, the aforementioned subsidiaries and joint ventures are not consolidated in the financial statements of the Company as at 31 December 2014.

#### 10. Reinsurance Assets

As at 31 December 2014, outstanding reinsurance assets and liabilities of the Company in accordance with existing insurance contracts are as follows:

	31 December 2014	31 December 2013
Reinsurance companies' current account	7.514.163	2.517.401
Reinsurance share of unearned premium reserve (Note 17.15)	484.743	1.014.382
Reinsurance share of outstanding claim reserve (Note 17.15)	415.811	271.411
Reinsurance share of change in equalization reserve (Note 17)	148.126	118.808
Reinsurance share in actuarial mathematical reserve (Note 17.15)	44.782	43.445
<b>Total reinsurance assets / (liabilities)</b>	<b>8.607.625</b>	<b>3.965.447</b>
	31 December 2014	31 December 2013
Reinsurers share in paid claims	8.981.081	3.764.326
Ceded premiums (Note 24)	(1.538.118)	(2.099.328)
Commissions received from reinsurance companies	118.150	179.115
Reinsurance share of change in unearned premiums reserve (Note 17)	484.743	283.327
Reinsurance share of change in outstanding claim reserve (Note 17)	144.400	248.918
Reinsurance share of change in equalization reserve (Note 17)	29.318	118.808
Reinsurance share of change in actuarial mathematical reserve (Note 17)	44.782	7.418
<b>Total reinsurance income/(expenses)</b>	<b>8.264.356</b>	<b>2.502.584</b>

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**11. Financial Assets**

**11.1 Subcategories of Financial Assets**

	31 December 2014	31 December 2013	
Financial Assets Available for Sale	12.666.135	27.548.242	
<b>Total</b>	<b>12.666.135</b>	<b>27.548.242</b>	
	Cost Value 31 December 2014	Fair value 31 December 2014	Book Value 31 December 2014
Financial Assets Available for Sale			
Pension Monitoring Center A.Ş. <sup>(1)</sup>	225.000	263.222	263.222
Government bonds	11.906.339	12.402.913	12.402.913
<b>Total</b>	<b>12.131.339</b>	<b>12.666.135</b>	<b>12.666.135</b>
	Cost value 31 December 2013	Fair value 31 December 2013	Book value 31 December 2013
Financial Assets Available for Sale			
Pension Monitoring Center A.Ş. <sup>(1)</sup>	225.000	-	263.222
Government bonds	30.925.500	27.285.020	27.285.020
<b>Total</b>	<b>31.150.500</b>	<b>27.285.020</b>	<b>27.548.242</b>

<sup>(1)</sup> There is no fair value for this financial asset and it is presented in the accompanying financial statements by its indexed cost value until 31 December 2004 within the scope of inflation accounting.

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

None (December 31, 2013: None).

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

None (December 31, 2013: None).

**11.4 Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets shown at market value**

Cost, fair value and book values of financial assets are presented above in the Note 11.1.

**11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the Company classified under marketable securities and associates and their issuers:**

None (December 31, 2013: None).

**11.6 Value increases of financial assets in the last three years**

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

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### 11.7 Financial Instruments

i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.

ii) Information on the book value of the financial assets is disclosed in Note 11.1.

iii) Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.

iv) Overdue receivables of the company is TL 13,822,529 (31 December 2014: TL 2,330,506). The company made provisions for its overdue receivables as of 2014.

The movement table of the financial assets available for sale as at 31 December 2014 are as follows:

	2014	2013
1 January	27.548.242	10.627.152
Additions in the period	-	26.363.550
Disposals in the period	(16.904.627)	(3.693.845)
Disposal through amortization	(1.031.221)	(2.108.135)
Recognized in the income statement	258.310	61.191
Recognized under equity	2.795.431	(3.701.671)
<b>31 December</b>	<b>12.666.135</b>	<b>27.548.242</b>

### 12. Receivables and Payables

#### 12.1 Details of the Company's receivables

	31 December 2014	31 December 2013
Receivables from pension business	22.979.394	34.014.856
Receivables from insurance operations	11.844.927	8.156.882
Receivables from related parties	5.145.994	2.235.095
Doubtful receivables from pension/insurance operations	(12.282.042)	195.505
Provision for doubtful receivables from pension/insurance operations (-)	(12.282.042)	(195.505)
Provision for due from insurance operations (-)	(1.540.486)	(416.350)
<b>Total</b>	<b>13.865.745</b>	<b>43.990.483</b>



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**12. Receivables and Payables**

Aging of receivables from pension and life operations is as follows:

	31 December 2014	31 December 2013
0-30 days to maturity	494.556	18.653.025
31-90 days to maturity	3.319.126	12.075.155
90 days – 1 year to maturity	8.496.872	8.946.847
1 – 2 years to maturity	707.018	1.984.950
Expired (*)	13.822.529	2.330.506
<b>Total</b>	<b>26.840.100</b>	<b>43.990.483</b>

(\*) It reflects the value of expired but doubtful receivables as of the balance sheet date.

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

	31 December 2014	31 December 2013
Letters of Guarantee	717.500	1.182.500
Pledged securities	627.000	1.257.000
Other received guarantees	409.084	1.111.986
Guarantees in cash	1.032.367	390.431
<b>Total</b>	<b>2.785.950</b>	<b>3.941.917</b>

The movement table of provision for doubtful receivables is presented below:

<b>The movements of provision for doubtful receivables</b>	31 December 2014	31 December 2013
Starting balance	611.855	363.370
Charge for the period	13.210.674	248.485
<b>Closing balance</b>	<b>13.822.529</b>	<b>611.855</b>

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

Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company is disclosed in note 45.

**12.3 Total of pledges and other guarantees received for receivables amount**

Total amount of pledges and other guarantees received for receivables is disclosed in note 12.1.

**12.4 Details of the Company's foreign currency denominated receivables and payables without exchange rate guarantees**

Details of the Company's foreign currency denominated receivables and payables are presented in Note 4.

**13. Derivative Financial Instruments**

None (December 31, 2013: None).

## ING EMEKLİLİK INCORPORATED COMPANY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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### 14. Cash and Cash Equivalents

	31 December 2014	31 December 2013
Cash on hand	-	-
Cash at Banks	52.661.576	44.087.160
Demand Deposit	5.394.855	1.291.046
Time Deposit	47.266.721	42.796.114
Blocked credit cards	28.600.419	21.996.674
<b>Total</b>	<b>81.261.995</b>	<b>66.083.834</b>
Interest Accrual on Cash and Cash Equivalents (-)	(91.684)	(47.934)
<b>Cash Flow Based Grand Total</b>	<b>81.170.311</b>	<b>66.035.900</b>

As of December 31, 2014 and December 31, 2013 the Company's foreign currency denominated cash and cash equivalents are as follows:

31 December 2014	Currency	Currency Value	TL Value
<b>Banks</b>	<b>USD</b>	<b>325.626</b>	<b>755.095</b>
	<b>EUR</b>	<b>34.893</b>	<b>98.422</b>
<b>Total</b>			<b>853.516</b>
31 December 2013	Currency	Currency value	TL value
Banks	USD	296.145	632.062
	EUR	25.421	74.649
Total			706.711

As of December 31, 2014 and December 31, 2013 the details of the time deposits of the Company are as follows:

31 December 2014 Currency	Term range	Interest rate	TL value
<b>TL</b>	<b>03 October 2014 – 02 January 2015</b>	<b>%8 - %10,5</b>	<b>46.413.205</b>
<b>USD</b>	<b>01 December 2014 – 02 January 2015</b>	<b>%0,5 - %1,7</b>	<b>792.433</b>
<b>EUR</b>	<b>31 December 2014 – 30 January 2015</b>	<b>%0,4 - %1</b>	<b>61.083</b>
			<b>47.266.721</b>
31 December 2013 Currency	Term range	Interest rate	TL value
TL	23 October 2013 – 24 March 2014	%4,75 - %9,40	42.089.403
USD	06 December 2013 – 06 January 2014	%1,25	632.062
EUR	30 December 2013 – 03 February 2014	%1,25	74.649
			42.796.114

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#### 15. Share Capital

The partnership structure of the Company is disclosed in Note 1.1.

As of 31 December 2014, when taking into consideration current period loss and accumulated losses, the half of the sum of the Company capital and legal reserves are uncovered as a result of loss as indicated in the article 376 of the Turkey Commercial Code. On 8 January 2015, ING Continental Europe Holdings B.V , the main partner of the Company raised the Company's capital by a total cash capital increase of TL 18.000.000 through a capital increase amounting TL 100.000 and TL 17.900.000 of premium on issued shares.

#### Valuation of financial assets:

The unrealized gains and losses arising from changes in fair value of the financial assets available for sale are recognized in equity as "Valuation of Financial Assets".

The movements of the valuation of the financial assets in the period are as follows:

	2014	2013
1 January	3.682.203	1.064.295
Fair value increase / (decrease) classified under shareholder's Equity, net	(3.341.544)	2.617.908
<b>31 December</b>	<b>340.659</b>	<b>3.682.203</b>

#### 16. Other Provisions and Capital Component of Discretionary Participation

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

As at balance sheet date there is no expense in equity. (31 December 2013: TL 2.617,908).

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

None. (31 December 2013: None)

##### 16.3 Hedging for forecasted transactions and net investment hedging

None. (31 December 2013: None)

##### 16.4 Hedging against financial risks

None. (31 December 2013: None)

##### 16.5 Gains or losses related to affiliates recognized directly in equity in the current period

None. (31 December 2013: None)

##### 16.6 Revaluation increases in tangible fixed assets

None. (31 December 2013: None)

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

Company has a deferred tax liability of TL 85,165 resulting from the valuation of financial assets available for sale directly charged in equity (31 December 2013: TL 920,551).

## ING EMEKLİLİK INCORPORATED COMPANY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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### 17. Insurance contract liabilities and reinsurance assets

#### 17.1 Guarantees to be provided for Company's Life and Non-life branches and guarantees provided for Company's Life and Non-life branches based on assets

Branch	31 December 2014	
	Amount to be placed	Amount placed
Life	42.232.094	43.378.576
Non-life	677.107	1.089.039
<b>Total</b>	<b>42.909.201</b>	<b>44.467.615</b>

#### 17.2 Number of Company's life insurance policies, entrances, exits in the current period and current life policyholders and their mathematical reserves

	31 December 2014	
	31 December 2014 Unit	Gross Mathematical reserves
Beginning of the period	775.457	34.727.806
Entrances	518.658	21.252.280
Exits	(503.228)	(21.920.622)
<b>End of period</b>	<b>790.887</b>	<b>34.059.464</b>

	31 December 2013	
	31 December 2013 Unit	Gross Mathematical reserves
Beginning of the period	626.427	30.610.450
Entrances	519.391	25.087.591
Exits	(370.361)	(20.970.235)
<b>End of period</b>	<b>775.457</b>	<b>34.727.806</b>

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

	2014	2013
Guarantees given, gross	6.443.340.667	6.006.302.301
Guarantees given, reinsurance share	(314.220.546)	(435.341.060)
<b>End of period</b>	<b>6.129.120.121</b>	<b>5.570.961.241</b>

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**17. Insurance contract liabilities and reinsurance assets (continued)**

**17.4 Pension investment funds established by the company and their unit prices**

Pension investment funds established by the company and their unit prices are as follows:

Name of the fund:	31 December 2014 Unit price (TL)	31 December 2013 Unit price (TL)
Gov't Bonds and Bills Income PMF	0,039945	0,036148
Flexible Income PMF	0,023286	0,021814
Composite Growth PMF	0,068723	0,058924
Stock Growth PMF	0,080104	0,063510
Composite Liquid PMF	0,034536	0,031809
Flexible PMF	0,039767	0,035274
Gov't Bonds and Bills Standard PMF	0,028562	0,025909
Flexible Growth PMF	0,022954	0,019925
Contribution PMF	0,011160	0,009967

**17.5 Number and amount of participation certificate in portfolio and circulation**

Number and amount of participation certificate in portfolio and circulation are as follows:

Participation certificates in circulation (PMF)	31 December 2014	
	Unit	Value
Gov't Bonds and Bills Income PMF	6.169.028.366	366.260.148
Flexible Income PMF	3.599.096.094	83.809.473
Composite Growth PMF	3.498.454.850	240.422.777
Stock Growth PMF	1.373.061.546	109.987.130
Composite Liquid PMF	7.714.414.928	266.421.295
Flexible PMF	7.310.722.202	290.722.971
Gov't Bonds and Bills Standard PMF	7.235.673.352	206.664.854
Flexible Growth PMF	3.508.337.321	80.529.983
Contribution PMF	10.959.982.409	122.313.374
		<b>1.767.132.005</b>

Participation certificates in circulation (PMF)	31 December 2013	
	Unit	Value
Gov't Bonds and Bills Income PMF	9.234.798.457	333.877.480
Flexible Income PMF	2.606.748.106	56.868.644
Composite Growth PMF	3.076.773.683	181.307.935
Stock Growth PMF	1.258.006.324	79.896.147
Composite Liquid PMF	6.005.027.913	191.048.284
Flexible PMF	7.098.743.602	250.429.355
Gov't Bonds and Bills Standard PMF	6.555.209.801	169.866.240
Flexible Growth PMF	3.852.165.603	76.761.223
Contribution PMF	5.095.296.269	50.795.362
		<b>1.390.850.670</b>

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#### 17. Insurance contract liabilities and reinsurance assets (continued)

##### 17.6 Number and portfolio amounts of individual and group private pension participants entered, left, cancelled during the period as well as current participants

Number and portfolio amount of individual and group private pension participants entered, left, cancelled during the period as well as current participants are as follows:

31 December 2014	Individual		Group	
	Unit	Portfolio value	Unit	Portfolio Value
Entrances	52.791	211.347.297	17.118	42.490.111
Exits	28.496	315.801.029	9.705	47.015
Current	245.693	1.417.954.052	61.128	350.426.040

<sup>(1)</sup> For plans effective as of 31 December 2014, among transfers from group plan to individual plan and vice-versa, the transfers from individual plan to group plan is higher by 108 contracts in 2012.

31 December 2013	Individual		Group	
	Unit	Portfolio value	Unit	Portfolio value
Entrances	59.425	230.597.791	21.352	21.886.655
Exits	19.633	33.843.728	6.442	481.271
Current	221.398	1.138.165.616	53.715	252.674.688

<sup>(1)</sup> For plans effective as of 31 December 2013, among transfers from group plan to individual plan and vice-versa, the transfers from individual plan to group plan is higher by 32 contracts in 2012.

Entrance: The sum of the new contract added in the period and their registered cumulative value as of the period end and the number of the new contract that begins and terminates in the same period and their cumulative value as of the termination date of the contract.

Exit: Contracts that terminate within the period and the savings related to these contracts at their expiration date.

Current: The number of standing contracts and their values as of the period end.

Since there are retirement plan transfers between individual and group retirement plans in the current period, periodical changes should be followed by the total number and portfolio amount of policies. Also, when the contracts effective at the prior balance sheet date become a liability because of collection reversals in the current period or when the contracts effective at the prior balance sheet date become an asset, total numbers and portfolio values of these contracts are net off at the period end. Number and portfolio amount of individual and group policies presented in note 17.8 reflect the current position of the Company as of the period-end.

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

None (31 December 2013: None).

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

<b>31 December 2014</b>	<b>Number</b>	<b>Share participation (gross) TL</b>	<b>Share participation (net) TL</b>
<b>Individual</b>	<b>50.182</b>	<b>210.516.368</b>	<b>208.850.352</b>
<b>Group</b>	<b>16.274</b>	<b>41.504.491</b>	<b>41.350.948</b>
<b>Total</b>	<b>66.456</b>	<b>252.020.859</b>	<b>250.201.300</b>
<b>31 December 2013</b>	<b>Number</b>	<b>Share participation (gross) TL</b>	<b>Share participation (net) TL</b>
<b>Individual</b>	<b>59.425</b>	<b>279.087.641</b>	<b>277.329.458</b>
<b>Group</b>	<b>21.352</b>	<b>23.614.041</b>	<b>23.535.503</b>
<b>Total</b>	<b>80.777</b>	<b>302.701.682</b>	<b>300.864.961</b>

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

<b>31 December 2014</b>	<b>Number</b>	<b>Share participation (gross) TL</b>	<b>Share participation (net) TL</b>
<b>Individual</b>	<b>5.064</b>	<b>95.186.143</b>	<b>95.066.277</b>
<b>Group</b>	<b>231</b>	<b>3.508.032</b>	<b>3.507.177</b>
<b>Total</b>	<b>5.295</b>	<b>98.694.175</b>	<b>98.573.454</b>
<b>31 December 2013</b>	<b>Number</b>	<b>Share participation (gross) TL</b>	<b>Share participation (net) TL</b>
<b>Individual</b>	<b>3.170</b>	<b>54.036.948</b>	<b>53.972.175</b>
<b>Group</b>	<b>316</b>	<b>5.471.165</b>	<b>5.470.665</b>
<b>Total</b>	<b>3.486</b>	<b>59.508.113</b>	<b>59.442.840</b>

**17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations**

None (31 December 2013: None).

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**17. Insurance contract liabilities and reinsurance assets (continued)**

**17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations**

31 December 2014	Number <sup>(*)</sup>	Share Participation (Gross) TL <sup>(**)</sup>	Share participation (Net) TL <sup>(***)</sup>
Individual	25.863	315.803.595	308.063.318
Group	8.753	47.015.187	45.969.237
<b>Total</b>	<b>34.436</b>	<b>362.818.782</b>	<b>354.032.555</b>

<sup>(\*)</sup> Indicates the number of exits in between 1 January-31 December

<sup>(\*\*)</sup> Indicates sales value of the fund, in other words the disposal amount

<sup>(\*\*\*)</sup> Indicates the remaining amount paid to participant less any deductions (initial fee and withholding) against the gross amount as a result of disposal.

31 December 2014	Number <sup>(*)</sup>	Share Participation(Gross) TL <sup>(**)</sup>	Share participation (Net) TL <sup>(***)</sup>
Individual	19.633	199.310.699	197.565.579
Group	6.442	27.409.082	26.916.002
<b>Total</b>	<b>26.075</b>	<b>226.719.781</b>	<b>224.481.581</b>

<sup>(\*)</sup> Indicates the number of exits in between 1 January-31 December

<sup>(\*\*)</sup> Indicates sales value of the fund, in other words the disposal amount

<sup>(\*\*\*)</sup> Indicates the remaining amount paid to participant less any deductions (entrance fee and withholding) against the gross amount as a result of disposal.

**17.12 Distribution of new life and personal accident insurance policyholders in terms of their numbers and gross and net premiums for individual or group during the period**

31 December 2014	Number	Gross Premium TL	Net Premium (TL)
Individual	127.110	19.272.928	17.455.897
Group	391.551	63.986.408	63.881.643
<b>Total</b>	<b>518.661</b>	<b>83.259.336</b>	<b>81.337.540</b>
31 December 2013	Number	Gross Premium TL	Net Premium (TL)
Individual	113.158	17.221.875	14.940.204
Group	406.233	56.106.566	56.014.858
<b>Total</b>	<b>519.391</b>	<b>73.328.441</b>	<b>70.955.062</b>



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**17. Insurance contract liabilities and reinsurance assets (continued)**

**17.13 Number of additions of life and personal accident insurances and their group or individual gross and net mathematical reserves**

31 December 2014	Gross premium	Net premium	Number	Mathematical Reserves (TL)lar TL
Individual	5.305.959	4.631.734	117.374	-
Group	7.524.726	7.489.466	385.854	15.956.838
<b>Total</b>	<b>12.830.685</b>	<b>12.121.200</b>	<b>503.228</b>	<b>15.956.838</b>

31 December 2013	Gross Premium	Net premium	Number	Mathematical Reserves (TL)
Individual	3.138.982	2.625.857	69.963	-
Group	4.983.423	4.949.048	300.398	20.970.235
<b>Total</b>	<b>8.122.405</b>	<b>7.574.905</b>	<b>370.361</b>	<b>20.970.235</b>

**17.14 Profit share distribution rate of life insurances in the current period**

None (31 December 2013: None).

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#### 17. Insurance contract liabilities and reinsurance assets (continued)

##### 17.15 Disclosure of information in the financial statements that describes amounts arose from insurance agreements

	31 December 2014	31 December 2013
<b>Gross insurance payables</b>		
Reserve for unearned premiums	10.750.008	14.295.471
Provision for outstanding claims	10.826.566	6.564.150
Equalization reserve	3.355.738	2.348.710
Life mathematical reserves	34.059.464	34.727.806
<b>Total</b>	<b>58.991.776</b>	<b>57.936.137</b>
<b>Reinsurance assets</b>		
Reserve for unearned premiums	484.743	1.014.382
Provision for outstanding claims	415.811	271.412
Life mathematical reserves	148.126	43.445
Equalization reserve	44.782	118.808
<b>Total</b>	<b>1.093.462</b>	<b>1.448.047</b>
<b>Net insurance payables</b>		
Reserve for unearned premiums	10.265.265	13.281.089
Provision for outstanding claims	10.410.755	6.292.738
Equalization reserve	3.207.612	2.229.902
Life mathematical reserves	34.014.682	34.684.361
<b>Total</b>	<b>57.898.314</b>	<b>56.488.090</b>

##### The movement table of provision for outstanding claim (except redemption and maturity) in the accounting period

	31 December 2014			31 December 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	6.564.150	(271.412)	6.292.738	4.011.577	(28.343)	3.983.234
Claims paid <sup>(*)</sup>	(21.189.062)	8.981.081	(12.207.981)	(16.621.143)	3.764.326	(12.856.817)
Increase/(Decrease)	-	-	-	-	-	-
- Outstanding claims in the current period	10.375.013	(5.109.956)	5.265.057	12.774.782	(4.015.524)	8.759.258
- Outstanding claims in the prior periods	12.774.782	(4.015.524)	8.759.258	6.398.934	8.129	6.407.063
	8.524.882	(415.811)	8.109.072	6.564.150	(271.412)	6.292.738
Reported claims	7.318.221	(415.811)	6.902.411	4.565.074	(260.006)	4.305.068
Incurred but not reported	1.206.661	-	1.206.661	1.999.076	(11.406)	1.987.670
<b>Total</b>	<b>8.524.882</b>	<b>(415.811)</b>	<b>8.109.072</b>	<b>6.564.150</b>	<b>(271.412)</b>	<b>6.292.738</b>

(\*) Includes number and the value of indemnities and death indemnities paid in the related period.

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**17. Insurance contract liabilities and reinsurance assets (continued)**

**The movement table of equalization reserve in the accounting period**

Equalization reserve	31 December 2014			31 December 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	2.348.710	(118.808)	2.229.902	1.375.474	-	1.375.474
Net change	1.007.028	(29.318)	977.710	973.236	(118.808)	854.428
	3.355.738	(148.126)	3.207.612	2.348.710	(118.808)	2.229.902

**The movement table of reserve for unearned premiums in the accounting period:**

Reserve for unearned premiums	31 December 2014			31 December 2013		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
1 January	14.295.471	(1.014.382)	13.281.089	7.361.844	(731.055)	6.630.789
Increase (decrease)						
- Unearned premiums in the current period	10.750.008	(484.743)	10.265.265	14.295.471	(1.014.382)	13.281.089
- Unearned premiums in the prior periods	(14.295.471)	1.014.382	(13.281.089)	(7.361.844)	731.055	(6.630.789)
Net change	(3.545.463)	529.639	(3.015.824)	6.933.627	(283.327)	6.650.300
	10.750.008	(484.743)	10.265.265	14.295.471	(1.014.382)	13.281.089

As of 31 December 2014 claims development table of the Company is as follows:

Accident year	2010	2012	2012	2013	214	Total
<b>Final damage cost estimate</b>						
In accident year	90	66.295	495.215	609.059	2.920.142	4.090.801
1 year later	-	19.573	192.839	247.080	1.354.234	1.813.726
2 years later	-	-	9.324	136.805	834.190	980.319
3 years later	-	-	-	44.761	386.146	430.907
4 years later	-	-	-	-	2.468	2.468
5 years later	-	-	-	-	-	-
6 years later	-	-	-	-	-	-
7 years later	-	-	-	-	-	-
<b>Total outstanding claims pursuant to claim development table</b>						<b>7.318.221</b>
<b>Incurred but not reported claims</b>						<b>1.206.661</b>
<b>Total provision for outstanding claims as of 31 December 2014</b>						<b>8.524.882</b>



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**21. Deferred income tax**

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below:

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities.

<b>Deferred tax assets/(liabilities) :</b>	<b>31 December 2014</b>	31 December 2013
Expense accruals	1.527.421	1.809.092
Equalization reserve	641.522	445.980
Provisions for unused vacation pay	213.314	153.771
Provisions from receivables from policyholders	410.091	83.270
Provisions for employment termination benefits	136.496	74.857
Differences in amortization on tangible and depreciation on intangible assets between tax regulations and the Reporting Standard	(869.554)	(537.902)
Other	60.944	(721.756)
	<b>2.121.044</b>	<b>2.074.648</b>

The company has recorded TL 1,299,243 of the reversal of the temporary differences generated as of December 31, 2014. (December 31, 2013: TL 2.074.648)

As at the balance sheet date, the Company has TL 169,900,426 of unused tax losses that can be utilized against future taxable profits. The company has not accounted the deferred tax assets as of 31 December 2014.

Date of expiry	<b>31 December 2014</b>	31 December 2013
2016	6.319.865	6.319.865
2017	24.629.649	24.629.649
2018	63.886.665	67.468.881
2019	75.064.247	-
	<b>169.900.426</b>	<b>98.418.395</b>

As at 31 December 2014 and 2013, movements of deferred tax assets/(liabilities) are given below:

Movement of deferred tax assets/(liabilities):	<b>31 December 2014</b>	31 December 2013
Opening balance	2.074.648	1.524.742
Recognized income statement	(787.048)	530.438
Recognized in equity	11.643	19.468
Closing balance	<b>1.299.243</b>	<b>2.074.648</b>

## ING EMEKLİLİK INCORPORATED COMPANY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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### 22. Retirement benefit obligations

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has been qualified for such payment.

Employment termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,1% and a discount rate of 10%, resulting in a real interest rate of approximately 2%. (31 December 2013: 4,5%).

The employment termination benefit to be paid is subject to upper limit of TL 3,438 as at and TL 3,254 respectively as at 31 December 2014 and 31 December 2013.

	1 January- 31 December 2014	1 January- 31 December 2013
Provision as at 1 January	374.287	401.249
Net Change	308.192	(26.962)
Provision	682.479	374.287

### 23. Provision for other liabilities and charges

	31 December 2014	31 December 2013
Provisions for commission and campaigns	5.918.081	9.417.565
Provisions for bonus	3.603.003	3.077.598
Provision for invoice expense	2.254.319	1.749.429
Provision for litigation	2.547.161	1.715.400
Provision for unused vacation pay	1.066.571	768.854
Other provisions	2.466.854	2.503.033
Total	17.855.989	19.231.879

Movement of provision for unused vacation pay is presented below:

	1 January- 31 December 2014	1 January- 31 December 2013
Movements as at 1 January	768.854	623.948
During the period (net)	297.717	144.906
Provisions as at 31 December	1.066.571	768.854

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**23. Provision for other liabilities and charges (continued)**

Commitments and contingent liabilities not recognized as liabilities

	31 December 2014	31 December 2013
Deposits and Guarantees given, letter of guarantee	450.159	658.149
Insurance coverage (net)	-	-
Life	12.962.168.538	12.035.658.214
Personal accident	6.129.120.121	6.441.643.361
	<b>19.091.288.659</b>	<b>18.477.959.724</b>

**24. Net insurance premium revenue**

31 December 2014	Gross	Reinsurance share	Net
Life	69.703.323	(775.263)	68.928.060
Personal Accident	6.608.086	(762.855)	5.845.231
	<b>76.311.409</b>	<b>(1.538.118)</b>	<b>74.773.291</b>
31 December 2013	Gross	Reinsurance share	Net
Life	60.211.036	(676.308)	59.534.728
Personal Accident	8.755.249	(1.423.020)	7.332.229
	<b>68.966.285</b>	<b>(2.099.328)</b>	<b>66.866.957</b>

**25. Fee Income**

	1 January - 31 December 2014	1 January - 31 December 2013
Service income/(cost)		
Initial fee income at the entrance	3.517.498	4.324.218
Initial fee income at the exit	2.800.230	1.866.988
<b>Total</b>	<b>6.317.728</b>	<b>6.191.206</b>

**26. Investment income**

	1 January - 31 December 2014	1 January - 31 December 2013
Time deposit interest income	3.274.590	2.977.263
Profits from Financial Investments Liquidation	245.138	1.632.622
Valuation of financial investments and sales profits	(318.911)	644.955
<b>Total</b>	<b>3.200.817</b>	<b>5.254.840</b>

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### 27. Net income accruals on financial assets

The Company has an accrued interest income amounting TL 91,684 from deposits (31 December 2013: TL 47,934) and 586,737 TL (31 December 2013: 61.191 TL) from available-for-sale financial assets.

### 28. Asset held at fair value through profit or loss

None (31 December 2013: None)

### 29. Insurance rights and demands

Presented in Note 17

### 30. Investment agreement rights

None (31 December 2013: None)

### 31. Mandatory Other Expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Operating expenses classified in technical section		
Pension	76.454.811	76.796.808
Life	73.367.889	46.400.804
Personal accident	8.403.232	5.880.380
<b>Total</b>	<b>158.225.932</b>	<b>129.077.992</b>

### 32. Types of Operating Expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Commission expenses	81.833.259	66.336.495
Employee wages and expenses	39.199.091	25.751.838
Marketing, sales and distribution expenses	14.821.027	12.471.599
Administration expenses	3.851.208	9.457.852
Social relief expenses	7.725.430	5.828.934
Services rendered from third parties	6.370.195	5.232.250
Rent Expenses	3.443.868	3.057.627
Information and communication expenses	981.854	941.396
<b>Total</b>	<b>158.225.932</b>	<b>129.077.991</b>

### 33. Employee benefit expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Wages and salaries	28.084.426	17.069.714
Remuneration and fringe benefits provided to top management	7.065.894	5.226.087
Legal obligations	3.724.910	3.204.169
Severance indemnities	323.861	251.868
<b>Total</b>	<b>39.199.091</b>	<b>25.751.838</b>



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#### 34. Financial costs

Financial expenses None (31 December 2013: None).

#### 35. Income tax

Tax income/expenses are summarized below:	1 January- 31 December 2014	1 January- 31 December 2013
Current tax expense	-	-
Deferred tax income / (expense)	744.294	533.160
Total tax income / (expense)	744.294	533.160

<sup>(1)</sup>As of 31 December 2014 the Company has TL 484,767 of prepaid withholding tax (31 December 2013: TL 470.884).

#### Corporate tax

Company is subject to corporate tax in Turkey. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the current period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting exempt income, non-taxable income and other incentives (if available accumulated losses and if preferred investment incentives utilized)

Effective tax rate for 2014 is 20% (2013: 20%)

In Turkey, advance tax returns are filed on a quarterly basis. The temporary tax of 2014 has been calculated over the corporate earnings using the rate 20%, during the temporary taxation period. (2013: 20%). Losses can be carried forward to offset the future taxable income for up to maximum 5 years. However, losses cannot be carried back to offset the profits of the previous periods, retrospectively.

In Turkey, a definite and distinct reconciliation procedure for tax assessment does not exist. Companies file their tax returns between 1 April - 25 April following the closing period of the related year's accounts. Tax returns and related accounting records may be examined and revised within five years. The company does not expect any additional liability concerning the non-audited years.

#### Income Withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes on dividends distributed, except for the dividends distributed to fully fledged taxpayer companies receiving and declaring these dividends and to Turkish branches of foreign companies. The rate of income withholding tax applied to all companies in the period of 24 April 2003 - 22 July 2006 is 10%. This rate was changed to 15% as of 22 July 2006 by the decision of the Council of Ministers, numbered 2006/10731. Undistributed dividends incorporated in share capital are not subject to the income withholding taxes.

#### Inflation adjusted tax calculation

In 2003 and prior to 2003, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and later on for tax purposes, if the actual rate of inflation meets certain thresholds defined by the law.

Methods for inflation accounting in accordance with the tax legislation do not differ materially from the Standards of IAS 29 "Financial Reporting in Inflationary Economies". Since the inflation in 2004 exceeded the certain criteria, as per Law no 5024, Company applied inflation adjustment and these balances are recognized as the opening balances for the official records. After 2005, since the criteria stated by the law are not met, as of 1 January 2005, inflation accounting is not applied to the official financial statement of the Company.

## ING EMEKLİLİK INCORPORATED COMPANY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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### 35. Income tax (continued)

Tax expenses and profit for the current period are summarized below:

	31 December 2014	31 December 2013
Reconciliation of Tax Provision		
Profit/(loss) before tax	(81.703.870)	(71.053.646)
Tax calculated: %20	16.340.774	14.210.729
Expenses not allowable for tax purposes	83.831	79.003
Net effect of other permanent differences and unrecorded deferred tax asset	(15.680.311)	(14.822.892)
Deferred tax (expense)/income	744.294	(533.160)

### 36. Net foreign exchange gains

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange gains	396.465	131.084
arising from current accounts	8.980	13.385
arising from deposits	387.486	117.699
Foreign exchange losses	(320.748)	(93.575)
arising from current accounts	(117.573)	(4.754)
arising from deposits	(203.175)	(88.821)
	75.717	37.509

### 37. Earnings per share

As per IAS 33 "Earnings per Share" standards, the companies, shares of which are not listed on the stock market, are not required to disclose earnings per share. Since the Company's shares are not traded on the stock market, earnings / loss per share in the accompanying financial statement is not calculated (31 December 2013: None).

### 38. Dividends per share

None (31 December 2013: None).

### 39. Cash generated from operations

Presented in the cash flow statement

### 40. Equity Share Convertible Bonds

None (31 December 2013: None).

### 41. Cash Convertible Privileged Equity Shares

None (31 December 2013: None).

### 42. Risks

The company's contingent assets and liabilities are presented in note 2.20 and 23, the insurance risk and the financial risks are specified in note 4.

### 43. Commitments

Total amount of off balance sheet commitments are presented in note 23.

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**44. Business combinations**

None (31 December 2013: None).

**45. Disclosures on Related Parties**

Receivable-payable relationship with the related parties are presented in Note 12.2.

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

	<b>31 December 2014</b>	31 December 2013
<b>Receivables from related parties</b>		
ING Bank A.Ş.	-	113
ING Continental Europe Holdings B.V.	-	-
<b>Receivables from joint ventures</b>		
EMK Sigorta Aracılık Hizmetleri A.Ş.	<b>2.246.286</b>	1.252.162
Ünlem Sigorta Aracılık Hizmetleri A.Ş.	<b>1.188.461</b>	2.382
Trias Sigorta Aracılık Hizmetleri A.Ş.	<b>449.277</b>	357.692
Extra Sigorta Aracılık Hizmetleri A.Ş.	<b>582.854</b>	271.772
Leo Sigorta Aracılık Hizmetleri A.Ş.	<b>376.001</b>	270.849
Png Sigorta Aracılık Hizmetleri A.Ş.	<b>291.596</b>	80.125
<b>Payables to related parties</b>		
ING Bank A.Ş.	<b>6.576.801</b>	6.464.462
ING Portföy Yönetimi A.Ş.	<b>418.603</b>	-
ING Continental Europe Holdings B.V.	<b>1.199.933</b>	662.877
ING Bank N.V.	<b>19.494</b>	36.430
Dute to personnel	<b>219.334</b>	119.979
<b>Services rendered from related parties</b>		
ING Portföy Yönetimi A.Ş.	<b>5.543.614</b>	24.172.405
ING Continental Europe Holdings B.V.	<b>5.225.327</b>	4.059.388
ING Bank N.V.	<b>91.874</b>	145.277
<b>Comission expenses paid to related parties</b>		
ING Bank A.Ş.	<b>36.343.456</b>	32.494.311
<b>Interest income from related parties</b>		
ING Bank A.Ş.	<b>1.202.165</b>	104.495
<b>Deposits from related parties</b>		
ING Bank A.Ş.	<b>14.725.190</b>	24.393.922
<b>Financial investments from the related parties</b>		
ING Bank A.Ş.	<b>1.057.000</b>	1.057.000

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### 45. Disclosures on related parties (continued)

Remuneration and fringe benefits provided to top management during the year are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Short term benefits	7.065.894	5.226.087
	7.065.894	5.226.087

There are no doubtful receivables from shareholders, affiliates and subsidiaries. (31 December 2013: no doubtful receivables)

Breakdown of affiliates and subsidiaries having an indirect shareholding and management relationship with the Company, participation rates and amounts of these affiliates and subsidiaries; profit/loss, net profit/loss in the latest financial statements together with the period of these financial statements, the information on whether the statement is submitted in accordance with the standards of the entity, whether it is audited and whether the auditors' report is positive, negative or conditional.

### Financial fixed assets

31 December 2014							
	(%)	Cost	Carrying Value	Financial Statement period	Total assets (Not Audited)	Total Liabilities (Not Audited)	Net Sales (Not Audited)
EMK Sigorta Aracılık Hizmetleri A.Ş.	100	208.686	208.686	31.12.2014	119.868	2.240.607	1.067.014
Trias Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2014	135.192	1.178.363	987.727
PNG Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2014	55.457	325.695	566.033
LeoSigorta Aracılık Hizmetleri A.Ş.	50	100.000	100.000	31.12.2014	27.824	956.597	694.770
DSM-Extra Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2014	1.295.661	1.342.575	2.316.661
ÜnlemSigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2014	1.762.326	325.783	4.144.330
		508.686	508.686				
31 December 2013							
	(%)	Cost	Carrying Value	Financial Statement period	Total Assets	Total liabilities	Net sales
EMK Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2013	90.457	526.695	3.066.654
Lira Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2013	298.827	123.897	1.021.417
Trias Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2013	266.297	352.045	539.510
PNG Sigorta Aracılık Hizmetleri A.Ş.	50	100.000	100.000	31.12.2013	22.244	111.223	646.668
Leo Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2013	80.791	333.522	2.012.766
Extra Sigorta Aracılık Hizmetleri A.Ş.	50	50.000	50.000	31.12.2013	4.761	86.028	1.045.149
		350.000	350.000				

# ING EMEKLILIK INCORPORATED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

#### 46. Subsequent events

The financial statements of the Company as at 31 December 2014 are approved by Board of Director's decision dated 2 March 2014. The General assembly and related legal authorities have not the authority to make changes on financial statement after they are published.

The Company trade name has been rebranded as NN Hayat ve Emeklilik Anonim Şirketi by the decision of Extraordinary General Assembly dated 29 January 2015 and has been published on the Turkish Trade Registry Gazette issued on 5 February 2015.

At the Extraordinary General Assembly Meeting dated 29 January 2015, it has been decided to raise the Company's capital by TL 100.000; at the same meeting a capital increase by TL 17.900.000 of premium on issued shares has been also decided. Capital increase decision was published in the Trade Registry Gazette dated February 5, 2015.

#### 47. Other

##### 47.1 Details of "Other" items in the financial statements which exceed 20% of its respective account group or 5% of total assets:

Other receivables	31 Dec 2014	31 Dec 2013
Deposits and Guarantees Given	181.767	111.167
Other miscellaneous receivables	100.842	2.050
	281.549	113.217
Other liabilities	31 Dec 2014	31 Dec 2013
Payables to suppliers	2.827.928	3.732.867
	2.827.928	3.732.867

## ING EMEKLİLİK INCORPORATED COMPANY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

**47. Other (continued)****47.2 Due from and due to personnel classified in “Other receivables” and “Other short-term or long-term payables” that exceed 1% of total assets**

None (31 December 2013: None)

**47.3 Receivables from salvage and subrogation followed under off-balance sheet item**

None (31 December 2013: None)

**47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses**

As at 31 December 2014, the Company has an income and profit of TL 306. (31 December 2013: None)

**47.5 Other information required to be presented:****Prepaid expenses and income accruals**

	31 December 2014	31 December 2013
Deferred commission expenses	4.118.925	5.522.468
Other prepaid expenses	2.023.754	788.357
<b>Total</b>	<b>6.142.679</b>	<b>6.310.825</b>

**Rediscount and provision expenses for the period.**

	1 Jan- 31 Dec 2014	1 Jan- 31 Dec 2013
Provisions for agent commissions	5.918.081	9.317.565
Unearned premium reserves	(3.015.824)	6.650.300
Life mathematical reserves	(669.679)	4.109.938
Provision for outstanding claims	4.118.017	2.309.504
Provisions for bonus	3.089.993	2.600.000
Equalization reserve	977.710	854.428
Provision for litigation	831.761	713.136
Provision for doubtful receivables	13.210.674	248.485
Provision for vacation pay	297.717	144.906
Provision for employment termination benefits	364.635	(83.405)
Other	2.849.788	1.148.164
<b>Total</b>	<b>27.972.873</b>	<b>28.013.021</b>

**Other expenses and losses**

	31 Dec 2014	31 Dec 2013
<b>Disposal of fixed assets <sup>(1)</sup></b>	<b>634.052</b>	-
<b>Total</b>	<b>634.052</b>	-

<sup>(1)</sup> Consists of the amount of the advertising signboards recognized as expense due to the rebranding of the Company.

**ING EMEKLILIK INCORPORATED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31 DECEMBER 2014**

(AMOUNTS EXPRESSED IN TURKISH LIRA (TL) UNLESS OTHERWISE STATED)

**47. Other (continued)**

**Other short term liabilities**

	<b>31 Dec 2014</b>	31 Dec 2013
<b>To be transferred to Takasbank</b>	<b>447.568</b>	155.604
<b>Other (net)</b>	<b>368.481</b>	42.535
<b>Total</b>	<b>79.087</b>	198.139

**47.6 Profit Distribution Statement**

Profit Distribution Statement is not presented since the Company is in a loss position as at 31 December 2014 and 2013.

# CONTACT INFORMATION

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