

2016 ANNUAL REPORT

 **AXA HAYAT
EMEKLİLİK**
gelecek / yeniden tanımlanıyor

 **AXA SİGORTA**
sigortacılık / yeniden tanımlanıyor



**BOARD OF
DIRECTORS
REPORT**



According to the brand preference research results, AXA Sigorta is the “best known insurance brand in Turkey” since 2010: we are the leader in top 3 of mind with a score of 42%.

MESSAGE FROM THE CHAIRMAN

The year 2016 has been a year of significant advancements and changes for AXA in the Group with a new leadership team and a new Group strategy as well as the creation of a region focused on Emerging Markets in EMEA-LATAM in which AXA Sigorta is a very important pillar.

In 2016 AXA Sigorta has also been driving important changes and has been realizing notable achievements in the turnaround of the motor business, in the further build up and optimization of its health business while also continuing to strengthen its P&C commercial lines business. Given those significant efforts AXA Sigorta has maintained in an overall very challenging regulatory and competitive environment its leadership position as the third biggest player in the Turkish market.

AXA Sigorta has reached a premium production of TL 3.6 billion (16% growth) and has regained profitability (net profit of TL 103 million) while also maintaining high satisfaction/engagement scores from its customers (85%), agencies (92%) and employees (91%).

We are proud that AXA Sigorta stands out in the sector with customer focused approaches working hand in hand with its extensive distribution network, leveraging digital applications as well as modern and pioneering perspectives on technical matters in pricing, claims payment and risk management.

According to the brand preference research results, AXA Sigorta is the “best known insurance brand in Turkey” since 2010: we are the leader in top 3 of mind with a score of 42%. We are also the insurance company that is being recommended the most by its customers according to the Net Promoter Score research results with a score of 27%.

Fulfilling our aim of empowering our clients to live a better life has only been possible thanks to the support of an outstanding team. In 2016, AXA Sigorta has been recognized by the “Great Place to Work” Awards as number 1 company in its category for the fourth time in a row and it has been also chosen as the “Best Employer of the Finance Sector”. This recognition makes us proud of the professionalism and dedication of our teams, as well as the quality of our agency network, and motivates us to constantly improve to protect our customers.

We would therefore like to thank all our customers for their trust and our distribution partners and employees for their continuous commitment and dedication which give us a lot of confidence to continue on a sustainable path for our customers, distributors and customers despite a challenging environment.

Wilm Langenbach
Chairman



I am confident that our future steps will be stronger thanks to our valued employees and agents' input and commitment to the AXA brand.

MESSAGE FROM CEO & MEMBER OF BOARD

2016 was an important year for AXA Sigorta; a year during which we accelerated on our transformation journey, along with continuing to improve our technical capabilities to ensure adequate profitability which is the key to sustainability of every business.

Thanks to our efforts we maintained our leadership in a very competitive and challenging environment as the third largest player in the Turkish insurance market with an improved profitability.

AXA Sigorta closed the year with a 10% market share and a premium production of 3.6bn TL representing a 16% growth. Our 2016 net profit was 103m TL. AXA Hayat and Emeklilik increased its Asset under Management by 60% in 2016.

With over 2,300 agents in 2016, we maintained a strong and high end network in the market. Our careful selection of the very best and professional agents ensure that we work with the best partners to provide high quality services.

We provided our agents with regular training sessions and support in technical and digital areas. This is highly appreciated by the agents as the agent satisfaction score is 92%.

Our network of garages and hospitals are a major factor in our success in the market. With our carefully chosen partner garages and hospitals we are able to provide the best service to our customers with great care and attention country wide.

2016 was a year where we worked more and more to be customer driven ensuring that their needs and requests

were anticipated and met in order to provide them with smooth and flawless products and services. We are very proud to say that today nearly 3.1 million people grant their trust to AXA Sigorta and AXA Hayat ve Emeklilik. Working closely with our valued agents, we achieved a 85% customer satisfaction score in 2016 and the best Net Promoter Score in the sector.

AXA SİGORTA and AXA HAYAT VE EMEKLİLİK are great places to work! We have been awarded in 2016 for the fourth year in a row the “Best Company” among the “Best Employers in Turkey” in the category of firms employing more than 500 employees by the Great Place to Work Institute. We were also awarded the “Best employer in Turkey” in the category of Financial Businesses. This was again a testimony to our HR Policies that are in line with the AXA brand and based on openness, trust and support. A 91% employee score in 2016 was also a source of great pride as it showed the commitment our team members have to their jobs, the business and the customers we serve.

I am very happy with our collective achievements in 2016. Those are the foundations of a strong, sustainable and lasting success of AXA Sigorta. Our past strides would not have been possible without our valued employees and agents and I am confident that our future steps will be stronger thanks to their input and commitment to the AXA brand.

Guillaume Lejeune

CEO & Member of Board



INTERNAL AUDIT

AXA Internal Audit exists to help the Board and Executive Management protect the assets, reputation and sustainability of the organization by providing an independent and objective assurance activity designed to add value and improve the organization's operations. It helps the organization meet its objectives by bringing a systematic, disciplined approach to challenge Executive Management and evaluate the effectiveness of risk management, control and governance processes.

The duties, authorities and responsibilities of the Internal Audit are defined by the "Internal Audit Regulation" approved by the Board and the Audit Committee. The independence of Internal Audit is ensured by the Internal Audit Regulation and the relevant regulation is reviewed every year and updates are made if necessary.

The Internal Audit conducts its activities in line with the "Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies" and the AXA internal audit standards, directly reporting to the Chairman of the Board and the Audit Committee. Also, it reports functionally to AXA Group Audit Directorate and AXA Group Audit Committee.

The Audit Committee has three members, one of whom is also a member responsible for the internal systems of the Board. The annual meeting agenda is determined by the Committee and accordingly various directors of our company and representatives of independent audit companies are invited to the meeting to inform the Audit Committee.

The Internal Audit Department builds the annual audit plan depending on the levels of structural risk and control and applies the plan with the approval of the Audit Committee and the Board. During the preparation of the audit plan, the company's strategy and objectives, customer complaints, audit and control results and the Risk Management

Department's operational risk assessments are reviewed and the risk scaling obtained and risk perceptions of the managers are also taken into account.

Apart from the audits within the scope of the annual plan, the Internal Audit is also involved in carrying out investigations and examinations when necessary, raising awareness of the abuse indicators and supervising private pension funds.

The result of each audit activity is put into report form and submitted to the Audit Committee and the Board. In the audit reports, the scope and purpose of the audit, findings and suggestions for solutions, the responsible unit and the date of the action are included, and it is also followed periodically whether these actions are carried out or not.

In 2016, the Internal Audit Department carried out 10 audits, 3 fund audits and 1 examination/investigation. Action plans and dates were taken from the process owners and reports regarding the audit results were prepared.

There are tools defined for follow-up and continuous review of performance criteria of audit operations, results and performance of Internal Audit Department are monitored by the Audit Committee on a regular basis and Board of Directors is informed accordingly.

The Internal Audit consists of two administrators and four auditors. The audit team holds internationally recognized certifications (CIA, CFSA, CISA, CRMA) and the employees are supported for continuous development of the team.

In audits, adding value to the activities of the unit and the company in cooperation with the audited unit is embraced as the basic approach.

As a result of internal audit activities coordinated with the functions of other internal systems, it is aimed to continuously improve the control structure so as to contribute to the achievement of the company's objectives.

RISK MANAGEMENT

Risk management policies and procedures of AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have been developed in parallel to AXA Group Risk Management Standards, to ensure monitoring, checking, and where necessary revising the risk and return structure of the company's future cash flows, and the characteristics and level of the associated activities. The purpose of these standards established by AXA Group is to ensure systematic identification, measurement, management and control of any risks the group companies may encounter with. The risk groups the companies may be exposed to are incorporated in these standards in line with their extent, characteristics, and complexities as well as experiences from previous periods. AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have adopted AXA Group Risk Management standards within the framework of Risk Management Activities; the Company works in close cooperation with and regularly report to AXA Group and the affiliated AXA EMEA-LATAM Risk Management teams.

The primary purpose of our Risk Management operations, constituting an integral part of all our business operations in line with AXA Group Risk Management standards, is collective monitoring of financial, insurance, and operational risk exposures, as well as measuring the impacts of these exposures on significant financial indicators (profitability, company value, capital, liquidity).

All these activities are conducted by the Risk Management Department within AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş.. While performing these assessments, the Risk Management shall be held responsible particularly for implementation of AXA Risk Management standards and fulfillment of responsibilities set forth in local regulations and for meeting all requirements within this context. Roles and responsibilities of Risk Management Department, which directly reports to Risk Management Division is approved by the Board.

In accordance with national and international legislation, insurance companies are required to actively manage the risks that they are exposed to, which are comparable to the nature and complexity of the activities they engage in and which can affect their ability to meet their obligations or fulfill their corporate objectives. Also they are required to establish an effective and adequate risk management system that allows them to be assessed. The system has to be integrated into the company and it is essential that the roles played by key personnel are formally identified.

Insurance companies, within the framework of the necessities of legislative regulation, through a rigorous analysis process, must be able to understand the nature of the identified risks, their origin, the likelihood or need to control them and must understand also the effects that may arise from them in terms of possible losses and opportunities. In particular, the role of risk management is not to prevent risk taking by insurers and investment managers, but to selectively develop a risk-taking culture of AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. with the tools and metrics to help consciously select the risks that it really wants to carry. Considering these requirements, AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have established a framework of Corporate Risk Management which is a complex framework based on a set of standards, policies, procedures, committees and governance. Five key processes have been identified as relevant to this framework, fixed with a strong risk culture:

a) Organization and Management: AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. have a Risk Governance Scheme established and structured by Risk Management policies and procedures.

b) Risk Appetite Framework: The role of the Risk Management team is to make sure that senior management has approved actionable risks, understands the consequences of adverse developments in risk and has actionable plans when things start to deteriorate. This is achieved through the Risk Appetite framework, which shows the risks involved in causes, company value, capital and liquidity under different scenarios.

c) Second Opinion: Risk Management is to be able to look at risk areas and identify these areas by measuring, inspecting financial risks, insurance risks and operational risks, and to be vigilant against extremes and to think about them. Risk management has processes and governance to ensure that AXA Turkey's major decision-making processes receive a systematic and independent second opinion.

d) Writing Rules and Product Approval: The expiry of new products or the re-pricing / re-design of products allows the senior management to evaluate the long-term consequences of such actions and to determine the profitability objectives determined according to the risk in order to realize the strategy of AXA. The issuer passes through an appropriate decision-making process.

RISK MANAGEMENT

e) Internal Model (STEC - Short Term Economic Capital): can provide a concrete and powerful metric that controls and measures most of the exposed risk. The AXA STEC model is also designed as a consistent and wide-ranging risk management tool that is an important component in capital management, planning process and performance measurement process.

Risk Classification

In line with AXA Group standards, the risk management practices of AXA SİGORTA A.Ş. and AXA HAYAT VE EMEKLİLİK A.Ş. assess the Risk Portfolio in 3 primary groups, which are also divided into various sub-groups.

I. Financial Risks

This category covers the impact of interest rate, exchange rate and real estate price variations to be caused by potential fluctuations in financial markets and various investment instruments on the company's financial indicators. These assessments allow the implementation of action plans to ensure that the potential impacts remain within the risk limits established.

The Asset-Liability management on the other hand, is crucial particularly for the preservation of earnings on long term portfolios and liquidity; assessments performed in this respect guide the investment decisions taken to assure cash flows for our obligations. Furthermore, our reinsurance structure is reviewed on company basis within the scope of financial analyses activities, classified in accordance with

the ratings issued by international rating agencies and the reinsurance risks are assessed with the models utilized in AXA Group standards.

II. Insurance Risks

These risks are grouped in two primary segments: Life and Non-Life. Within the scope of these risks which emerge in liaison with insurance agreements, the financial loss which may occur upon realization of the insured event are measured through statistical methods, which in return determines the minimum capital level the company should keep to cover these risks. These assessments are made in accordance with the internal models established in line with AXA Group standards and by the Undersecretariat of Treasury, and are reported regularly.

III. Operational Risks

These risks refer to the losses which may be incurred, directly or indirectly, due to external events, or inadequate or failed internal processes, personnel, and systems. The task of Risk Management unit is to identify, measure, and monitor the operational risks which may be exposed to. The risk scenarios identified on self-assessment basis are updated annually and measured at AXA Group Standard levels through use of statistical methods. The risks identified are monitored by the relevant unit and Internal Audit department and reviewed by the Operational Risk Committee.

The table defining the risk groups AXA companies are exposed to, identified in line with AXA Group Risk Management standards, is as follows.

RISK MANAGEMENT

Primary Risk Group	Secondary Risk Group	Risk Subject
Financial Risks	Market Risks	Stock Risks
		Real Estate Risk
		Interest Rate Risk
		Private Sector Bonds Risk
		Asset Based Financial Investment Risk
		Alternative Investment Risks
		Foreign Currency Risk
		Volatility Risk
		Base Risk
	Credit Risk	Country Risk
	Counter-Party Risks	
Liquidity Risk	Liquidity Risk	
Non Life Insurance Risks	Reserve Risk	Insufficient Reserve Risk
		Rising Risks (e.g. Asbestos)
	Insurance Risk	Underwriting Risk
		Pricing Risk
		Customer Value Risk
	Catastrophe Risk	Catastrophe Risk - Natural Disaster
Catastrophe Risk - Human		
Life Insurance Risks	Reserve Risk	Mortality Risk
		Longevity Risk
		Surrender Risk
		Expense Risk
	Insurance Risk	Disability Risk
		Long-Term Care Risk
		Health Risks
	Catastrophe Risk	Catastrophe Risk - Epidemic
Operational Risks	Internal Disconduct	Internal Misconduct and Unauthorized Transactions
	External Misconduct	External Misconduct and System Security
	Workplace security and employment practices	Employee relations, discrimination
		Safe work environment (e.g. Epidemic)
		Personnel Management (loss of key personnel)
	Customer, product and business practices	Compliance, reporting and product responsibilities (e.g. incorrect sales, aggressive sales, misleading marketing materials...)
		Non-compliant and illegal business and market practices (antitrust, unlicensed sales, illicit money, non-compliance with regulations)
		Product defects (product shortcomings and model defects)
	Potential Damage on Material Assets	Natural disasters and other disasters caused by humans
	System Errors and Work Disruption	Information Security
		System Disruption
	Transaction, management and process errors	Transaction Errors (e.g. Incorrect claim payments...)
		Errors in underwriting and claims processes
		Public disclosure and reporting errors
		Project Management Errors
Errors or low performance by internal service providers (associated agencies, sales and provision teams)		
Errors and low performance by external service providers		

RISK MANAGEMENT

Risk Limits

By taking the financial structures of the companies into account, the impact of sub risk groups on the most critical financial indicators of the company, namely profitability, company value and capital adequacy are considered during determination of risk limits in accordance with AXA Group standards. Even though the risk limits vary by the diversity and scale of the company's financial asset investments, the operational limits set on a per-personnel or per-unit basis may also vary with reference to the complexity of the transactions performed, and the characteristics of the products.

The limits set are then reviewed annually with reference to the prevailing circumstances in the market, the financial state and strategies of the company, and AXA standards. Any breach of limits are monitored both through the alerts defined in the system by responsible units, and on a collective basis; the operations are executed through a structure which allows immediate intervention and reporting in case of any limit exceeds.

A detailed explanation regarding the risk group of the company and its transactions is provided in footnote 45, attached to the Independent Audit Reports provided in the Annual Report.

FINANCIAL HIGHLIGHTS

AXA SİGORTA A.Ş

(in TRY thousand)

	2016	2015	2014	2013	2012	2011
Gross Written Premiums	3.562.467	3.065.688	3.078.115	3.168.368	2.386.250	1.997.609
Claims Paid	1.977.440	2.120.609	1.739.274	1.510.949	1.510.982	1.187.976
Net Technical Result	209.490	-311.004	349.883	293.481	-600.316	27.220
Profit Before Tax	102.619	-280.316	274.354	211.983	-529.748	28.581
Net Profit	102.619	-280.316	267.303	211.983	-529.748	19.349
Paid in Capital	1.225.739	1.225.739	1.225.650	1.225.650	455.555	387.300
Total Assets	5.610.065	4.899.657	4.678.732	4.030.445	2.473.777	2.096.636

AXA HAYAT VE EMEKLİLİK A.Ş

(in TRY thousand)

	2016	2015	2014	2013	2012	2011
Gross Written Premiums	28.784	23.017	36.244	99.019	62.629	54.845
Claims Paid	57.056	79.149	82.401	92.494	84.695	75.793
Net Technical Result	-13.312	-18.938	-13.797	2.254	1.757	6.585
Profit Before Tax	-1.644	-6.733	2.348	14.895	16.598	19.199
Net Profit	-1.644	-6.733	248	14.895	10.305	16.332
Paid in Capital	62.975	62.975	62.975	62.975	62.975	33.265
Total Assets	471.274	416.403	395.362	367.071	381.794	386.366



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

**To the Board of Directors of
Axa Sigorta Anonim Şirketi**

Report Related to the Financial Statements

We have audited the accompanying financial statements of Axa Sigorta Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 December 2016 and the statement of income, the statement of changes in equity and the statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

The Company Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Accounting Standards for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles" and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulations on the principles on auditing as set out in the insurance legislation and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight, Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Axa Sigorta Anonim Şirketi ("the Company") as at 31 December 2016 and its financial performance and cash flows for the period then ended in accordance with Regulation on Insurance Accounting and Financial Reporting Principles.

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

- 1) In accordance with subparagraph 4 of article 402 of 6102 numbered Turkish Commercial Code ("TCC"), no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2016 is not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors has provided to us the necessary explanations and required documents within the scope of audit.

DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of MAZARS

Aylin Beydemir, CPA
Partner

İstanbul, 6 March 2017



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT
(ORIGINALLY ISSUED IN TURKISH)**

To the Board of Directors of Axa Sigorta Anonim Şirketi,

Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing

We have audited the accompanying annual report of Axa Sigorta Anonim Şirketi ("the Company") for the year ended 31 December 2016.

Board of Directors' Responsibility for the Annual Report

Pursuant to the article 514 of the Turkish Commercial Code ("TCC") numbered 6102 and Communiqué on Individual Retirement Saving and Investment System" ("the Communiqué") issued on 7 August 2007 dated and 26606 numbered, management is responsible for the preparation of the annual report fairly and consistent with the financial statements and for such internal control as management determines is necessary to enable the preparation of such annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit in accordance with article 397 of the TCC and Communiqué whether the financial information included in the accompanying annual report is consistent with the audited financial statements expressed in the auditor's report of the Company dated 6 March 2017 and provides fair presentation.

Our audit has been conducted in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority and the Insurance Legislation. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the financial statements and provide fair presentation.

An audit also includes performing audit procedures in order to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's 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 included in the annual report is consistent, in all material respects, with the audited financial statements and provides a fair presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the article 402 of TCC, no material issue has come to our attention that shall be reported about the Company's ability to continue as a going concern in accordance with Turkish Accounting Standard 570 "Going Concern".

DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of MAZARS

Aylin Beydemir, CPA
Partner

İstanbul, 6 March 2017



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

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

Report Related to the Financial Statements

We have audited the accompanying financial statements of Axa Hayat ve Emeklilik Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 December 2016 and the statement of income, the statement of changes in equity and the statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

The Company Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Accounting Standards for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles" and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulations on the principles on auditing as set out in the insurance legislation and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight, Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Axa Hayat ve Emeklilik Anonim Şirketi ("the Company") as at 31 December 2016 and its financial performance and cash flows for the period then ended in accordance with Regulation on Insurance Accounting and Financial Reporting Principles.

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

- 1) In accordance with subparagraph 4 of article 402 of 6102 numbered Turkish Commercial Code ("TCC"), no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2016 is not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors has provided to us the necessary explanations and required documents within the scope of audit.

DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of MAZARS

A handwritten signature in blue ink, appearing to be 'Aylin Beydemir'.

Aylin Beydemir, CPA
Partner

İstanbul, 6 March 2017



**CONVENIENCE TRANSLATION INTO ENGLISH OF THE
INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT
(ORIGINALLY ISSUED IN TURKISH)**

To the Board of Directors of Axa Hayat ve Emeklilik Anonim Şirketi,

Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing

We have audited the accompanying annual report of Axa Hayat ve Emeklilik Anonim Şirketi ("the Company") for the year ended 31 December 2016.

Board of Directors' Responsibility for the Annual Report

Pursuant to the article 514 of the Turkish Commercial Code ("TCC") numbered 6102 and Communiqué on Individual Retirement Saving and Investment System ("the Communiqué") issued on 7 August 2007 dated and 26606 numbered, management is responsible for the preparation of the annual report fairly and consistent with the financial statements and for such internal control as management determines is necessary to enable the preparation of such annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit in accordance with article 397 of the TCC and Communiqué whether the financial information included in the accompanying annual report is consistent with the audited financial statements expressed in the auditor's report of the Company dated 6 March 2017 and provides fair presentation.

Our audit has been conducted in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority and the Insurance Legislation. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the financial statements and provide fair presentation.

An audit also includes performing audit procedures in order to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's 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 included in the annual report is consistent, in all material respects, with the audited financial statements and provides a fair presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the article 402 of TCC, no material issue has come to our attention that shall be reported about the Company's ability to continue as a going concern in accordance with Turkish Accounting Standard 570 "Going Concern".

DENGE BAĞIMSIZ DENETİM SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of MAZARS

Aylin Beydemir, CPA
Partner

İstanbul, 6 March 2017

2016 Yılı Faaliyet Raporuna İlişkin Beyan

31 Aralık 2016 tarihi itibarıyla düzenlediğimiz finansal tablolar ile bunlara ilişkin açıklama ve dipnotların, sigortacılık mevzuatı gereği yürürlükte bulunan muhasebe ilke ve standartlarına göre hazırlandığını ve ilgili mevzuat ile şirketimiz kayıtlarına uygun olduğunu; şirketimizin 2016 yılı faaliyet raporu içeriğinde yer alan belge ve bilgilerin, 7 Ağustos 2007 tarih 26606 sayılı Resmi Gazete’de yayınlanan Sigorta ve Reasürans ile Emeklilik şirketlerinin Mali Bünyelerine İlişkin Yönetmelik hükümlerine uygun olarak hazırlandığını beyan ederiz.

İstanbul,

AXA SİGORTA A.Ş.

AXA HAYAT VE EMEKLİLİK A.Ş.


Guillaume Herve
Marie Xavier
LEJEUNE

Yönetim Kurulu
Üyesi ve Genel
Müdür


Christophe Stephane
KNAUB

Mali İşler Genel Müdür
Yardımcısı


Ayşe ŞAFK

Muhasebe
Müdürü

STATEMENT REGARDING FINANCIAL STATEMENTS DRAWN UP AS OF 31 DECEMBER 2016

We hereby declare that the attached financial statements drawn up as of 31 December 2016, and related statements and footnotes have been prepared in accordance with the accounting principles and standards in effect as per the insurance regulations and are consistent with the relevant regulations and the records of the company. The informations and documents in the 2016’s annual report are prepared in accordance with the provisions of the Insurance and Reinsurance and Private Pension Regulation concerning company’s financial structure which was published on Official Gazette dated August 7th 2007 and number 26606.

İstanbul,

AXA SİGORTA A.Ş.

AXA HAYAT VE EMEKLİLİK A.Ş.

**Guillaume Herve Marie Xavier
LEJEUNE**

Member of the Board &
General Manager

Christophe Stephane KNAUB

Ass. General Manager
Finance

Ayşe ŞAFK

Accounting Manager

The image features a blue background with a diagonal split. The upper-left portion is a lighter shade of blue, while the lower-right portion is a darker shade. A thick red stripe runs diagonally from the top center towards the middle left. In the bottom right corner, the text 'DETAILED BALANCE SHEET AND INCOME STATEMENTS' is written in a bold, blue, sans-serif font.

**DETAILED
BALANCE SHEET
AND INCOME
STATEMENTS**

AXA SİGORTA A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

I - Current Assets	Audited 31.12.2016	Audited 31.12.2015
A- Cash and Cash Equivalents	1.090.227.687	982.865.349
1- Cash	-	-
2- Cheques Received	-	-
3- Banks	638.464.011	553.526.096
4- Checks and Payment Orders Issued (-)	-	-
5- Bank Guarantees and Three Months Short Term Credit Cart Receivables	441.492.412	426.387.833
6- Other Cash and Cash Equivalent Assets	10.271.264	2.951.420
B- Financial Assets and Financial Investments at Policyholders' Risk	3.386.469.260	2.724.387.087
1- Available for Sale Investments	3.388.509.827	2.724.387.087
2- Held to Maturity Investments	-	-
3- Trading Investments	-	-
4- Loans	-	-
5- Provision for Loans (-)	-	-
6- Financial Assets at Policyholders' Risk	-	-
7- Company's Shares	-	-
8- Provision for Impairment of Financial Assets (-)	-2.040.567	-
C- Receivables from Operations	586.730.975	671.092.243
1- Due from Insurance Operations	653.564.671	696.026.550
2- Provision for Due from Insurance Operations (-)	-96.118.002	-65.737.457
3- Due from Reinsurance Operations	-	-
4- Provision for Due from Reinsurance Operations (-)	-	-
5- Cash Deposited with Insurance and Reinsurance Companies	29.284.306	40.803.150
6- Loans to Policyholders	-	-
7- Provision for Loans to Policyholders (-)	-	-
8- Due from Private Pension Operations	-	-
9- Doubtful Receivables from Main Operations	400.377.116	324.261.856
10- Provision for Doubtful Receivables from Main Operations (-)	-400.377.116	-324.261.856
D- Due from Related Parties	326.502	434.681
1- Due from Shareholders	-	-
2- Due from Subsidiaries	-	-
3- Due from Affiliates	-	-
4- Due from Joint Ventures	-	-
5- Due from Personnel	-	-
6- Due from Other Related Parties	326.502	434.681
7- Rediscount on Due from Related Parties (-)	-	-
8- Doubtful Receivables from Related Parties	-	-
9- Provision for Doubtful Receivables from Related Parties (-)	-	-
E- Other Receivables	4.156.721	3.472.901
1- Leasing Receivables	-	-
2- Unearned Leasing Interest Income (-)	-	-
3- Deposits and Guarantees Given	97.302	94.956
4- Other Receivables	4.059.419	3.377.945
5- Rediscount on Other Receivables (-)	-	-
6- Other Doubtful Receivables	-	-
7- Provision for Other Doubtful Receivables (-)	-	-
F- Deferred Expenses and Income Accruals	285.589.935	249.078.343
1- Deferred Production Expenses	259.580.908	243.069.182
2- Accrued Interest and Rent Income	-	-
3- Income Accruals	-	-
4- Other Deferred Expenses	26.009.027	6.009.161
G- Other Current Assets	9.873.646	10.755.558
1- Prepaid Office Supplies	964	29.280
2- Prepaid Taxes and Funds	9.827.413	10.667.958
3- Deferred Tax Assets	-	-
4- Job Advances	45.269	58.076
5- Advances to Personnel	0	244
6- Count Shortages	-	-
7- Other Current Assets	-	-
8- Provision for Other Current Assets (-)	-	-
I- Total Current Assets	5.363.374.726	4.642.086.162

AXA SİGORTA A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

II - Non-Current Assets	Audited 31.12.2016	Audited 31.12.2015
A- Receivables due from Operations	-	-
1- Due from Insurance Operations	-	-
2- Provision for Due from Insurance Operations (-)	-	-
3- Due from Reinsurance Operations	-	-
4- Provision for Due from Reinsurance Operations (-)	-	-
5- Cash Deposited with Insurance and Reinsurance Companies	-	-
6- Loans to Policyholders	-	-
7- Provision for Loans to Policyholders (-)	-	-
8- Due from Private Pension Operations	-	-
9- Doubtful Receivables from Main Operations	-	-
10- Provision for Doubtful Receivables from Main Operations (-)	-	-
B- Due from Related Parties	-	-
1- Due from Shareholders	-	-
2- Due from Subsidiaries	-	-
3- Due from Affiliates	-	-
4- Due from Joint Ventures	-	-
5- Due from Personnel	-	-
6- Due from Other Related Parties	-	-
7- Rediscount on Due from Related Parties (-)	-	-
8- Doubtful Receivables from Related Parties	-	-
9- Provision for Doubtful Receivables from Related Parties (-)	-	-
C- Other Receivables	-	-
1- Leasing Receivables	-	-
2- Unearned Leasing Interest Income (-)	-	-
3- Deposits and Guarantees Given	-	-
4- Other Receivables	-	-
5- Rediscount on Other Receivables (-)	-	-
6- Other Doubtful Receivables	-	-
7- Provision for Other Doubtful Receivables (-)	-	-
D- Financial Assets	14.782.886	10.630.489
1- Investment Securities	14.782.886	10.630.489
2- Subsidiaries	-	-
3- Subsidiaries Capital Commitments (-)	-	-
4- Affiliates	-	-
5- Affiliates Capital Commitments (-)	-	-
6- Joint Ventures	-	-
7- Joint Ventures Capital Commitments (-)	-	-
8- Financial Assets and Financial Investments at Policyholders' Risk	-	-
9- Other Financial Assets	-	-
10- Provision for Impairment of Financial Assets (-)	-	-
E- Tangible Assets	85.838.140	87.934.599
1- Investment Property	38.307.717	36.553.022
2- Provision for Diminution in Value of Investment Property (-)	-	-
3- Property for Operational Usage	43.923.062	43.841.064
4- Machinery and Equipment	-	-
5- Furniture and Fixtures	41.667.761	38.115.317
6- Motor Vehicles	0	2.601
7- Other Tangible Assets (including leasehold improvements)	4.458.530	4.182.283
8- Leased Assets	-	-
9- Accumulated Depreciation (-)	-42.562.990	-35.757.386
10- Advances Given for Tangible Assets (including construction in progress)	44.060	997.698
F- Intangible Assets	53.022.891	53.882.002
1- Rights	99.541.036	92.576.332
2- Goodwill	-	-
3- Start-up Costs	-	-
4- Research and Development Expenses	-	-
5- Other Intangible Assets	2.801.468	2.801.468
6- Accumulated Amortization (-)	-49.319.613	-41.495.798
7- Advances Given for Intangible Assets	-	-
G- Deferred Expenses and Income Accruals	-	-
1- Deferred Acquisition Expenses	-	-
2- Income Accruals	-	-
3- Other Deferred Expenses	-	-
H- Other Non-Current Assets	93.046.569	105.123.249
1- Effective Foreign Currency Accounts	-	-
2- Foreign Currency Accounts	-	-
3- Prepaid Office Supplies	-	-
4- Prepaid Taxes and Funds	-	-
5- Deferred Tax Assets	93.046.569	105.123.249
6- Other Non-Current Assets	-	-
7- Other Non-Current Assets Depreciation (-)	-	-
8- Provision for Other Non-Current Assets (-)	-	-
II- Total Non-Current Assets	246.690.486	257.570.339
Total Assets (I + II)	5.610.065.212	4.899.656.501

AXA SİGORTA A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

III - Current Liabilities	Audited 31.12.2016	Audited 31.12.2015
A- Financial Liabilities	-	-
1- Due to Credit Institutions	-	-
2- Leasing Payables	-	-
3- Deferred Leasing Costs (-)	-	-
4- Short Term Installments of Long Term Borrowings	-	-
5- Issued Debt Securities	-	-
6- Other Issued Debt Securities	-	-
7- Value Differences of Other Issued Debt Securities (-)	-	-
8- Other Financial Payables (Liabilities)	-	-
B- Payables from Operations	88.431.393	76.638.307
1- Payables from Insurance Operations	76.739.445	65.182.401
2- Payables from Reinsurance Operations	-	-
3- Cash Deposited by Insurance and Reinsurance Companies	-	-
4- Payables from Private Pension Operations	-	-
5- Payables from Other Operations	11.691.948	11.455.906
6- Rediscount on Payables from Other Operations (-)	-	-
C- Due to Related Parties	823.596	93.263
1- Due to Shareholders	2.568	2.568
2- Due to Subsidiaries	-	-
3- Due to Affiliates	-	-
4- Due to Joint-Ventures	-	-
5- Due to Personnel	821.028	88.278
6- Due to Other Related Parties	0	2.417
D- Other Payables	103.004.840	99.659.233
1- Deposits and Guarantees Received	4.579.971	3.800.672
2- Payables to SSI regarding Medical Expenses	31.098.268	41.145.667
3- Other Payables	67.326.601	54.712.894
4- Rediscount on Other Payables (-)	-	-
E- Insurance Technical Provisions	4.202.302.410	3.589.757.944
1- Unearned Premium Reserve - Net	1.524.276.004	1.418.401.078
2- Unexpired Risks Reserve-Net	6.999.394	120.074.880
3- Mathematical Reserves - Net	-	-
4- Outstanding Claims Reserve - Net	2.642.379.419	2.031.677.939
5- Bonus Provision-Net	-	-
6- Other Technical Reserves - Net	28.647.593	19.604.047
F- Taxes and Other Fiscal Liabilities	46.878.309	45.455.158
1- Taxes and Funds Payable	28.174.648	32.358.332
2- Social Security Withholdings Payable	1.601.579	1.360.457
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities	-	-
4- Other Taxes and Fiscal Liabilities	17.102.082	11.736.369
5- Corporate Tax Provision and Other Fiscal Liabilities	-	-
6- Prepaid Taxes and Other Similar Liabilities for Profit	-	-
7- Other Taxes and Fiscal Liabilities Provision	-	-
G- Provisions for Other Risks	56.787.872	44.471.162
1- Provision for Employment Termination Benefits	-	-
2- Provision for Social Aid Fund Asset Shortage	-	-
3- Provision for Expense Accruals	56.787.872	44.471.162
H- Deferred Income and Expense Accruals	29.203.218	27.176.470
1- Deferred Commissions Income	28.400.684	26.073.018
2- Expense Accruals	-	-
3- Other Deferred Income	802.534	1.103.452
I- Other Current Liabilities	774.003	609.263
1- Deferred Tax Liabilities	-	-
2- Count Overages	-	-
3- Other Current Liabilities	774.003	609.263
III - Total Current Liabilities	4.528.205.641	3.883.860.800

AXA SİGORTA A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

IV – Non-Current Liabilities	Audited 31.12.2016	Audited 31.12.2015
A- Financial Liabilities	-	-
1- Due to Credit Institutions	-	-
2- Leasing Payables	-	-
3- Deferred Leasing Costs (-)	-	-
4- Issued Debt Securities	-	-
5- Other Issued Debt Securities	-	-
6- Value Differences of Other Issued Debt Securities (-)	-	-
7- Other Financial Payables	-	-
B- Payables from Operations	-	-
1- Payables from Insurance Operations	-	-
2- Payables from Reinsurance Operations	-	-
3- Cash Deposited by Insurance and Reinsurance Companies	-	-
4- Payables from Private Pension Operations	-	-
5- Payables from Other Operations	-	-
6- Rediscount on Payables from Other Operations (-)	-	-
C- Due to Related Parties	-	-
1- Due to Shareholders	-	-
2- Due to Subsidiaries	-	-
3- Due to Affiliates	-	-
4- Due to Joint-Ventures	-	-
5- Due to Personnel	-	-
6- Due to Other Related Parties	-	-
D- Other Payables	-	-
1- Deposits and Guarantees Received	-	-
2- Payables to SSI regarding Medical Expenses	-	-
3- Other Payables	-	-
4- Rediscount on Other Payables (-)	-	-
E- Insurance Technical Provisions	114.922.438	90.154.927
1- Unearned Premium Reserves - Net	-	-
2- Unexpired Risks Reserve-Net	-	-
3- Mathematical Reserve - Net	6.712	3.640
4- Outstanding Claims Reserve - Net	-	-
5- Bonus Provision-Net	-	-
6- Other Technical Reserves - Net	114.915.726	90.151.287
F- Other Liabilities and Related Provisions	-	-
1- Other Payables	-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities	-	-
3- Other Taxes and Fiscal Liabilities Provision	-	-
G- Provisions for Other Risks	6.827.755	6.424.320
1- Provision for Employment Termination Benefits	6.827.755	6.424.320
2- Provision for Social Aid Fund Asset Shortage	-	-
H- Deferred Income and Expense Accruals	-	-
1- Deferred Commissions Income	-	-
2- Expense Accruals	-	-
3- Other Deferred Income	-	-
I- Other Non-Current Liabilities	-	-
1- Deferred Tax Liabilities	-	-
2- Other Non-Current Liabilities	-	-
IV- Total Non-Current Liabilities	121.750.193	96.579.247

AXA SİGORTA A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

V - Shareholders' Equity	Audited 31.12.2016	Audited 31.12.2015
A- Share Capital	1.225.739.187	1.225.739.187
1- (Nominal) Capital	1.225.739.187	1.225.739.187
2- Unpaid Capital (-)	-	-
3- Adjustments to Share Capital	-	-
4- Adjustments to Share Capital (-)	-	-
5- Capital of Expected Registration	-	-
B- Capital Reserves	-	-
1- Share Premium	-	-
2- Share Premiums of Cancelled Shares	-	-
3- Sales Profit Addition to the Capital	-	-
4- Foreign Currency Translation Differences	-	-
5- Other Capital Reserves	-	-
C- Profit Reserves	-37.287.154	24.438.680
1- Legal Reserves	51.203.816	51.203.816
2- Statutory Reserves	-	-
3- Extraordinary Reserves	-	-
4- Special Reserves	-	-
5- Valuation of Financial Assets	-88.318.582	-26.780.492
6- Other Profit Reserves	-172.388	15.356
D- Retained Earnings	-	-
1- Retained Earnings	-	-
E- Accumulated Loss (-)	-330.961.413	-50.645.545
1- Previous Years' Losses	-330.961.413	-50.645.545
F- Net Profit / Loss for the Period (-)	102.618.758	-280.315.868
1- Net Profit for the Period	102.618.758	-
2- Net Loss for the Period (-)	-	-280.315.868
3- Profit not subject to Distribution	-	-
Total Shareholders' Equity	960.109.378	919.216.454
Total Liabilities and Shareholders' Equity (III+IV+V)	5.610.065.212	4.899.656.501

AXA SİGORTA A.Ş.

DETAILED INCOME STATEMENTS FOR THE PERIODS OF 1 JANUARY - 31 DECEMBER 2016 AND 2015 (TRY)

I-TECHNICAL SECTION	Audited 31 December, 2016	Audited 31 December, 2015
A- Non-Life Technical Revenues (Non-Life Technical Income)	3.550.503.962	2.899.758.042
1-Earned Premiums (Net of Reinsurer's Share)	3.073.036.553	2.495.285.685
1.1- Written Premiums (Net of Reinsurer's Share)	3.065.835.993	2.582.599.558
1.1.1- Gross Written Premiums (+)	3.562.467.192	3.065.687.603
1.1.2- Ceded Premiums (-)	-326.206.943	-367.145.391
1.1.3- Premiums Ceded to SGK (-)	-170.424.256	-115.942.654
1.2 Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward (+/-))	-105.874.926	31.975.577
1.2.1- Unearned Premium Reserve (-)	-92.737.487	39.537.831
1.2.2- Reinsurer Share in Unearned Premium Reserve (+)	-28.543.703	1.510.653
1.2.3- SGK Share of Unearned Premiums Reserve	15.406.264	-9.072.907
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	113.075.486	-119.289.450
1.3.1- Unexpired Risks Reserve (-)	115.444.990	-122.803.853
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+)	-2.369.504	3.514.403
2-Investment Income Transferred from Non-Technical Part	396.483.037	340.378.555
3- Other Technical Income - (Net of Reinsurer's Share)	4.974.008	9.652.196
3.1- Gross other technical income (+)	4.974.008	9.652.196
3.2- Reinsurer's Share of Other Gross Technical Income (-)	-	-
4- Recovery and Salvage Income Accruals (+)	76.010.364	54.441.606
B- Non-Life Technical Expenses (-)	-3.341.013.724	-3.210.761.864
1- Incurred Losses (Net Of Reinsurer's Share)	-2.552.415.906	-2.535.558.802
1.1- Paid Losses (Net of Reinsurer's Share)	-1.941.714.426	-2.043.993.246
1.1.1- Gross Paid Losses	-1.977.439.958	-2.120.608.861
1.1.2- Reinsurers Share in Paid Losses (+)	35.725.532	76.615.615
1.2- Change in Outstanding Losses (Net of Reinsurers share and Reserves Carried Forward) (+/-)	-610.701.480	-491.565.556
1.2.1- Outstanding Losses Reserve (-)	-666.670.525	-486.801.381
1.2.2- Reinsurer Share in Outstanding Loss Reserve (+)	55.969.045	-4.764.175
2- Change in Bonus and Rebate Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-	-
2.1- Bonus and Rebate Reserve (-)	-	-
2.2- Reinsurers' Share in Bonus and Rebate Reserve (+)	-	-
3- Change in Other Technical Reserves (Net of Reinsurers Share and Reserves Carried Forward) (+/-)	-24.774.614	-25.028.078
4- Operating Expenses	-695.605.730	-620.928.820
5- Change in Mathematical Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-3.072	-3.640
5.1- Mathematical Reserves (-)	-3.072	-3.640
6- Other Technical Expenses (-)	-68.214.402	-29.242.524
C- Net Technical Income- Non-Life (A - B)	209.490.238	-311.003.822
D- Life Technical Revenues (Life Technical Income)	-	-
1- Earned Premiums (Net of Reinsurer's Share)	-	-
1.1- Written Premiums (Net of Reinsurer's Share)	-	-
1.1.1- Gross Written Premiums (+)	-	-
1.1.2- Ceded Premiums (-)	-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward (+/-))	-	-
1.2.1- Unearned Premium Reserve (-)	-	-
1.2.2- Reinsurer Share in Unearned Premium Reserve (+)	-	-
1.3- (Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	-	-
1.3.1- Unexpired Risks Reserve (-)	-	-
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+)	-	-
2- Life Line's Investment Revenues Life Investment Income	-	-
3- Unrealized Profits in Investments Unrealized Investments Income	-	-
4- Other Technical Income (Net of Reinsurer's Share)	-	-
E- Life Technical Expense	-	-
1- Incurred Losses (Net Of Reinsurer's Share)	-	-
1.1- Paid Losses (Net of Reinsurer's Share)	-	-
1.1.1- Gross Paid Losses (-)	-	-
1.1.2- Reinsurers Share in Paid Losses (+)	-	-
1.2- Change in Outstanding Losses (Net of Reinsurers share and Reserves Carried Forward) (+/-)	-	-
1.2.1- Outstanding Losses Reserve (-)	-	-
1.2.2- Reinsurer Share in Outstanding Loss Reserve (+)	-	-
2- Change in Bonus and Rebate Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-	-
2.1- Bonus and Rebate Reserve (-)	-	-
2.2- Reinsurers' Share in Bonus and Rebate Reserve (+)	-	-
3- Change in Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)	-	-
3.1- Mathematical Reserves (-)	-	-
3.2- Reinsurer Share in Mathematical Reserves (+)	-	-
4- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-	-
5- Operating Expenses (-)	-	-
6- Investment Expenses (-)	-	-
7- Unrealized Losses in Investments (-)	-	-
8- Investment Income Transferred to Non-Life Technical Part (-)	-	-
F- Net Technical Income - Life (D - E)	-	-
G- Private Pension Technical Income	-	-
1- Fund Management Income	-	-
2- Management Cost Charge	-	-
3- Entrance Fee Income	-	-
4- Management Cost Charge in case of Suspension	-	-
5- Special Service Expense Charge	-	-
6- Capital Allowance Value Increase Income	-	-
7- Other Technical Incomes	-	-
H- Private Pension Technical Expense	-	-
1- Fund Management Expenses (-)	-	-
2- Capital Allowance Value Decrease Expense (-)	-	-
3- Operating Expenses (-)	-	-
4- Other Technical Expenses (-)	-	-
I- Net Technical Income - Private Pension (G - H)	-	-

AXA SİGORTA A.Ş.

DETAILED INCOME STATEMENTS FOR THE PERIODS OF 1 JANUARY - 31 DECEMBER 2016 AND 2015 (TRY)

II- NON-TECHNICAL SECTION	Audited 31 December, 2016	Audited 31 December, 2015
C- Net Technical Income-Non-Life (A-B)	209.490.238	-311.003.822
F- Net Technical Income-Life (D-E)	-	-
I - Net Technical Income-Private Pension(G-H)	-	-
J- Total Net Technical Income (C+F+I)	209.490.238	-311.003.822
K- Investment Income	499.683.335	432.388.666
1- Revenues from Financial Investments Income from Financial Investments	249.340.306	230.605.495
2- Profits from Cashing in on Financial Investments Income from Liquidation of Financial Investments	9.213.573	7.700.154
3- Valuation of Financial Investments	95.556.904	66.674.444
4- Foreign Exchange Gains	142.128.197	117.670.586
5- Income from Subsidiaries	-	-
6- Income from Equity Investments and Joint-Ventures	-	-
7- Revenues from Land, Plots and Buildings Income from Property, Plant and Equipment	3.426.793	9.711.400
8- Income from Derivatives	-	-
9- Other Investments	17.562	26.587
10- Investment Income Transferred from Life Technical Part	-	-
L- Investment Expenses (-)	-472.100.940	-419.411.666
1- Investment Management Expenses -Interest included (-)	-11.752.142	-10.457.678
2- Diminution in Value of Investments (-)	-5.319.815	0
3- Loss from Realization of Financial Investments (-)	-6.697.497	-18.442.906
4- Investment Income Transferred to Non-Life Technical Part (-)	-396.483.037	-340.378.555
5- Loss from Derivatives (-)	-	-
6- Foreign Exchange Losses (-)	-38.549.868	-35.036.946
7- Depreciation Expenses (-)	-13.298.581	-15.095.581
8- Other Investment Expenses (-)	-	-
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)	-134.453.875	17.710.954
1- Provisions (+/-)	-105.861.825	-58.003.797
2- Rediscounts (+/-)	-	-
3- Special Insurances Account (+/-)	-	-
4- Inflation Adjustment (+/-)	-	-
5- Deferred Tax Assets (+/-)	-	69.503.572
6- Deferred Tax Liabilities Expenses (-)	-28.178.366	-
7- Other Revenues and Profits Other Income	1.350.748	6.571.515
8- Other Expenses and Losses (-)	-1.764.432	-360.336
9- Revenues and Profits from the Previous Year	-	-
10- Expenses and Losses for the Previous Year (-)	-	-
N- Net Profit/(Loss) for the Period	102.618.758	-280.315.868
1- Profit/(Loss) for the Period (-)	102.618.758	-280.315.868
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	-	-
3- Net Profit/(Loss) for the Period (-)	102.618.758	-280.315.868
4- Inflation Adjustment Account Inflation Adjustment	-	-

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

I - Current Assets	Audited 31.12.2016	Audited 31.12.2015
A- Cash and Cash Equivalents	22.916.336	23.126.050
1- Cash	-	-
2- Cheques Received	-	-
3- Banks	16.964.640	18.058.259
4- Checks and Payment Orders Issued (-)	-	-
5- Bank Guarantees and Three Months Short Term Credit Cart Receivables	5.951.696	5.067.791
6- Other Cash and Cash Equivalent Assets	-	-
B- Financial Assets and Financial Investments at Policyholders' Risk	192.914.106	232.602.621
1- Available for Sale Investments	98.387.215	118.753.644
2- Held to Maturity Investments	-	-
3- Trading Investments	-	-
4- Loans	-	-
5- Provision for Loans (-)	-	-
6- Financial Assets at Policyholders' Risk	94.526.891	113.848.977
7- Company's Shares	-	-
8- Provision for Impairment of Financial Assets (-)	-	-
C- Receivables from Operations	1.533.971	1.842.655
1- Due from Insurance Operations	224.248	208.246
2- Provision for Due from Insurance Operations (-)	-3.592	-
3- Due from Reinsurance Operations	-	-
4- Provision for Due from Reinsurance Operations (-)	-	-
5- Cash Deposited with Insurance and Reinsurance Companies	-	-
6- Loans to Policyholders	618.212	689.666
7- Provision for Loans to Policyholders (-)	-	-
8- Due from Private Pension Operations	695.103	944.743
9- Doubtful Receivables from Main Operations	156.543	156.543
10- Provision for Doubtful Receivables from Main Operations (-)	-156.543	-156.543
D- Due from Related Parties	-	-
1- Due from Shareholders	-	-
2- Due from Subsidiaries	-	-
3- Due from Affiliates	-	-
4- Due from Joint Ventures	-	-
5- Due from Personnel	-	-
6- Due from Other Related Parties	-	-
7- Rediscount on Due from Related Parties (-)	-	-
8- Doubtful Receivables from Related Parties	-	-
9- Provision for Doubtful Receivables from Related Parties (-)	-	-
E- Other Receivables	4.365	5.660
1- Leasing Receivables	-	-
2- Unearned Leasing Interest Income (-)	-	-
3- Deposits and Guarantees Given	4.365	4.365
4- Other Receivables	0	1.295
5- Rediscount on Other Receivables (-)	-	-
6- Other Doubtful Receivables	-	-
7- Provision for Other Doubtful Receivables (-)	-	-
F- Deferred Expenses and Income Accruals	166.024	160.190
1- Deferred Production Expenses	142.209	154.705
2- Accrued Interest and Rent Income	-	-
3- Income Accruals	-	-
4- Other Deferred Expenses	23.815	5.485
G- Other Current Assets	294.223	278.724
1- Prepaid Office Supplies	-	-
2- Prepaid Taxes and Funds	294.223	278.724
3- Deferred Tax Assets	-	-
4- Job Advances	-	-
5- Advances to Personnel	-	-
6- Count Shortages	-	-
7- Other Current Assets	-	-
8- Provision for Other Current Assets (-)	-	-
I- Total Current Assets	217.829.025	258.015.900

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

II - Non-Current Assets	Audited 31.12.2016	Audited 31.12.2015
A- Receivables due from Operations	251.742.182	157.533.830
1- Due from Insurance Operations	-	-
2- Provision for Due from Insurance Operations (-)	-	-
3- Due from Reinsurance Operations	-	-
4- Provision for Due from Reinsurance Operations (-)	-	-
5- Cash Deposited with Insurance and Reinsurance Companies	-	-
6- Loans to Policyholders	-	-
7- Provision for Loans to Policyholders (-)	-	-
8- Due from Private Pension Operations	251.742.182	157.533.830
9- Doubtful Receivables from Main Operations	-	-
10- Provision for Doubtful Receivables from Main Operations (-)	-	-
B- Due from Related Parties	-	-
1- Due from Shareholders	-	-
2- Due from Subsidiaries	-	-
3- Due from Affiliates	-	-
4- Due from Joint Ventures	-	-
5- Due from Personnel	-	-
6- Due from Other Related Parties	-	-
7- Rediscount on Due from Related Parties (-)	-	-
8- Doubtful Receivables from Related Parties	-	-
9- Provision for Doubtful Receivables from Related Parties (-)	-	-
C- Other Receivables	-	-
1- Leasing Receivables	-	-
2- Unearned Leasing Interest Income (-)	-	-
3- Deposits and Guarantees Given	-	-
4- Other Receivables	-	-
5- Rediscount on Other Receivables (-)	-	-
6- Other Doubtful Receivables	-	-
7- Provision for Other Doubtful Receivables (-)	-	-
D- Financial Assets	398.730	398.730
1- Investment Securities	398.730	398.730
2- Subsidiaries	-	-
3- Subsidiaries Capital Commitments (-)	-	-
4- Affiliates	-	-
5- Affiliates Capital Commitments (-)	-	-
6- Joint Ventures	-	-
7- Joint Ventures Capital Commitments (-)	-	-
8- Financial Assets and Financial Investments at Policyholders' Risk	-	-
9- Other Financial Assets	-	-
10- Provision for Impairment of Financial Assets (-)	-	-
E- Tangible Assets	23.824	21.561
1- Investment Property	-	-
2- Provision for Diminution in Value of Investment Property (-)	-	-
3- Property for Operational Usage	-	-
4- Machinery and Equipment	-	-
5- Furniture and Fixtures	584.565	609.409
6- Motor Vehicles	-	-
7- Other Tangible Assets (including leasehold improvements)	-	-
8- Leased Assets	-	-
9- Accumulated Depreciation (-)	-560.741	-587.848
10- Advances Given for Tangible Assets (including construction in progress)	-	-
F- Intangible Assets	52.142	67.477
1- Rights	3.203.113	3.203.113
2- Goodwill	-	-
3- Start-up Costs	-	-
4- Research and Development Expenses	-	-
5- Other Intangible Assets	-	-
6- Accumulated Amortization (-)	-3.150.971	-3.135.636
7- Advances Given for Intangible Assets	-	-
G- Deferred Expenses and Income Accruals	-	-
1- Deferred Acquisition Expenses	-	-
2- Income Accruals	-	-
3- Other Deferred Expenses	-	-
H- Other Non-Current Assets	1.227.603	365.458
1- Effective Foreign Currency Accounts	-	-
2- Foreign Currency Accounts	-	-
3- Prepaid Office Supplies	-	-
4- Prepaid Taxes and Funds	-	-
5- Deferred Tax Assets	1.227.603	365.458
6- Other Non-Current Assets	-	-
7- Other Non-Current Assets Depreciation (-)	-	-
8- Provision for Other Non-Current Assets (-)	-	-
II- Total Non-Current Assets	253.444.481	158.387.056
Total Assets (I + II)	471.273.506	416.402.956

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

III - Current Liabilities	Audited 31.12.2016	Audited 31.12.2015
A- Financial Liabilities	-	-
1- Due to Credit Institutions	-	-
2- Leasing Payables	-	-
3- Deferred Leasing Costs (-)	-	-
4- Short Term Installments of Long Term Borrowings	-	-
5- Issued Debt Securities	-	-
6- Other Issued Debt Securities	-	-
7- Value Differences of Other Issued Debt Securities (-)	-	-
8- Other Financial Payables (Liabilities)	-	-
B- Payables from Operations	6.823.201	5.972.126
1- Payables from Insurance Operations	719.753	573.660
2- Payables from Reinsurance Operations	-	-
3- Cash Deposited by Insurance and Reinsurance Companies	-	-
4- Payables from Private Pension Operations	6.103.448	5.398.466
5- Payables from Other Operations	-	-
6- Rediscount on Payables from Other Operations (-)	-	-
C- Due to Related Parties	326.502	435.145
1- Due to Shareholders	-	219
2- Due to Subsidiaries	-	-
3- Due to Affiliates	-	-
4- Due to Joint-Ventures	-	-
5- Due to Personnel	-	245
6- Due to Other Related Parties	326.502	434.681
D- Other Payables	1.244.876	1.003.633
1- Deposits and Guarantees Received	1.073.952	890.765
2- Payables to SSI regarding Medical Expenses	-	-
3- Other Payables	170.924	112.868
4- Rediscount on Other Payables (-)	-	-
E- Insurance Technical Provisions	13.891.759	17.786.559
1- Unearned Premium Reserve - Net	1.307.950	1.737.412
2- Unexpired Risks Reserve-Net	-	-
3- Mathematical Reserves - Net	-	-
4- Outstanding Claims Reserve - Net	9.984.767	14.044.286
5- Bonus Provision-Net	-	-
6- Other Technical Reserves - Net	2.599.042	2.004.861
F- Taxes and Other Fiscal Liabilities	452.191	582.991
1- Taxes and Funds Payable	327.078	459.918
2- Social Security Withholdings Payable	125.113	123.073
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities	-	-
4- Other Taxes and Fiscal Liabilities	-	-
5- Corporate Tax Provision and Other Fiscal Liabilities	-	-
6- Prepaid Taxes and Other Similar Liabilities for Profit	-	-
7- Other Taxes and Fiscal Liabilities Provision	-	-
G- Provisions for Other Risks	6.404.781	4.988.624
1- Provision for Employment Termination Benefits	-	-
2- Provision for Social Aid Fund Asset Shortage	-	-
3- Provision for Expense Accruals	6.404.781	4.988.624
H- Deferred Income and Expense Accruals	700.287	517.725
1- Deferred Commissions Income	413.995	228.377
2- Expense Accruals	-	-
3- Other Deferred Income	286.292	289.348
I- Other Current Liabilities	406.057	306.173
1- Deferred Tax Liabilities	-	-
2- Count Overages	-	-
3- Other Current Liabilities	406.057	306.173
III - Total Current Liabilities	30.249.654	31.592.976

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

IV – Non-Current Liabilities	Audited 31.12.2016	Audited 31.12.2015
A- Financial Liabilities	-	-
1- Due to Credit Institutions	-	-
2- Leasing Payables	-	-
3- Deferred Leasing Costs (-)	-	-
4- Issued Debt Securities	-	-
5- Other Issued Debt Securities	-	-
6- Value Differences of Other Issued Debt Securities (-)	-	-
7- Other Financial Payables	-	-
B- Payables from Operations	251.742.182	157.533.830
1- Payables from Insurance Operations	-	-
2- Payables from Reinsurance Operations	-	-
3- Cash Deposited by Insurance and Reinsurance Companies	-	-
4- Payables from Private Pension Operations	251.742.182	157.533.830
5- Payables from Other Operations	-	-
6- Rediscount on Payables from Other Operations (-)	-	-
C- Due to Related Parties	-	-
1- Due to Shareholders	-	-
2- Due to Subsidiaries	-	-
3- Due to Affiliates	-	-
4- Due to Joint-Ventures	-	-
5- Due to Personnel	-	-
6- Due to Other Related Parties	-	-
D- Other Payables	-	-
1- Deposits and Guarantees Received	-	-
2- Payables to SSI regarding Medical Expenses	-	-
3- Other Payables	-	-
4- Rediscount on Other Payables (-)	-	-
E- Insurance Technical Provisions	105.557.485	125.974.382
1- Unearned Premium Reserves - Net	-	-
2- Unexpired Risks Reserve-Net	-	-
3- Mathematical Reserve - Net	102.582.269	121.576.697
4- Outstanding Claims Reserve - Net	-	-
5- Bonus Provision-Net	-	-
6- Other Technical Reserves - Net	2.975.216	4.397.685
F- Other Liabilities and Related Provisions	-	-
1- Other Payables	-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities	-	-
3- Other Taxes and Fiscal Liabilities Provision	-	-
G- Provisions for Other Risks	445.491	404.336
1- Provision for Employment Termination Benefits	445.491	404.336
2- Provision for Social Aid Fund Asset Shortage	-	-
H- Deferred Income and Expense Accruals	-	-
1- Deferred Commissions Income	-	-
2- Expense Accruals	-	-
3- Other Deferred Income	-	-
I- Other Non-Current Liabilities	-	-
1- Deferred Tax Liabilities	-	-
2- Other Non-Current Liabilities	-	-
IV- Total Non-Current Liabilities	357.745.158	283.912.548

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 2015 (TRY)

V - Shareholders' Equity	Audited 31.12.2016	Audited 31.12.2015
A- Share Capital	62.975.000	62.975.000
1- (Nominal) Capital	62.975.000	62.975.000
2- Unpaid Capital (-)	-	-
3- Adjustments to Share Capital	-	-
4- Adjustments to Share Capital (-)	-	-
5- Capital of Expected Registration	-	-
B- Capital Reserves	-	-
1- Share Premium	-	-
2- Share Premiums of Cancelled Shares	-	-
3- Sales Profit Addition to the Capital	-	-
4- Foreign Currency Translation Differences	-	-
5- Other Capital Reserves	-	-
C- Profit Reserves	21.947.329	44.655.856
1- Legal Reserves	17.024.974	15.761.614
2- Statutory Reserves	-	-
3- Extraordinary Reserves	-	23.779.134
4- Special Reserves	-	-
5- Valuation of Financial Assets	4.980.439	5.151.034
6- Other Profit Reserves	-58.084	-35.926
D- Retained Earnings	-	-
1- Retained Earnings	-	-
E- Accumulated Loss (-)	-	-
1- Previous Years' Losses	-	-
F- Net Profit / Loss for the Period (-)	-1.643.635	-6.733.424
1- Net Profit for the Period	-	-
2- Net Loss for the Period (-)	-1.643.635	-6.733.424
3- Profit not subject to Distribution	-	-
Total Shareholders' Equity	83.278.694	100.897.432
Total Liabilities and Shareholders' Equity (III+IV+V)	471.273.506	416.402.956

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED INCOME STATEMENTS FOR THE PERIODS OF 1 JANUARY - 31 DECEMBER 2016 AND 2015 (TRY)

I-TECHNICAL SECTION	Audited 31 December, 2016	Audited 31 December, 2015
A- Non-Life Technical Revenues (Non-Life Technical Income)	49.418	78.857
1-Earned Premiums (Net of Reinsurer's Share)	48.519	78.605
1.1- Written Premiums (Net of Reinsurer's Share)	45.234	76.882
1.1.1- Gross Written Premiums (+)	78.792	115.506
1.1.2- Ceded Premiums (-)	-33.558	-38.624
1.1.3- Premiums Ceded to SGK (-)	-	-
1.2 Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward (+/-))	3.285	1.723
1.2.1- Unearned Premium Reserve (-)	6.760	-1.462
1.2.2- Reinsurer Share in Unearned Premium Reserve (+)	-3.475	3.185
1.2.3- SGK Share of Unearned Premiums Reserve	-	-
1.3- Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	-	-
1.3.1- Unexpired Risks Reserve (-)	-	-
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+)	-	-
2-Investment Income Transferred from Non-Technical Part	-	-
3- Other Technical Income - (Net of Reinsurer's Share)	899	252
3.1- Gross other technical income (+)	899	252
3.2- Reinsurer's Share of Other Gross Technical Income (-)	-	-
4- Recovery and Salvage Income Accruals (+)	-	-
B- Non-Life Technical Expenses (-)	-54.305	-26.255
1- Incurred Losses (Net Of Reinsurer's Share)	-52.626	-60.434
1.1- Paid Losses (Net of Reinsurer's Share)	-82.849	-45.321
1.1.1- Gross Paid Losses	-84.199	-45.321
1.1.2- Reinsurers Share in Paid Losses (+)	1.350	-
1.2- Change in Outstanding Losses (Net of Reinsurers share and Reserves Carried Forward) (+/-)	30.223	-15.113
1.2.1- Outstanding Losses Reserve (-)	18.873	-41.416
1.2.2- Reinsurer Share in Outstanding Loss Reserve (+)	11.350	26.303
2- Change in Bonus and Rebate Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-	-
2.1- Bonus and Rebate Reserve (-)	-	-
2.2- Reinsurers' Share in Bonus and Rebate Reserve (+)	-	-
3- Change in Other Technical Reserves (Net of Reinsurers Share and Reserves Carried Forward) (+/-)	1.848	58.309
4- Operating Expenses	-25.084	-35.410
5- Change in Mathematical Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	21.557	11.281
5.1- Mathematical reserves (-)	21.557	11.281
5.2- Mathematical Reserves Reinsurances' Share	-	-
6- Other Technical Expenses (-)	-	-
6.1- Gross Technical Expenses (-)	-	-
6.2- Gross Technical Expenses Reinsurances' Share (-)	-	-
C- Net Technical Income- Non-Life (A - B)	-4.887	52.601
D- Life Technical Revenues (Life Technical Income)	54.215.962	56.748.462
1- Earned Premiums (Net of Reinsurer's Share)	27.653.440	22.573.823
1.1- Written Premiums (Net of Reinsurer's Share)	27.227.263	22.104.796
1.1.1- Gross Written Premiums (+)	28.704.943	22.901.332
1.1.2- Ceded Premiums (-)	-1.477.680	-796.536
1.2- Change in Unearned Premiums Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	426.177	469.027
1.2.1- Unearned Premium Reserve (-)	-13.626	447.015
1.2.2- Reinsurer Share in Unearned Premium Reserve (+)	439.803	22.012
1.3- (Change in Unexpired Risks Reserve (Net of Reinsurer's Share and Reserves Carried Forward) (+/-))	-	-
1.3.1- Unexpired Risks Reserve (-)	-	-
1.3.2- Reinsurer's Share in Unexpired Risks Reserve (+)	-	-
2- Life Line's Investment Revenues Life Investment Income	26.475.689	34.056.491
3- Unrealized Profits in Investments Unrealized Investments Income	-	-
4- Other Technical Income (Net of Reinsurer's Share)	86.833	118.148
4.1- Gross Other Technical Income	86.833	118.148
4.2- Gross Other Technical Income Reinsurances' Share (-)	-	-
5- Recovery Income Accruals (+)	-	-
E- Life Technical Expense	-60.932.810	-70.326.391
1- Incurred Losses (Net Of Reinsurer's Share)	-52.698.994	-83.089.644
1.1- Paid Losses (Net of Reinsurer's Share)	-56.728.290	-78.646.080
1.1.1- Gross Paid Losses (-)	-56.971.949	-79.103.963
1.1.2- Reinsurers Share in Paid Losses (+)	243.659	457.883
1.2- Change in Outstanding Losses (Net of Reinsurers share and Reserves Carried Forward) (+/-)	4.029.296	-4.443.564
1.2.1- Outstanding Losses Reserve (-)	4.103.539	-4.112.365
1.2.2- Reinsurer Share in Outstanding Loss Reserve (+)	-74.243	-331.199
2- Change in Bonus and Rebate Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-	-
2.1- Bonus and Rebate Reserve (-)	-	-
2.2- Reinsurers' Share in Bonus and Rebate Reserve (+)	-	-
3- Change in Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)	18.972.871	37.088.183
3.1- Mathematical Reserves (-)	18.972.871	37.088.183
3.1.1- Actuarial Mathematical Reserves (+/-)	14.209.137	27.636.746
3.1.2- Bonus Reserve (Investment Risk Provision for Policies at Policyholders)	4.763.735	9.451.437
3.2- Reinsurer Share in Mathematical Reserves (+)	-	-
3.2.1- Reinsurers' Share in Actuarial Mathematical Reserves (+)	-	-
3.2.2- Reinsurers' Share in Bonus Reserve (Investment Risk Provision for Policies at Policyholders) (+)	-	-
4- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	-710.749	-99.963
5- Operating Expenses (-)	-19.109.343	-16.541.218
6- Investment Expenses (-)	-7.386.595	-7.683.749
7- Unrealized Losses in Investments (-)	-	-
8- Investment Income Transferred to Non-Life Technical Part (-)	-	-
F- Net Technical Income - Life (D - E)	-6.716.848	-13.577.928
G- Private Pension Technical Income	5.547.587	4.603.344
1- Fund Management Income	3.120.383	1.919.659
2- Management Cost Charge	989.847	956.423
3- Entrance Fee Income	1.275.947	1.638.653
4- Management Cost Charge in case of Suspension	160.087	88.144
5- Special Service Expense Charge	-	-
6- Capital Allowance Value Increase Income	-	-
7- Other Technical Incomes	1.323	465
H- Private Pension Technical Expense	-12.137.589	-10.015.793
1- Fund Management Expenses (-)	-204.046	-175.233
2- Capital Allowance Value Decrease Expense (-)	-	-
3- Operating Expenses (-)	-11.176.614	-9.337.366
4- Other Technical Expenses (-)	-755.931	-503.194
5- Punishment Expenses	-998	-
I- Net Technical Income - Private Pension (G - H)	-6.590.002	-5.412.449

AXA HAYAT VE EMEKLİLİK A.Ş.'s DETAILED INCOME STATEMENTS FOR THE PERIODS OF 1 JANUARY - 31 DECEMBER 2016 AND 2015 (TRY)

II- NON-TECHNICAL SECTION	Audited 31 December, 2016	Audited 31 December, 2015
C- Net Technical Income-Non-Life (A-B)	-4.887	52.601
F-Net Technical Income-Life (D-E)	-6.716.848	-13.577.928
I - Net Technical Income-Private Pension(G-H)	-6.590.002	-5.412.449
J- Total Net Technical Income (C+F+I)	-13.311.737	-18.937.776
K- Investment Income	19.159.624	19.090.292
1- Revenues from Financial Investments Income from Financial Investments	10.432.570	12.394.875
2- Profits from Cashing in on Financial Investments Income from Liquidation of Financial Investments	978.957	1.026.473
3- Valuation of Financial Investments	2.518.507	-
4- Foreign Exchange Gains	5.229.365	5.667.937
5- Income from Subsidiaries	-	-
6- Income from Equity Investments and Joint-Ventures	-	-
7- Revenues from Land, Plots and Buildings Income from Property, Plant and Equipment	-	-
8- Income from Derivatives	-	-
9- Other Investments	225	1.007
10- Investment Income Transferred from Life Technical Part	-	-
L- Investment Expenses (-)	-5.401.635	-2.932.233
1-Investment Management Expenses -Interest included (-)	-35.732	-40.630
2-Diminution in Value of Investments (-)	-1.806.504	-963.507
3- Loss from Realization of Financial Investments (-)	-1.523.999	-23.556
4- Investment Income Transferred to Non-Life Technical Part (-)	-	-
5- Loss from Derivatives (-)	-	-
6- Foreign Exchange Losses (-)	-2.009.478	-1.866.309
7- Depreciation Expenses (-)	-25.922	-38.231
8-Other Investment Expenses (-)	-	-
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)	-2.089.887	-3.953.708
1- Provisions (+/-)	-2.592.573	-2.912.974
2- Rediscounts (+/-)	-	-
3- Special Insurances Account (+/-)	-	-
4-Inflation Adjustment (+/-)	-	-
5- Deferred Tax Assets (+/-)	813.956	-
6- Deferred Tax Liabilities Expenses (-)	-	-1.266.344
7- Other Revenues and Profits Other Income	16.743	225.636
8-Other Expenses and Losses (-)	-328.013	-26
9- Revenues and Profits from the Previous Year	-	-
10- Expenses and Losses for the Previous Year (-)	-	-
N- Net Profit/(Loss) for the Period	-1.643.635	-6.733.424
1- Profit/(Loss) for the Period (-)	-1.643.635	-6.733.424
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	0	0
3-Net Profit/(Loss) for the Period (-)	-1.643.635	-6.733.424
4- Inflation Adjustment Account Inflation Adjustment	0	-

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