

2015 ANNUAL REPORT  
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2015  
ANNUAL REPORT

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## INTRODUCTION

### Contact Information

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### Summarized Financial Information about Results of Activities in the Account Period

Cigna Finans Emeklilik ve Hayat A.Ş. ("Company") paid insurance indemnity of TL 42,8 million in consideration of premium payment of TL 254,1 million in 2015. In the same period, general expenses of the Company was TL 82,5 million and investment income was TL 23,5 million.

### Historical Development of the Company and Amendments of Articles of Association in the Account Period and Reasons for such Amendments

Corporate activities of Finans Emeklilik ve Hayat A.Ş. had been initiated at the start of 2007 and required preparation and feasibility works have been completed and an application was made to R.T. Prime Ministry Undersecretariat

Financial Indicators TL	2015	2014	Change (TL)	Change %
IPS Contribution Margin*	152,432,901	133,808,343	18,624,558	13.92%
IPS Total Fund Size**	570,704,866	474,187,791	96,517,075	20.35%
Premiums received	254,144,586	209,951,801	44,192,785	21.05%
Indemnifications paid	42,819,013	38,732,160	4,086,853	10.55%
General Costs***	82,501,226	66,274,953	16,226,273	24.48%
Technical Profit/Loss	10,578,235	17,923,102	(7,344,867)	(40.98%)
Investment Revenues	23,543,840	31,424,680	(7,880,840)	(25.08%)
Investment Expenses	(13,383,150)	(14,592,194)	1,209,044	(8.29%)
Net Profit/Loss	14,370,967	27,196,010	(12,825,043)	(47.16%)

(\*) IPS Contribution Margin includes amounts that are blocked on credit cards.

(\*\*) State subsidy is included.

(\*\*\*) General expenses are composed of total operating expenses excluding respectively deferred commission expenses and deferred commission revenues and net production commission expenses and reinsurance commission revenues.

As a result the Company closed the ninth activity year with a net profit of TL 14,3 million.

of Treasury on 20 April 2007 for establishment license. Based on this, according to evaluations made by R.T. Prime Ministry Undersecretariat of Treasury within the frame of Insurance Law no. 5684, Individual Pension Savings and Investment System Law no. 4632 and relevant regulations, Company was granted an establishment license on 9 May 2007.

After establishment works have been completed, Finans Emeklilik ve Hayat A.Ş. was established on 4 July 2007 to operate in the field of life and accident insurance and individual pension categories.

Finans Emeklilik ve Hayat A.Ş. made an application on 20 August 2007 to get an operating license in life and accident insurance categories and as the result of evaluations carried out by R.T. Prime Ministry Undersecretariat of Treasury, Company was granted an operating license on 21 November 2007 in the life and accident insurance categories. Company started its operations in the life and accident insurance categories on 27 November 2007.

After completing necessary preparation works in individual pension category, Finans Emeklilik ve Hayat A.Ş. made an application to R.T. Prime Ministry Undersecretariat of Treasury on 17 December 2007 to get an operating license. Capital Market Board and Pension Monitoring Center completed inspections and evaluations required for granting an operating license and on 11 April 2008 Company was granted an operating license in individual pension category and on 30 November 2008, the Company signed its first individual pension contract.

With decree no. B.02.1.HZN.0.10.04.01 of R.T. Prime Ministry Undersecretariat of Treasury dated 26 October 2009, Company was granted a license to carry out "insurance activities in the field of capital redemption, marriage/maternity and insurances" with investment fund. Relevant decree was published in Turkish Trade Gazette no. 7438 on 13 November 2009.

Articles of association of the Company was amended in 2012 activity period. Former articles 2, 3, 4, 6, 7, 8, 9, 10, 11,

12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 of articles of association of the Company were amended and article 8, 9, 10, 15, 24, 31 were added to the articles of association of the Company with new numbers. Amended Articles of Association of the Company approved by R.T. Ministry of Customs and Trade no. 6935 dated 02.11.2012 and decisions reached in ordinary general assembly meeting dated 09.11.2012 were registered on 14.11.2012 at Istanbul Turkish Trade Registry Directorate in accordance with Turkish Trade Code and were announced on Turkish Trade Registry Gazette no. 8197 dated 20.11.2012.

Company shareholder, Finansbank A.Ş. transferred its shares in the company equivalent to 51% to Cigna Nederland Gamma B.V. Share transfer is approved with Board of Directors decision no. 172 dated 9 November 2012 and shares transferred are registered in the stock ledger of the company on behalf of the new possessor who has taken over the shares transferred.

Taking into consideration these changes, articles 2, 12 and 15 of articles of association of the Company were amended during year 2013. Amended texts approved by R.T. Ministry of Customs and Trade on 16.04.2013 and 17.05.2013 and decisions reached in extraordinary general assembly meeting dated 31.05.2013 are registered at Istanbul Trade Registry Directorate on 10.06.2013 in accordance with Turkish Trade Code and were announced on Turkish Trade Gazette no. 8341 dated 13.06.2013.

As a result of the registration of the extraordinary general assembly decision in Trade Registry Gazette, the title of our company was amended as Cigna Finans Emeklilik ve Hayat A.Ş., under which our company continues to carry out its activities.

### Information About Extraordinary General Assembly If One is Held Within the Year, Including Date of Meeting, Decisions Reached and Relevant Processes Carried Out

No Extraordinary General Assembly Meeting was held in 2015.

### Shareholders Structure of the Company, Changes Made in Capital and Shareholder Structure of the Company Within the Account Period, Titles of Real and Legal Persons Holding Qualified Shares and Information About Their Shares

#### Information About Changes Made in Capital and Shareholder Structure of the Company Within the Account Period, Titles of Real and Legal Persons Holding Qualified Shares and Information About Their Shares

There was no change in the shareholders structure of the company during the account period and capital of the company is composed of A, A1, B and B1 group shares as shown in the table under article 14.1.

#### Shareholder Structure of the Company

Ledger Page No	Name/Title of Shareholder	Share Group	Number of Shares	Amount of Shares - TL	Partnership Rate- %
8	Cigna Nederland Gamma B.V.	A	22,949,999	22,949,999.0000	50.9999978%
8	Cigna Nederland Gamma B.V.	A1	1	1.0000	0.0000022%
2	Finansbank A.Ş	B	22,049,998	22,049,998.9999	48.9999978%
2	Finansbank A.Ş	B1	1	1.0000	0.0000022%
<b>TOTAL (*)</b>			<b>45,000,000</b>	<b>45,000,000.0000</b>	<b>100.0000000%</b>

(\*) In 2009 general assembly of the Company, fraction document is issued for shares that could not be rounded up to TL 1 with capital increase provided by internal resources. For this reason, one share is divided and fraction document is issued for shareholders at the rate of their shares.

#### Information about direct and indirect shareholders of the Company and their share rates

Company does not have any direct or indirect affiliate other than the Pension Monitoring Center, of which the company is a shareholder as required by regulation.

#### Information about shares of the company acquired

Company does not have any shares of its own that it has acquired.

#### Remarks on Shares that Chairman and Members of the Board of Directors of the Company and General Manager and Assistants Hold, If Any

Chairman and member of Board of Directors of the Company, general director and assistants do not hold partnership interests in the Company.

### Assessment of the 2015 Activity Period and Future Expectations

#### Analysis and Evaluation of Management Department About Financial Situation and Results of Activities, Level of Realization of Activities Planned, Company Status in Terms of Strategic Objectives Determined

In our country, insurance sector is growing every year thanks to its dynamic and strong financial structure. Turkey remains

to be an attractive market due to its young population and low insurance rate despite such population. Increasing interest in the sector and new actors that enter the sector in parallel with this causes competition to be severer every year. Premium production in life branch of insurance sector in Turkey was TL 3,3 billion as of the end of 2014 and this figure reached TL 3,8 billion (3,761,410,730) as of the end of 2015.

Cigna Finans Emeklilik ve Hayat A.Ş. climbed up to 8th place in premium production ranking by increasing its market share in life insurance sector to 5.79%.

Summarized Financial Results	2015	2014	Change
Non-Life Technical Revenue	31,493,314	9,189,764	243%
Non-Life Technical Expenses (-)	(17,837,877)	(5,834,254)	206%
Life Technical Revenue	202,329,571	189,320,374	7%
Life Technical Expenses (-)	(198,257,156)	(167,360,286)	18%
Pension Technical Revenue	14,603,920	12,819,124	14%
Pension Technical Expenses (-)	(21,753,537)	(20,211,620)	8%
Investment Revenues	23,543,840	31,424,680	(25%)
Investment Expenses (-)	(13,383,150)	(14,592,194)	(8%)
"Revenue and Profit from and Expenses and Losses in Other Activities and Extraordinary Activities (+ -)"	(2,558,864)	259,038	(1.088%)
NET TERM PROFIT/LOSS	14,370,967	27,196,010	47%
<b>TECHNICAL CATEGORY BALANCE (NON-LIFE)</b>	<b>13,655,437</b>	<b>3,355,510</b>	<b>307%</b>
<b>TECHNICAL CATEGORY BALANCE (LIFE)</b>	<b>4,072,415</b>	<b>21,960,088</b>	<b>(81%)</b>
<b>TECHNICAL CATEGORY BALANCE (PENSION)</b>	<b>(7,149,617)</b>	<b>(7,392,496)</b>	<b>(3%)</b>
<b>GENERAL TECHNICAL CATEGORY BALANCE</b>	<b>10,578,235</b>	<b>17,923,102</b>	<b>(41%)</b>

When evaluated according to provisions of Turkish Trade Code no. 6102, it was determined that there is no capital loss of the Company and that company is not running into debt.

## Evaluations of Chairman of Board of Directors for the 2015 Activity Period and their Future Expectations

### Dear Shareholders,

We have left a year, in which we witnessed challenging developments in both national and global economy.

The growth of US economy, the largest global economy, continued its moderate pace, paving the way for Fed to implement the long-awaited interest increase in the last month of year. On the other hand, global economy is threatened by the troubles in Chinese economy, which has been giving signals of slowdown. Exporting countries began experiencing an increase in their income losses with the decrease in oil prices as a result of slowdown in China. Being one of the economies of interest, Russia continued to weaken with the economic embargo and decreasing oil prices.

2015 has been a year of politics rather than economy for Turkey. The increasing political uncertainty after the elections and resurfacing of security concerns after a very long time negatively affected the risks associated with Turkey. Accordingly, TL has become one of the highest devaluating currencies among the developing countries and bond interests that dropped to single digits from 2014 Q2 has reached to double digits again. Regression in goods prices including oil played a positive role with regards to Turkey's foreign balances. But, despite this regression, the anticipated fall in inflation has not realized due to weakness of TRY.

The inflation rate in 2015 has been 8.8% and we expect the national growth around 4% and current deficit around 5% below GNP.

When we evaluate 2015 in terms of sector and Cigna Finans Emeklilik, we see that it was another effective production year for our Company.

As of December 2015, the number of participants in individual pension product reached to 6 million and the total fund size exceeded TL 42 billion, and size of state subsidy fund amount reached to TL 4.8 billion. Total contribution collected reached to TL 36.7 billion and total amount channeled to investment reached to TL 36.2 billion.

We believe that advantages of state subsidy and other positive legal regulations will improve the long-term savings perception, contributing to the development of sector. We also believe that automatic participation practice would provide significant contributions in terms of participant number and fund size. Also, changes in the regulations in favor of participants will bring positive impacts on the sector.

### Regrowth in Life Insurance Market

Vital risks that increase in parallel with social, economical, environmental and technological developments underline the necessity of life insurance products day by day. Today consumer's needs increase along with enhanced life standards and the desire to protect gains received increase evenly.

At this point, banks play a crucial role in promoting the benefits of life insurance and life insurance products to the

2015 has been an effective production year for both the sector and **Cigna Finans Emeklilik.**





In terms of production data, we have grown by **14.6%** when compared to 2014 with a total premium amount of **TL 3.76 billion**.

public. We wish this sense improves day by day, resulting in an increase in utilization of life insurance products.

2015 has been a year in which life insurance sector started to grow again following the shrinkage in 2014.

In terms of production data, the sector experienced a shrinkage of 3.4% in 2014 with a total premium amount of TL 3.28 billion and a growth of 14.6% in 2015 with a total premium amount of TL 3.76 billion.

Despite the big market potential of individual life insurance products, we see that this cannot be fulfilled enough. In this sense, we wish to increase the awareness by expanding our product range that we developed to meet customer requirements.

Having signed a partnership agreement with Finansbank A.Ş. for the purpose of expanding the Turkish operations of Cigna, one of the biggest health and life insurance companies of the world, Cigna Finans continued its journey even stronger and managed to put its mark in a short time through the solutions and benefits beyond insurance.

#### A successful activity year

For Cigna Finans, 2015 has been a year of a strong growth in terms of sales figures.

In 2015, the share of Life and Personal Accident Insurance

market has grown by 15.7% among all Life and Private Pension Companies whereas Cigna Finans has achieved 21% growth. Cigna Finans achieved a market share of 5.8% with a total premium generation of TL 217 million only in life insurances sector, which it was ranked 8th in terms of life insurance premium generation.

In Personal Accident Insurance category, the company was ranked 4th with a market share of 11.9% with a total premium generation of TL 36 million among all Life and Private Pension Companies.

In pension category, there was growth of 15% in fund amount when compared to previous year and the company ranked 14th position with total fund size of TL 487 million. Strong cooperation and synergy between Finansbank A.Ş. and Cigna constitutes the foundation of our success. However this foundation is not limited only with creating successful results and it constitutes one of the most important milestones in this journey that we are taking to get to know our customers better and to provide them the services they expect. With its customer oriented service approach, channel and product diversity, renewed technological infrastructure, strong operational efficiency, principle of investing in creative and competent human resources, Cigna Finans Emeklilik will continue to develop innovative products that meet requirements.

Let's not forget that we take our strength from our

customer's thrust and faith in us. At this point, we now how important transparent, comprehensible and reliable communication is and we exercise due diligence to sustain it with our customers. The most important criteria that creates a difference in competition is to develop and provide innovative and privileged products and services to meet our customers' needs and to continuously and fully inform our customers in a transparent way and we carry out all our activities following this principle. We believe that this principle will help Cigna Finans Emeklilik will continue to increase the growth rate in 2016 and provide added value to the Turkish economy.

I would like to thank all our employees and shareholders for their efforts, and all participants and insurance holders who preferred us and who trusted us with their future.

Best Regards,

**Ömer A. Aras**  
Chairman

We differentiate ourselves from the competition by developing and offering products and services that meet needs, adopting a **transparent service approach** and operating in a customer oriented manner.

## Evaluations of General Manager for the 2015 Activity Period and Their Future Expectations

### Dear Customers, Shareholders and Colleagues,

It was a very challenging year in terms of economy and politics nationally and globally. While the global economy experienced a slow growth due to global crisis, Turkish economy achieved a growth that exceeded market expectations with the increase in domestic consumption despite the elections and political uncertainty.

In the life insurance field, the sector has grown by 14.68% in 2015 with a GWP generation of 3.7 billion. One of the key factors that led to this growth has been the increase in the credit life insurance, the biggest branch of Turkish life insurance. Having been in a weakening trend since 2013, the consumer credits experienced a growth in 2015, reflecting positively in life insurances and increasing the premium generation.

When compared with global markets, we see that the share of life insurance in GNP of our country is still low in comparison with developed and developing countries. Penetration of life insurances in GNP in Turkish market is around 0.2% with around USD 20. This is around 3.3% with USD 360 worldwide. Although this is not expected to change in the short-term, there is an important potential for the mid- and the long-term with the raise in public awareness of insurance.

### We have left an effective production year at Cigna Finans.

Our Company has surpassed the growth of life insurance sector in 2015 with a growth rate of 15.8%, increasing its market share to 5.7% and total premium generation to TL 218 million.

We have continued our rapid growth in Personal Accident portfolio, resulting in a premium growth of 66% and total premium generation of TL 36 million. Also in this short period of time we have increased the number of policies per customer to 1.42 and average life and personal accident insurance generation per branch to TL 400,000.

Cigna Finans achieved a growth of 16% in the fund size of participants in pension category when compared to the previous year. The EGM data issued on 01/01/2016 showed that our Company has a total of 131,855 participants, 142,048 contracts, contribution amount of TL 453 million and a fund size of TL 490 million.

### Our Customers, Our Priority!

Our Company combines Cigna's insurance experience offered to customers for more than 200 years with the effective strength of Finansbank in Turkey. It is one of our primary goals to help our customers feel financially safe and confident by providing them with innovative solutions beyond insurance.



It is one of our **primary goals** to help our customers feel financially **safe** and **confident** by providing them with innovative solutions beyond insurance.

## We know that doing the best requires **well knowing our customers** and strengthening our existing relationships with them.

Of course, our top priority is our customers in this journey. We know that doing the best requires well knowing our customers and strengthening our existing relationships with them. Therefore, we have implemented one of the largest customer segmentations in Turkey in the previous year. This helped us concentrate on understanding the basic daily life priorities of our existing and potential customers such as finance, health and family rather than dividing them into demographic audiences over age, gender, etc.

We have reached to 1.2 million customers through new products and additional benefits that were based on their insight and needs as of the end of 2015.

Plans such as Kansere İnat Yaşasın Hayat Sigortası in life insurance portfolio, Gülen Yüzler Premium and Her Eve Lazım Ferdi Kaza Sigortası in personal accident insurance portfolio, Turkey's first Financier Bankruptcy Coverage, and Yeni Nesil and Hanımeli in private pension portfolio were designed and introduced on the basis of these efforts.

It is our desire to facilitate every aspect of our customers' lives by providing them with free services and discount advantages while easing their financial concerns. Benefits offered in addition to our products include services that would meet important needs of our customers such as dental and eye health package, sports, dietician, transportation, clothing and household shopping.

### **Ability to offer the same experience in each channel...**

Another priority of our company is to develop our existing sales channels and creating new ones in order to provide our customers with the same service quality in every channel. For this purpose, we continue infrastructure improvements in bancassurance, our main channel, to facilitate our customers' lives and aim at offering maximum customer experience in insurance by growing our tele-sales team.

We continue to develop our organization under this approach and have closed 2015 with 688 employees by growing with an employment rate of 13%.

Being another leg of our channel strategy, the digital insurance will continue to be on our focus this year and the years to come as it was in the previous year. Digital experience of our customers will deepen with everything we develop from a simple Internet branch to easy-to-use mobile applications that are capable of carrying technologic and digital user experience into insurance.

### **Cigna Finans continues to operate in the new office.**

Happiness and devotion of our employees results in even more positive impact on the lives of themselves and our customers. In this context, our human resources policies focus on creating them a safe, comfortable and effective working environment.

For this purpose, we have moved our Headquarters to a new office in order to turn our employees' working environment into user friendly spaces by taking into account the balance between their business and personal lives. As of July 2015, we continue our operations in our new office at Ataşehir Palladium Tower with a modern technologic infrastructure.

### **Our wishes for 2016:**

From the first day of operation, with the support of Finansbank Management, our company has reinforced its position in the sector with its partner Cigna, a world giant, and is taking firm steps forward as Cigna Finans.

We will continue to take dynamic steps by improving the sales and aftersales customer experience through our team and technologic infrastructure on the basis of our strong partnership with the bank.

While doing so, our primary principles will be providing our customers with the right products through the right channels on the right time and in the right manner today and tomorrow.

Our goal for 2016 under this principle is to continue being a company that provides products and services that meets needs; that develops the sector; and that contribute to state's efforts in savings and protection policies.

My profound thanks goes to our shareholders, customers and colleagues who supported all leaps that Cigna Finans taken forward in 2015 activity period.

We hope to continue our accomplishments in the forthcoming period.

Best Regards,

**Gail Costa**  
General Manager



## Turkey, World and Sector Outlook in 2015, and an Assessment of Our Company's Position in the Sector

### Turkey, World and Sector Outlook in 2015

#### World Economy

##### General

The global macro indicators, signs of a partial regression in European economy, continuing war in the Middle East and the uncertainty caused thereby, and the impact of fluctuating markets results in expectations that low global growth and low interest rates will persist in the second half of 2015.

Global Economic Outlook 2015 Report issued by OECD estimates that global economy will grow by 2.9% in 2015, 3.3% in 2016 and 3.6% in 2017. The report also estimates that USA will grow by 2.4% in 2015, 2.5% in 2016 and 2.4% in 2017; and China will grow by 6.8% in 2015, 6.5% in 2016 and 6.2% in 2017.

In contradiction to recovery in the developed economies led by the USA, the deceleration in developing economies such as China and India becomes evident, and the economic situation worsens in Commonwealth of Independent States and commodity exporting countries. The deceleration in China reflects negatively on the Southeast Asia Region whereas the downward direction of the Russian economy puts negative impact on the economies of Commonwealth of Independent States that has strong trade connections with Russia and are dependent on the incomes of workers abroad.

The US Federal Reserve Bank (FED) has declared the long-awaited interest rate increase on 16/12/2015. The 25 base point increase in the policy interest rate on this date has been an expected move, and the reactions of global financial markets towards FED interest rate increase has been limited because of pricing this development beforehand. FED's starting normalization in policy interest rates resulted in a limited reaction in the financial markets.

##### Expectations in Future Period

International Monetary Fund (IMF) revised their growth estimations in Global Economic Outlook January 2016 Report. The report indicates a slower recovery than expected for the global economy and states that IMF's global growth expectations for 2016 and 2017 are decreased to 3.4% and 3.6% respectively.

IMF report also states that the limited and unstable growth continued in the developed countries, and growth expectations for these countries were lowered as well. The revised estimations show that this group that contains USA, UK, Euro Zone, Japan and Canada will grow by 2.1% instead of 2.2% in 2016 and 2017.

The most important developments that are expected to affect global economy in 2016 can be summarized as the FED's monetary normalization, progress of Chinese economy and unstable commodity prices. The most important developments that are expected to drive the global economy

in 2016 include the timing of FED's interest rate increase; the process of transforming the investment- and export-based economy of China into consumption- and service-based economy, and the reflections of this process on other countries through trade and finance channels; negative impacts of low commodity prices including oil on commodity-exporting countries; current situation in Greece and Ukraine; migration problems; and the capacity to join workforce market.

#### Turkish Economy

##### General

In 2015, Turkish economy has been under the influence of developments in global economy and consequences of two general elections. Under these circumstances, Turkish economy has grown by 3.2% in the first half and around 3% in the whole year. The most important contribution on the economic growth in 2015 has been private and public consumption expenditures while net exports had negative impact and investments had limited contribution.

Inflation has increased in 2015 especially because of the increase in foreign currency rates. Turkish Central Bank has implemented a precautionary and tight monetary policy in 2015 and declared a simplification in monetary policy from August. The negative conditions resulting from global developments in 2015 have caused a significant devaluation for TRY.

According to "Workforce Statistics" issued by Turkish Statistics Institute (TUIK) in November 2015 showed that the number of unemployed among people who are aged 15 and above has increased by 29 thousand when compared to previous year and reached to 3 million 125 thousand. Unemployment rate has decreased by 0.2 points to 10.5 percent. In the same period the non-agricultural unemployment was estimated to be 12.4% with a decrease by 0.3 points. Young unemployment

rate for ages 15 to 24 has been 19.1% with a decrease by 0.8 points whereas it has been 10.7% with a decrease by 0.2 points for the ages 15 to 64. TUIK data showed that annual inflation rates as of December has been 8.81% for CPI and 5.71% for PPI.

##### Expectations in Future Period

In January 2016 Regular Economic Note, the World Bank announced growth estimations for Turkey in 2016 and 2017 as 3.5%. This report also stated that 30% increase in minimum wage effective as of 01/01/2016 would help keep inflation over the target band in the next period.

The statement issued after annual ordinary review meetings with International Monetary Fund (IMF) indicated that Turkey will continue to grow and the inflation will increase in 2016. This statement showed that Turkish economy is expected to grow between 3.5% to 4% in 2016.

Conjunctural affects such as geopolitical risks and immigrant problems are considered as factors that would impact the national economy in 2016.

##### Insurance Sector in 2015

According to data of Turkish Insurance Association (TSB), premium generation in 2015 has increased by 7.05% when compared to the previous year and reached to 31 billion 26 million Turkish Liras. TL 27 billion 264 million of this generation total comes from non-life categories and TL 3 billion 761 million comes from life insurances category. The annual increase in elementary branches have been 20.06% whereas the increase in life insurances has been 14.68%.

In 2015, an obvious increase has been observed in automotive insurances when compared to the previous period and automobile insurances (Kasko) increased by 9.2% and automobile liability insurances (Traffic) increased by 36.9%.

Having carried its successful growth towards higher levels in a constant manner, Company has been operating under the title of **“Cigna Finans Emeklilik ve Hayat A.Ş.”** following the partnership agreement signed, between Finansbank and Cigna.

#### Individual Pension System

EGM data showed that growth in the number of participants continued to increase in 2015 and as of 01/01/2016 number of participants in IPS reached to 6 million 39 thousand 300 people and the total fund amount to TL 42,9 billion and total state subsidy amount to TL 37,1 billion.

With the introduction of Annual Income Insurance Regulation to the Individual Pension System in October 2015, participants that qualify for retirement will be entitled to claim retirement wage for life.

#### Evaluation of Activities in 2015 and Position of the Company in the Sector

Our Company that started its operations as of November 2007 is a dynamic, innovative, competitive and efficient company that renders services in individual pension, life and accident insurance categories at international standards.

Our Company get off to a running start in 2007 and in 2015, it was one of the growing companies in the sector due to the impact of the synergy created with Finansbank A.Ş., main partner and distribution channel of our company in individual pension and life and accident insurance categories.

26 years in banking sector, Finansbank A.Ş. has vast experience, competent human resources, strong financial structure and extensive branch structuring and from the first day of its operations, they have been an important factor for us in terms of high quality and reliable services that we render to our customers.

Our Company, improving its successful development style every day, started to carry out its operations under the commercial title of “Cigna Finans Emeklilik ve Hayat A.Ş.” as of year 2012 after the partnership contract signed between Finansbank and Cigna. As of November 2012, two leaders in their sector, Finansbank ve Cigna started to carry out their operations under our roof.

According to EGM data published on 25.12.2015, our company, that entered the individual pension sector in 2008, ranked in 14th position in individual pension category according to fund size with total number of participants of 131,598, contracts of 141,683, collected contribution share of TL 451,5 million and fund size of TL 487,4 million.

According to data of Association of the Insurance, Reinsurance and Pension Companies of Turkey (TSB) by the end of December 2015, our Company has a market share of 5.79% in life insurance category and is ranked 8th in life insurance premium generation level with a total premium generation of TL 217,627,684.

We concluded the first individual pension contract on 30 November 2008 and our objective is to render the best services to its customers as a pension and life insurance company that achieves a sustainable and rapid growth in the sector, that is customer oriented, innovative, dynamic and that creates a difference in the market.

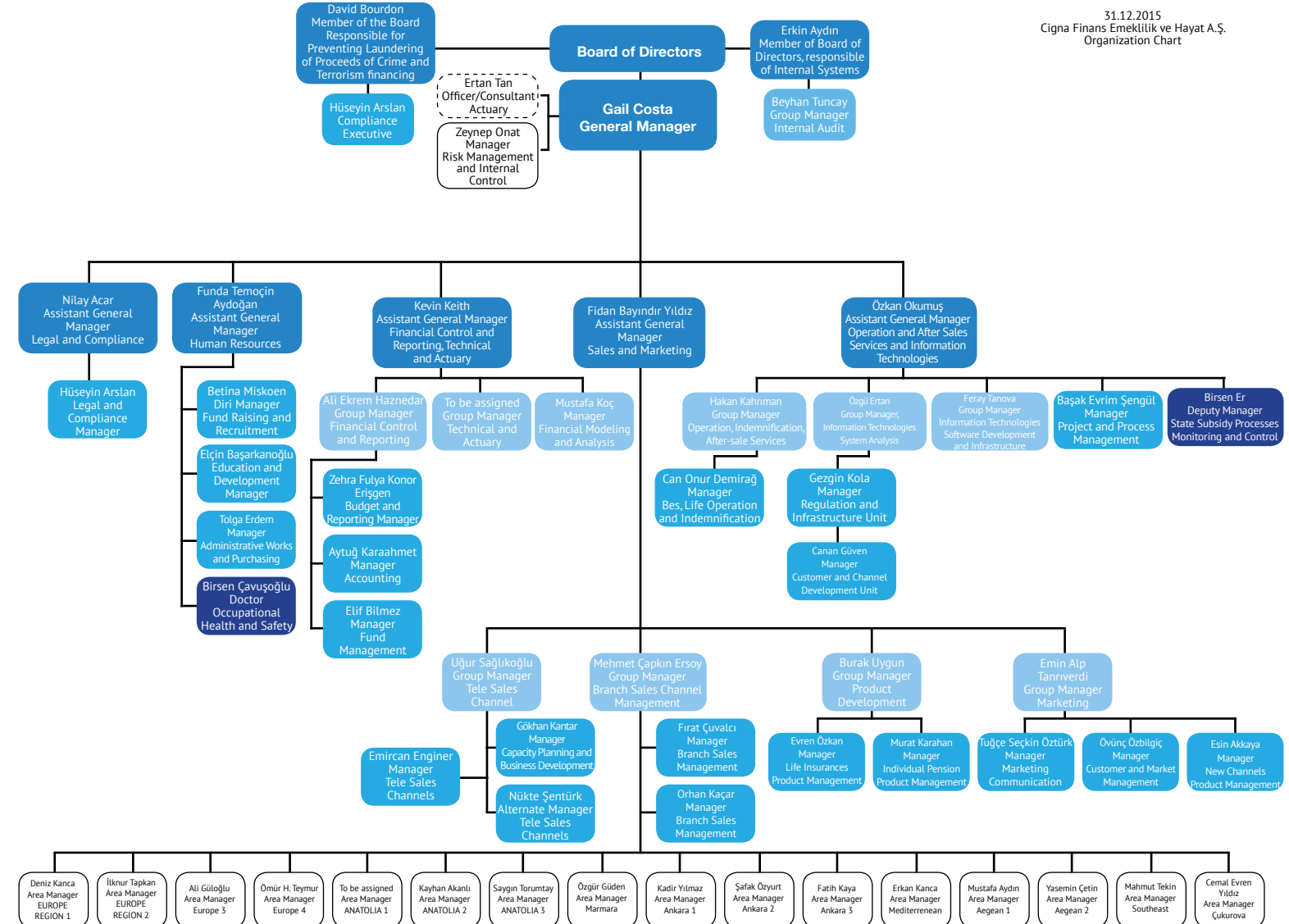
**Our goal is to grow in a sustainable manner and make a difference in the sector as a** pension and life insurance company that operates by an innovative, dynamic and customer-oriented approach.

## Contact Numbers, Addresses, Regional Offices and Company's Organization Chart

### Cigna Finans Emeklilik Regional Representatives

Regions	Regional Manager	Region Telephone No	Region Address
EUROPE REGION 1	Deniz Kanca Kuşkon	212 319 62 74	İstiklal Caddesi Kartal Sokak No: 14 Kat :7 Beyoğlu / İstanbul PK. 34433
EUROPE REGION 2	İlknur Tapkan	212 466 60 80	Osmaniye Mah. Çobançeşme Koşuyolu Bulvarı No:3 Marmara Forum Avm. Garden Office Kat: 4 Bakırköy / İstanbul PK. 34146
EUROPE REGION 3	Ali Güloğlu	212 409 07 17	Cevizlik Mahallesi İstanbul Caddesi No: 12 Kat: 5 Bakırköy / İstanbul PK. 34142
EUROPE REGION 4	Ömür Hüsnü Teymur	212 454 51 00	Yenibosna Mahallesi Çobançeşme Sanayi Caddesi Nish İstanbul A Blok No: 44 / A Kat: 12 D: 63 / 64 Bahçelievler / İstanbul PK. 34197
ANATOLIA 1	To be assigned	216 571 36 00	Suadiye Mah. Müzeyyen Sok. No: 4/1 34740 Kadıköy / İstanbul
ANATOLIA 2	Kayhan Akanlı	216 645 90 02	Yukarı Dudullu Mah. Tavukçuyolu Cd. No: 260 K-3 Ümraniye / İstanbul Finansbank Keyap Şube Üzeri
ANATOLIA 3	Saygın Torumtay	262 781 03 61	Hacı Halil Mah. Zübeyde Hn. Cad. 1225 Sk. No: 12 Finansbank İsmetpaşa Şube Üzeri Gebze / Kocaeli PK. 41400
MARMARA REGION	Özgür Güden	224 275 23 00	Yeni Yalova Yolu Panayır Mah. No: 415 Osmangazi / Bursa PK. 16255
ANKARA 1ST REGION	Kadir Yılmaz	312 457 13 49	Atatürk Bulvarı No: 140 Kat: 2 Kavaklıdere / Ankara
ANKARA 2ND REGION	Şafak Özyurt	312 457 11 30	Atatürk Bulvarı No: 140 Kat: 2 Kavaklıdere / Ankara
ANKARA 3RD REGION	Fatih Kaya	312 457 11 89	Atatürk Bulvarı No:140 Kat: 3 Kavaklıdere / Ankara
MEDITERRANEAN REGION	Erkan Kanca	242 315 20 14	Tarım Mahallesi Aspendos Bulvarı No: 92 / 1 Ata Plaza Muratpaşa / Antalya PK. 07230
AEGEAN REGION 1	Mustafa Aydın	232 488 11 60	Şehit Nevres Bulvarı No: 8 / 3-5 Alsancak / İzmir PK. 35210
AEGEAN REGION 2	Yasemin Çetin	232 435 24 00	Adalet Mahallesi Anadolu Caddesi No: 41 Megapol Tower Kat: 13 Bayraklı / İzmir PK. 35530
ÇUKUROVA REGION	Cemal Evren Yıldız	322 455 54 00	Çınarlı Mah. Cumhuriyet Caddesi NO: 6 / 1 Renk Apartmanı Seyhan / Adana PK. 01060
SOUTHEAST REGION	Mahmut Tekin	342 211 76 00	Mücahitler Mah. Gazimuhtarpaşa Bulvarı No: 48 Şehitkamil / Gaziantep PK. 27090

### Cigna Finans Emeklilik Organization Chart as of 31.12.2015



## Information about Research and Development Practices Regarding New Services and Activities

### Activities of Alternative Distribution Channels

Total production in Alternative Distribution Channels has grown by 29% in 2015 when compared to previous year.

Production in products that are not dependent upon Credits and Credit Carts has increased by 2,8 times the previous year and now counts for 52% of the total production.

Growth strategy has been continued for tele-sales channels in 2015 and the number of active tele-sales representatives has grown by 10% when compared to previous year.

Also, the effectiveness-oriented approach has continued in 2015 and daily production per person has grown by 41% when compared to previous year.

### Branch Sale Channel Activities

In 2015, Branch Sale Channel Management achieved 20% increase premium production in life and personal accident insurance category compared to 2014.

In 2015, the "efficiency increase" focus continued to be a priority and many new applications have been put into practice with this strategy. Branch Sale Channel Management continued all its activities and main objectives of works that are being monitored, in a way that all shall serve to increase sale efficiency.

As the result of activities carried out within this scope; In accordance with customer centricity and product diversification strategies, life insurance products under product group, that are not related with credits, were extended. In this respect, remarkable growth of 60% was achieved in the relevant product group.

IPS was also included in "Finansbank Core System Integration" in order to increase sale efficiency and the system integration that is being carried out since 2011 was finalized.

Product diversity has grown in Corporate segment in 2015 and more risks were covered for the bank and our corporate customers. In this context, our corporate segments featured a raise in insurance awareness as a result of our increasing cooperation.

### Marketing Activities

#### Product Development Activities

For Cigna Finans Emeklilik, 2015 has been a year in which Life and Personal Accident portfolios were expanded with customer-oriented innovative products and made more consistent with Finansbank's credit-oriented products. Furthermore, our existing products have been revised according to customer needs, Company requirements and changing regulations so that all stakeholders can benefit more from these.

Finansbank's corporate segments have been strengthened through products developed for insurances issued on Finansbank credits, and credit life insurance products in individual segments have been more consistent with Finansbank's changing and developing distribution channels.

Three different insurance products were introduced in Voluntary Insurance category, adding new and creative products in individual product range.

All documentation were revised and made ready to sell in the light of system and operation changes pursuant to the new regulations in the field of individual pension. Along with this, Cigna Finans Emeklilik continued to operate under customer

orientation approach and offered Hanımeli Individual Pension Plan and New Generation Individual Pension Plan to potential individual pension participants.

Cigna Finans Emeklilik continues to work in close cooperation with Finans Portföy and Finans Yatırım, one of the Finansbank group companies, in respect of operational processes and management of pension investment fund portfolio.

In addition to all these, the Company has started various internal projects due to changes in regulations in 2015, and system infrastructures of Insurance and Individual Pension products were made more consistent.

### Within the Scope of Life and Personal Accident Insurance

In addition to offering permanent disability and death coverage with "Her Eve Lazım Personal Accident Insurance" introduced in January 2015, and provided the customers of this product with the advantage of being members to Cigna Finans Priviledge Club, benefiting from free and/or discounted household, vehicle and shopping services.

In April 2015, Cigna Finans Emeklilik introduced a sector first, "Kansere İnat Yaşasın Hayat" insurance that cover all cancer types from the first phase except skin cancer, adding another innovative product to its portfolio that offers a wide coverage for cancer patients.

The Company introduced "Financier Personal Accident Insurance" and "Financier Bankruptcy Insurance" for corporate customers in May and June 2015. Especially the Financier Bankruptcy Insurance is a first in the sector introduced by Cigna Finans with a bankruptcy coverage against financial risks.

In July 2015, credit life insurances were integrated into individual consumer credits offered to customers by Finansbank through Internet banking and Mobile app. As a result, Cigna Finans has begun offering insurance policies through digital channels for the first time.

"Gülen Yüzler Personal Accident Insurance" was introduced in 2014 with offers such as coverage for death and permanent disability due to accidents, free Cigna Finance Priviledge Club membership, and free and discounted dental services, and its upgraded version "Gülen Yüzler Premium Personal Accident Insurance" was introduced in November 2015. This product offers customers features such as free filling and comprehensive dental check-up services once a year in addition to the existing dental services offered to Cigna Finans Priviledge Club.

### Within the Scope of Individual Pension

Cigna Finans Emeklilik continued to respond to the needs of its customers in Individual Pension category, which it started operations of in February 2009, with Easy, Elite, Elite Plus, Payroll, Private Banking Customers, Housewives and New Generation Individual Pension Plans designed for customers that have different risk perception under each strategic group, and Dynamic, Housewives and New Generation Plans suitable for distance sales.

Furthermore, the company continues to meet the demands of enterprise customers through special retirement plans for groups and employer group retirement plans.



### Customer and Market Management Activities

Customer and Market Management division carried out planning, coordination and supervision of customer-oriented strategic marketing activities under the umbrella of Marketing Group in 2015 in line with "Customer-Oriented" approach of Cigna Finans Emeklilik through the use of various analysis tool and methods.

#### Within the scope of activities carried out by Customer and Market Management Department in 2015 are;

Behavioural Customer Segmentation activities completed in 2014 has led the way for developments towards channel, product and service fields according to needs determined as a result of insight obtained within the scope of these activities.

Customer and Business Partner Satisfaction Surveys are carried out and real expectations of customers and business partners are understood and their level of satisfaction is measured. Plans for developing fields where deficiencies are detected as the result of surveys are prepared and most of them were put into effect with the support of all departments in the Company. Thanks to improvements in this field, customer satisfaction score of the Company has increased by 24 points, being the highest score among all Cigna companies in the region.

The division accelerated these activities for the purpose of understanding the competition, market dynamics and customers. Customer Trend analysis have been developed and shared with the Company management with regards to various analyses like cross sale rates, number of customers and policies, demographic data, reasons for customer revenue-loss in order to understand the customer trends. Competitiveness of existing products are analyzed and weak and strong points of Cigna Finans Emeklilik in terms of market, product and strategy when compared with

competitors are determined. Also to support reaching managerial decisions, analysis were made regarding many issues like cross sale opportunities, current portfolio opportunities, customer behaviors.

Customer Journey Mapping studies were conducted again in order to understand the life cycle of a customer in the Company, the channels they interact while obtaining services and to measure the quality of service they receive. Feedback obtained from these studies were used to identify and work on the improvements needed in other products and processes in the communication map of the Company. Also, market researches were conducted in "Customers Perception of Digital World and Insurance" and "External Factors that Drive Customer Loyalty" topics in order to understand customers' behaviours and the data used as the basis for the Company's digital strategy and loyalty efforts. Similarly, market and process researches were conducted in "Expectations of SMEs and Enterprises from Life Insurances and their Daily Lives" topic in order to support the restructuring of Company strategy in these fields.

In order to provide the right customer with the right product by using statistical analysis methods, the studies started in 2014 were expanded to create insight- and rule-based models for purchasing and leaving trends of customers. The division fed Alternative Sales Channels through these models, acting as the leader in the way to provide the right customer with the right product and understand customers that intend to leave the Company, helping increase Company revenues.

The division also conducted studies in customer development and management, and assumed the management of solicited marketing, digital field sales and CRM projects that target customers.

### Marketing Communication Activities

Having united two global and local brands that offer world class services under one roof, Cigna Finans continued its activities in 2015 based on the strategy to become "a customer oriented brand".

Cigna Finance combined the experience of offering insurance solutions to millions of customers worldwide for more than 200 years by Cigna with the strength of Finansbank in Turkey, and continues to be in constant communication in order to help customers feel emotionally safe and financially stable through innovative solutions that go beyond insurance.

#### 2015 activities of Marketing Communications included:

With the key promise of providing its customers with better and higher quality lives, Cigna Finans revised every customer communication material with user-friendly, simple and informative content strategy and started new brand positioning activities.

With the increase in digitalization needs, the company started to be present in digital channels, developed new communication strategies for social media accounts and started to conduct interactive communication through its Facebook, Twitter and Instagram accounts. The corporate website was completely reconstructed with a new design and content to address new user trends and turned into a faster, simple and mobile-friendly channel with a user-friendly interface design.

We have delivered seminars to more than 1000 participants in 6 cities about the ways of cancer protection with specialist doctors within the scope of "Yaşa-tır", the mobile truck project with the purpose of raising awareness on cancer, one of the most dangerous diseases of our time, in cooperation with Life Without Cancer Association.

### New Channels, Business Development Activities

Cigna Finans delivers its products and services to consumers through Finansbank's extensive distribution network around Turkey and aims to increase distribution channel diversity by operating in channels other than Finansbank. In this context, in 2014 various business models were planned in line with the new distribution channels strategy of the Company with the priority on "business partnership" model implemented successfully by Cigna in many countries of the world.

2015 has been a year in which new bank and non-bank business partnership opportunities were assessed, contacts were established with potential companies and relationships were brought to very good levels. Furthermore, the existing products and services were reviewed and new distribution channels were established; new product and service researches were conducted; and the necessary studies were put in motion with other divisions in order to be used in different channels. For this, we have undersigned a project through which the existing products are offered to customers via digital channel with a new business partnership and sold via tele-sales call center afterwards.

Cigna Finans follows technologic developments closely and decided to add digital channel to the alternative distribution channels by taking into account the expectations of insurance customers for purchase channel diversity. In this context, we have started feasibility studies in the last quarter of 2015 in order to make it possible to sell life insurances, personal accident insurances and individual person plans through digital channels. The aim of these studies is to enable customers reach insurance products they need easily anytime and anywhere through excellent customer experience.

### Call Center Activities

Cigna Finans Pension Call Center operates via 444 0 984 between 9 AM and 6 PM in the weekdays.

We constantly give trainings and conduct monthly review meetings on the service quality of our employees in order to ensure that our Call Center services keep customer satisfaction in the highest levels.

Net Promoter Score measurement was introduced for various topics in order to understand how our customers perceive the services we provide, and now we conduct studies in order to expand this to all calls.

In 2015, we have taken actions to improve the quality by performing quality measurements through anonymous customer program in order to measure the quality of services provided by our incoming calls team at our Call Center. In 2015, we continued to use scorecard method, one of the modern measurement methods for monitoring and evaluation of activities of call center personnel in a systematic way.

In 2015, we have established a special hotline for our Finansbank High Income Segment Customers in order to provide information on current market and fund performances through our VIP agents, creating a structure where our customers can call and leave a message for a call back.

With the Net Promoter Score practice, we have realized the satisfaction measurement for our call center services provided to high income segment pension participants.

We have also conducted promotion activities for our customers who have called our call center to cancel their existing (Mry) life products in 2015.

### Within the scope of year 2015 activities of our Call Center;

405,000 calls were received and 246,000 calls were made.

Regarding life insurance and individual pension products of Cigna Finans Emeklilik, all addendum demands of the insured and participants were met.

We have played an active role in creating satisfaction by swiftly solving customer complaints regarding our products and services.

Within the scope of outgoing calls, we continued the implementation of Quality Control Calls addressed to participants who completed individual pension form.

Within the scope of collection-increasing activities, participants and insured customers were contacted via phone and informed about outstanding contribution and premium installments, and whenever required, information about new payment instruments are taken to ensure collection of necessary amounts.

We have continued our promotion activities towards individual pension products with life and personal accident insurances.

We have conducted all outgoing call activities on various subjects in line with the needs of our divisions.

### Insurance and Individual Pension Operational Activities

In 2015, we have met all addendum requests regarding life insurance and individual pension contracts within the scope of Operation, Indemnification and Aftersales Services Division activities, and sent all policies, certificates, contracts, receipts and account summaries to the participants within the scope of the applicable regulations.

In 2015, a total of 200,809 participation certificates and policies were issued for life and personal accident insurance products, and a total of 104,348 addendums were issued within the scope of life and personal accident insurance operations regarding group life insurance and voluntary bank insurance products, and customer risks. Also, we have mailed 384,431 policies/certificates and 139,942 receipts to the addresses of our customers.

General asset checks were made for 36,425 forms and 26,929 individual pension contracts were mailed to participants within the scope of individual pension activities. Also, 78,827 change transactions were performed.

8,375 claim notices were assessed and a total compensation of TL 42,819,012 was paid to insured and other beneficiaries in 2015 within the scope of Life and Personal Accident Insurance damage transactions.

Operation, Indemnification and After-Sales Services Group and also the sales team and main distribution channel is in close contact with insurance related departments of Finansbank and has undertaken the coordination to execute and develop the work flows in a healthy way.

In 2015, operational activities were reviewed, studies were conducted to increase effectiveness of workflows, and cost-reducing projects were successfully implemented, contributing to the Company's profitability.

### Customer Service Activities

Within the field of activity of After Sales Service Department, the processes are carried out to record complaints of customers, to forward them to relevant departments and to send responses that cover information about results of evaluations to relevant organization/to the person that sent the complaint. Information about such complaints are investigated thoroughly and reported to senior management

of the Company and Prime Ministry Undersecretariat of Treasury regularly and within periods specified in regulation.

Our Company replies verbal complaints within 1 business day and written complaints in 10 business days in accordance with our quality standards, and in case of ongoing investigation regarding the complaints, our customers are contacted by phone and informed on the process and estimated solution time.

Aftersales Services Division acts as a bridge between the Call Center and other business units, and monitors whether or not the response times of all claims and complaints submitted to our Company's communication channels meet times stated in both our Company's workflows and the legal regulations.

In 2015, we have conducted several meetings with our customers and learned their expectations of our products and services, and implemented activities in order to improve the aftersale service quality.

### Customer Services activities include;

In 2015, a total of 6,022 complaints regarding our Company's products and services were submitted to communication channels of Finansbank A.Ş. and our Company, and 82% of verbal complaints and 94.6% of written complaints were responded the same day.

Our Company has put emphasize on technologic infrastructure investments in 2015 within the scope of multichannel communication strategy, and Android and iOS mobile apps were launched in this context.

We have conducted activities towards automation of SMS notifications to our insured and participants within the life cycle of their products, and improvements have been planned and completed for 2016. We have also conducted and completed activities for e-mail notifications in addition to SMS.

We have adopted internal "Net Promoter Score" measurement also for the services provide our Customer Services personnel via e-mail. The assessments were checked monthly and the effectiveness of aftersales team members was improved through regular product and legal trainings.

In order to improve operational effectiveness, we have conducted several system development activities and realized automated sending of documents requested by our customers about their policies and contracts via IT infrastructure.

#### Information Technologies Activities

Cigna Finans Emeklilik continued activities for improving system infrastructure, increasing operational process effectiveness and implementing practices that meets customer needs and cover customer risks in addition to new products in 2015. Within the scope of compliance with regulation amendments, software development activities were completed and commissioned on time.

The process of establishing Cigna Finans Software team in January and it was completed by May with the establishment of new software team of 12 people, who assumed their responsibilities. The new structure was aimed at implementing faster software development processes and ensuring synergie, team sprit and flexibility.

A "test admin" job description was defined for one member of the analysis team in order to increase the performance of analysis team and user acceptance tests, and manage test procsses in a better way.

Data warehouse and Business intelligence platforms were put into use, resulting in establishment of central reporting unit and enabling faster and more effective access to the required reports and data.

Software performance improvement, trigger, credit card urgent limit projects were realized in order to improve end-of-day collection processes and increase the amount of collections. Furthermore, we have realized projects due to legal requirements such as OFAC Scoring Infrastructure Integration, Address Share System Integration, New BES Regulation Change Project, Credit-Based Insurances Information Form Revision, and Credit and Insurance Policy Time Harmonization Project.

Also in 2015, we have taken serious actions for the closure of IT audit findings, and necessary changes have been implemented in analysis and software processes.

Virtual POS collection infrastructure was established for Tele-Sales production, enabling tele-sales team carry out sales transactions online via new screens. Having a significant contribution to company goals, Commercial Personal Accident, Cancer and Bankruptcy products were introduced through systematic efforts. Cigna Finans Mobil app was launched as an important step in the digital channel. The project for switching insurance screens from Oracle infrastructure to .Net infrastructure is close to finalization within the planned schedule to the expected quality.

With the move to our new Headquarters in 2015, a fast and effective working environment was realized through improvements in infrastructure systems.

#### Project and Process Management Activities

Main target of the Project and Process Management Group is to generate business results that makes a difference in the Pension and Life Insurance sector by maximizing process efficiency by commissioning new projects and optimizing processes.

The activities carried out n 2015 by Project and Process Management Division include;

Project and Process Management Division has continued its efforts for the improvement and strengthening of project management methodology throughout the Company in 2015 by realizing (with the participation of different disciplines) various projects that improve effectiveness, and support expansion and growth in product and channel structure that contribute to the Company.

The division played an active role in the completion of 10 product and channel structure expansion and growth projects, 5 regulatory compliance projects and 12 operational effectiveness projects as well as in commencement of many new projects.

Within this scope, studies were conducted to increase the utilization of Project Management Module Integration, which allows management of projects in an efficient and systematic way, tracking of activities, planning resources, monitoring project performance, controlling and submitting reports to relevant stakeholders.

Furthermore, projects implemented in preparation for Digital Business Model Infrastrucure helped us determine strategies for Digital Business Model.

In this context, the division implemented the project for switching insurance screens from Oracle infrastructure to .Net infrastructure, establishing a basis for the Digital Business Model and B2B operations.

They have ensured that projects are implemented effectively in accordance with the planning by correctly identifying project priorities of Company, ensuring accurate utilization of resources and better planning of projects.

They have also conducted analysis for improving processes and carried out studies for idea creation and planning.

They have also followed up to make sure Business Continuity Management Plan iss up-to-date and coordinated implementation of business continuity plan in order to ensure business continuity of the Company. They have successfully passed global and local audits.

**Technical and Actuary Activities**

Total number of life insurance policy/participation certificate in force since 31.12.2015 is 1.446.326 and total life insurance premium production is TL 217.627.684.

In life business, total number of personal accident insurance policy/contribution certificate as of 31.12.2015 is 159.852 and total premium production is TL 36.516.902.

Average death benefit of existing 1.446.326 life insurance policies/participation certificates is TL 12.934 as of 31.12.2015.

In PA business, distribution of policyholders according to age range is shown in the below table. As can be seen from this table, indemnification is offered to policy holders at age range of 28-47.

**As of 31.12.2015, Death Benefit Amount Distribution of Life Insurance in force, according to age groups:**

Age Range	Personal	Group	Total Death Benefit (TL)	Rate (%)
18-27	483,264,297	1,220,314,698	1,703,578,995	9%
28-37	1,592,739,088	5,094,913,209	6,687,652,297	36%
38-47	1,316,334,503	4,661,088,311	5,977,422,814	32%
48-57	496,634,687	2,685,915,879	3,182,550,565	17%
58-67	97,546,257	1,028,924,907	1,126,471,163	6%
68-77	2,885,374	25,564,636	28,450,010	0%
78-87	0	7,110	7,110	0%
<b>Total</b>	<b>3,989,404,205</b>	<b>14,716,728,749</b>	<b>18,706,132,954</b>	<b>100%</b>

Death benefit amount for life insurance in force is TL 18,706,132,954 as of 31.12.2015.

**Number of Group Life Insurance Policy/Participation Certificate and Total Death Benefit Amount as of 31.12.2015:**

Insurance Period	Number of Policies/Certificates	Total Death Benefit (TL)
1 year	459,333	6,307,705,927
2-5 Years	940,614	10,054,040,415
6-10 Years	45,589	2,278,592,999
Longer than 10 years	790	65,793,613
<b>Total</b>	<b>1,446,326</b>	<b>18,706,132,954</b>

As of 31/12/2015, the total number of personal annual life insurance policies is 84,784 and personal long-term life insurance policies is 27,619. Total premium generation in personal life insurance has been TL 29,270,975 and in personal long-term life insurance has been TL 22,207,472.

**Remarks on Special Audits carried out within the Account Period and Public Administration**

Information about private and public scrutinies carried out at Cigna Finans Emeklilik ve Hayat A.Ş. During 2015 account period are listed below.

**Public Scrutiny:**

no public scrutiny was carried at Cigna Finans Emeklilik ve Hayat A.Ş. in the 2015 account period.

**Private scrutinies:**

1. Accounting standards and principles determined according to Insurance Law no. 5684 and Individual Pension Investment and Savings System Law no. 4632 in force, based on explanations and essentials stated by R.T. Prime Ministry Undersecretariat of Treasury, independent audit of financial statements prepared by the Company for the account period, as required by "Regulation on Independent Audits carried out Insurance and Reinsurance and Pension Companies" published in Official gazette no. 26934 dated 12 July 2008, were carried out by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

2. Başaran Nas Yeminli Mali Müşavirlik A.Ş. carried out certification of accuracy of audits and certifications of annual revenue and corporate tax return and attached financial statements and tables and/or other works according to Law no. 3568 and regulation.

3. Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. evaluated efficiency, adequacy and compliance of control mechanism designed and implemented over processes and systems regarding financial data production and information systems of our Company according to "Regulation on Audit of Bank Information Systems and Banking Processes to be carried out by Independent Audit Companies" published on Official Gazette no. 27461 dated 13 January 2010 by Banking Regulation and Supervision Agency.

4. In 2015, we have been subjected to and received no penalties as a result of liability audits within the scope of the Regulation on Prevention of Laundering Criminal Revenues and Financing of Terrorism by the Insurance Auditing Board on behalf of Financial Crimes Investigation Board. We have also been subjected to auditing by the Undersecretariat of Treasury with regards to state subsidy in Individual Pension System.



## INDEPENDENT AUDIT'S REPORT ON THE ANNUAL REPORT BY THE BOARD OF DIRECTORS

To Cigna Finans Emeklilik ve Hayat A.Ş. Board of Directors,

Report on Audit of Annual Activity Report of Board of Directors Within the Frame of Independent Audit Standards

1. We completed audit of annual activity report of Cigna Finans Emeklilik ve Hayat Anonim Şirketi related with account period that ends on 31 December 2015 ("Company").

Liability of the Board of Directors regarding Annual Report

2. Company Management is responsible for preparing the annual activity report in consistency with financial statements and reflecting the truth according to methods and essentials on preparation and publication of annual activity report pursuant to provisions of article 514 of Turkish Commercial Code ("TCC") 6102 and "Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies" ("Regulation") as promulgated on the Official Gazette 26606 on 7/8/2007, and is responsible for the internal control it considers necessary for preparation of such an activity report.

Liability of the Independent Audit

3. Our responsibility regarding the Company's annual report is to deliver our opinion on whether or not financial information under this annual report is consistent with the Company's financial tables indicated in independent auditors' report dated 4/3/2016, and whether or not they reflect the truth on basis of the independent audit we have conducted pursuant to article 397 of TCC and the Regulation.

We carried out the independent audit according to arrangements under insurance regulation regarding independent audit principles and Independent Audit Standards that are part of the Turkish Audit Standards published by Accounting and Auditing Standards Authority. These standards requires that ethical provisions are followed and independent audit is planned and carried out to have reasonable assurance regarding whether financial information under annual report is consistent with financial statements and whether they reflect the truth or not.

Independent audit covers application of audit procedures in order to get evidence on auditing of historical financial information. Selection of these procedures is based on professional judgment of the independent audit.

We believe that evidences we obtained during independent audit is sufficient and proper basis in building our opinion.

Opinion

4. Our opinion is that financial information under annual report of the Board of Directors are consistent, in all respects, with financial tables inspected and reflect the truth.

Other Regulatory Liabilities

5. According to clause three of article 402 of TTC; within the frame of BDS 570 "Going Concern" of the organization, no important matter has been detected that needs to be reported which makes us believe that Cigna Finans Emeklilik ve Hayat Anonim Şirketi shall not be able to carry out its activities in predictable future.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.,  
a member of  
PricewaterhouseCoopers



Talar Gül, SMMM  
Partner

Istanbul, 4 March 2016

## INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## Senior Management



**Gail Costa**  
General Manager



**Fidan Bayındır Yıldız**  
Assistant General Manager



**Funda Temoçin Aydoğan**  
Assistant General Manager



**Özkan Okumuş**  
Assistant General Manager



**Kevin Keith**  
Assistant General Manager



**Nilay Acar**  
Assistant General Manager



**Alp Tanrıverdi**  
Group Manager



**Mehmet Çapkın Ersoy**  
Group Manager



**Hakan Kahraman**  
Group Manager



**Özgü Ertan**  
Group Manager



**Beyhan Tuncay**  
Group Manager



**Burak Uygun**  
Group Manager



**Ali Ekrem Haznedar**  
Group Manager



**Uğur Sağlıkoğlu**  
Group Manager



**Feray Tanova**  
Group Manager

## INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

Names and Surnames of Chairman and Members of Board of Directors, General Managers and Assistants and Managers within the scope of Internal Systems, their Period of Duty, Areas they are responsible for, Educational Background, Professional Experiences

Name – Surname	Title/Position	Educational Background	Work Experience (Years)	Communication Address, Tel, Fax, Email
Mehmet Ömer Arif ARAS	Chairman	Postgraduate	37	Address: Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli / İstanbul 0 (212) 318 50 00 Tel: +(852) 22975128 Fax: 0 212 318 50 16 E-Mail: omer.aras@finansbank.com.tr
Jason Dominic SADLER	Vice Chairman of BoD	Bachelor Degree	25	Address: 17/F, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong Tel: +(852) 22975128 Fax: +(852) 3412 1929 E-Mail: jasond.sadler@cigna.com
Erkin AYDIN	Member of BoD	Post Graduate	17	Address: Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli / İstanbul 0 (212) 318 50 00 Tel: +(852) 22975128 Fax: 0 212 318 56 90 E-Mail: erkin.aydin@finansbank.com.tr
Adnan Menderes YAYLA	Member of BoD	Post Graduate	30	Address: Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli / İstanbul 0 (212) 318 50 00 Tel: +(852) 22975128 Fax: 0 212 318 55 78 E-Mail: adnan.yayla@finansbank.com.tr
David Patrick BOURDON	Member of BoD	Post Graduate	25	Address: Cigna Corporation 1601 Chestnut ST Philadelphia PA 19192 Tel: +(852) 22975148 Fax: +(852) 3412 1929 Email: david.bourdon@cigna.com
Philip Anthony AUSTIN	Member of BoD	Bachelor Degree	24	Address: Southview, Barn Lane, Four Marks, Hampshire. UK. GU345JA E-Mail: philip.austin@cigna.com
Gail COSTA	General Manager Member of BoD Senior Management	Bachelor Degree	27	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0 216 468 06 01 Fax: 216 411 28 48 E-Mail: gail.costa@cignafinans.com.tr
Kevin KEITH	Assistant General Manager Financial Control and Reporting, Technical and Actuary	Bachelor Degree	26	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0 216 468 03 42 Fax: 216 411 28 48 E-Mail: kevin.keith@cignafinans.com.tr
Fidan BAYINDIR YILDIZ	Assistant General Manager Sales and Marketing	Post Graduate	14	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0 216 468 06 05 Fax: 216 411 28 48 E-Mail: fidan.bayindirildiz@cignafinans.com.tr
Nilay ACAR	Assistant General Manager Legal and Compliance	Bachelor Degree	18	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0 216 468 06 70 Fax: 216 411 28 48 E-Mail: nilay.acar@cignafinans.com.tr
Funda TEMOÇİN AYDOĞAN	Assistant General Manager Human Resources	Bachelor Degree	14	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0216 468 04 87 Fax: 216 411 28 48 E-Mail: funda.temocin@cignafinans.com.tr
Özkan OKUMUŞ	Assistant General Manager Operations and SSH, IT, Administrative Affairs	Post Graduate	22	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0216 468 03 69 Fax: 216 411 28 48 E-Mail: ozkan.okumus@cignafinans.com.tr
Beyhan TUNCAY	Group Manager Internal Audit	Post Graduate	16	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0 216 468 03 46 Fax: 216 411 28 48 E-Mail: beyhan.tuncay@cignafinans.com.tr
Zeynep ONAT	Manager Risk Management and Internal Control	Post Graduate	17	Address: Barbaros Mah. Kardelen Sok Palladium Tower, No:2 Kat:28 34746 Ataşehir, İstanbul / Turkey Kadıköy / İstanbul Tel: 0 216 468 06 73 Fax: 216 411 28 48 E-Mail: zeynep.onat@cignafinans.com.tr

### Information About Allowances Paid, Travelling, Accommodation and Representation Expenses and Facilities In-kind and In-cash, Total Amount of Insurances and Similar Guarantees

	January 1st - December 31st, 2015	January 1st - December 31st, 2014
Salaries and similar interests paid to managers	(4,317,547)	(3,719,107)

Interests provided to our senior managers in years that end on 31 December 2015 and 2014 (General Manager and Deputy General Managers) include salaries, bonus, SSI and unemployment employer's share.

### Information About Activities of the Members of Board of Directors with the Company, on Its Behalf or on Behalf of Another Party and Which Fall Within the Scope of Prohibition of Competition

General Assembly of the Company granted to the members of Board of Directors, in the 2014 Ordinary General Assembly meeting dated 24.03.2015, permission stated under article 395 and 396 of Turkish Trade Code no. 6102.

### Information about participation of members of Board of Directors to relevant meetings held within the Account Period

Other than situations where members of Board of Directors explained their excuses, they attended all Board of Directors meetings regularly.

### Summarized Board Report Submitted to the General Assembly

In 2015, 9th activity year of our Company, total premium production was TL 254,144,586 and individual pension contribution amount collected excluding state subsidy was TL 152,432,901 and the Company ended year 2015 with a net profit of TL 14,370,967.

## Information about Human Resources Practices

### Recruitment

Cigna Finans Emeklilik closed year 2014 with 606 employees and in 2015, employment rate increased by 14% and the Company closed 2015 with 688 employees and 34 employees

were promoted. As of the date of its establishment Cigna Finans Emeklilik, number of employees of the Company at the end of each activity year is shown in the below table.

	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
General Manager	1	1	1	1	1	1	1		1
Deputy General Manager							1	1	0
Assistant General Manager	2	2	2	3	3	2	4	6	5
Director							2		
Group Manager	4	4	4	5	5	8	10	10	9
Manager	4	6	7	8	9	8	14	18	21
Surveyor								1	2
Deputy Manager	8	14	14	20	23	27	31	28	32
Senior Expert								4	13
Expert	5	17	23	26	30	34	33	33	36
Assistant Expert	4	9	15	24	25	28	37	11	10
Workplace Doctor				1	1	1	1	1	1
Team Leader								7	6
Team Member	3	7	8	13	18	20	18	51	80
(Officer /Technician /Driver /PA/ GM Assistant)									
<b>Number of Employees in General Directorate</b>	<b>31</b>	<b>60</b>	<b>74</b>	<b>101</b>	<b>115</b>	<b>129</b>	<b>152</b>	<b>171</b>	<b>216</b>
Area Manager			4	4	6	6	7	15	15
Corporate Sales Executive				4	8	9	1		
Area Executive				4					
Area Development Manager	11	12	13	15	12	10	15	11	15
Pension and Insurance Consultant	45	91	91	105	116	125	161	185	219
Senior Pension and Insurance Consultant							24	51	55
Area Customer Services Assistant	7	11	13	15	8	7	10	11	
<b>Number of Employees in Staff at Areas</b>	<b>63</b>	<b>114</b>	<b>121</b>	<b>147</b>	<b>150</b>	<b>157</b>	<b>218</b>	<b>273</b>	<b>304</b>
Tele - Sales Manager									2
Tale Sales Director							1	1	
Tele Sales Team Leader							2	11	13
Senior Tele Sales Consultant									7
Tele Sales Consultant							43	150	146
Tele Sales Personnel	0	0	0	0	0	0	46	162	168
<b>Total Personnel</b>	<b>94</b>	<b>174</b>	<b>195</b>	<b>248</b>	<b>265</b>	<b>286</b>	<b>416</b>	<b>606</b>	<b>688</b>

## Employee Profile and Training Activities

### Employee Profile

Information about company personnel as of 31 December 2015 are given below.

Within the scope of Human Resources activities in 2015, a growth of 14% has been achieved in line with the recruitments made for the Headquarters, Field Sales Consultants and Tele-Sales Consultants. Cigna Finans Emeklilik closed year 2014 with 606 employees and in 2015, by recruiting 82, the Company closed year 2015 with 688 employees.

Implementation of Measurement and Evaluation center activities and Talent Management programs started in 2015 for Field Sales and Tele Sales teams continued and our Tele-Sales and Pension Insurance Consultants that completed specific years of seniority and that demonstrate high performance were subjected to 3-month Technical Tests in terms of their career management and the ones who pass these tests are assigned as Senior Tele-Sales Consultants.

### Training Activities

Being a company that values its employees, Cigna Finans continued training and development efforts aimed at employees in 2015.

We have conducted training need analysis in all divisions and organized individual and group trainings in order to improve employee competency and personal development. Human resources data is used in the preparation of all development plans.

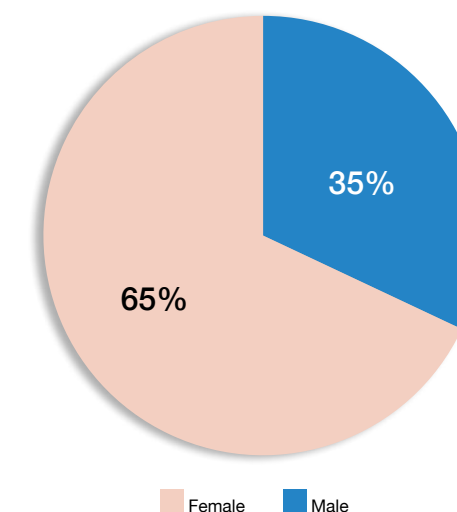
"Bank Sales Channel Sales Academy" of the academy programs established for Company's employees continued with revised training topics in 2015. This program received "GOLDEN" reward under "Best Sales Training Program in Extended Enterprises" category of the organization conducted in 2015 in USA in September by Brandon Hall, one of the most prestigious companies of the world that provides consultancy services in the field of training technologies to more than 10,000 enterprises worldwide.

We have created a similar training cycle for our Tele-Sales Channel in line with the emerging needs and "Tele-Sales Academy" was launched in March.

### Gender Distribution

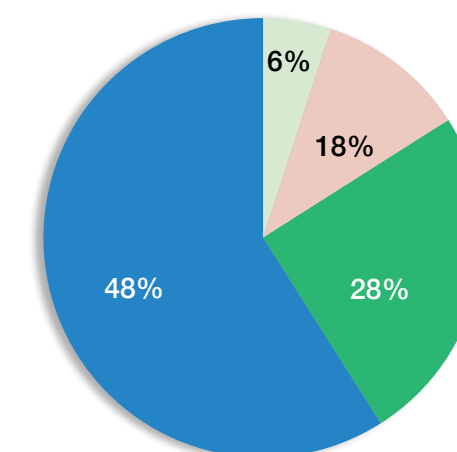
**Average Age of Employees: 30**

**Gender Analysis of all Employees**



### Education

**Education Levels of all Employees**



Legend: Bachelor Degree (Blue), Associate Degree (Green), High School and Below (Orange), Postgraduate and PhD (Light Green)



In addition to our award-winning sales academy programs, another successful training program in 2015 has been the Leadership Academy. 6 top managers and 9 group managers were given trainings in topics such as "being a team, strategic thinking, coaching" in cooperation with Linkage Consultancy. The program still continues.

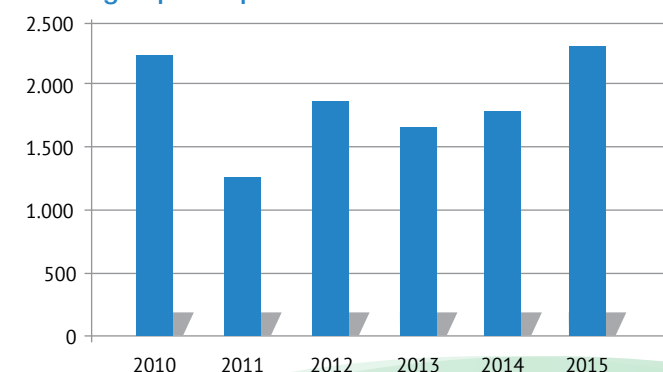
CignaFinans Academy, our e-learning platform launched in March 2014, has been the platform of sharing "internal communications, new product trainings and success stories" in the Company.

The success achieved with CignaFinans Academy in 2014 continued in 2015 as well.

Being a member of an international group, we also have conducted global trainings and "best practice" studies abroad for our employees. In this context, we have organized foreign training programs in order to prepare our employees to future roles and opportunities as part of their career development.

CIGNA FINANS ACADEMY FACTS AND FIGURES	2014	2015
Number of trainings in catalogue	44	69
Number of topics in social areas	26	22
Number of videos in portal	34	48
Total number of hours per person spent in trainings	18.87	17.84
Monthly average number of people that join Cigna Finans Academy	460	612
Rate of Completion of Trainings	71%	80%

#### Training Expense per Person



BES licensing trainings that are given since the date of establishment are organized in 2015 with e-learning and in-class training methods both for Finansbank employees and Pension and Insurance Consultants of our company. 165 of 299 Finansbank trainees qualified for certificates.

A total of 7 tests were organized within the scope of SEGEM certification for our sales personnel in 2015. 123 of 171 Pension and Insurance Consultants who took the test were qualified for certificate. For those who have failed, we have provided an opportunity to take the tests again.

Finally, in 2015 as the result of trainings given in the Company, each employee had the chance to attend to an average training of 8.72 days.

Costs of trainings given for professional and personal development of employees was around TL 2,205 for one employee.

Education Data	2010	2011	2012	2013	2014	2015
Number of attendees	1,547	1,925	1,966	4,213	9,550	17,127
Training day per person	8.60	6.18	7.90	12.30	9.83	8.72
Duration (man.hour)	14,818	12,113	16,239	31,709	33,863	39,588

#### Other Human Resources Practices

##### "Transparent Career"

Having been planned in 2014 and introduced in October for our Headquarters staff, the "Transparent Career" career management system has been thoroughly revised in line with the existing or newly defined roles that were updated in accordance with the Company's priorities and needs so that the system has been kept valid in 2015. In this context, a series of meetings were held with the participation of group managers and concerning division managers in order to discuss all details of the transition. This activity was planned as the Relaunch of Transparent Career in the 2nd half of 2015 and completed by the end of year.

##### An Approach to Reward New Contributions: "Come Together for Change"

Another important project of 2015 was the transition from the existing performance system to "Come Together for Change", a new performance sharing structure based on measuring individual performance. The transition was completed in harmony with the Global office as of July 2015 and the system was developed with a more different approach, replacing "performance" with "contribution" with a focus on "growth". The "contribution" was defined with not only achievements and competencies but also in a wider meaning with expertise, results, difficulty of goals, cooperation and innovation on the basis of "growth" approach. The new structure under the theme of "Communicate for Growth" created an environment where more frequent and quality communications is established between managers and employees with a focus on coaching rather than assessment; contribution is rewarded instead of performance; that drives, develops and bring people together, focusing on more cooperation. With this new structure "Supporting and encouraging employees to discover their career/development goals", "Linking career plans with future learning and development opportunities", "Assessing the progress of ongoing or completed goals and projects", and "Assessing results and performances regarding the completed goals and projects" have become top priorities.

More than 20 meetings were held with managers and employees during this transition, trainings were given and the year-end assessment was completed according to this new philosophy by the end of December 2015. This structure was also associated with the reward system, ensuring individuals are rewarded according to their contribution to the company. So, the Company has involved individuals to its "growth, profit generation and development strategy". Individuals who add value and develop created a company that develops and achieves better business results day by day.

##### Employee Loyalty Survey and Employee Focus Group Activities

We have conducted an employee loyalty survey in cooperation with TNS Global Consultancy in March 2015 for the purpose of measuring employee loyalty and identifying their sensitivities and priorities. This survey was completed in as short as 1 week with the participation of 509 people among 525. A record-breaking participation rate of 97% was obtained. Results of the survey were shared with top management, group managers and employees hierarchically and a total of 255 people were contacted nationwide. This enabled us to listen to their demands so that we understand the challenging points of processes and create action plans for improvement areas. Processes were subjected to improvement activities according to demands. These activities will continue in 2016 as well.

##### Legal procedures carried out with Parent Company if it is a company working under Group of Companies, with a Company working under Parent Company, on behalf of parent company or on behalf of an affiliate as guided by the Parent Company and all other measures taken or avoided in respect of a parent company or its affiliates in the previous activity year:

In 2015, our Company did not carry out any transactions or made any decisions with a Parent Company, or with a Company operating under Parent Company, or on behalf of Parent Company, or on behalf of an Affiliate under guidance of the Parent Company, or did not take any measures in favor of the Parent Company or its affiliates, and the company did not suffer any losses because of this.

## Vision, Mission and Strategic Objectives of the Company

### Our Vision

To become a leading customer-oriented insurance company and solution provider that provides its customers with knowledge-based safe future.

### Our Mission

To inspire a commitment, customer, family in every moment and to improve people's lives.

### Corporate Objectives and Strategies

Cigna Finans Emeklilik's corporate objective is;

To develop new and competitive products through our main distribution channel Finansbank and alternative distribution channels and to increase market share of our Company,

To continue the thrust and satisfaction of our customers in us,

To be a pension and life insurance company that sets a difference in the sector by regarding the image and profitability of the company.

# REMARKS ON FINANCIAL INFORMATION AND RISK MANAGEMENT

## REMARKS ON FINANCIAL INFORMATION AND RISK MANAGEMENT

### 2015 Ordinary General Assembly Agenda

#### Agenda

1. Opening and attendance check,
2. Forming the Chairman committee and authorizing Chairman Committee to sign the General Assembly minute,
3. Reading and discussing the Year 2015 Activity Report,
4. Reading and discussing the Board of Directors' Activity Report regarding activities in 2015,
5. Reading the Report of Independent Audit Company,
6. Reading, discussing and certifying year 2015 balance sheet and profit / loss accounts,
7. Discussing release of members of Board of Directors in relation with activities in 2015,
8. Determining remuneration for Members of Board of Directors,
9. Discussing and deciding whether profit will be distributed according to balance sheet of 2015,
10. Discussing the matter of appointing an independent audit company for audit to be carried out in 2016,
11. Advising on donations made in 2015 and determining and discussing the amount of donations planned for 2016,
12. Giving permission to members of Board of Directors according to article 395 and 396 of TTC,
13. Requests and closing of the meeting.

### Agenda of the Extraordinary General Assembly held on 31/5/2016

#### Agenda

1. Opening and attendance check,
2. Forming the Chairman committee and authorizing Chairman Committee to sign the General Assembly minute,
3. Discussing and deciding on revision of the previous decision on distribution of profits,
4. Requests and closing of the meeting

## CIGNA FİNANS EMEKLİLİK VE HAYAT A.Ş. PROFIT DISTRIBUTION TABLE

	Footnote	Current Term (31/12/2015)
I. DISTRIBUTION OF PROFIT OF THE PERIOD		
1.1. PROFIT FOR THE PERIOD		18,180,061
1.2. TAXES AND GOVERNMENTAL LIABILITIES		(3,809,094)
1.2.1. Corporate Tax (Income Tax)		(3,809,094)
1.2.2. Income Tax deduction		-
1.2.3. Other Taxes and Governmental Liabilities		-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>		<b>14,370,967</b>
1.3. ACCUMULATED LOSS (-)		-
1.4. PRIMARY RESERVE		(718,548)
1.5. LEGAL FORCED- SAVING FUNDS THAT MUST BE LEFT IN THE COMPANY (-)		-
<b>DISTRIBUTABLE NET PROFIT OF THE PERIOD [ (A - (1.3 + 1.4 + 1.5) ]</b>		<b>13,652,420</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		(2,250,000)
1.6.1. To Share Owners		(2,250,000)
1.6.2. To Privileged Shareholders		-
1.6.3. To Dividend Share Owners		-
1.6.4. To Participation Bond Owners		-
1.6.5. To Profit and Loss Sharing Certificate Holders		-
1.7. DIVIDEND TO PERSONNEL (-)		-
1.8. DIVIDEND TO FOUNDERS (-)		-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-
1.10. SECONDARY DIVIDEND TO SHAREHOLDERS (-)		(7,971,810)
1.10.1. To Share Owners		(7,971,810)
1.10.2. To Privileged Shareholders		-
1.10.3. To Dividend Share Owners		-
1.10.4. To Participation Bond Owners		-
1.10.5. To Profit and Loss Sharing Certificate Holders		-
1.11. SECONDARY RESERVE (-)		(797,181)
1.12. STATUTORY RESERVES (-)		-
1.13. EXTRAORDINARY RESERVES		-
1.14. OTHER RESERVES		-
1.15. SPECIAL FUNDS		-
<b>II. TRANSFERS FROM RESERVES</b>		<b>-</b>
2.1. RESERVES TRANSFERRED		-
2.2. SECONDARY RESERVES (-)		-
2.3. SHARES TO SHAREHOLDERS (-)		-
2.3.1. To Share Owners		-
2.3.2. To Privileged Shareholders		-

2.3.3. To Dividend Share Owners	-
2.3.4. To Participation Bond Owners	-
2.3.5. To Profit and Loss Sharing Certificate Holders	-
2.4. SHARES TO PERSONNEL (-)	-
2.5. SHARES TO BOARD OF DIRECTORS (-)	-
<b>III. PROFIT PER SHARE</b>	-
3.1. TO SHARE OWNERS	0.319
3.2. TO SHARE OWNERS ( % )	31.94%
3.3. TO PRIVILEGED SHARE OWNERS	-
3.4. TO PRIVILEGED SHARE OWNERS ( % )	-
<b>IV. DIVIDEND PER SHARE</b>	-
4.1. TO SHARE OWNERS	0.227
4.2. TO SHARE OWNERS ( % )	22.72%
4.3. TO PRIVILEGED SHARE OWNERS	-
4.4. TO PRIVILEGED SHARE OWNERS ( % )	-

### Information about Internal Control System of the Company and Internal Audit Activities and Opinion of the Management Organization about this Information about Internal systems

#### Internal Audit Activities

Internal audit activities are carried out by Internal Audit Unit in order to give assurance to the Board of Directors that company activities are carried out in accordance with relevant regulations and internal policies and also to give assurance about efficiency and adequacy of internal control and risk management systems of the Company .

Internal Audit Unit carries out its activities directly reporting to the Board of Directors according to provisions of «Regulation on Insurance and Reinsurance and Internal Systems of Pension Companies» as published in Official gazette no. 26913 dated 21.06.2008.

Internal audits are carried out in order to ensure compliance with international internal audit standards within the scope of annual audit plan that was issued so as to cover all activities of the Company in the light of periodic and risk-based assessments, that include opinions of senior management, and that are approved by the Board of Directors.

The department has fulfilled its responsibilities in an objective and independent manner with regards to legal regulations, legislations and internal guidelines.

Reports issued as the result of audit activities are included in the agenda of Board of Directors as submitted by the Board of Directors member who is responsible of Internal Systems

and decisions are reached about actions to be taken as the result of reports with the approval of Board of Directors. Actions taken in accordance with the findings of audit reports are regularly followed up during the year.

Along with this, when required, special investigations and inquiries can be held.

Internal audit activities were carried out by a group manager and three internal auditors in 2015.

#### Risk Management and Internal Control Activities

Risk management and internal control activities are carried out by Risk Management and Internal Control Unit directly reporting to the General Manager, according to provisions of «Regulation on Insurance and Reinsurance and Internal Systems of Pension Companies» that is published on official Gazette no. 26913 dated 21.06.2008.

As of the end of 2015, Risk Management and Internal Control Unit responsible for executing risk management and internal control activities continues its activities with one unit manager, one senior specialist and an specialist.

#### Internal Control Activities

Internal audit activities aims to protect the company assets, to ensure activities are carried out efficiently according to law and other relevant regulation, internal policies and rules and insurance practices, to ensure reliability, integrity of accounting and financial reporting system and accessibility of data on time.

Internal audit activities are carried out by following up remote control activities, on-site control activities and checking control points integrated into the system. Results of



checks are shared with managers of relevant business units and senior management of the company and it is ensured that necessary improvements are made.

In 2015, the structure for internal control system was reviewed and revised. In order to ensure first level controls, Self-Assessment Forms were created on the basis of control points that were considered processes and responsibilities of the business units, and assessment activities will begin as of the beginning of 2016.

We will ensure that results of data obtained from divisions will be periodically shared with top management. In addition to that, local control activities and division activities are assessed within the scope of Internal Systems Regulation in accordance with the annual plan. It was ensured to include action owners and action plans agreed upon with business units upon recommendations of Risk Management and Internal Control Department in order to define root causes of problems and prevent reoccurrence thereof. Results of on-site control activities are reported to the managers of the division and the General Manager. On the other hand, control points integrated into the system helped us ensure follow up of rules to be observed with regards to regulations.

In addition to the existing controls, periodical activity reports will be obtained from divisions that directly impact cash flow of company as of 2016.

Also, Risk Management and Internal Control Manager is a member of Regulation Committee of the Company and regularly participates in regulation compliance works of the Company.

#### **Risk management Activities**

Risk management activities aims to define risks that may prevent accomplishing objectives of the Company, to evaluate, manage, report and control such risks. Company risk management system was renewed in 2015. Risk management activities are carried out through quarterly Top Risk Assessment and monthly reporting of event that caused the operational risk. In order to make sure the necessary improvements take place, Top Risk Assessment Report is evaluated quarterly by the Risk Committee that consists of Risk Management and Internal Control Manager, Company Top Management and the Board Member in charge of Internal Systems. Top Risk Assessment activities of the Company were conducted in a comprehensive manner in 2015, evaluated by the Risk Committees and events that caused operational risks were regularly reported. Risk Management Policy of the Company, Risk Management Regulation and Risk appetite are completed and entered into force upon approval of Board of Directors.

#### **Opinion of Board of Directors**

Activities of our company within the scope of internal systems are carried out according to Insurance Law no. 5684 dated 03.06.2007 and Individual Pension saving and Investment System Law no. 4632 dated 28.03.2001 and provisions of "Regulation on Internal systems of Insurance and Reinsurance and Pension Companies" published on Official gazette no. 26913 dated 21.06.2008.

# **CIGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT FOR ACCOUNT PERIOD 1 JANUARY – 31 DECEMBER 2015**

**CONVENIENCE TRANSLATION OF THE INDEPENDENT  
AUDITOR'S REPORT OF CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

To the Board of Directors of  
Cigna Finans Emeklilik ve Hayat A.Ş.

**Convenience Translation of Statutory Financial Statements**

1. We have audited the accompanying balance sheet of Cigna Finans Emeklilik ve Hayat A.Ş. ("the Company") as of 31 December 2015 and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles and standards as set out Turkish Insurance Legislation (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; making accounting estimates that are reasonable in the circumstances; and selecting and applying appropriate accounting policies.

*Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulations related to the principles on auditing as set out in the insurance legislation. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal systems relevant to the Company'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 Company's internal systems. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's 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 audit opinion.

*Opinion*

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Cigna Finans Emeklilik ve Hayat A.Ş. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles and standards as set out in the insurance legislation.

*Other Responsibilities Arising From Regulatory Requirements*

5. In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No: 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
6. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers  
  
Talat Gül, SMMM  
Partner

İstanbul, 4 March 2016

**CONVENIENCE TRASLATION OF THE INDEPENDENT  
AUDTOR'S REPORT OF CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015**

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2015 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

Cigna Finans Emeklilik ve Hayat A.Ş.

İstanbul, 4 March 2016



**Gail Bernadette COSTA**

Member of the Board of Director,  
General Manager



**Kevin KEITH**

Financial Control and Reporting,  
Technical and Actuary  
Chief Financial Officer



**Ali Ekrem Haznedar**

Financial Control and Reporting  
Senior Vice President



**Ertan TAN**

Actuary  
License  
No:21

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**ÇİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**ASSETS**

	Note	Audited 31 December 2015	Audited 31 December 2014
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>		<b>198,578,466</b>	<b>147,648,170</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12, 14	186,660,930	137,321,333
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities less than Three Months	2.12, 14	11,917,536	10,326,837
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments at Insurees' Risk</b>		<b>-</b>	<b>43,179,312</b>
1- Available-for-Sale Investments		-	-
2- Held to Maturity Investments		-	-
3- Trading Investments	11	-	43,179,312
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Assets at Insurees' Risk		-	-
7- Equity Shares		-	-
8- Provision for Impairment of Financial Assets (-)		-	-
<b>C- Receivables from Main Operations</b>		<b>46,554,416</b>	<b>38,123,170</b>
1- Due from Insurance Operations	12.1	36,462,281	28,122,455
2- Provision for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Premium Deposits		-	-
6- Loans to Insurees		-	-
7- Provision for Loans to Insurees (-)		-	-
8- Due from Private Pension Operations	12.1	10,092,135	10,000,715
9- Doubtful Receivables from Main Operations	12.1	50,971	51,868
10- Provision for Doubtful Receivables from Main Operations (-)	12.1	(50,971)	(51,868)

**ÇİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

<b>D- Due from Related Parties</b>		<b>3,000</b>	<b>234,973</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		3,000	234,973
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>E- Other Receivables</b>		<b>535,935</b>	<b>536,203</b>
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-) (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables	47.1	535,935	536,203
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>24,244,249</b>	<b>19,258,347</b>
1- Deferred Acquisition Expenses		22,539,770	19,096,721
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Deferred Expenses	47.1	1,704,479	161,626
<b>G- Other Current Assets</b>		<b>-</b>	<b>-</b>
1- Prepaid Office Supplies		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances		-	-
5- Advances Given to Personnel		-	-
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>269,916,066</b>	<b>248,980,175</b>



**ÇİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**ASSETS**

	Note	Audited 31 December 2015	Audited 31 December 2014
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>		<b>570,704,866</b>	<b>474,187,791</b>
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- Premium Deposits		-	-
6- Loans to Insurees		-	-
7- Provision for Loans to Insurees (-)		-	-
8- Due from Private Pension Operations	12.1, 17.5	570,704,866	474,187,791
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 Associates		-	-
3- Due from Subsidiaries		-	-
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 (-)		-	-
<b>C- Other Receivables</b>		<b>18,626</b>	<b>38,214</b>
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		18,626	38,214
4- Other Receivables		-	-
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>		<b>362,019</b>	<b>362,019</b>
1- Investment Securities	45.2	362,019	362,019
2- Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint-Ventures		-	-
7- Capital Commitments to Joint-Ventures (-)		-	-
8- Financial Assets and Financial Investments at Insurees' Risk		-	-
9- Other Financial Assets		-	-
10- Provision for impairment of financial assets (-)		-	-

**ÇİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

<b>E- Tangible Assets</b>	<b>6</b>	<b>7,663,430</b>	<b>1,943,947</b>
1- Investment Properties		-	-
2- Provision for Diminution in Value of Investment Property (-)		-	-
3- Property for Operational Use		-	-
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	5,888,286	4,081,358
6- Motor Vehicles		-	-
7- Other Tangible Assets (incl. Leasehold Improvements)	6	5,962,847	1,510,362
8- Leased Assets		-	-
9- Accumulated Depreciation (-)	6	(4,187,703)	(3,647,773)
10- Advances Given for Tangible Assets (Including Ongoing Investments)		-	-
<b>F- Intangible Assets</b>	<b>8</b>	<b>7,116,319</b>	<b>3,444,213</b>
1- Rights	8	17,361,658	10,550,714
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(10,245,339)	(7,106,501)
7- Advances Given for Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		<b>2,693</b>	<b>-</b>
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Deferred Expenses		2,693	-
<b>H- Other Non-Current Assets</b>	<b>21</b>	<b>2,715,783</b>	<b>2,565,538</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Prepaid Office Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21, 35	2,715,783	2,565,538
6- Other Non-Current Assets		-	-
7- Other Non-Current Assets Depreciation (-)		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		<b>588,583,736</b>	<b>482,541,722</b>
<b>Total Assets (I+II)</b>		<b>858,499,802</b>	<b>731,521,897</b>

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**LIABILITIES**

	Note	Audited 31 December 2015	Audited 31 December 2014
<b>III- Current Liabilities</b>			
<b>A- Financial Liabilities</b>		-	-
1- Due to Credit Institutions		-	-
2- Due to Financial Leasing Institutions		-	-
3- Deferred Leasing Costs (-)		-	-
4- Principal Instalments and interest of Long Term Borrowings		-	-
5- Other Issued Debt Securities		-	-
6- Other Issued Debt Securities		-	-
7- Value Differences of Other Issued Debt Securities (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
<b>B- Payables from Main Operations</b>		<b>28,160,988</b>	<b>23,630,744</b>
1- Payables from Insurance Operations	19	12,895,615	9,302,313
2- Payables from Reinsurance Operations		-	-
3- Premium Deposits		-	-
4- Payables from Private Pension Operations	19	15,265,373	14,328,431
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
<b>C- Due to Related Parties</b>		<b>542,766</b>	<b>666,955</b>
1- Due to Shareholders	19	32,949	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel	19	103,850	132,445
6- Due to Other Related Parties	19	405,967	534,510
<b>D- Other Payables</b>		<b>2,250,010</b>	<b>1,242,211</b>
1- Deposits and Guarantees Received		-	-
2- Payables to SSI regarding Medical Expenses		-	-
3- Other Payables	19, 47.1	2,259,654	1,248,597
4- Rediscount on Other Payables (-)	19, 47.1	(9,644)	(6,386)
<b>E- Insurance Technical Provisions</b>		<b>95,348,105</b>	<b>75,975,528</b>
1- Unearned Premium Reserve - Net	17.15	64,637,272	53,293,726
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net	17.15	3,520,687	3,045,274
4- Outstanding Claims Provision - Net	17.15	27,190,146	19,636,528
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Reserves - Net		-	-

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

<b>F- Taxes, and Other Liabilities and, Provision</b>		<b>2,848,519</b>	<b>3,090,205</b>
1- Taxes and Funds Payable		1,143,599	1,123,354
2- Social Security Withholdings Payable		889,294	734,302
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
4- Other Taxes and Fiscal Liabilities		-	-
5- Corporate Tax Provision and Other Fiscal Liabilities	35	3,809,094	7,818,616
6- Prepaid Corporate Tax and Other Fiscal Liabilities (-)	35	(2,993,468)	(6,586,067)
7- Other Taxes and Fiscal Liabilities Provision		-	-
<b>G- Provisions for Other Risks</b>		-	-
1- Provision for Employment Termination Benefits		-	-
2- Provision for Social Aid Fund Asset Shortage		-	-
3- Provision for Expense Accruals		-	-
<b>H- Deferred Income and Expense Accruals</b>		<b>1,081,464</b>	<b>451,142</b>
1- Deferred Commission Income	10.19	583,872	151,883
2- Deferred Expenses	19	497,592	299,259
3- Other Deferred Income		-	-
<b>I- Other Current Liabilities</b>	<b>23</b>	<b>3,767,593</b>	<b>3,209,160</b>
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities	23	3,767,593	3,209,160
<b>III - Total Current Liabilities</b>		<b>133,999,445</b>	<b>108,265,945</b>

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**LIABILITIES**

	Note	Audited 31 December 2015	Audited 31 December 2014
<b>IV- Non-Current Liabilities</b>			
<b>A- Financial Liabilities</b>		-	-
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 (Liabilities)		-	-
<b>B- Payables from Main Operations</b>		<b>570,704,866</b>	<b>474,187,791</b>
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Premium Deposits		-	-
4- Payables from Private Pension Operations	17,5,19	570,704,866	474,187,791
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Subsidiaries		-	-
3- Due to Equity Investments		-	-
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		-	-
2- Payables to SSI regarding Medical Expenses		-	-
3- Other Payables		-	-
4- Rediscount on Other Payables		-	-
<b>E- Insurance Technical Provisions</b>		<b>81,906,309</b>	<b>68,284,087</b>
1- Unearned Premium Reserve - Net		-	-
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net	17,15	72,174,128	60,659,780
4- Outstanding Claims Provision - Net		-	-
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Reserves - Net	17,15,47,1	9,732,181	7,624,307

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

<b>F- Other Liabilities and Provisions</b>		-	-
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
<b>G- Provisions for Other Risks</b>	<b>22</b>	<b>1,951,992</b>	<b>1,472,102</b>
1- Provision for Employment Termination Benefits	22	1,951,992	1,472,102
2- Provision for Social Aid Fund Asset Shortage		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Non-Current Liabilities</b>		-	-
1- Deferred Tax Liabilities		-	-
2- Other Various Non-Current Liabilities		-	-
<b>IV- Total Non-Current Liabilities</b>		<b>654,563,167</b>	<b>543,943,980</b>

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF**  
**THE BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**SHAREHOLDERS' EQUITY**

	Note	Audited 31 December 2015	Audited 31 December 2014
<b>V- Shareholders' Equity</b>			
<b>A- Share Capital</b>		<b>45,000,000</b>	<b>45,000,000</b>
1- (Nominal) Capital	2.13, 15	45,000,000	45,000,000
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Capital to be registered		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premiums		-	-
2- Profit of Cancelled Shares		-	-
3- Sales Profit Addition to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>	<b>15</b>	<b>10,566,223</b>	<b>7,115,962</b>
1- Legal Reserves	15	11,202,422	7,698,421
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	110,519	110,519
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets		-	-
6- Other Profit Reserves	15	(746,718)	(692,978)
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Deficit (-)</b>		<b>-</b>	<b>-</b>
1- Accumulated Deficit		-	-
<b>F- Net Profit for the Period</b>		<b>14,370,967</b>	<b>27,196,010</b>
1- Net Profit for the Period		14,370,967	27,196,010
2- Net Loss for the Period (-)		-	-
<b>V- Total Shareholders' Equity</b>		<b>69,937,190</b>	<b>79,311,972</b>
<b>Total Liabilities and Shareholders' Equity (III+IV+V)</b>		<b>858,499,802</b>	<b>731,521,897</b>

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME**  
**FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**I- TECHNICAL DIVISION**

	Note	Audited 01.01.2015 - 31.12.2015	Audited 01.01.2014 - 31.12.2014
<b>A- Non-Life Technical Income</b>		<b>31,493,314</b>	<b>9,189,764</b>
1- Earned Premiums - (Net of Reinsurers' Share)		31,340,187	9,147,927
1.1- Written Premiums - (Net of Reinsurers' Share)	2.21, 24	35,601,191	21,956,030
1.1.1- Gross Written Premium (+)	24	36,516,902	21,996,215
1.1.2- Reinsurers' Share of Gross Written Premium (-)	10,24	(915,711)	(40,185)
1.1.3- Premiums Ceded to SSI		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17,15	(4,261,004)	(12,808,103)
1.2.1- Unearned Premiums Reserve (-)	17,15	(4,778,642)	(12,812,500)
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)	10,17,15	517,638	4,397
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Part		153,127	41,837
3- Other Technical Income - (Net of Reinsurers' Share)		-	-
3.1- Other Gross Technical Income (+)		-	-
3.2- Reinsurers' Share of Other Gross Technical Income (-)		-	-
4- Claim Recovery and Salvage Income Accruals (+)		-	-
<b>B- Non-Life Technical Expense (-)</b>		<b>(17,837,877)</b>	<b>(5,834,254)</b>
1- Incurred Claims - (Net of Reinsurers' Share)		(2,437,012)	(1,713,349)
1.1- Paid Claims - (Net of Reinsurers' Share)		(1,167,176)	(259,949)
1.1.1- Gross Paid Claims (-)		(1,171,470)	(259,949)
1.1.2- Reinsurers' Share of Gross Paid Claims (+)	10	4,294	-
1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17,15	(1,269,836)	(1,453,400)
1.2.1- Outstanding Claims Provision (-)	17,15	(1,339,575)	(1,454,310)
1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10,17,15	69,739	910
2- Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Rebate Provision (-)		-	-
2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		(101,781)	-
4- Operating Expenses (-)	31,32	(13,882,520)	(4,120,905)



**CIGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME**  
**FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Audited 01.01.2015 - 31.12.2015	Audited 01.01.2014 - 31.12.2014
5- Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)	17.15	(1,416,564)	-
5.1- Mathematical Reserves (-)	17.15	(1,416,564)	-
5.2- Net of Reinsurer's Share and Reserves Carried Forward (+)		-	-
6- Other Technical Expenses (-)		-	-
6.1- Gross Other Technical Expenses (-)		-	-
6.2- Reinsurer's Share of Other Gross Technical Expenses (+)		-	-
<b>C- Net Technical Income- Non-Life (A - B)</b>		<b>13,655,437</b>	<b>3,355,510</b>
<b>D- Life Technical Income</b>		<b>202,329,571</b>	<b>189,320,374</b>
1- Earned Premiums - (Net of Reinsurers' Share)		202,329,571	189,320,374
1.1- Written Premiums - (Net of Reinsurers' Share)	2.21,24	209,412,112	181,661,585
1.1.1- Gross Written Premiums (+)	24	217,627,684	187,955,585
1.1.2- Premiums Ceded to Reinsurers (-)	10.24	(8,215,572)	(6,294,000)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)	17.15	(7,082,541)	7,658,789
1.2.1- Unearned Premiums Reserve (-)	17.15	(7,912,543)	7,890,679
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)	10,17.15	830,002	(231,890)
1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Life Investment Income		-	-
3- Unrealized Investment Income		-	-
4- Other Technical Income - (Net of Reinsurers' Share)		-	-
<b>E- Life Technical Expense</b>		<b>(198,257,156)</b>	<b>(167,360,286)</b>
1- Incurred Claims - (Net of Reinsurers' Share)		(45,013,551)	(38,355,557)
1.1- Paid Claims (Net of Reinsurers' Share)		(38,729,769)	(36,074,185)
1.1.1- Gross Paid Claims (-)		(41,647,543)	(38,472,211)
1.1.2- Reinsurers' Share of Gross Paid Claims (+)	10	2,917,774	2,398,026
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurers' Share and Returned Reserve) (+/-)	17.15	(6,283,782)	(2,281,372)
1.2.1- Outstanding Claims Provision (-)	17.15	(6,522,280)	(2,457,813)
1.2.2- Reinsurers' Share of Outstanding Claim Provisions (+)	10,17.15	238,498	176,441
2- Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
2.1- Bonus and Rebate Provision (-)		-	-
2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-

**CIGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME**  
**FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Audited 01.01.2015 - 31.12.2015	Audited 01.01.2014 - 31.12.2014
3- Change in Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)	17.15	(10,573,197)	(4,171,463)
3.1- Mathematical Reserves (-)	17.15	(10,573,197)	(4,171,463)
3.1.1- Actuarial Mathematical Reserves (+/-)	17.15	(10,573,197)	(4,171,463)
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Mathematical Reserves (+)		-	-
3.2.1-Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	-
3.2.2-Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies) (+)		-	-
4- Change in Other Technical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)	17.15	(2,006,093)	(1,733,733)
5- Operating Expenses (-)	31,32	(140,664,315)	(123,099,533)
6- Investment Expenses (-)		-	-
7- Unrealized Investment Expense (-)		-	-
8- Investment Income Transferred to Non-Life Technical Part (-)	-	-	-
<b>F- Net Technical Income - Life (D - E)</b>		<b>4,072,415</b>	<b>21,960,088</b>
<b>G- Pension Funds Technical Income</b>		<b>14,603,920</b>	<b>12,819,124</b>
1- Fund Management Income	25	6,698,421	5,617,594
2- Management Expense Charge	25	2,495,217	2,154,732
3- Entrance Fee Income	2.14,25	5,410,282	5,045,380
4- Management Expense Charge in case of Suspension		-	-
5- Special Service Expense Charge		-	-
6- Capital Allowance Value Increase Income		-	1,418
7- Other Technical Income		-	-
<b>H- Pension Funds Technical Expense</b>		<b>(21,753,537)</b>	<b>(20,211,620)</b>
1- Fund Management Expense (-)		(1,339,684)	(1,123,519)
2- Capital Allowance Value Decrease Expense (-)		-	-
3- Operating Expenses (-)	31.32	(20,180,111)	(18,130,559)
4- Other Technical Expenses (-)		(221,712)	(128,450)
5- Fine Payment		(12,030)	(829,092)
<b>I- Net Technical Income – Pension Funds (G - H)</b>		<b>(7,149,617)</b>	<b>(7,392,496)</b>

**CIGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME**  
**FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2015 AND 2014**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

**II- NON TECHNICAL DIVISION**

	Note	Audited 01.01.2015 - 31.12.2015	Audited 01.01.2014 - 31.12.2014
<b>C- Net Technical Income-Non-Life (A-B)</b>		13,655,437	3,355,510
<b>F- Net Technical Income-Life (D-E)</b>		4,072,415	21,960,088
<b>I- Net Technical Income – Pension Funds (G-H)</b>		(7,149,617)	(7,392,496)
<b>J- Total Net Technical Income (C+F+I)</b>		10,578,235	17,923,102
<b>K- Investment Income</b>		23,543,840	31,424,680
1- Income from Financial Investments	26	17,979,560	15,086,312
2- Income from Liquidation of Financial Investments	26	106,053	2,232
3- Valuation of Financial Investments	26	5,398,266	16,332,701
4- Foreign Exchange Gains	36	59,961	3,435
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint-Ventures		-	-
7- Income from Land and Buildings		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Part		-	-
<b>L- Investment Expense (-)</b>		(13,383,150)	(14,592,194)
1- Investment Management Expenses (Interest incl.) (-)		(242,501)	(286,898)
2- Diminution in Value of Investments (-)	26	(7,884,173)	(10,946,442)
3- Loss from Realization of Financial Investments (-)	26	(161,807)	-
4- Investment Income Transferred to Non-Life Technical Part (-)		(153,127)	(41,837)
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(131,491)	(94,362)
7- Depreciation Expenses (-)	6, 8	(4,810,051)	(3,222,655)
8- Other Investment Expenses (-)		-	-
<b>M- Income and Expenses from Other Operations and</b>			
Extraordinary Operations (+/-)		(2,558,864)	259,038
1- Provisions (+/-)	47.5	(2,844,680)	(2,690,852)
2- Rediscounts (+/-)	47.5	(67,572)	125,054
3- Special Insurance Account (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Assets (+/-)	21, 35	136,810	497,139
6- Deferred Tax Liabilities Expenses (-)		-	-
7- Other Income		421,382	2,327,697
8- Other Expenses		(204,804)	-
9- Prior Year's Income		-	-
10- Prior Year's Expenses (-)		-	-
<b>N- Net Profit/ (Loss) for the Period</b>	37	14,370,967	27,196,010
1- Profit/ (Loss) for the Period		18,180,061	35,014,626
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	35	(3,809,094)	(7,818,616)
3- Net Profit/ (Loss) for the Period	37	14,370,967	27,196,010
4- Inflation Adjustment		-	-

**CIGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2015 AND 2014**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Note	Audited 01.01.2015 - 31.12.2015	Audited 01.01.2014 - 31.12.2014
<b>A- CASH GENERATED FROM MAIN OPERATIONS</b>			
1- Cash inflows from insurance operations		235,148,138	198,981,367
2- Cash inflows from reinsurance operations		-	-
3- Cash inflows from pension funds operations		(22,274,445)	14,191,466
4- Cash outflows from insurance operations (-)		(192,265,384)	(159,262,275)
5- Cash outflows from reinsurance operations (-)		-	-
6- Cash outflows from pension funds operations (-)		15,982,727	(20,185,544)
<b>7- Net cash from main operations (A1+A2+A3-A4-A5-A6)</b>		36,591,036	33,725,014
8- Interest payments (-)		-	-
9- Income tax payments (-)		(2,569,552)	(7,023,204)
10- Other cash inflows		3,837,007	9,830,470
11- Other cash outflows (-)		(7,306,133)	(11,572,987)
<b>12- Net cash used in main operations</b>		30,552,358	24,959,293
<b>B- CASH FLOWS FROM INVESTING OPERATIONS</b>			
1- Sales of tangible assets		17,620	-
2- Acquisition of tangible assets acquisition (-)	6,8	(14,458,456)	(2,808,745)
3- Acquisition of financial assets (-)		-	-
4- Sales of financial assets		-	-
5- Interest received		57,488,196	15,102,696
6- Dividends received		-	-
7- Other cash inflows		(59,961)	3,435
8- Other cash outflow (-)		(20,831,337)	(8,904,260)
<b>9- Net cash from investing activities</b>		22,156,062	3,393,126
<b>C- CASH FLOWS FROM FINANCING OPERATIONS</b>			
1- Issue of shares		-	-
2- Cash flows from the borrowings		-	-
3- Leasing payments (-)		-	-
4- Dividends paid (-)	38	(23,692,009)	(16,434,609)
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
<b>7- Net cash from financing activities</b>	38	(23,692,009)	(16,434,609)
<b>D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>	36	(71,530)	(90,927)
<b>E- Net increase in cash and cash equivalents</b>		28,944,881	11,826,883
<b>F- Cash and cash equivalents at the beginning of the period</b>	2.12	77,788,365	65,961,482
<b>G- Cash and cash equivalents at the end of the period (E+F)</b>	2.12	106,733,246	77,788,365

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN EQUITY FOR**  
**THE PERIODS 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**Statements of Changes in Equity- Audited (\*)**

	Capital	Company's Own Securities (-)	Valuation Increase/ (Decrease) in Assets	Inflation Adjustment to the Share Capital	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit / (Loss) for the Period	Accumulated Profit / (Loss)	Total
<b>I- Balances at the prior Period end (01/01/2014)</b>	45,000,000	-	-	-	-	5,702,134	-	(242,233)	11,556,542	6,874,354	68,890,797
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Own Shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement (Note 15)	-	-	-	-	-	-	-	-	-	-	-
D- Value decrease in the assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses	-	-	-	-	-	-	-	(340,226)	-	-	(340,226)
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period (Note 37)	-	-	-	-	-	-	-	-	27,196,010	-	27,196,010
I- Dividends Paid (Note 38)	-	-	-	-	-	-	-	-	(10,185,196)	(6,249,413)	(16,434,609)
J- Transfers	-	-	-	-	-	1,996,287	-	-	(1,371,346)	(624,941)	-
<b>IV- Balances at the Year End (31/12/2014) (III+ A+B+C+D+E+F+G+H+I+J)</b>	45,000,000	-	-	-	-	7,698,421	-	(582,459)	27,196,010	-	79,311,972
<b>I- Balances at the Prior Period End (01/01/2015)</b>	45,000,000	-	-	-	-	7,698,421	-	(582,459)	27,196,010	-	79,311,972
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B- Own Shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C- Gain and losses not included in the income statement (Note 15)	-	-	-	-	-	-	-	-	-	-	-
D- Value increase in the assets	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses (Note 15)	-	-	-	-	-	-	-	(53,740)	-	-	(53,740)
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period (Note 37)	-	-	-	-	-	-	-	-	14,370,967	-	14,370,967
I- Dividends Paid (Note 38)	-	-	-	-	-	-	-	-	(23,692,009)	-	(23,692,009)
J- Transfers	-	-	-	-	-	3,504,001	-	-	(3,504,001)	-	-
<b>IV- Balances at the Year End (31/12/2015) (III+ A+B+C+D+E+F+G+H+I+J)</b>	45,000,000	-	-	-	-	11,202,422	-	(636,199)	14,370,967	-	69,937,190

(\*) Detailed explanations for the shareholders' equity are disclosed in Note 15.

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL**  
**STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**1. General Information**

**1.1 Name of the parent Company:** The Company was established on 4 July 2007 named as Finans Emeklilik ve Hayat A.Ş. as 100% subsidiary of Finansbank A.Ş. On 12 July 2012 share purchase agreement was signed between Finansbank A.Ş. and Cigna Nederland Gamma B.V. In accordance with that agreement, Cigna Nederland Gamma B.V. purchased 22,950,000 share, which is 51% of the total 44,999,995 share of Finansbank A.Ş. and share rate of Finansbank A.Ş. is decreased to 49%. As a result of the change in partnership structure, amendment agreement was approved by Ministry of Customs and Trade on 2 November 2012, amendment agreement was discussed in extraordinary general meeting on 9 November 2012 and share transfer was registered in Commercial Trade Gazette on 20 November 2012. The legal name of the company was changed as "Cigna Finans Emeklilik ve Hayat Anonim Şirketi" in extraordinary general meeting on 31 May 2013 and registered in Commercial Trade Gazette on 10 June 2013. On 22 December 2015, according to the announcement of the Finansbank to the Public Disclosure Platform, share purchase agreement between NBG and Qatar National Bank" ("NQB") was declared. In accordance with this agreement NBG sell its 99.81% share in Finansbank A.Ş. to QNB for 2,750 Million Euro.

**1.2 Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office:** Cigna Finans Emeklilik ve Hayat A.Ş. operates at the address of, Barbaros Mah. Kardelen Sok. Palladium Tower, No: 2 Kat: 27-29, 34746, Ataşehir- İstanbul. It is a corporation established in accordance with the Turkish Commercial Code ("TCC"). The Company carries out its operations in accordance with the principals set out on the Insurance Law No: 5684, Law No: 6327, which is valid as of 1 January 2013, and Individual Pension, Saving and Investment System Law No: 4632. Company changed location of its headquarter in accordance with the Board of directors meeting numbered 344 and dated 26 September 2015 and registered location change in Commercial Trade Gazette numbered 8858 and dated 8 July 2015. Operating address of the company before 29 June 2015 was Sahrayıcedit Mah. Halk Sok. No: 48 34734 Kozyatağı, Kadıköy, İstanbul.

**1.3 The Company's main operations:** The company operates in individual pension, life insurance, marriage/maternity insurance, capital redemption insurance, accident insurance and in accordance with those activities company establishes private pension funds, forms internal regulations related to private pension funds and covenants pension contracts, annuity contracts, portfolio management contracts, safekeeping contract with custodian and operates reinsurance business about individual or group life insurances, accident insurances and all other type of these insurances.

Company has 5 individual pension fund in accordance with regulation of Capital Markets Board dated 3 July 2008, numbered B.02.1.SPK.0.15-598, which are registered and announced in Turkish Commercial Trade Gazette numbered 7103 dated 11 July 2008 and 2 group pension mutual fund in accordance with regulation of Capital Markets Board dated 18 July 2011, numbered B.02.1.SPK.0.15-310-01-01.697, which were registered and announced in Turkish Commercial Trade Gazette numbered 7872 dated 3 August 2011. 2 group pension mutual fund were offered to public on 26 March 2012. These funds are managed by Finans Portföy Yönetimi A.Ş. in accordance with the pension mutual fund portfolio management agreement that is signed between Company and Finans Portföy Yönetimi A.Ş.

Legal name of the private pension funds that are founded by the company are changed in consequence of Extraordinary General Meeting on 31 May 2013 and announced in Trade Registry Gazette dated 27 August 2013 and numbered 8392. Cigna Finans Emeklilik ve Hayat A.Ş. took permission to establish contribution pension mutual fund from Capital Markets Board with permission numbered 10/333 and dated 26 March 2013 and public offer of contribution pension mutual fund was occurred in 2 May 2013.

Cigna Finans Emeklilik ve Hayat A.Ş. gain allowance to establish standard pension mutual fund from Capital Markets Board with decision numbered 12/373 and dated 4 April 2013 and publicly offered on 12 November 2013.

As of 31 December 2015, Company owns 9 private pension funds that are founded by the Company (31 December 2014: 9).

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL**  
**STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**1. General Information (Continued)**

**1.4 Explanation of the activities and characteristics of main operations of the corporation:** Disclosed in Notes 1.2 and 1.3.

**1.5 Average number of employees during the period by category:**

	31 December 2015	31 December 2014
Top management	6	7
Managers	47	44
Officers	178	146
Marketing and sales personnel	457	409
	688	606

**1.6 Total salaries and benefits paid to the chairman and members of the board of directors, general manager, general coordinator, assistant general managers and other executive management during the current period:** TL4,317,547 (1 January - 31 December 2014: TL3,719,107).

**1.7 Criteria set for the allocation of investment income and operating expenses (personnel, administration, research and development, marketing and sales, outsourced benefits and services and other operating expenses) in the financial statements:** The Company allocates the investment income and personnel, administration, research and development, marketing and selling, outsourced benefits and services and other operational expenses related to the technical accounts in accordance with the "Circular on the Fundamentals of the Procedures and Principals of the Criteria used in Financial Statements in Accordance with Insurance Uniformed Chart of Accounts" numbered 2010/9 and dated 9 August 2010 and issued by the Treasury.

**1.8 Whether financial statements include only one firm or group of firms:** Financial statements include one company (Cigna Finans Emeklilik ve Hayat A.Ş.).

**1.9 Name and other identification information of the reporting firm and information changes since the previous balance sheet date:** Name and other identification information of the Company are disclosed in Notes 1.1, 1.2 and 1.3.

**1.10 Events occurred after the balance sheet date:** The financial statements that are prepared in accordance with the effective accounting standards, for the period 1 January - 31 December 2015 declared on 4 March 2016 by the Assistant General Manager and Financial Control and Reporting Group Manager. Subsequent events after the balance sheet are disclosed in Note 46.

**2. Summary of Significant Accounting Policies**

**2.1 Basis of preparation**

The Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the 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). The content and the format of the financial statements and explanation and notes of this financial statements are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 April 2008 and numbered 2012/7 Notice regarding to the Presentation of the New Account Codes and Financial Statements.



**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**  
**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL**  
**STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015 AND 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**2. Summary of Significant Accounting Policies (Continued)**

**2.1 Basis of preparation (Continued)**

According to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, except for the communiqués which may be issued by the Treasury, operations of insurance companies should be accounted in accordance with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") as issued by the Turkish Accounting Standards Board ("TASK") and other regulations, communiqués and explanations issued by the Treasury regarding accounting and financial reporting issues. With reference to the notice of the Treasury No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Unconsolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4 - Insurance Contracts" have been scoped out of this application. In addition, companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies dated 31 December 2008 and published in official gazette numbered 27097 and effective from 31 March 2009. Since the Company has no subsidiaries that needs to be consolidated, consolidated financial statements is not required to prepare.

As of 30 September 2014, the Company calculates and recognizes its insurance technical provisions in its financial statements in accordance with 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"), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (Note 2.24).

As of 1 January 2015 company actuary calculates incurred but not reported outstanding claim amount, which is claimed in note 2.24, (within the frame of the "Outstanding Claim Circular" dated on 5 December 2014, numbered 2014/16 and issued by Treasury) according to 9<sup>th</sup> and 10<sup>th</sup> clause of "Actuarial Chain Ladder Method Circular" valid from 31 December 2014 and numbered 2010/12. Additionally, according to the "Outstanding Claim Provision" circulars dated 17 March 2011, 27 July 2015 and numbered 2015/7, 2015/28 respectively issued by Treasury, effects of these changes may accounted gradually in 2015, 2016, 2017.

Changes applied in accordance with these circular have net effect of TL1,141,122 on incurred but not reported outstanding claim as of 31 December 2015.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year financial statements.

Accounting policies and measurement principles that are used in the preparation of the financial statements are disclosed in the notes from 2.4 to 2.24 below.

**Changes in Turkish Financial Reporting Standards:**

The accounting policies based on the preparation of financial statements belonging to accounting period ending from the date of 31 December 2015, which are valid as of 1 January 2015 are outlined below, except the new and amended standard and IFRIC, reviews are consistent with those used in previous periods.

**a) New Standards effective as of 31 December 2015 and the alterations and comments made to the existing previous Standards.**

• **Changes in IAS 19, "Defined benefit plans"**; will be valid on July 1, 2014 or after that date for the annual reporting period. This limited change will apply to contributions made to defined benefit plans by third parties or employees. It is calculated independent of the length of service of the contributions made to the plan; for example, it is taken as part of the contribution of a fixed salary; cases clarifies how to do accounting.

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**2. Summary of Significant Accounting Policies (Continued)**

**a) New Standards effective as of 31 December 2015 and the alterations and comments made to the existing previous Standards (Continued)**

• **Annual improvements 2010-2012**; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards:

- IFRS 2, Share-based payment
- IFRS 3, Business Combinations
- IFRS 8, Operating segments
- IFRS 13, Fair value measurement
- IAS 16, Property, plant and equipment and IAS 38, Intangible assets
- IFRS 9, Financial instruments; IAS 37, Provisions, contingent liabilities and contingent assets
- IAS 39, Financial instruments - Recognition and measurement

• **Annual improvements 2011-2013**; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:

- IFRS 1, 'First time adoption'
- IFRS 3, 'Business combinations'
- IFRS 13, 'Fair value measurement'
- IAS 40, 'Investment property'

These changes do not have significant effect on financial condition and performance of the company.

**b) Published as of 31 December 2015, but which had not entered into force standards and changes yet:**

• **Amendments to IAS 16 and IAS 38: "Property, plants and equipment" and "Intangible assets"**, are effective from annual periods beginning on or after 1 January 2016. In accordance with these amendment, Revenue from an operation which includes using of an asset is not suitable for usage of revenue-based depreciation and amortization method, because of reflecting factors except consumption of economic benefits of the asset generally. This change have no significant effect on financial situation and performance of the company.

• **Annual improvements 2014**; effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

- IFRS 5, "Non-current assets held for sale and discontinued operations" regarding methods of disposal.
- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
- IAS 19, 'Employee benefits' regarding discount rates.
- IAS 34, 'Interim financial reporting' regarding disclosure of information.

These changes are not going to have significant effect on financial condition and performance of the company.

• **Amendment to IAS 1, 'Presentation of financial statements'** on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

• **IFRS 15 'Revenue from contracts with customers'**; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

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**2. Summary of Significant Accounting Policies (Continued)**

*b) Published as of 31 December 2015, but which had not entered into force standards and changes yet (Continued)*

- **IFRS 9 'Financial instruments'**; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

Accounting standards, comments and changes given below and valid on 31 December 2015 are published as exposure draft by Public Oversight Accounting and Auditing Standards Authority ("KGK").

- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial instruments'

**2.2 Consolidation**

The Company does not have any subsidiaries that are required to be consolidated in accordance with the Circular related to Preparing Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies, which was published on Official Gazette No 27097 and dated 31 December 2008 and became effective as of 31 March 2009.

**2.3 Segment reporting**

The company is not traded in public that is why they do not prepare any segment reporting related to IFRS 8 "Operating Segments".

**2.4 Foreign currency transactions**

Transactions are recorded in TL, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences are offset and are recognized as foreign exchange gains or losses.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

**2.5 Property and equipment**

All property and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the tangible assets. The depreciation periods estimated considering useful lives of tangible assets are as follows:

Furniture and fixtures	1-5 years
Leasehold improvements	1-5 years

If there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other non-operational income and expenses accounts (Note 6)

**2.6 Investment properties**

The Company does not have investment properties as of 31 December 2015 (31 December 2014: None).

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**2. Summary of Significant Accounting Policies (Continued)**

**2.7 Intangible fixed assets**

Intangible assets consist of the acquired information systems and software. Intangible assets are carried at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amount is written down immediately to its recoverable amount. The amortization periods of intangible assets vary between 3 to 5 years (Note 8).

**2.8 Financial assets**

The Company classifies and accounts for its financial assets as "Available-for-sale financial assets", "Financial assets at fair value through profit or loss", and "Loans and receivables (Receivables from main operations)". Receivables from main operations are the receivables arising from insurance and pension operations and they are classified as financial assets in the financial statements.

Purchases and sales of the financial assets are recognized and derecognized based on "Settlement date". The classification of the financial assets is determined by the Company management at inception by considering the purpose for which the financial assets are acquired.

*Effective Interest Method*

Effective interest method is valuation of financial asset by amortized cost and distributing interest cost to the relevant period. Effective interest rate is the interest rate on an financial asset, which reduces expected cash that is going to be received of an financial asset by its expected life or if suitable cash received for shorter terms to net present value.

*Loans and receivables (Receivables from main operations):*

Loans and receivables are financial assets which are generated by providing money or service to the debtor. Loans and receivables are initially recognized at acquisition value and subsequently measured at cost. Fees and other charges paid in relation to assets obtained as guarantee for the above mentioned receivables are not deemed as transaction costs and charged as expenses to the income statement.

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The mentioned provision is classified under "Provision for due from insurance operations" on the balance sheet. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions.

In addition to the provision for due from insurance operations, in line with the Tax Procedure Law article No: 323, the Company accounts for a "Provision for doubtful receivables under legal follow-up" regarding its doubtful receivables which are not included in provision for due from insurance operations stated above, by considering the amount and nature of these receivables. This provision is classified as "Doubtful receivables from main operations" on the balance sheet under non-current asset group.

Provision for doubtful receivables is deducted from the related year's income. Recoveries from doubtful receivables previously provided for are treated as a reduction from related provision and accounted for in the "Other income and expense" account. Such receivables are written off after all necessary legal proceedings have been completed (Note 12).

*Financial assets, whose fair value differences reflected in income statement (Marketable securities in the tradebook)*

Financial assets, which are booked at fair value and effects income statement, consists of financial instruments that are obtained in order to gain profit from short term fluctuations in price and similar factors or independent from the reason of obtaining it, in order to gain short term profit, financial instruments that are part of a portfolio and booked at their fair values while purchasing it and considered its performance at fair value by Company.

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**2. Summary of Significant Accounting Policies (Continued)**

*Financial assets, whose fair value differences are reflected in income statement (Marketable securities in the tradebook) (Continued)*

Financial assets, whose fair value differences are reflected in income statement, are booked at fair value while they are accounted for the first time and in the subsequent periods they are valued according to their fair value. If price formation that constitute basis for fair value do not occur in active market conditions, determination of fair value is considered unreliable and "Discounted Value" that is calculated in accordance to effective interest method is considered as fair value. Gains and losses in consequence of valuation are included in income statement. Interests and dividends due to marketable securities in the tradebook are classified in interest income, dividend income respectively. (Note 11).

*Impairment of financial assets:*

Unbiased indicators that represents impairment of a financial asset or financial asset group are below:

- Financial difficulties of issuer or contractor
- Breach of contract
- Privileges that would not provide at different circumstances are provided to debtor by creditor, as a result of financial difficulties of debtor in economical or legal reasons.
- High probability of bankruptcy or financially reorganization of debtor
- Disappearance of active market as a result of financial difficulties

Company, evaluate indicators of impairment at balance sheet dates and book impairment to financials if necessary.

In this context, Company make provision for its receivables in accordance with the evaluation and prediction of management. While determining the predictions, in accordance with risk policies and prudence principle, Company controls general structure of the existing receivable portfolio, financial structure of insured and brokers, nonfinancial data and economical conjuncture.

In addition to provision for receivables from insurance operations, in accordance to 323<sup>th</sup> clause of Tax Procedure Law, Company make provision for managerial and legal proceedings, regarding to the value of doubtful receivable and these provisions are not included in "Receivables from Insurance Operations". Subjected provision is classified in "Doubtful receivables from main operations".

Provision for doubtful receivables are deducted from the revenue of the year. When doubtful receivables which already provisioned, are collected, it is deducted from the related provision account and booked to 'Provision Expenses' account. Uncollectible receivables are written off after all legal actions are over (Note 12).

There are not any impairments on available for sale financial assets and financial assets, whose fair value difference are accounted in the income statement as of 31 December 2015. (31 December 2014: None).

**2.9 Impairment of assets**

The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained.

Mortgages or guarantees on assets are explained in Note 43, provision for overdue and not overdue doubtful receivables are explained in not 12.1 and provision and rediscount expenses for the period are explained in Note 47.5.

**2.10 Derivative financial instruments**

None (31 December 2014: None).

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**2. Summary of Significant Accounting Policies (Continued)**

**2.11 Offsetting financial instruments**

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 of the liability take place simultaneously.

**2.12 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash and cash equivalents included in the statements of cash flows are as follows:

	31 December 2015	31 December 2014
Banks	186,660,930	137,321,333
Bank guaranteed credit card receivables with maturities less than three months	11,917,536	10,326,837
Less - Blocked time deposits (*)	(89,075,448)	(68,380,858)
Less - Interest Accrual	(2,769,772)	(1,478,947)
<b>Total cash and cash equivalents</b>	<b>106,733,246</b>	<b>77,788,365</b>

(\*) Change in blocked time deposits is included in other cash inflows or outflows from main operations in the statements of cash flows (Note: 43).

**2.13 Share capital**

The composition of the Company's share capital at 31 December 2015 and 2014 is as follows:

Name of shareholders	31 December 2015		31 December 2014	
	Share (%)	Share Amount	Share (%)	Share Amount
Cigna Nederland Gamma B.V	51	22,950,000	51	22,950,000
Finansbank A.Ş.	49	22,050,000	49	22,050,000
<b>Total</b>	<b>100</b>	<b>45,000,000</b>	<b>100</b>	<b>45,000,000</b>

As of 31 December 2015 no privileges are granted to the preference shares representing the share capital. (31 December 2014: None).

The Company is not subject to the registered share capital system.

Other information about Company's share capital is explained in Note 15.

**2.14 Insurance and investment contracts - classification**

The insurance contracts are those contracts that transfer insurance risk. The insurance contracts protect the insured against the adverse economic consequences of loss event under the terms and conditions stipulated in the insurance policy.

In accordance with IFRS 4, insurance agreement is defined as an agreement that one side(insurer) takes the other side(insured)'s risk over and the insurer accept paying insured's claim in case of a claim which is indefinite in the future (subject matter of insurance) affects the insured adversely.

As of balance sheet date, the Company does not have any investment contract (31 December 2014: None).

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**2. Summary of Significant Accounting Policies (Continued)**

**2.14 Insurance and investment contracts - classification (Continued)**

The main contracts produced by the Company are personal accident insurance, life insurance, reinsurance agreements and private pension agreements as explained below:

**i) Risk Policies:**

**Annual life insurance contract**

Annual life insurance provides one year guarantee for the risks that the policyholder can be faced with. This insurance covers all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability and critical disease during the policy term. Annual life insurance policies cover risks, it does not include savings and does not include right of surrender and policy loans. It can be sold as a group or individual. The age limit is between 18 and 65, premium amount changes according to the risk assessment based on age, sex and health.

**Credit life insurance**

Credit life insurance provides guarantee throughout the credit term against such as death or disability. If any claim occurs within the credit term, the credit debt is covered by credit life insurance. Coverage generally includes only death risk. These products are risk based policies that do not include saving. The age limit is between 18 and 70 and premium amount changes according to the risk assessment based on age, sex and health.

**Personal accident insurance**

Personal accident insurance provides guarantee against risks arising as a result of accidents. It provides accidental death coverage along with the additional coverage such as accidental disability, unemployment or temporary disability and medical expenses.

**ii) Private Pension Operations:**

As of 31 December 2015 and 2014 there are 9 Pension Mutual Funds that the Company established.

Private pension system receivables mainly consist of capital advances made to pension funds, fund management fee receivables from pension funds, and receivables from participants and the custodian company. In the "fund operating deductions receivables from funds" account; the Company keeps funds operating expense deductions receivables deriving from funds management that could not be collected on the same day. Receivables based on funds from the custodian company on behalf of participants are kept in "receivables from Custodian Company" account. At the same time, this amount is disclosed in private pension system payables account as "payables to participants for sold funds".

Payables from individual business consist of payables to participants, participants temporary accounts, purchase order accounts and liabilities to intermediaries. Payables to participants account contains contribution amount that is directed to investment on behalf of private pension owners and total income generated from these investments. This account implies the total debt in the related balance sheet period to private pension owners. The temporary account of participants includes the contributions of participants that have not yet been transferred to the investment. This account also includes the entrance fee deducted portion of the participants' fund amounts, resulting from the fund share upon the participant's leaving the system or transferring funds to other individual pension companies. Payables to individual pension agencies comprise the Company's liabilities to individual pension agencies in return of their services. . Liabilities to intermediaries of individual pension account represents the Company's liability consist against to services provided to agencies and organizations that intermediates the Company's production of individual pension contract.

Government contribution is regulated according to "Regulation on Government Contribution to Private Pension System" that is published in Official Gazette numbered of 28512 and dated

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**2. Summary of Significant Accounting Policies (Continued)**

**ii) Private Pension Operations (Continued):**

29 December 2012 and valid since 1 January 2013. By this system, in order to encourage "Private Pension System" government contribute proportionately Turkish Citizens, who attended to private pension system (except citizens attended their employers pension plan). This payment is deposited to the private pension accounts of the attendees by government. Government Contribution is 25% of the monthly paid amount by the attendee and annual contribution amount is not going to exceed 25% of the gross annual subsistence wage. Turkish Citizens, who attended personal or group private pension system can benefit from government contribution without seeking of being a taxpayer. Government Contribution is paid within maximum limit. Additional payments, contributions and beginning contributions also benefit from government contributions. Private Pension System Attendee gain right to obtain Government Contribution after breakdown of the pension contract due to retirement, death, disability or discharge.

Fund management charge, which is taken in return for the management and representation of funds and hardware, personnel and accounting services devoted to funds, is recorded as income in the Company's accounts and is shared between the Company and the portfolio management company according to the ratios in the agreement or as a fixed expense. The total charge is recorded to the Company's technical income as fund management charge and the charge which belongs to the fund manager is recorded in the Company's technical expense as balance paid in return for fund management.

Part of entry fees received in cash should not exceed ten percent of the monthly gross minimum wage in signed or approved date of proposal. Total of entry fees received in cash and deferred which is the monthly gross minimum wage in signed or approved at date of proposal; should not exceed seventy five percent as attendee leaves the company within three years since agreement become valid, fifty percent as attendee leaves the company six years ago but fills three years since agreements have entered into force, twenty five percent as attendee leaves the company ten years ago but fills six years since agreements have entered into force.

Expense deductions, not exceeding 2% and compatible with the conditions of the contract, made from contributions to participants' pension funds account, and are followed under the "Management Fee" account. "The Law on Making Amendments on Private Pension Savings and Investment System Law" that is published in Official Gazette dated 29 June 2012 and numbered 28338 states that the amount corresponding to 25% of the contributions paid by the individuals will be transferred to the government contributions account in accordance with Additional Article 1.

Government contributions is regulated according to "Regulation on Government Contribution to Private Pension System" that is published in Official Gazette numbered of 28512 and dated 29 December 2012.

"Regulation on Amending the Regulation on Individual Pension System" which was published in the Official Gazette numbered 29366 dated 25 May 2015 is effective from 1 January 2016. The definition of mandatory expenditures and funds for irregular payments are determined by this regulation and the portfolio management fee can be expressed through the accumulation of the participants with contributions paid to pension accounts, the cuts also additional administrative expenses from the participants during the accumulation period breaks can be taken in case of interruption of payments is specified. The limitations on deductions based on active years of contract in the system was introduced.

**iii) Reinsurance agreements:**

Reinsurance agreements are the agreements that agreed by the Company and Reinsurance Company for the loss which may occur in one or more insurance agreements signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.



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**2. Summary of Significant Accounting Policies (Continued)**

**iii) Reinsurance agreements (Continued):**

As of 31 December 2015 and 2014 the Company makes Catastrophic Excess of Loss Reinsurance Treaty in order to preserve its conservation as a result of the events causing massive deaths such as terrorist attacks, public transportation vehicle accidents, and big natural disasters such as earthquake, flood and storm in the life and personal accident branches. When determining this reinsurance preservation, the Company is taking the likely catastrophic scenarios and the geographic distribution of the existing and prospective policyholders into consideration. There are excess insurance treaties which is a type of reinsurance denotes that the amount exceeding the conservation amount up to a determined portion is under the reinsurer's responsibility.

Company has Quota share, surplus, catastrophic excess of loss reinsurance agreements for life and accident branches. In addition to that company make facultative reinsurance agreements from international reinsurance market for treaty agreements, which exceed treaty limit.

In the risk factor life insurance tariffs, every year, as a result of the actuary calculations, an amount that does not exceed the maximum conservation amount determined for the death and supplementary coverage, is kept on the company and the amount exceeding this portion is transferred to the collaborating reinsurance companies via proportional reinsurance treaties (surplus and quota-share reinsurance treaties). In addition to this, the conservation amount of the Company on the coverages which has been recently put into effect such as hazardous diseases and has a relatively ambiguous results, is rather limited.

By proportional reinsurance agreements, Münchener Rückversicherungs-AG (Munich Re), which has headquarter in Munich, is the key reinsurance company. Milli Reasürans T.A.Ş. (Milli Re) is the second largest reinsurance company in order to amount of reinsurance deals.

Cigna Finans Emeklilik ve Hayat A.Ş. and Cigna Global Reinsurance Company, which is subsidiary of the Cigna Corporation, which is main partner of the Cigna Finans Emeklilik ve Hayat A.Ş., have catastrophic excess of loss reinsurance agreement. Cigna Global Reinsurance Company is contained within Cigna Global Holdings that is affiliated to Cigna Corporation.

**2.15 Insurance contracts and investment contracts with discretionary participation feature**

Cash generated from insurance agreements are shown in financial tables in Note 17.

**2.16 Investment contracts without discretionary participation feature**

None (31 December 2014: None).

**2.17 Borrowings**

None (31 December 2014: None).

**2.18 Taxes on income**

**Corporate Tax**

Corporate tax is payable at a rate of 20% for the year 2015 (2014 20%) on the total income of the Company and its Subsidiaries registered in Turkey after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

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**2. Summary of Significant Accounting Policies (Continued)**

**Corporate Tax (Continued)**

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance Tax is declared by 14th day of the second month following and payable by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 75% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as prestated in corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

There is no such application for the reconciliation of payable taxes with the tax authority in Turkey. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

In addition, in tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TEFE increase rate). Since the conditions in question were not fulfilled in both in 2015 and 2014, no inflation adjustments were performed (Note 35).

**Deferred Tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized (Note 21).

**2.19 Employee benefits**

The Company accounts for its liability related to employment termination and vacation benefits according to "Turkish Accounting Standards Regarding Employee Benefits" ("IAS 19") and classifies in balance sheet under the account "Provision of Employment Termination Benefits".

According to the Turkish Labour Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labour Law by considering determined actuarial estimates.

As a result of the revision in the IAS 19 which is effective for annual periods starting on or after 1 January 2013, actuarial gain and loss that occurs from calculation regarding the liability of employee benefits shall be directly accounted for under equity. In this context, the service and interest costs are recognized in the statement of income whereas the actuarial gains and losses are recognized in "Other Profit Reserves" under shareholders' equity (Note 15 and 22).

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**2. Summary of Significant Accounting Policies (Continued)**

**2.20 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation 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. Provision amounts are estimated over expenditures expected to be required to settle the obligation at the balance sheet date by considering the risks and uncertainties related to the obligation. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to the present value of the related cash outflows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements (Note 23).

**2.21 Accounting for revenues**

*Written Premiums*

Written premiums represent premiums on policies written during the year, net of cancellations and tax. In life and personal accident branches accrual of the premium income occur after under-writing of the policy. In accordance with the customer demand, cash or installment payment is accepted by the company. Company does not have permanent life insurance policy for the related period.

*Interest Income*

Interest income is recognized by using the effective interest rate method on an accrual basis.

*Subscription Revenues*

Disclosed under Notes 2.14 and 25.

*Total Fund Expenditure Deduction*

Total deduction rates, which is valid since 1 January 2013, on private pension funds are predetermined according to private pension system circular numbered 28462 and according to fund types.

*Management Fee*

By this account, management fee, which is maximum 2% and taken from individual pension accounts of attendees, are booked.

**2.22 Leases**

The Company has no financial Assets acquired through finance lease as of 31 December 2015 (31 December 2014: None).

Leases, in which lessor has the possession of all risk and benefits of the leased assets are classified as operational leasing. The operating lease payments accounted as expenses during the lease term in the income statement.

**2.23 Dividend distribution**

Dividend payables are reflected to the financial statements as liability in the period in which they are declared as an element of profit distribution. As specified on the articles of association of the Company, the remaining amount after legal reserves, which is mandatory in accordance with TTC article 519, reserved from earnings after taxes which is calculated in accordance with Turkey Accounting Standards and the targeted capital level (except changes in accordance with Article 6) which is decided by the shareholders of Group A1 and Group B1 together on the annual business plan is distributable profit.

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**2. Summary of Significant Accounting Policies (Continued)**

**2.23 Dividend distribution (Continued)**

Each year 100% of distributable profit is distributed. Opposite of this decision can be taken with the agreement of 100% of the shareholders. 100% of the distributable profit is distributed to shareholders of Group A1 and Group B1 in accordance with the decision of Board of Directors meeting. The Clause of article No 509 of Turkish Code of Commerce is reserved.

**2.24 Technical provisions**

*Mathematical Reserves*

Companies that operate in life and non-life branches make sufficient provisions according to the actuarial basis for the benefit of beneficiary and policy owner, who have life, health or personal accident policy. In addition to life insurances that are longer than one year, in case of entitling disablement as a result of to the personal accident, health and giving assurance as a result of dangerous illnesses; value of the life insurance also contains additional assurances that calculated according to actuarial basis, mathematical reserves. In case of mathematical reserves that are committed, with actuarial mathematical reserve, for different policies and calculated according to technical elements on the tariff, these reserves consist of income that is generated from the profit share of the insured that contains cash that utilized in investments.

The mathematical reserves consists of actuarial mathematical reserves, which is convenient with the technical principles of the tariff, is calculated separately for each effective tariff. The company have actuarial mathematical reserve of TL74,278,251 (31 December 2014: TL63,705,054) for life branch and have actuarial mathematical reserve of TL1,416,564 for long term personal accident insurance policies, which is effective from May 2015, as of 31 December 2015. These provision has classified as "Mathematical Provisions" in the balance sheet and as "Change in the Mathematical Provisions" in the income statement. (Note 17.15).

*Unearned Premium Reserve*

The company must make unearned premium provision for any contracts except for mathematical reserves of insurance contracts. Unearned premium provision is also made for the annually renewed and corresponding to annual insurance coverage of long-term insurance contracts including one year insurance coverage premiums. Death, life, and both covered by both death given in addition to these guarantees and collateral depends on the possibilities of life as well as accident, disability due to illness, medical expenses due to accident, unemployment, daily hospital benefits due to accident or illness, temporary disability, death by accident, accidental death in public transportation and the contacts that is given assurance as dangerous diseases are considered as life insurance contract and their premiums are accepted as life insurance premiums. In case of annual additional assurances are given with life insurance contracts as a package, these assurances are assessed separately from the life insurances which are given together.

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premium written. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. According to "Regulation on Technical Reserves", unearned premium reserves and the reinsurers' share of the unearned premium reserves of policies written are calculated and accounted as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other expenses, on an accrual and on a gross basis (Note 17.15).

*Deferred Commission Expenses and Deferred Commission Incomes*

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred expenses and deferred commission income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement (Note 17.15).

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**2. Summary of Significant Accounting Policies (Continued)**

**2.24 Technical provisions (Continued)**

*Unexpired Risks Reserve*

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums. If the loss ratio calculated for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share. The Company has not recorded any amount for net unexpired risk reserve since none of the branches exceed the loss ratio of 95% as of 31 December 2015 and 2014 calculations.

*Outstanding Claims Provision*

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims.

For the compensation amounts incurred but not reported, effective from 1 January 2015 and numbered 2010/14 "Regarding life branch incurred but not reported outstanding claims provision calculation Circular" and in the framework related regulation, Company should reserve additional outstanding claim provision for incurred but not reported claims as of 5 December 2014.

In accordance with circular numbered 2014/16, in the last five or more than five years, additional provision for outstanding claims for life branch should be calculated by considering the weighted average that is determined by dividing the compensation amount, which occurred before the accounting period but reported in subsequent periods, to the average assurance amounts for subjected years. Bornhuetter-Ferguson Calculation Method, which is approved by company's actuary and also approved in Circular numbered 2014/16 by Turkish Prime Ministry Undersecretariat Treasury is used for death and unemployment deposit. In this context, the company calculated net TL7,020,274 of incurred but not reported outstanding claims provision for life branch but according to the gradual transition principles in Circular numbered 2015/28 Company make TL4,373,862 net provision. The method used for disability coverage calculations as of 31 December 2015 was used IBNR account for all guarantees as of 31 December 2014. (31 December 2014: net IBNR amount of life branch: TL3,234,037) (Note 17.15).

The Company began the personal accident branch activity in January 2008, but lack of occurred damage data, incurred but not reported outstanding claims provision is calculated in accordance with sector average. Company accounted for provision for net incurred but not reported claims amounting to TL2,823,174 as of 31 December 2015 (31 December 2014: TL1,572,052) (Note 17.15).

Changes in amendment effective with Circular numbered 2014/16 have net effect of TL1,141,122 on the Company's incurred but not reported outstanding claims as of 31 December 2015.

In accordance with Technical Provisions Regulations, Company should prepare outstanding provision sufficiency table, which have specified format determined by Undersecretariat, at the end of every accounting period according to the gross amount of the new started branches and for the branches, that Company actuary calculates outstanding claim provision in order to calculate the sufficiency for compensation provision as a result of the insufficient damage data. As of 31 December 2015, there are not any additional provision that is caused by outstanding claim sufficiency test (31 December 2014: None).

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**2. Summary of Significant Accounting Policies (Continued)**

*Outstanding Claims Provision (Continued)*

In accordance with "The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), insurance companies are allowed to calculate a winning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated winning ratio as of 31 December 2015. The company has made reductions for the first time in the amount of the provision for outstanding claims by using the 15% ratio according to Circular numbered 2011/23, as a result of lack of completed case with all stages and/or being won in last five-years as of 31 December 2015. These calculations were based on the gross amount and reinsurance share of discount is calculated in accordance with reinsurance share of outstanding claims in lawsuit as of 31 December 2015. Net discount from accrued provision for outstanding claims as calculated by the winning ratio in life branch is TL1,175,872 as of 31 December 2015. (31 December 2014: None) (Note 17.15).

*Provision for Discount and Premium*

According to "Regulation on Technical Reserves", insurance companies that put premium and discount into practice have to account provision for premiums and discounts for insured and beneficiary according to current year technical results. The Company does not have any provision for discount and premium as of 31 December 2015 (31 December 2014: None).

*Equalisation Reserve*

In accordance with the Regulation on Technical Reserves insurance companies are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods. Based on the explanation numbered 2009/9 regarding "Application of Regulation on the Technical Reserves" the life and pension companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage in life and accident branches. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. The Company accounted net equalization reserve for life and personal accident branch amounting to TL9,630,400 and TL101,781 as of 31 December 2015 (31 December 2014: for life branch TL7,624,307) (Note 17).

**2.25 Currency**

The Company uses functional currency as Turkish Lira ("TL"). Amounts on financial statements and notes has expressed in Turkish Lira ("TL") unless otherwise indicated.

**2.26 Rounded Amounts on Financial Statements**

TL Amounts on financial statements and notes has rounded to most approximate TL amount unless otherwise indicated.

**2.27 Related Parties**

- a) An individual or a family member of this individual are approved to be related with the Company in cases of listed below:
- If the individual has management or common management right or controls over Company,
  - If the individual has significant influence on the Company,
  - If the individual is a member in board of directors.

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**2. Summary of Significant Accounting Policies (Continued)**

**2.27 Related Parties (Continued)**

- b) An entity is approved to be related with the Company in cases of listed below:
- If the entity and the Company are in the same group,
  - If the Company are subsidiary or joint venture of this entity (or another entity which is in same group with the entity),
  - If the entity and the Company are joint venture of same third part entity,
  - If the entity are joint venture of a third part entity and the Company are subsidiary of the same third part entity,
  - If Company, or related party of this company have benefit plan for their employees( Sponsor employers are also related to Company)
  - If the entity is controlled or controlled in common by an individual identified in article (a),
  - If an individual identified in article (a) paragraph (i) has an effect on the entity or there is a member of the key management personnel of the relevant entity(or parent of this entity),

Transactions of sources, services or liabilities between related parties, regardless of its amount are called related party transactions.

**2.28 Subsequent events**

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

**2.29 Convenience translation into English**

The effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the financial statements. Accordingly, the financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

**3. Critical Accounting Estimates and Judgments**

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates for the Company. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

Estimations and underlying assumptions of the estimations is consistently overviewed. Updates of the accounting estimation are taken in to records in the current and following period that effected by updating.

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**3. Critical Accounting Estimates and Judgments (Continued)**

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4.1 - Insurance risk management
- Note 4.2 - Financial risk management
- Note 10 - Reinsurance assets and liabilities
- Note11 - Financial assets
- Note12 - Loans and receivables
- Note21 - Deferred taxes
- Note 42 - Risks

**4. Management of Insurance and Financial Risk**

**4.1 Insurance risk management**

Insurance risk, the risk under any contract is the possibility that insured event occurs and the uncertainty of the amount of resulting claim.

In terms risks of companies that carry out their operations on life insurance, the most important risks which for insurance agreements are mortality, investment and reinsurance risks. The Company is established additional various committees to related administrative segments and proceed internal control methods to minimize operational risks.

In concern with risks management arising from giving insurance guarantee, the Company determined risk assessment procedure, which is proper to agreed risk assessment conditions with contracted reinsurer and guarantee demands of the targeted insured segments. As part of reinsurance program bases that agreed with contracted reinsurer, the Company accepts or rejects insurance risks that substandard in accordance its risk assessment measurements, transferred risks that are above of a certain price as contracted or arbitrary to reinsurer companies.

Risk acceptance regulations is prepared to create effective risk assessment policy related to Company's insurance risks and risk assessment operations is performed in this context. Risk Assessment Committee is established to carry on effective insurance risk assessment study.

After realization of biotic risks that guaranteed by the Company, paying valid insurance reimbursement demands that assessment and paying appointed reimbursement to rights-holders within the shortest time is adopted by the Company.

The Company does not have any guaranteed dividend liabilities in the period, since there are not any life insurance agreement arising from saving life insurance branch.

There are various reasons for the insurance risk sensitivity. The Company manage these risks with effective risk assessment policy and proper reinsurance agreements besides reimbursement payment process.

The main goal of the risk evaluation is creating profitable business volume and developing this business volume in accordance with actuarial principles. Giving careful decisions by risk selection process and avoiding to give wrong decisions and practices is needed to achieve this goal. The most important risk to person who apply to the Company to take out a policy could be defined as realization of the incurred reimbursement is higher than expected reimbursement. In addition, protecting life insurance companies against people that in a risky situation for life insurance and malicious injured is important. Risk assessment is a self-protection operation for the Company and against possible reimbursements payments to person, whose life is under risks. Although, probability of realization of this risky situation is low in total portfolio, amount of the reimbursement could be paid is essential for the Company's financial status and occasionally it is not possible to determine these risks.



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**4. Management of Insurance and Financial Risk (Continued)**

**4.1 Insurance risk management (Continued)**

Purpose of the insurance risk operation can be collected under three main topic:

- (a) For the person that exposed to normal risks, bringing the risk premium rate to a reasonable level,
- (b) Pricing an insurance product; benefiting from mortality value that constituted for normal and out of standard risk levels,
- (c) Avoiding price disparity between normal and out of standard risk levels,

The company's insurance risk assessment policy based on production strategy and distribution of risk in accordance with its type, size and geographical region. Risk assessment limits of the Risk Acceptance Regulation are reviewed in accordance with company needs and changing life insurance portfolio structure and also it has been paid attention to choose the right risk.

Insurance risk assessment tools that are accepted in the world and applied in the international area have been used in the company's risk assessment process. In the assessment of medical, personal and financial technical risks, controls are made according to the internet based insurance risk assessment tool called Munich Re's MIRA (Munich Re Internet Risk Assessor), the leading reinsurance company in the reinsurance program, and numerical risk rating results that are obtained from this program are used by the company.

**4.2 Financial risk management**

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	31 December 2015	31 December 2014
Life	34,884,598,342	31,089,420,390
Personal accident	15,248,963,193	8,330,027,231
<b>Total</b>	<b>50,133,561,535</b>	<b>39,419,447,621</b>

Risks that the Company exposed related to pricing policies is as follows:

**Mortality Risk:**

The Company is subject to mortality risk if the actual death claims are higher than expected death rates in the mortality tables used in pricing the policies. The Company uses the appropriate mortality table for each product. In addition, the tariffs are updated according to the loss ratio of each product.

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments. Risk management is carried out by management under policies approved by the Board of Directors.

**(a) Market risk**

**i. Cash flow, market interest rate and price risk**

The Company is exposed to interest rate risk arising from financial assets and liabilities that have variable interest rate.

As of 31 December 2015, the Company has no financial asset that have variable interest rate (31 December 2014: None).

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**4. Management of Insurance and Financial Risk (Continued)**

**4.2 Financial risk management (Continued)**

**ii. Foreign currency risk**

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated receivables and payables. This risks are followed by analyzing foreign exchange position and restricted.

As of 31 December 2015, if US Dollar was increased/decreased by %10 against TL and all other variables held constant, profit before tax as a results of exchange difference gain/loss arising from US Dollar currency denominated receivables and payables would be lower/higher by TL22,078 (31 December 2014: TL42,132 higher/lower).

As of 31 December 2015 the company has no debt denominated Euro. If Euro was increased/decreased by %10 against TL and all other variables held constant, profit before tax as a results of exchange difference gain/loss arising from Euro currency denominated receivables and payables would be lower/higher by TL2,993.

Debts denominated in foreign currencies are as follows:

**31 December 2015**

Foreign Currency	Amount	Exchange Rate	TL Amount
US Dollar	75,931	2.9076	220,778
<b>Total</b>			<b>220,778</b>

**31 December 2014**

Foreign Currency	Amount	Exchange Rate	TL Amount
US Dollar	185,689	2.3189	430,594
Euro	10,610	2.8207	29,928
<b>Total</b>			<b>460,522</b>

The company's foreign currency debt includes debt due to related companies and suppliers, including reinsurance, and support services.

Receivables denominated in foreign currencies are as follows:

The Company has no receivables from foreign currencies as of 31 December 2015

**31 December 2014**

Foreign Currency	Amount	Exchange Rate	TL Amount
US Dollar	4,000	2.3189	9,276
<b>Total</b>			<b>9,276</b>

The company's foreign currency receivables consist of demand deposits and foreign currency deposits.

**iii. Price risk**

The Company's financial assets expose the Company to price risk. The Company is not exposed to commodity price risk. Price risks of the government bond, investment fund and pension mutual fund that the Company is exposed in reporting date are determined.

The company does not have any government bonds as of 31 December, 2015. As of 31 December 2014, if market price of government bonds were increased/decreased by 5%, Company profit before tax will be lower/higher by TL2,135,566.

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**4. Management of Insurance and Financial Risk (Continued)**

**iii. Price risk (Continued)**

The company does not have mutual funds as of 31 December 2015. As of 31 December 2014, if market price of mutual funds were increased/decreased by 5%, Company profit before tax will be lower/higher by TL23,400.

As of 31 December 2015, the company does not have any retirement fund (31 December 2014: the company does not have any retirement fund).

**(b) Credit risk**

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company's exposure to credit risk arises mainly from cash and cash equivalents and bank deposits, financial assets, reinsurers' share of insurance liabilities, due from reinsurers and premium receivables from policyholders and intermediaries. The Company management deems these risks as total credit risk to the counterparty.

The Company follows and monitors the credit risk of financial assets classified as loans and receivables and receivables from insurance operations (including reinsurance receivables) by guarantees received and procedures applied for the selection of the counterparties. Other explanations in relation to these receivables are disclosed in Note 12.

The Company's financial assets which are subject to credit risk, except for loans and receivables, generally consist of government bonds and time and demand deposits held in banks and other financial institutions in Turkey; and such receivables are not deemed to have a high credit risk.

**(c) Liquidity risk**

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such liabilities.

The company proposes to over its liabilities indicated below, with its financial assets and with its cash and cash equivalents placed under its assets. The term analysis of the assets and liabilities of the Company as of 31 December 2015 and 2014 is as shown.

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**4. Management of Insurance and Financial Risk (Continued)**

31 December 2015	No Maturity	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Unallocated	Total
<b>Assets</b>								
Cash and Cash Equivalents	2,722,690	58,579,379	125,328,345	11,948,052	-	-	-	198,578,466
Financial Assets	-	-	-	-	-	-	-	-
Receivables from Main Operations	-	12,599,272	8,833,197	16,517,965	-	-	579,308,848	617,259,282
Due from Related Parties	-	3,000	-	-	-	-	-	3,000
Prepaid Expenses and Income Accruals	-	403,070	1,572,616	22,268,563	-	-	-	24,244,249
Other Current Assets	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	18,626	-	535,935	554,561
Financial Assets	-	-	-	-	-	-	362,019	362,019
Tangible Assets	-	-	-	-	-	-	7,663,430	7,663,430
Intangible Assets	-	-	-	-	-	-	7,116,319	7,116,319
Prepaid Expenses and Income Accruals	-	-	-	-	2,693	-	-	2,693
Other Non-current Assets	-	-	-	466,296	288,170	-	1,961,317	2,715,783
<b>Total</b>	<b>2,722,690</b>	<b>71,584,721</b>	<b>135,734,158</b>	<b>51,200,876</b>	<b>309,489</b>	<b>-</b>	<b>596,947,868</b>	<b>858,499,802</b>
<b>Liabilities</b>								
Payables from Main Operations	-	18,800,228	2,573,964	4,859,664	-	-	572,631,998	598,865,854
Due to Related Parties	-	314,598	228,168	-	-	-	-	542,766
Other Payables	-	2,250,010	-	-	-	-	-	2,250,010
Insurance Technical Provisions	-	312,721	2,623,648	66,588,784	60,800,383	10,006,551	36,922,327	177,254,414
Taxes, and Other Liabilities, and Provision	-	2,032,892	-	815,627	-	-	-	2,848,519
Deferred Income and Expense Accruals	-	498,516	7,540	409,646	137,611	28,151	-	1,081,464
Other Current Liabilities	-	-	-	2,331,479	892,286	-	543,828	3,767,593
Provisions for Other Risks	-	-	-	-	-	-	1,951,992	1,951,992
Shareholders' Equity	-	-	-	-	-	-	69,937,190	69,937,190
<b>Total</b>	<b>-</b>	<b>24,208,965</b>	<b>5,433,320</b>	<b>75,005,200</b>	<b>61,830,280</b>	<b>10,034,702</b>	<b>681,987,335</b>	<b>858,499,802</b>
<b>Net Position</b>	<b>2,722,690</b>	<b>47,375,756</b>	<b>130,300,838</b>	<b>(23,804,324)</b>	<b>(61,520,791)</b>	<b>(10,034,702)</b>	<b>(85,039,467)</b>	<b>-</b>

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**4. Management of Insurance and Financial Risk (Continued)**

31 December 2014	No Maturity	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and over	Unallocated	Total
<b>Assets</b>								
Cash and Cash Equivalents	2,307,130	53,666,943	91,674,097	-	-	-	-	147,648,170
Financial Assets	-	-	-	-	10,172,600	32,538,712	468,000	43,179,312
Receivables from Main Operations	-	11,236,998	7,166,043	14,149,889	-	-	479,758,031	512,310,961
Due from Related Parties	-	234,973	-	-	-	-	-	234,973
Prepaid Income and Expense Accruals	-	111,066	753,306	18,393,975	-	-	-	19,258,347
Other Current Assets	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	38,214	-	536,203	574,417
Financial Assets	-	-	-	-	-	-	362,019	362,019
Tangible Assets	-	-	-	-	-	-	1,943,947	1,943,947
Intangible Assets	-	-	-	-	-	-	3,444,213	3,444,213
Other Non-current Assets	-	-	-	380,000	366,256	-	1,819,282	2,565,538
<b>Total</b>	<b>2,307,130</b>	<b>65,249,980</b>	<b>99,593,446</b>	<b>32,923,864</b>	<b>10,577,070</b>	<b>32,538,712</b>	<b>488,331,695</b>	<b>731,521,897</b>
<b>Liabilities</b>								
Payables from Main Operations	-	17,388,552	1,054,705	4,064,982	-	-	475,310,296	497,818,535
Due to Related Parties	-	548,066	118,889	-	-	-	-	666,955
Other Payables	-	1,242,211	-	-	-	-	-	1,242,211
Insurance Technical Provisions	-	250,104	2,182,443	54,707,195	50,623,706	9,235,334	27,260,833	144,259,615
Taxes, and Other Liabilities, and Provision	-	1,857,655	-	1,232,550	-	-	-	3,090,205
Deferred Income and Expense Accruals	-	299,726	4,688	92,368	39,946	14,414	-	451,142
Other Current Assets	-	-	-	1,900,000	719,573	-	589,587	3,209,160
Provisions for Other Risks	-	-	-	-	-	-	1,472,102	1,472,102
Shareholders' Equity	-	-	-	-	-	-	79,311,972	79,311,972
<b>Total</b>	<b>-</b>	<b>21,586,314</b>	<b>3,360,725</b>	<b>61,997,094</b>	<b>51,383,225</b>	<b>9,249,748</b>	<b>583,944,791</b>	<b>731,521,897</b>
<b>Net Position</b>	<b>2,307,130</b>	<b>43,663,666</b>	<b>96,232,721</b>	<b>(29,073,230)</b>	<b>(40,806,155)</b>	<b>23,288,964</b>	<b>(95,613,096)</b>	<b>-</b>

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**4. Management of Insurance and Financial Risk (Continued)**

*Fair value of the financial assets*

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

*Financial assets*

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate carrying values. The fair values of cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature. The carrying value of receivables from main operations along with related provision for overdue receivables is considered to approximate respective fair values. The cost of the financial assets that are not quoted in an active market, less impairment if any, are considered to approximate carrying value.

*Financial liabilities*

The fair values of liabilities from main operations and other financial liabilities are considered to approximate to their respective carrying values.

*Hierarchy of Fair Value*

The Company evaluates its financial assets which are accounted with its fair values on 3 different levels by valuation methods.

Level 1: Quotation prices on active markets of the identical assets and liabilities which the Company can reach on the evaluating date (unrevised prices),

Level 2: The data except the quotation prices on Level 1, observable directly or indirectly relating to the asset or liability,

Level 3: Unobservable data relating to the asset or liability.

The Company evaluates its marketable securities in the tradebook which its fair value is accounted in the income statement as Level 1 and its equity instruments in available for sale financial assets as Level 3. The company does not have any financial asset or liability which enters to Level 3 and exits from Level 3 or transfers to other levels.

*Capital management*

The Company's objectives when managing the capital are:

- To comply with the capital requirements of the Treasury,
- To safeguard the Company's ability to continue as a going concern so that it can continue the operations.

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**4. Management of Insurance and Financial Risk (Continued)**

*Capital management (Continued)*

The minimum required shareholders' equity amount calculated as of 31 December 2015 within the framework of the related regulations on capital adequacy is TL41,008,018 (31 December 2014: TL 32,994,516). The Company shareholder's equity amount is TL 38,661,353 (31 December 2014: TL 53,941,764) higher than the required minimum of shareholder amount. The detailed calculations of the Company related to Capital Adequacy as of 31 December 2015 and 2014 is as shown below:

	31 December 2015	31 December 2014
<b>1st Method</b>		
Equity Required for Life Branch	27,975,484	25,857,073
Equity Required for Pension Branch	2,852,709	2,994,944
Equity Required for Non-Life Branches	6,430,357	1,709,270
<b>Total Required Equity</b>	<b>37,258,550</b>	<b>30,561,287</b>
<b>2nd Method</b>		
Equity Required for Active Risk	24,535,033	18,412,413
Equity Required for Underwriting Risk	12,569,266	10,189,506
Equity Required for Excess Premium Increase	2,031,504	3,680,770
Equity Required for Outstanding Claims Reserve	1,285,976	490,913
Equity Required for Reinsurance Risk	569,681	187,766
Equity Required for Currency Risk	16,558	33,148
<b>Total Required Equity</b>	<b>41,008,018</b>	<b>32,994,516</b>
Capital Sum (*)	79,669,371	86,936,279
<b>Capital Adequacy Result</b>	<b>38,661,353</b>	<b>53,941,763</b>

(\*) Equalization provision amount was added to the equity.

"Communiqué on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Individual Pension Companies" has published on the Official Gazette dated 23 August 2015 and numbered 29454. On 3<sup>rd</sup> paragraph of 8<sup>th</sup> article of "Communiqué on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Individual Pension Companies" dated 19 January 2008 and numbered 26761 issued by Treasury, which is edited reinsurance risk according to second method is effective from 1 January 2016, other articles are effective from 23 August 2015. The Company do not expect any significant change in the calculations in accordance with the new regulation.

**5. Segment Information**

Disclosed in Note 2.3.

**6. Property and Equipment**

**6.1 Depreciation and amortization expenses for the period:** TL4,810,051 (1 January - 31 December 2014: TL3,222,655).

6.1.1 Depreciation expense: TL1,669,494 (1 January - 31 December 2014: TL899,336).

6.1.2 Amortization expenses: TL3,140,557 (1 January - 31 December 2014: TL2,323,319).

**6.2 Changes in depreciation calculation methods and effect of such changes on depreciation expenses for the year:** None.

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**6. Property and Equipment (Continued)**

**6.3 Movements of property and equipment in the current period:**

6.3.1 Cost of property and equipment purchased: TL7,645,793 (1 January - 31 December 2014: TL610,288).

6.3.2 Cost of property and equipment sold or used as scrap: TL1,386,380 (1 January - 31 December 2014: TL8,426).

6.3.3 Revaluation increases in the current period

6.3.3.1 Cost of fixed assets (+): None (1 January - 31 December 2014: None).

6.3.3.2 Accumulated depreciation (-): None (1 January - 31 December 2014: None).

*Movement table of tangible assets:*

	1 January 2015	Additions	Disposals	31 December 2015
<b>Cost:</b>				
Machinery and equipment	4,081,358	3,043,949	(1,237,021)	5,888,286
Leasehold improvements	1,510,362	4,601,844	(149,359)	5,962,847
<b>Total Cost</b>	<b>5,591,720</b>	<b>7,645,793</b>	<b>(1,386,380)</b>	<b>11,851,133</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(2,473,106)	(911,305)	1,022,778	(2,361,633)
Leasehold improvements	(1,174,667)	(758,189)	106,786	(1,826,070)
<b>Total accumulated depreciation</b>	<b>(3,647,773)</b>	<b>(1,669,494)</b>	<b>1,129,564</b>	<b>(4,187,703)</b>
<b>Net book value</b>	<b>1,943,947</b>			<b>7,663,430</b>
	1 January 2014	Additions	Disposals	31 December 2014
<b>Cost:</b>				
Machinery and equipment	3,541,164	548,620	(8,426)	4,081,358
Leasehold improvements	1,440,268	70,094	-	1,510,362
<b>Total cost</b>	<b>4,981,432</b>	<b>610,288</b>	<b>(8,426)</b>	<b>5,591,720</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(1,845,854)	(630,024)	2,772	(2,473,106)
Leasehold improvements	(905,355)	(269,312)	-	(1,174,667)
<b>Total accumulated depreciation</b>	<b>(2,751,209)</b>	<b>(899,336)</b>	<b>2,772</b>	<b>(3,647,773)</b>
<b>Net book value</b>	<b>2,230,223</b>			<b>1,943,947</b>

As of 31 December 2015 and 2014 the Company does not have any tangible asset arising from financial leasing.

As of 31 December 2015 and 2014 there are no mortgage on the tangible assets of the Company.

**7. Investment Properties**

The Company has no investment property as of 31 December 2015 (31 December 2014: None).

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**8. Intangible Assets**

	2015	1 January Additions	Disposals	31 December 2015
<b>Cost:</b>				
Rights	10,550,714	6,812,663	(1,719)	17,361,658
<b>Accumulated depreciation:</b>				
Rights	(7,106,501)	(3,140,557)	1,719	(10,245,339)
<b>Net book value</b>	<b>3,444,213</b>			<b>7,116,319</b>
	2014	1 January Additions	Disposals	31 December 2014
<b>Cost:</b>				
Rights	8,360,682	2,190,912	-	10,550,714
<b>Accumulated depreciation:</b>				
Rights	(4,783,182)	(2,323,319)	-	(7,106,501)
<b>Net book value</b>	<b>3,577,500</b>			<b>3,444,213</b>

**9. Investments in Associates**

The Company does not have any investments in associates accounted for using the equity accounting method as of 31 December 2015 and 2014.

**10. Reinsurance Assets****Reinsurance Assets/ (Liabilities)**

	31 December 2015	31 December 2014
Reinsurers' share of unearned premiums reserve	4,999,889	3,652,249
Reinsurers' share of outstanding claims provision	2,122,697	1,814,460
Equalization provision reinsurers' share	189,908	135,111
Deferred reinsurance commissions	(583,872)	(151,883)
Payables/receivables to reinsurance companies	15,840	1,086,603

	1 January - 31 December 2015	1 January - 31 December 2014
<b>Reinsurance Income/ (Expense)</b>		

Reinsurers' share in paid claims	2,922,068	2,398,026
Commission received from reinsurers	2,378,167	2,223,104
Premiums ceded to reinsurers	(9,131,283)	(6,334,185)
Reinsurers' share in change in outstanding claim provision	308,237	177,351
Reinsurers' share of change in unearned premiums reserve	1,347,640	(227,493)
Reinsurers' share in check-up expense	97,869	99,489
Reinsurers' share of change in the equalization provision	54,797	28,360

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**11. Financial Assets****11.1 Sub categorization of the items presented compatible to the Company's operations:**

The company has no financial assets held for trading as of 31 December 2015. The Company classifies for its financial assets as "Financial assets held for trading" as of 31 December 2014

	31 December 2014		Total
	Blocked	Unblocked	
Financial assets held for trading	13,080,681	29,630,631	42,711,312
Mutual fund	-	468,000	468,000
<b>Total</b>	<b>13,080,681</b>	<b>30,098,631</b>	<b>43,179,312</b>

	31 December 2015	31 December 2014
Loans and receivables (Note 12)	617,259,282	512,310,961
<b>Total</b>	<b>617,259,282</b>	<b>512,310,961</b>

**11.2 Marketable securities issued during the year other than share certificates:** None (31 December 2014: None).**11.3 Debt securities redeemed during the year:** None (31 December 2014: None).**11.4 Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets carried at market value:**

The company has no "financial assets held for trading" as of 31 December 2015.

	31 December 2014		Book Value
	Cost Value	Fair Value	
Financial assets held for trading	37,424,778	42,711,312	42,711,312
Mutual fund	390,500	468,000	468,000
<b>Total</b>	<b>37,815,278</b>	<b>43,179,312</b>	<b>43,179,312</b>

**11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers:** None (31 December 2014: None).**11.6 Value increase on financial assets in the last three years:**

Value increase on financial assets disclosed under notes 11.7 and 26.

**11.7 - 11.9 Other information about financial assets:**

Disclosed under notes 15 and 26.

The company has no "financial assets held for trading" as of 31 December 2015.

	31 December 2014					Total
	Unallocated	0 - 3 months	3 - 12 months	1 year - 5 years	longer than 5 years	
Financial assets held for trading	-	-	-	10,172,600	32,538,712	42,711,312
Mutual fund	468,000	-	-	-	-	468,000
<b>Total</b>	<b>468,000</b>	<b>-</b>	<b>-</b>	<b>10,172,600</b>	<b>32,538,712</b>	<b>43,179,312</b>



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**12. Loans and Receivables**

**12.1 Classification of the receivables as receivables from customers, receivables from related parties, advance payments (short-term and long-term prepayments) and others:**

	31 December 2015	31 December 2014
Receivables from pension operations	580,797,001	484,188,506
Due from insurance operations	36,450,544	27,622,297
Bank guaranteed credit card receivables	11,737	500,158
Doubtful receivables from main operations	50,971	51,868
Provision for doubtful receivables from main operations (-)	(50,971)	(51,868)
<b>Receivables from main operations</b>	<b>617,259,282</b>	<b>512,310,961</b>

**12.2 Due from/due to shareholders, associates and subsidiaries:**

The transactions and balances with the related parties are disclosed in Note 45.

**12.3 Total mortgages and collaterals obtained for receivables:**

The Company does not have any assurance for receivables.

**12.4 Receivables denominated in foreign currencies having no foreign exchange rate guarantees, assets in foreign currencies and conversion rates:** None (31 December 2014: None).

**12.5 - 12.7 Other information about loans and receivables:**

The aging of due from insurance operations is as follows:

	31 December 2015	31 December 2014
Overdue receivables	6,470,505	3,649,264
Up to 3 months	13,662,577	10,757,773
3 - 6 months	12,244,367	8,195,854
6 months -1 year	4,084,832	5,519,564
<b>Total</b>	<b>36,462,281</b>	<b>28,122,455</b>

The details of receivables that are overdue but not yet become doubtful:

	31 December 2015	31 December 2014
Up to 3 months	5,065,657	2,116,667
3 - 6 months	433,982	665,962
6 months -1 year	(350,221)	508,905
Longer than 1 year	1,321,087	357,732
<b>Total</b>	<b>6,470,505</b>	<b>3,649,264</b>

The Company does not have any assurance for the receivables that are overdue which are explained above.

Entrance fee receivables that inside of receivables from pension operations amount TL50,971 is classified in doubtful receivables from main operations and the Company accounted provision for this amount in additional financial statements as of 31 December 2015 (31 December 2014: TL51,868).

As of 31 December 2015 receivables from entrance fee that inside of receivables from pension operations is TL2,548,613 (31 December 2014 :TL2,681,301) and receivables for overdue entrance fee is TL2,184,447 (31 December 2014: TL1,972,843).

**13. Derivative Financial Instruments**

None (31 December 2014: None).

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**14. Cash and Cash Equivalents**

Cash and cash equivalents that are included the statement of cash flows for the periods 31 December 2015 and 2014 are presented in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2015	31 December 2014
Banks	186,660,930	137,321,333
Bank guaranteed credit card receivables with maturities less than three months	11,917,536	10,326,837
<b>Total</b>	<b>198,578,466</b>	<b>147,648,170</b>

The blockage period for credit card receivables less than 3-month-maturity of the Company is in the range of 26-41 days as of 31 December 2015 (31 December 2014: 26-41 days).

The detail of the Bank deposits of the company is as follows:

	31 December 2015	31 December 2014
TL deposits		
- time deposits	183,938,240	135,014,203
- demand deposits	2,722,690	2,307,130
<b>Total</b>	<b>186,660,930</b>	<b>137,321,333</b>

As of 31 December 2015 time deposit worth of TL90,625,789 is blocked (31 December 2014: TL69,411,994) (Note 43).

The weighted average interest rates of the time deposits are as follows:

	31 December 2015 (%)	31 December 2014 (%)
	12.5	10.2

**15. Capital**

**Legal Reserves:**

Retained earnings as per the statutory financial statements, other than legal reserve requirements as referred below, are available for distribution. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the Turkish Commercial Code, the legal reserves can only be used to offset losses unless they exceed 50% of paid-in share capital and are not available for any other usage. There is no movement in the legal reserves in the current period.

Movements of the legal reserves during the year are as follows:

	2015	2014
<b>Legal Reserves:</b>		
Opening balance - 1 January	7,698,421	5,702,134
Increases during the period	3,504,001	1,996,287
<b>Closing balance - 31 December</b>	<b>11,202,422</b>	<b>7,698,421</b>

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**15. Capital (Continued)**

The movement of shares between opening and closing balances is as follows:

	1 January 2015		Issued Capital		Amortized		31 December 2015	
	Unit	Nominal TL	Nominal Unit	TL	Nominal Unit	TL	Nominal Unit	TL
Paid in capital	45,000,000	45,000,000	-	-	-	-	45,000,000	45,000,000
<b>Total</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000,000</b>	<b>45,000,000</b>
	1 January 2014		Issued Capital		Amortized		31 December 2014	
	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL
Paid in capital	45,000,000	45,000,000	-	-	-	-	45,000,000	45,000,000
<b>Total</b>	<b>45,000,000</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000,000</b>	<b>45,000,000</b>

The company does not liable to registered capital system. The details of dividend distribution is disclosed under Note 38.

There are not any shares held by the Company itself (31 December 2014: None).

The Company does not have any future delivery and equity share sales arising from contracts (31 December 2014: None).

**Other legal reserves:**

Opening balance - 1 January	(692,978)	(352,752)
Increases during the period	(53,740)	(340,226)
<b>Closing balance - 31 December</b>	<b>(746,718)</b>	<b>(692,978)</b>

**16. Other Reserves and Equity Component of Discretionary Participation Feature**

Information about other reserves classified under the equity is explained in Note 15.

**17. Insurance Liabilities and Reinsurance Assets**

**17.1 Guarantees to be provided and guarantees provided for life and non-life branches:**

	31 December 2015	31 December 2014
Required guarantee amount to be provided for life branch (*)	92,515,491	78,081,594
Guarantee amount provided for life branch (**)	88,688,293	81,961,523
Required guarantee amount to be provided for non-life branch (*)	3,210,632	1,152,256
Guarantee amount provided for non-life branch (**)	1,887,252	531,152

(\*) In accordance with the article 4 of Communiqué regarding "The Financial Structure of Insurance, and Reinsurance and Pension Companies", published in the Official Gazette (No:26606) dated 7 August 2007 in accordance with the adaptation to the Insurance Law, the insurance and pension fund companies operating in personal accident and life branches should provide guarantees that equals to one third of required capital amount in each capital adequacy calculation period.

(\*\*) In accordance with the article 7 first paragraph of "The Financial Structure of Insurance, and Reinsurance and Pension Companies", published in the Official Gazette (No: 26616) dated 17 August 2007, the insurance and pension fund companies operating in personal accident and life branches have to establish guarantees in two months that following capital adequacy calculation period. In accordance related article, the Company propose to complete current blockage explicit until 29 February 2016 (Note: 43)

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**17. Insurance Liabilities and Reinsurance Assets (Continued)**

**17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status:**

	2015 Number of Policies	2014 Number of Policies
Opening balance - 1 January	1,602,215	1,732,411
Addition	1,235,873	1,378,360
Disposal	(1,255,026)	(1,508,556)
<b>Closing Balance - 31 December</b>	<b>1,583,062</b>	<b>1,602,215</b>
	31 December 2015	31 December 2014
Mathematical reserves - short term	3,520,687	3,045,274
Mathematical reserves - long term	72,174,128	60,659,780
<b>Total</b>	<b>75,694,815</b>	<b>63,705,054</b>

**17.3 Insurance guarantees given for non-life branches:**

Disclosed in Note 4.

**17.4 Unit prices of pension funds established by the Company:**

Pension Funds	Unit Prices (*) 31 December 2015	Unit Prices (*) 31 December 2014
CHK Kamu Borçlanma Araçları Emeklilik YF	0.018651	0.018467
CHN Esnek Emeklilik YF	0.018961	0.018282
CHT Katkı Emeklilik YF	0.011041	0.010434
CHL Para Piyasası Likit Kamu Emeklilik YF	0.016451	0.015089
CHH Büyüme Amaçlı Hisse Senedi Emeklilik YF	0.028474	0.032326
CHM Büyüme Amaçlı Esnek Emeklilik YF	0.015301	0.015569
CGG Gruplara Yönelik Gelir Amaçlı K. B. A. E. YF	0.012313	0.012198
CGE Gruplara Yönelik Esnek Emeklilik YF	0.012801	0.012270
CHS Standart Emeklilik YF	0.011403	0.010942

(\*) Unit prices of funds are evaluated amount as of 31 December 2015. For the period 31 December 2014, unit prices of funds are evaluated as of 31 December 2014.

**17.5 Units and amounts of share certificates in portfolio and in circulation:**

**Private pension funds in circulation:**

	31 December 2015 (**)	
	Units in circulation	Amount in TL
Kamu Borçlanma Araçları Emeklilik YF (*)	13,374,683,135	249,451,215
Esnek Emeklilik YF	4,779,551,773	90,625,081
Katkı Emeklilik YF	7,307,313,251	80,680,046
Para Piyasası Likit Kamu Emeklilik YF	4,414,052,026	72,615,570
Büyüme Amaçlı Hisse Senedi Emeklilik YF (*)	1,465,127,418	41,718,038
Büyüme Amaçlı Esnek Emeklilik YF (*)	935,776,669	14,318,319
Gruplara Yönelik Gelir Amaçlı K. B. A. E. YF	812,139,044	9,999,868
Gruplara Yönelik Esnek Emeklilik YF	464,577,179	5,947,052
Standart Emeklilik YF	454,851,423	5,186,671

(\*) "Kamu Borçlanma Araçları Emeklilik YF", "Büyüme Amaçlı Hisse Senedi Emeklilik YF" and "Büyüme Amaçlı Esnek Emeklilik YF" funds that are founded by Company, did not make collections at maturity date from TL2,522,042, TL305,462 and TL101,541 carried and TL2,470,000, TL300,000 and TL100,000 nominal priced financial bonds in their portfolio as of 31 December 2015. Due to the provision for losses relating to the related instrument is accounted in funds' financial statements on 11 February 2016, total fund value, unit fund value and related other calculations dated 31 December 2015 which forms a basis to the independent audit report attached do not comprise the effect of the relevant provision for losses.

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**17. Insurance Liabilities and Reinsurance Assets (Continued)***Private pension funds in circulation (Continued):*

	31 December 2014 (**)	
	Number of shares in circulation	Amount TL
Kamu Borçlanma Araçları Emeklilik YF	12,051,609,164	222,557,066
Esnek Emeklilik YF	4,394,313,584	80,336,841
Katkı Emeklilik YF	4,990,727,817	52,073,254
Para Piyasası Likit Kamu Emeklilik YF	3,371,023,701	50,865,377
Büyüme Amaçlı Hisse Senedi Emeklilik YF	1,300,252,347	42,031,957
Büyüme Amaçlı Esnek Emeklilik YF	716,392,914	11,153,521
Gruplara Yönelik Gelir Amaçlı K, B, A, E, YF	699,393,360	8,531,200
Gruplara Yönelik Esnek Emeklilik YF	412,404,725	5,060,206
Standart Emeklilik YF	126,062,595	1,379,377

(\*\*) Advanced maturity transactions are updated on the day T+1 in the table of number of shares outstanding and accounted on the day T+2, there is a difference between the number of shares outstanding with receivables and payables from the long term pension operations in the financial statements.

**17.6 Numbers and portfolio amounts of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants):**

	31 December 2015							
	Additions In period Unit	Additions In period TL	Disposals in period Unit	Disposals in period TL	Cancellations in period Unit (*)	Cancellations in period TL	Current Unit	Current TL
Individual	26,709	26,073,646	15,147	80,578,709	-	-	112,036	476,024,642
Group	6,790	3,711,210	8,422	17,652,514	-	-	30,012	94,517,218
<b>Total</b>	<b>33,499</b>	<b>29,784,856</b>	<b>23,569</b>	<b>98,231,223</b>	<b>-</b>	<b>-</b>	<b>142,048</b>	<b>570,541,860</b>

	31 December 2014							
	Additions In period Unit	Additions in period TL	Disposals in period Unit	Disposals in period TL	Cancellations in period Unit (*)	Cancellations in period TL	Current Unit	Current TL
Individual	33,831	27,196,906	15,004	91,948,123	-	-	100,485	396,953,941
Group	11,046	4,707,923	9,241	15,285,375	-	-	31,633	77,034,858
<b>Total</b>	<b>44,877</b>	<b>31,904,829</b>	<b>24,245</b>	<b>107,233,498</b>	<b>-</b>	<b>-</b>	<b>132,118</b>	<b>473,988,799</b>

(\*) Customs that were cancelled during the period has not shown because it is not effective for TL.

**17.7 Valuation methods of profit share calculation for life insurance:**

None (31 December 2014: None).

**17.8 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participant's attendant at the Company during the period:**

	1 January 2015 - 31 December 2015			1 January 2014 - 31 December 2014		
	Number of Policies	Gross Contribution Amount	Net Contribution Amount	Number of Policies	Gross Contribution Amount	Net Contribution Amount
Individual (*)	26,709	28,593,919	28,229,854	33,831	28,850,724	28,497,435
Group (*)	6,790	4,511,929	4,454,114	11,046	5,297,341	5,230,337
<b>Total</b>	<b>33,499</b>	<b>33,105,848</b>	<b>32,683,968</b>	<b>44,877</b>	<b>34,148,065</b>	<b>33,727,772</b>

(\*) Agreements that new entrances in the current year in order that not standing at the end of the period have been included (Agreements that comes from other companies have been included to new entrance amount).

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**17. Insurance Liabilities and Reinsurance Assets (Continued)****17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another Companies during the period:**

	1 January 2015 - 31 December 2015			1 January 2014 - 31 December 2014		
	Number of Policies	Gross Contribution Amount	Net Contribution Amount	Number of Policies	Gross Contribution Amount	Net Contribution Amount
Individual	148	2,218,348	2,218,348	141	2,642,499	2,642,499
Group	34	106,317	106,317	35	281,928	281,928
<b>Total</b>	<b>182</b>	<b>2,324,665</b>	<b>2,324,665</b>	<b>176</b>	<b>2,924,427</b>	<b>2,924,427</b>

**17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period: None (1 January - 31 December 2014: None).****17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another Company or that left the Company but did not transfer to another Company:**

	1 January 2015 - 31 December 2015			1 January 2014 - 31 December 2014		
	Number of Policies	Gross Contribution Amount	Net Contribution Amount	Number of Policies	Gross Contribution Amount	Net Contribution Amount
Individual	15,147	74,587,048	73,405,803	15,004	90,072,573	88,848,870
Group	8,422	16,193,698	16,013,524	9,241	14,413,524	14,251,082
<b>Total</b>	<b>23,569</b>	<b>90,780,746</b>	<b>89,419,327</b>	<b>24,245</b>	<b>104,486,097</b>	<b>103,099,952</b>

**17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period:**

	1 January 2015 - 31 December 2015		1 January 2014 - 31 December 2014	
	Number of Policies	Net Premium	Number of Policies	Net Premium
Individual	118,336	51,466,800	97,576	21,582,795
Group	1,044,615	166,160,884	1,280,784	166,372,790
<b>Total</b>	<b>1,162,951</b>	<b>217,627,684</b>	<b>1,378,360</b>	<b>187,955,585</b>

**17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period:**

	1 January 2015 - 31 December 2015			1 January 2014 - 31 December 2014		
	Number of Policies	Gross Premium	Net Premium	Number of Policies	Gross Premium	Net Premium
Individual	108,525	55,098,567	54,798,747	107,167	3,820,709	3,631,937
Group	1,234,092	154,199,434	150,645,760	1,401,389	289,374,600	266,660,978
<b>Total</b>	<b>1,342,617</b>	<b>209,298,001</b>	<b>205,444,507</b>	<b>1,508,556</b>	<b>293,195,309</b>	<b>270,292,915</b>

The details of the mathematical reserves are disclosed in Note 17.2.

**17.14 Profit share distribution rate to the life policyholders**

The Company does not have any saving life insurance which is liable to dividend distribution (31 December 2014: None).

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**17. Insurance Liabilities and Reinsurance Assets (Continued)**

17.15 - 17.19 Other required information about liabilities from insurance agreements:

	31 December 2015	31 December 2014
<b>Gross technical reserves</b>		
Unearned Premium Reserve	69,637,161	56,945,976
Mathematical Reserves	75,694,815	63,705,054
Outstanding Claims Provision	29,312,843	21,450,988
Equalisation Reserve	9,922,089	7,759,418
<b>Total</b>	<b>184,566,908</b>	<b>149,861,436</b>
<b>Reinsurer's share</b>		
Unearned Premium Reserve	(4,999,889)	(3,652,250)
Outstanding Claims Provision	(2,122,697)	(1,814,460)
Equalisation Reserve	(189,908)	(135,111)
<b>Total</b>	<b>(7,312,494)</b>	<b>(5,601,821)</b>
<b>Net technical reserves</b>		
Unearned Premium Reserve	64,637,272	53,293,726
Mathematical Reserves	75,694,815	63,705,054
Outstanding Claims Provision	27,190,146	19,636,528
Equalisation Reserve	9,732,181	7,624,307
<b>Total</b>	<b>177,254,414</b>	<b>144,259,615</b>
<b>Outstanding Claims Provision:</b>		
	<b>31 December 2015</b>	
	<b>Gross</b>	<b>Reinsurer's share</b>
Outstanding Claims Provision	20,655,610	(1,838,372)
Claims incurred but not reported	7,398,181	(201,145)
Calculated discount amount according to winning ratio (Note 2.24)	1,259,052	(83,180)
<b>Total</b>	<b>29,312,843</b>	<b>(2,122,697)</b>
	<b>31 December 2014</b>	
	<b>Gross</b>	<b>Reinsurer's share</b>
Outstanding Claims Provision	16,471,506	(1,641,067)
Claims incurred but not reported	4,979,482	(173,393)
<b>Total</b>	<b>21,450,988</b>	<b>(1,814,460)</b>
<b>Claims incurred but not reported:</b>		
	<b>31 December 2015</b>	
	<b>Gross</b>	<b>Reinsurer's share</b>
Life	4,502,391	(128,529)
Personal Accident	2,895,790	(72,616)
<b>Total</b>	<b>7,398,181</b>	<b>(201,145)</b>
	<b>31 December 2014</b>	
	<b>Gross</b>	<b>Reinsurer's share</b>
Life	3,404,553	(170,516)
Personal Accident	1,574,929	(2,877)
<b>Total</b>	<b>4,979,482</b>	<b>(173,393)</b>

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**17. Insurance Liabilities and Reinsurance Assets (Continued)**

17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued):

**Outstanding Claims Provision:**

	2015		2014	
	Gross	Reinsurer's share	Gross	Reinsurer's share
Opening balance - 1 January	16,471,506	(1,641,067)	13,705,776	(1,330,087)
Paid Claims	(42,819,013)	2,922,068	(38,732,160)	2,398,026
Change	47,003,117	(3,119,373)	41,497,890	(2,709,006)
<b>Closing balance - 31 December</b>	<b>20,655,610</b>	<b>(1,838,372)</b>	<b>16,471,506</b>	<b>(1,641,067)</b>
Claims incurred but not reported	7,398,181	(201,145)	4,979,482	(173,393)
Calculated discount amount according to winning ratio (Note 2,24)	1,259,052	(83,180)	1,259,052	(83,180)
<b>Total</b>	<b>29,312,843</b>	<b>(2,122,697)</b>	<b>21,450,988</b>	<b>(1,814,460)</b>
<b>Unearned Premium Reserve:</b>				
	2015		2014	
	Gross	Life Reinsurer's share	Gross	Non-life Reinsurer's share
Opening balance - 1 January	41,977,190	(3,632,713)	41,977,190	(3,632,713)
Net change	7,912,543	(830,002)	7,912,543	(830,002)
<b>Closing balance - 31 December</b>	<b>49,889,733</b>	<b>(4,462,715)</b>	<b>49,889,733</b>	<b>(4,462,715)</b>
	2014		2014	
	Gross	Life Reinsurer's share	Gross	Non-life Reinsurer's share
Opening balance - 1 January	49,867,869	(3,864,603)	49,867,869	(3,864,603)
Net change	(7,890,679)	231,890	(7,890,679)	231,890
<b>Closing balance - 31 December</b>	<b>41,977,190</b>	<b>(3,632,713)</b>	<b>41,977,190</b>	<b>(3,632,713)</b>

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**17. Insurance Liabilities and Reinsurance Assets (Continued)**

**17.15 - 17.19 Other required information about liabilities from insurance agreements (continued):**

*Equalisation Reserve:*

	2015					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening balance - 1 January	7,759,418	(135,111)	7,624,307	-	-	-
Net change	2,060,890	(54,797)	2,006,093	101,781	-	101,781
<b>Closing balance - 31 December</b>	<b>9,820,308</b>	<b>(189,908)</b>	<b>9,630,400</b>	<b>101,781</b>	<b>-</b>	<b>101,781</b>

	2014					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening balance - 1 January	5,997,325	(106,751)	5,890,574	-	-	-
Net change	1,762,093	(28,360)	1,733,733	-	-	-
<b>Closing balance - 31 December</b>	<b>7,759,418</b>	<b>(135,111)</b>	<b>7,624,307</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Mathematical Reserves:*

	2015					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening balance - 1 January	63,705,054	-	63,705,054	-	-	-
Net change	10,573,197	-	10,573,197	1,416,564	-	1,416,564
<b>Closing balance - 31 December</b>	<b>74,278,251</b>	<b>-</b>	<b>74,278,251</b>	<b>1,416,564</b>	<b>-</b>	<b>1,416,564</b>

	2014					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening balance - 1 January	59,533,591	-	59,533,591	-	-	-
Net change	4,171,463	-	4,171,463	-	-	-
<b>Closing balance - 31 December</b>	<b>63,705,054</b>	<b>-</b>	<b>63,705,054</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company does not have any mathematical reserve which is expressed in foreign currency and net of outstanding claims reserve.

**18. Investment Contract Liabilities**

None (31 December 2014: None).

**19. Trade and Other Payables, Deferred Income**

	31 December 2015	31 December 2014
Payables from pension operations	585,970,239	488,516,222
Payables to intermediaries and policyholders	12,895,615	9,302,313
Deferred commission income	583,872	151,883
Expense accruals (*)	497,592	299,259
Due to related parties	438,916	534,510
Due to personnel	103,850	132,445
Other payables (*) (Note 47.1)	2,250,010	1,242,211
<b>Total</b>	<b>602,740,094</b>	<b>500,178,843</b>

(\*) As of 31 December 2015, TL426,708 which is amount of campaign expenses consists expense accruals.

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**20. Borrowings**

None (31 December 2014: None).

**21. Deferred Income Tax**

The Company calculates deferred income tax for the temporary differences in the balance sheet items arising due to measurement in the financial statements and measurement in accordance with Tax Law.

Deferred income tax assets and liabilities are determined using tax rates and 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 enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realized in the following periods under the liability method is 20% (2014: %20).

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized

As of 31 December 2015 and 2014, the details of the temporary differences, deferred income tax assets and liabilities calculated using enacted tax rates are as follows:

Deferred income tax assets	Cumulative temporary Differences		Deferred income tax assets/ (liabilities)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Equalization reserve	9,732,181	7,624,307	1,946,437	1,524,861
Provision for bonus	2,331,479	1,900,000	466,296	380,000
Tangible and intangible fixed assets book value TPL difference	-	381,153	-	76,231
Provision for accumulated leave	892,286	719,573	178,457	143,915
Provision for lawsuit	503,893	575,222	100,779	115,044
Provision for employment termination benefits	1,951,992	1,472,102	390,398	294,420
Provision for doubtful receivables	50,971	51,868	10,194	10,374
Other	497,592	299,259	99,518	59,852
	<b>15,960,394</b>	<b>13,023,484</b>	<b>3,192,079</b>	<b>2,604,697</b>

**Deferred income tax liabilities**

Tangible and intangible fixed assets book value TPL difference	(2,154,284)	-	(430,856)	-
Receivable-payable rediscount	(227,198)	(195,836)	(45,440)	(39,159)
	<b>(2,381,482)</b>	<b>(195,836)</b>	<b>(476,296)</b>	<b>(39,159)</b>

**Net deferred income tax assets (Note 35)** **13,578,912** **12,827,648** **2,715,783** **2,565,538**

The movement in the deferred income tax assets in the current year is as follow:

	2015	2014
Opening balance - 1 January	2,565,538	1,983,343
Deferred tax income (Note 35)	136,810	497,139
Actuarial loss deferred income tax effect	13,435	85,056
<b>Closing balance - 31 December</b>	<b>2,715,783</b>	<b>2,565,538</b>



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**22. Retirement Benefit Obligations**

	31 December 2015	31 December 2014
Provision for employment termination benefits	1,951,992	1,472,102
	<b>1,951,992</b>	<b>1,472,102</b>

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the changes made on 23 May 2002 in the legislation, some process of transition clauses related to the length of service before retirement have been omitted.

The amount payable consists of one month's salary limited to a maximum of TL3,828.37 as of 31 December 2015 (31 December 2014: TL3,438.22).

The provision for employment termination benefits liability is not funded, as there is no funding requirement.

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.

TMS 19, requires actuarial valuation methods to be developed to estimate the enterprise's obligation. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2015	31 December 2014
Discount rate (%)	10.70	8.50
Inflation (%)	7.75	6.00

Turnover rate to estimate the probability of retirement based on years of service are as follows:

	31 December 2015	31 December 2014
0-2 service years (%)	85.00	85.00
2-5 service years (%)	90.00	90.00
5-10 service years (%)	96.00	96.00
10-15 service years (%)	99.00	99.00
15 over service years (%)	100.00	100.00

The movement in the provision for employment termination benefits in the current period is as follows:

	2015	2014
Opening balance- 1 January	1,472,102	732,556
Service cost	1,048,198	563,969
Interest cost	125,724	79,531
Paid during the period (Note 33)	(761,207)	(329,235)
Actuarial (gain)/ loss	67,175	425,281
<b>Closing balance - 31 December</b>	<b>1,951,992</b>	<b>1,472,102</b>

**23. Provisions for Other Liabilities and Charges**

Commitments and contingent liabilities not recognized as liabilities are disclosed in Note 43.

Guarantees and pledges received are disclosed in Note 12.3.

The details of provisions that are classified under provisions for expense accruals in balance sheet are as follows:

	31 December 2015	31 December 2014
Provision for bonus	2,331,479	1,900,000
Provision for lawsuit	503,893	575,222
Provision for leave	892,286	719,573
Other	39,935	14,365
<b>Total</b>	<b>3,767,593</b>	<b>3,209,160</b>

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**24. Net Insurance Premium Revenue**

	1 January - 31 December 2015			1 January - 31 December 2014		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Life	217,627,684	(8,215,572)	209,412,112	187,955,585	(6,294,000)	181,661,585
Personal Accident	36,516,902	(915,711)	35,601,191	21,996,215	(40,185)	21,956,030
<b>Total premium revenue</b>	<b>254,144,586</b>	<b>(9,131,283)</b>	<b>245,013,303</b>	<b>209,951,800</b>	<b>(6,334,185)</b>	<b>203,617,615</b>

**25. Fee (Contribution) Income**

The details of pension branch income for the period ended 31 December 2015 and 2014 is as follow:

	1 January - 31 December 2015	1 January - 31 December 2014
Fund management expense charge	6,698,421	5,617,594
Entrance fee	5,410,282	5,045,380
Management expense charge	2,495,217	2,154,732
<b>Total</b>	<b>14,603,920</b>	<b>12,817,706</b>

**26. Investment Income**

The details of the investment income are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
<b>Financial Assets Held for Trading</b>		
Financial assets held for trading sales profit / (loss)	(55,754)	(35,731)
Financial assets held for trading coupon rate income	2,234,190	2,231,160
Increases/ (decreases) in value of financial assets held for trading	(2,485,907)	5,386,259
<b>Cash and Cash Equivalents</b>		
Interest income	15,745,370	12,855,152
<b>Total</b>	<b>15,437,899</b>	<b>20,436,840</b>

**27. Net Income Accrual on Financial Assets**

Information about income accrual on available-for-sale financial assets is disclosed in Note 26.

**28. Net Fair Value Gains on Assets at Fair Value Through Income**

Disclosed in Notes 2.8, 11 and 26.

**29. Insurance Benefits and Claims**

Disclosed in Note 17.

**30. Investment Agreement Benefits**

None (31 December 2014: None).

**31. Other necessary expenses**

	1 January - 31 December 2015	1 January - 31 December 2014
Operating expenses classified under technical part		
- Life	140,664,315	123,099,533
- Pension	20,180,111	18,130,559
- Non-life	13,882,520	4,120,905
<b>Total (Note: 32)</b>	<b>174,726,946</b>	<b>145,350,997</b>

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**31. Other necessary expenses (Continued)**

	1 January - 31 December 2015	1 December - 31 December 2014
Operating expenses classified under non-technical part -Depreciation expenses	4,810,051	3,222,655
<b>Total (Note: 32)</b>	<b>4,810,051</b>	<b>3,222,655</b>

**32. Expenses by Nature**

	1 January - 31 December 2015	1 January - 31 December 2014
Production commission expenses	93,993,832	80,853,542
Personnel expenses (Note 33)	53,679,757	38,931,094
Administration expenses	15,358,933	14,556,083
Marketing and sales expenses	6,578,231	6,401,037
Outsourced services expenses	5,603,289	4,081,874
Depreciation expenses	4,810,051	3,222,655
Reinsurance commission income	(2,378,167)	(2,223,104)
Other	1,891,071	2,750,471
<b>Total (Note: 31)</b>	<b>179,536,997</b>	<b>148,573,652</b>

**33. Employee Benefit Expense**

	1 January - 31 December 2015	1 January - 31 December 2014
Salary payments	26,080,415	19,747,959
Employee benefits	7,615,804	5,334,432
Success premium to sales force	7,079,201	5,315,324
Employer's share of social security premium	4,861,124	3,603,700
Education expenses	2,745,360	911,335
Transportation expense for personnel	2,328,306	2,159,134
Bonuses	883,416	751,144
Employment termination benefit payments (Note 22)	761,207	329,235
Employer's share of unemployment insurance	614,509	457,221
Unused vacation payments	212,775	85,597
Other	497,640	236,013
<b>Total (Note: 32)</b>	<b>53,679,757</b>	<b>38,931,094</b>

Total amount of the salaries and the benefits provided to top management such as the chairman and the members of the board of directors, general manager, general coordinator, assistant general managers and other executive management in the current period are disclosed in Note 1.6.

**34. Financial Costs****34.1 Total financial expenses for the period:**

- 34.1.1 Production cost related expenses: None (31 December 2014: None).  
34.1.2 Expenses related to fixed assets: None (31 December 2014: None).  
34.1.3 Direct expenses: None (31 December 2014: None).

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**34. Financial Costs (Continued)**

**34.2 Financial expenses related to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately):** None (1 January - 31 December 2014: None).

**34.3 Sales to/purchases from shareholders, subsidiaries and investments (any amount exceeding 20% of total will be disclosed separately):** Related party transactions and balances are disclosed in Note 45 in details.

**34.4 Interest, rent or other charges received from or paid to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately.):** Related party transactions and balances are disclosed in Note 45 in details.

**35. Income Taxes**

Tax income and expenses recognized in the statements of income for the years ended 31 December 2015 and 2014 are summarized below:

	31 December 2015	31 December 2014
Provision for tax (-)	(3,809,094)	(7,818,616)
Prepaid taxes	2,993,468	6,586,067
<b>Total tax (liability)/asset, net</b>	<b>(815,626)</b>	<b>(1,232,549)</b>
Current period tax expense (Note: 21)	3,192,079	2,604,697
Deferred tax income (Note 21)	(476,296)	(39,159)
<b>Deferred tax asset, net (Note 21)</b>	<b>2,715,783</b>	<b>2,565,538</b>

	31 December 2015	31 December 2014
Current period tax expense	(3,809,094)	(7,818,616)
Deferred tax income (Note 21)	136,810	497,139
<b>Total tax expenses</b>	<b>(3,672,284)</b>	<b>(7,321,477)</b>

Actual tax expense reconciliation is as follow:

	1 January - 31 December 2015	1 January - 31 December 2014
Deferred tax and corporate tax before profit	18,043,251	34,517,487
Tax rate	%20	%20
Calculated tax	(3,608,650)	(6,903,497)
The effect of non-deductible expenses	(102,640)	(470,995)
Other	39,006	53,015
<b>Total tax expenses</b>	<b>(3,672,284)</b>	<b>(7,321,477)</b>

**36. Net Foreign Exchange Gains**

	1 January - 31 December 2015	1 January - 31 December 2014
Current accounts	(71,530)	(90,927)
<b>Total</b>	<b>(71,530)</b>	<b>(90,927)</b>

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**37. Earnings per Share**

Loss per share is calculated by dividing the Company's net loss in the reporting period to the Company's number of shares in the reporting period.

	1 January - 31 December 2015	1 January - 31 December 2014
Net profit for the year (+)	14,370,967	27,196,010
Per TL 1 weighted average number of shares outstanding	45,000,000	45,000,000
Gain per share (TL) (+)	0.32	0.60

**38. Dividends per Share**

With the decision of Company's Ordinary General Assembly Meeting on 24 March 2015, gross profit amounting TL23,692,009 belong to 2014 period have been paid in cash gross value of TL0,526 that share with face value of TL1 per share to shareholders on 13 April 2015 and the Company accounted legal reserves is amounting to TL3,504,001 (2014: with the decision of Company's Ordinary General Assembly Meeting on 28 March 2014, gross profit amounting to TL10,185,196 belong 2013 and TL6,249,413 belong 2012 period have been paid in cash gross value of TL 0,365 that share with face value of TL1 per share to shareholders on 11 April 2014. the Company accounted legal reserves is amounting to TL1,996,287).

**39. Cash Generated from Operations:** Disclosed in cash flow statement.

**40. Convertible Bonds:** None (31 December 2014: None).

**41. Cash Convertible Preferred Shares:** None (31 December 2014: None).

**42. Contingencies**

	31 December 2015	31 December 2014
Claim litigations against the Company - gross	8,522,097	6,305,959
Labour litigations against the Company (Note 23)	503,893	575,222

The provision for the aforementioned litigations against the Company is accounted for in outstanding claim provisions in the financial statements.

Additionally, TL3,291,146 identified as unfair payment and TL2,747,643 state subsidy return which is paid to tax Office collected back as TL2,245,496 at October 2014. The rest of amount evaluated as improbable for collection that is why this amount counted as conditioned asset and does not record to financial tables according to IAS 37.

**43. Commitments**

The details of the given guarantees which are in currency TL are as follows:

	31 December 2015		Total
	US Dollar	TL	
Domestic given bank guarantee letters	590,105	772,039	1,362,144
<b>Total</b>	<b>590,105</b>	<b>772,039</b>	<b>1,362,144</b>

As of 31 December 2015 the Company does not have any contractual commitment to acquire tangible and intangible asset (31 December 2014: None).

Given guarantees and sureties are as follows:

	31 December 2014	
	TL	Total
Domestic given bank guarantee letters	702,491	702,491
<b>Total</b>	<b>702,491</b>	<b>702,491</b>

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**43. Commitments (Continued)**

*Total amount of mortgages or restrictions on assets:*

	31 December 2015	31 December 2014
Banks deposits (Notes: 14 and 17.1) (*)	90,625,789	69,411,994
Trading Investments (Notes 11.1 and 17.1)	-	13,080,681
<b>Total</b>	<b>90,625,789</b>	<b>82,492,675</b>

(\*) There is TL50,244 within blocked time deposit account, which is blocked time deposit for closed group policy sales and accrual interest amount for this amount is TL244. Bank deposit accounts which are showed as collateral covers TL1,550,341 interest accrual. (31 December 2014: TL1,031,136).

Long term operating lease expense of company includes rents of general management Office, region Office, fleet, printer and store. Cost of leasing's are, USD4,273,403, TL176,148, EUR452,640, EUR12,499 and TL23,000, respectively.

**44. Business Combinations**

None (31 December 2014: None).

**45. Related Party Transactions**

Cigna Nederland Gamma B.V companies, Finansbank A.Ş. companies and senior management of the Company are defined as related parties in terms of financial statements.

Top management as chairman and member of the Board of Directors, chief executive, general coordinator, deputy managers benefits from wage and other benefits in current period are disclosed under Note 1.6.

**a) Bank deposits**

	31 December 2015	31 December 2014
Finans Portföy Yönetimi A.Ş.	92,073,567	64,735,643
Finansbank A.Ş.	3,957,529	3,170,322
<b>Total</b>	<b>96,031,096</b>	<b>67,905,965</b>

**b) Receivables from other related parties and insurance operations**

Finansbank A.Ş.	219,772	766
IBTech A.Ş.	21,879	30
Finans Yatırım Menkul Değerler A.Ş.	8,885	7
Finans Finansal Kiralama A.Ş.	4,176	-
Finans Factoring A.Ş.	3,649	-
Cigna Turkey Danışmanlık Hizm Ltd.	3,000	-
Finans Portföy A.Ş.	1,224	-
Cigna International Corporation	-	234,973
<b>Total</b>	<b>262,585</b>	<b>235,776</b>

**c) Payables from insurance operations**

	31 December 2015	31 December 2014
Finansbank A.Ş.	13,187,415	10,453,155
Cigna Global Reinsurance	144,610	-
IBTech A.Ş.	21,953	237,220
Finans Yatırım Menkul Değerler A.Ş.	8,873	-
Finans Finansal Kiralama A.Ş.	4,178	-
Finans Factoring A.Ş.	3,667	-
Finans Portföy Yönetimi A.Ş.	1,030	(1,884)
<b>Total</b>	<b>13,371,726</b>	<b>10,688,491</b>

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## 45. Related Party Transactions (Continued)

## d) Payables from other operations

	31 December 2015	31 December 2014
Finans Portföy Yönetimi A.Ş.	121,451	105,520
Cigna Life Canada	96,069	-
IBTech A.Ş.	57,436	310,104
Cigna Global Holdings Incorporation	50,977	104,353
Cigna New Zealand	46,842	-
Finansbank A.Ş.	32,949	-
Finans Yatırım Menkul Değerler A.Ş.	31,860	-
Cigna HLA Technology Services Company Limit	1,249	-
Cigna International Corporation	83	14,533
<b>Total</b>	<b>438,916</b>	<b>534,510</b>

## e) Interest income

	1 January - 31 December 2015	1 January - 31 December 2014
Finansbank A.Ş.	116,383	80,595
Finans Portföy Yönetimi A.Ş.	6,361,661	5,396,080
<b>Total</b>	<b>6,478,044</b>	<b>5,476,675</b>

## f) Commission expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Finansbank A.Ş.	93,993,832	80,853,542
<b>Total</b>	<b>93,993,832</b>	<b>80,853,542</b>

## g) Reinsurance expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Cigna Global Reinsurance	427,811	163,014
<b>Total</b>	<b>427,811</b>	<b>163,014</b>

## h) Operating expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Finans Portföy Yönetimi A.Ş.	1,582,185	1,410,417
Cigna Life Canada	1,433,664	262,138
Finansbank A.Ş.	1,124,597	1,007,848
Cigna International Corporation	671,892	490,848
Cigna Global Holdings Incorporation	556,245	1,338,924
Cigna New Zealand	471,833	-
Finans Yatırım Menkul Değerler A.Ş.	382,520	329,723
IBTech A.Ş.	382,218	2,728,335
Cigna HLA Technology Services	15,046	7,500
Cigna Hayat Sigorta A.Ş.	-	94,118
Cigna Worldwide Life Insurance Company Limited	-	50,949
<b>Total</b>	<b>6,620,000</b>	<b>7,720,800</b>

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## 45. Related Party Transactions (Continued)

	1 January - 31 December 2015	1 January - 31 December 2014
i) Premium received		
Finansbank A.Ş.	737,332	724,636
IBtech A.Ş.	48,221	46,483
Finans Yatırım Menkul Değerler A.Ş.	23,184	20,115
Finans Factoring A.Ş.	11,436	8,748
Finans Finansal Kiralama A.Ş.	9,804	9,183
Finans Portföy Yönetimi A.Ş.	3,332	3,091
<b>Total</b>	<b>833,309</b>	<b>812,256</b>

## j) Profit for risk shares

	31 December 2015	31 December 2014
Finansbank A.Ş.	220,157	207,835
IBtech A.Ş.	21,953	21,796
Finans Yatırım Menkul Değerler A.Ş.	8,873	8,635
Finans Finansal Kiralama A.Ş.	4,178	3,870
Finans Factoring A.Ş.	3,667	2,919
Finans Portföy Yönetimi A.Ş.	1,211	1,077
<b>Total</b>	<b>260,039</b>	<b>246,132</b>

45.1 Doubtful receivables from shareholders, associates and subsidiaries: None (31 December 2014: None).

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report

	%	Book Value	31 December 2015				
			Financial Statement Period	Total Asset	Total Liabilities	Net Sales	Net gain/loss
EGM (*)	5.26	362,019	31.12.2015	9,726,372	2,538,487	7,580,182	383,076

	%	Book Value	31 December 2014				
			Financial Statement Period	Total Asset	Total Liabilities	Net Sales	Net gain/loss
EGM (*)	5.26	362,019	31.12.2014	8,361,135	1,556,326	5,498,163	7,039

(\*) Since the relevant financial asset does not have any identified price in big-board market and there are not any valuation work for the relevant Company, financial asset is carried at cost price.

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2014: None).

45.4 Rights on immovable and their value: None (31 December 2014: None).

45.5 Total amount of guarantees, commitments and securities given in favour of shareholders, subsidiaries and investments: None (31 December 2014: None)

## 46. Events Occurred After the Balance Sheet Date

a) The employment termination benefits ceiling has increased to TL4,092.53 as of 1 January 2016.

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	31 December 2015	31 December 2014
<b>47. Other</b>		
<b>47.1 Details of "Other" items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:</b>		
<b>a) Other prepaid expenses</b>		
Rent expenses	1,265,909	21,206
Catastrophic excess of loss	189,953	93,247
Transportation expenses	142,475	-
Education expenses	44,486	-
Subscription expenses	36,330	14,158
Insurance expenses	25,326	19,132
Other	-	13,883
<b>Total</b>	<b>1,704,479</b>	<b>161,626</b>
<b>b) Other receivables</b>		
Receivables from EGM (*)	535,935	536,203
<b>Total</b>	<b>535,935</b>	<b>536,203</b>
(*) This amount occurs of the state subsidy return receivable which is paid duplicate to EGM.		
<b>c) Other payables</b>		
Payables to suppliers	2,259,654	1,248,597
Other payables rediscount	(9,644)	(6,386)
<b>Total</b>	<b>2,250,010</b>	<b>1,242,211</b>
<b>d) Other technical reserves</b>		
Equalization reserve	9,732,181	7,624,307
<b>Total</b>	<b>9,732,181</b>	<b>7,624,307</b>
<b>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:</b> None (31 December 2014: None).		
<b>47.3 Claim recovery receivables followed under off-balance sheet items:</b> None (31 December 2014: None).		
<b>47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses:</b> None (1 January - 31 December 2014: None).		
<b>47.5 Other information required by Treasury to be presented:</b>		
<i>Provision and rediscount (expenses)/income for the period:</i>		
	1 January - 31 December 2015	1 January - 31 December 2014
Provision for bonus	2,331,479	1,900,000
Provision for employment termination benefit	412,714	314,265
Provision expense of unused vacation	172,713	317,688
Rediscount income/expenses	67,572	(125,054)
Provision for doubtful receivables	(897)	(21,492)
Provision for lawsuit	(71,329)	180,390
<b>Total</b>	<b>2,912,252</b>	<b>2,565,797</b>

**APPENDIX I - CONVENIENCE TRANSLATION OF**  
**THE STATEMENT OF PROFIT DISTRIBUTION**

	Note	Current Period	Previous Period
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>			
1.1 PROFIT FOR THE PERIOD		18,180,061	35,014,626
1.2 TAXES PAYABLE AND LEGAL LIABILITIES		(3,809,094)	(7,818,616)
1.2.1 Corporate Tax (Income Tax)		(3,809,094)	(7,818,616)
1.2.2 Income Tax Deduction		-	-
1.2.3 Other Taxes and Legal Liabilities		-	-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>		<b>14,370,967</b>	<b>27,196,010</b>
1.3 PREVIOUS YEARS' LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVE		-	(1,359,800)
1.5 LEGAL FUNDS TO BE KEPT IN THE COMPANY		-	-
<b>B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5) ]</b>		<b>-</b>	<b>25,836,209</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(2,250,000)
1.6.1 to common shareholders		-	(2,250,000)
1.6.2 To preferred shareholders		-	-
1.6.3 To owners of participating redeemed shares		-	-
1.6.4 To owners of profit-sharing securities		-	-
1.6.5 To owners of profit and loss sharing securities		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO FOUNDERS (-)		-	-
1.9 DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
1.10 SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	(21,442,009)
1.10.1 to common shareholders		-	(21,442,009)
1.10.2 to preferred shareholders		-	-
1.10.3 To owners of participating redeemed shares		-	-
1.10.4 To owners of profit-sharing securities		-	-
1.10.5 To owners of profit and loss sharing securities		-	-
1.11 SECOND LEGAL RESERVE (-)		-	(2,144,201)
1.12 STATUTORY RESERVES (-)		-	-
1.13 EXTRAORDINARY RESERVES		-	-
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION FROM RESERVES</b>			
2.1 DISTRIBUTED RESERVES		-	-
2.2 SECOND LEGAL RESERVE (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To common shareholders		-	-
2.3.2 To preferred shareholders		-	-
2.3.3 To owners of participating redeemed shares		-	-
2.3.4 To owners of profit-sharing securities		-	-
2.3.5 To owners of profit and loss sharing securities		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1 TO COMMON SHAREHOLDERS		-	0,604
3.2 TO COMMON SHAREHOLDERS (%)		-	60%
3.3 TO PREFERRED SHAREHOLDERS		-	-
3.4 TO PREFERRED SHAREHOLDERS (%)		-	-
<b>IV. DIVIDENDS PER SHARE</b>			
4.1 TO COMMON SHAREHOLDERS		-	0,526
4.2 TO COMMON SHAREHOLDERS (%)		-	52.65%
4.3 TO PREFERRED SHAREHOLDERS		-	-
4.4 TO PREFERRED SHAREHOLDERS (%)		-	-

Since the profit distribution proposal for the year 2015 has not been prepared by the Board of Directors in order to be presented for an approval at the General Assbly, only the distributable profit has been stated on the statement of profit distribution of 2015.



## Evaluation of Financial Status, Profitability and Ability to Pay Compensation

### Evaluation of Financial Status and Profitability

Size of the assets of our company has reached to the level of TRY 858 Million with an increase by 17% in 2015.

When the items that form the company assets are examined in terms of size, it is seen that the item of Due from Insurance Operations has reached to TRY 570.7 Million with an increase by 20.5%. Share of Receivables from Insurance Operations in total assets has been recorded as 71.9%. Sum of Current Assets has reached to TRY 269.9 Million with an increase by 8.4%.

22.5% of the liabilities in our company's balance sheet is comprised of Insurance Technical Reserves while 75.9% is comprised of Due to Insurance Operations.

Sum of Equity of our company has been recorded as TRY 69.9 Million.

According to the rules set by Turkish Prime Ministry Undersecretariat of Treasury, minimum amount of Equities required for our Company as of 31/12/2015 has been calculated as TRY 38.7 Million and our Equities has been recorded as TRY 79.7 Million including equalization reserves.

Specific ratios related to financial status of our Company as of 31/12/2015 are given below

	Current Term	Previous Term
1. Written Premiums (Gross) / Equity	363.3%	264.8%
2. Receivables from Premiums / Equity	52.1%	35.4%
3. Technical Reserves (Net) / Equity	253.4%	181.9%
4. Profit Before Tax / Written Premiums (Gross)	7.1%	16.7%
5. Profit Before Tax / Equity	26%	44.1%
6. Technical Profit - Life / Written Premiums (Gross) - Life	1.9%	11.7%

## Evaluation of Ability to Pay Compensation

We have adopted the principle that following realization of risks covered by our Company, insurance claims are assessed as soon as possible and the sums decided to be paid are paid to the claiming parties without delay.

The following table presents information about the total indemnity payments and outstanding amounts for all life/personal accident insurances effective as of the end of 2015;

### Paid and Outstanding Life Insurance Compensations

Compensations Paid (01/01/2015-31/12/2015)		
Type of Compensation	Number of Files	Amount (TRY)
Death	2,247	19,005,139
Death-Personal Accident	35	1,065,374
Disability	61	256,563
Disability-Personal Accident	10	56,900
Treatment After Accident	3	606
Daily Hospital	15	16,090
Daily Hospital-Personal Accident	26	46,800
Dangerous Diseases	1	30,000
Unemployment	3,442	10,824,439
Surrender	338,402	11,514,707
Surrender-Personal Accident	6	2,396
<b>Total</b>	<b>344,248</b>	<b>42,819,012</b>

Outstanding Compensations-31/12/2015		
Type of Compensation	Number of Files	Amount (TRY)
Death	2,096	17,048,837
Death-Personal Accident	5	98,711
Disability	4	48,300
Disability-Personal Accident	2	19,363
Unemployment	2,166	5,917,567
Surrender	353	40,936
<b>Total</b>	<b>4,626</b>	<b>23,173,714</b>

As of 2015, banks, policy holders and other beneficiaries were paid a total of TRY 41,647,542 for life insurances and TRY 1,171,470 for individual accident insurances.

The following table shows Net Loss / Premium ratios for the year 2014 as calculated by taking life insurances of the company into account:

<b>Loss / Premium Ratio</b>	<b>2015 Q1</b>	<b>2015 Q2</b>	<b>2015 Q3</b>	<b>2015 Q4</b>
Life	%17	%20	%19	%18

In 2015, unemployment compensation demands for life insurances with unemployment assurance received by our Company have been rapidly assessed and their payments have been made.

In 2015, the total compensation paid for additional assurances of Disability, Involuntary Unemployment /Temporary Incapacity /Hospital Daily and Treatment After Accident Costs totaled to TRY 11,201,397 and total outstanding compensations on a file basis were totaled to TRY 5,985,230.

In this period, sum of death compensations paid has been TRY 30,132,836 for life insurances and TRY 1,169,074 for Personal Accident insurances.

The amount of outstanding compensations has been TRY 23,014,705 for life insurances. The amount of outstanding compensations for death has been TRY 118,074 for personal accident insurances.

## Information About Risk Management Policies Applied for Each Type of Risk

### Financial Risks

The goal of the company in capital management is to ensure sustainability as a revenue-generating business, to protect interests of shareholders and corporate partners, and to ensure sustainability of the most effective capital structure in order to reduce capital costs.

The company is exposed to market risks (foreign exchange risk, interest rate risk, price risk), liquidity risks and credit risks due to financial assets and liabilities. Risk management program of the company generally focuses on minimizing the potential adverse impacts of the uncertainty in financial markets on the financial performance of the Company. The company is usually exposed to interest rate and price risks due to financial investments; credit risks due to insurance receivables; and foreign exchange risks due to assets and liabilities indexed to foreign exchange.

Risks that the company may encounter in connection with its fields of activity, and measures and actions taken for the management of these risks are given below.

### Market Risk

This is the risk of financial losses for the Company due to fluctuations in market interest rates, real estate prices or foreign exchange rates. The Company does not have any securities as of the date of balance sheet.

### Credit Risk

The risk is the inability of a debtor of the Company to fulfill its liabilities in due time.

The Company monitors and limits the credit risks associated with its financial assets (categorized as credits and receivables) and its receivables arising from insurance activities (including receivables from reinsurance) by implementing procedures in the selection of sureties to be received and counterparties.

Financial assets of the Company that are other than credit and receivables category and are subjected to credit risk generally represent deposit accounts and current accounts held in banks and other financial institutions based in Turkey, and these receivables are not considered as having high credit risk. The Company does not have any securities as of the date of balance sheet.

### Liquidity Risk

The risk that the Company lacks funds necessary to fulfill its financial liabilities on time without any loss. Furthermore, a significant decline is observed in transaction volumes in public domestic borrowing instruments market at times of very high fluctuation in interest rates due to economic and political uncertainties. This shows that the Company may be exposed to liquidity risk.

Cash flow and portfolio studies are conducted on a monthly basis and existence of any forward risks are assessed in budget estimations revised 3 times a year for the purpose of ensuring the Company fulfills its commitments, particularly those for compensation payments; determining the liquidity level; managing liquidity risk; conducting the mentioned risk analyses; and determining the investment preferences. Furthermore, the Company obtains market status information from the Finance Portfolio, the manager of pension investment funds of the Company.

## Legal Risks

Legal and Compliance Department carries out regular studies in order to eliminate the risk of negative impacts of new or amended regulations and court order on the Company's activities and reputation.

One of the most critical duties of Legal and Compliance Department in 2015 has been monitoring the regulations that govern the field of activity of the Company, reviewing amendments to such regulations and timely informing the Company management and employees on the implementation of liabilities arising from them. Legal and Compliance Department of our Company has played an active role in minimizing the regulatory risks by holding Regulation Committee meetings for regulatory reviews and briefings, and by providing employees with training whenever necessary for the purpose of supporting the Company in adopting to the regulatory amendments.

Legal and Compliance Department also works jointly with the Compliance Officer in taking the necessary measures and making the necessary notifications within the scope of national and international regulations regarding prevention of laundering of criminal revenues and financing of terrorism.

## Strategy Risks

The risk of failure to implement business plans and strategies required for the Company to adopt to changes in business conditions in its field of activity.

Some of the important risk factors that may be defined as strategic risks for the Company are stated below.

Changes in customer trends apart from company's goals,  
Competition threats in the industry,  
Economic and political changes,  
Impacts of new technologies,  
New distribution methods,  
Changes in regulations.

Any developments in these circumstances may lead to deviation from the set and planned goals of the Company. In order to prevent the Company from being negatively impacted from these risks, Management Committee and all other concerning committees of the Company closely follow up the developments and take necessary actions accordingly.

## Profit Distribution Policy

Principles on profit distribution policy of Cigna Finans Emeklilik ve Hayat A.Ş. are defined in article 26 of the articles of association of the Company as renewed under Registration Number 631745.

The capital of the company is fully paid-up and totals to TRY 45,000,000 (Forty five million Turkish Liras). The capital is divided into 45,000,000 (Forty five million) shares each with a value of TRY 1 (One Turkish Lira). The capital of the company comprises (i) 22,949,999 Group A shares worth TRY 22,949,999, (ii) 22,049,999 Group B shares worth TRY 22,049,999, (iii) 1 Group A1 share worth TRY 1, and (iv) 1 Group B1 share worth TRY 1.

The Company will maintain its equity in line with the minimum level required by the applicable regulations. The Company may increase its equity level over the minimum capital level, increase it in comparison with the capital level determined on a past date or decrease it to the minimum capital level upon positive votes of at least one (1) Board of Directors member that represents Group A1 shareholders and at least one (1) Board of Directors member that represents Group B1 shareholders. In

case the Board of Directors is willing to increase or decrease the level of equity to be maintained, the said increase will be covered by the shareholders proportionally to their shares and a resource other than addition of profit to the capital.

In case of a decrease, the difference will be paid to the shareholders as a special dividend proportionally to their shares. The net profit of the Company is the amount to be obtained after deducting the amounts required to be paid or reserved (such as overhead, depreciation and provisions) from the incomes determined as of the end of accounting term.

The distributable profit ("Distributable Profit") is the amount that remains after allocating the reserve funds that must be allocated pursuant to Article 519 of Turkish Commercial Code from the earnings after tax of the Company as calculated in accordance with Turkish Accounting Standards and reaching to the target capital level as decided in the annual business plan (as amended from time to time) by Group A1 and Group B1 shareholders.

100% of the Distributable Profit is distributed every year. Any decisions contrary to this may be made only upon approval of 100% of shareholders. General assembly may decide to distribute profits to Group A1 and B1 shareholders over separate percentages.

The profit distribution proposals submitted by the Board of Directors to the approval of General Assembly are prepared by taking the profitability into account while preserving the balance between the expectations of shareholder and the investment needs, growth targets and financial structure of the Company.

## Information regarding lawsuits against the Company and their possible consequences that may impact the financial status and activities of the Company;

A provision for outstanding compensations and a provision for lawsuits have been allocated for TRY 9,025,990 (Nine million twenty five thousand nine hundred and ninety Turkish Liras) portion of the amounts stated in the attached financial statements as of 31/12/2015 with regards to lawsuits filed against the Company and ongoing as of the date of balance sheet.

## Technical Risks

### Insurance Risks and Insurance Risk Management Process

Insurance risk is the possibility that premiums paid by the insurant cannot meet the compensation to be paid in the case the covered event takes place.

The coincidental and unpredictable nature of risk makes risk assessment even more important. A Risk Acceptance Guideline has been issued for the purpose of establishing an effective risk assessment policy with regards to insurance risks of the Company, and insurance risk assessment activities of the Company have been implemented accordingly. Terms of Risk Acceptance Guideline are reviewed annually in line with the company needs and the structure of changing life insurance portfolio.

All medical risk assessment activities have been carried out inhouse in 2015 under the agreement for providing an effective and professional service in risk assessment activities regarding insurance applications and compensation claims. The organization process was implemented by Branch Office Sales Management Platform Assistant, and medical opinions were provided by our consulting doctor at Technical and Actuary Group. We have obtained services from Compu Group Medical Bilgi Sistemleri A.Ş. for the hospital network in 2015.

Risk assessment process of our Company utilizes internationally accepted and implemented insurance risk assessment tools. In the assessment of medical, personal and financial technical risks, the numeric risk assessment results obtained from the web based insurance risk assessment tool, MIRA (Munich Re Internet Risk Assessor), of Munich Re, the leader reinsurer in our reinsurance program, is used for controls.

Our Risk Acceptance Guideline is reviewed annually in line with the changing coverage, customer and sales channel needs of our portfolio, and revised in order to enable our company to maintain its profitability and implement an effective risk assessment process. In addition to this assessment, our consulting doctor at Technical and Actuary Group carries out inhouse medical risk assessment process. Furthermore, the insurant candidates are subjected to personal (occupation, hobbies, lifestyle, geographical residence and moral risk) and financial risk assessments through our Technical and Actuary Group of our company.

### Medical Risk Assessment

During assessment of insurance applications made to our Company; insurant candidates that claim assurance over amounts indicated in Risk Acceptance Regulation according to life insurance assurance amounts claimed in the first phase are requested to use specific check-up sets in contractual health institutions and therefore, information is gained about health status of insurant candidates. Until 20/08/2014, our contracted medical risk assessment institution was in charge of reviewing these medical results and submitting a medical opinion to our company. However, as a result of the change in process, our consulting doctor at Technical and Actuary Group of our company is responsible for reviewing these medical results and submitting a medical opinion to our company. Life insurance applications that belong to insurant candidates whose mortality risk is found to be increased by 175% and more as a result of insurance risk assessment that involves medical risk and that is performed according to numerical risk grading method are declined.

### Personal (in terms of Lifestyle, Occupation, Morale and Hobbies) Risk Assessment

The second phase of our insurance risk assessment process involves gathering of information about gender, lifestyle, geographical place of residence and occupation from the insurant candidates are analyzed and assessed by using current insurance risk assessment tools and if required, risks are re-assessed by requesting additional information and documents from insurant candidates.

### Financial Risk Assessment

In the third phase, it is examined if the amount of life insurance coverage claimed by customers match their annual income and/or credit amounts. Since our company's portfolio comprises mainly of life insurance products associated with bank risk, in this phase it is examined if the amounts of insurance coverage match the personal credits given by the bank. The fact that the first financial analysis in credit life insurances is performed by the bank and provision of the credit is an important criteria for our Company in terms of financial risk assessment.

In this phase, candidates are requested to provide a financial statement, a copy of credit contract, information and documents that indicate income status of the candidate as stated in Risk Acceptance Guideline.

In relation with a contract; the Company uploads the table that indicates amount of provided assurance, the amount transferred to reinsurer, the amount of net risk on the company, reinsurers to whom premiums have been transferred and international credit ratings of those reinsurers as well as including reasons for taking that risk in addition to information

above in relation with risks over 10% of proprietary capital and whose content is determined by undersecretariat to the portal of Turkish Prime Ministry Undersecretariat of Treasury in relation with risks kept above over 5% of proprietary capital within one month after assurance is provided.

Auditing of insurance risk aims at ensuring that operations of all departments of the Company comply with legal regulations, Company strategies and policies, and codes of practice in accordance with the actuary principles of the Company.

Insurance risk auditing process consists of such phases that involve in providing information to the Company's top management and Board of Directors on:

- Effectiveness of risk management process,
- Compliance with the written processes,
- Compliance with the determined limits,
- The extent that data and reports produced reflects the actual status,

and providing recommendations on measures to be taken and changes to be made in practice.

### Management Process of Risks related with Reinsurance Companies

Reassurance work is conducted by the Company over death risk or risks assured by additional coverage (death as a result of accident, disability as a result of disease, disability as a result of accident, dangerous diseases, unemployment assurance, bankruptcy coverage, etc.). For the life insurance tariffs with risk element, a maximum reserve share (conservation) is determined for death and additional coverages through actuary calculations each year. A portion of the risk that does not exceed this amount is reserved by the company and the portion above this is transferred to reinsurance companies with which we cooperate under shared reinsurance agreements (surplus and quote-share reinsurance agreements). Furthermore, a portion of risks determined for new products with relatively uncertain results is transferred to the reinsurer under non-proportional excess of loss agreement.

In order to maintain conservation as a result of natural disasters such as earthquake and flood or traffic accidents in mass transportation or terrorist attacks, the Company makes a non-proportional catastrophic excess of loss (XL) reinsurance contract with the most appropriate method for the portfolio structure.

Acting in mutual agreement with its contractual reinsurers in Life and Accident insurance branches, the Company carries out its reinsurance transactions under appropriate risk assessment conditions and reinsurance capacity. Results of the reassurance activities of the Company in life and accident branches as of the end of December 2015 are given below:

The following selection criteria is used for ensuring a reliable and high-standard service during selection of reinsurers within the reassurance program of the Company and its relationships with the reinsurers, and ensuring that reinsurers fulfill their obligations.

## January 1st - December 31st, 2015

**Reassurance Results in Life Branch**

Transferred Premium	8,215,572
Commission Received	2,435,508
Reinsurer Share in Check Up Expenses	188,401
Reinsurer's Share in Compensation	2,917,774
<b>Total</b>	<b>2,673,888</b>

## January 1st - December 31st, 2015

**Reassurance Results in Accident Branch**

Transferred Premium	915,710
Commission Received	374,648
Reinsurer's Share in Compensation	0
<b>Total</b>	<b>541,063</b>

1. Companies with which reinsurance contract will be signed must be based in politically and economically safe regions far from conditions such as war, civil disorder, revolt and uprising,
2. Financial strength and credit ratings given by international credit rating institutions,
3. Long-term approach to business relationships,
4. Competitive reinsurance premium prices,
5. Allocation of capacity in facultative works and non-proportional (catastrophic) reinsurance contracts,

Allocation of facilities to the Company in terms of risk assessment, information on new developments in the industry, product development, training, etc.

Reinsurance transaction management policy of our Company is based on business relationships established with steady and financially reliable reinsurance companies. Reinsurance contracts signed with reinsurance companies are made by taking the financial status of the company into account depending on market conditions and developments in industry.

As a result of steady and consistent pricing and risk acceptance policies implemented by the Company, risk assessment conditions and procedures agreed upon with treaty reinsurers allow automatic insurance of high-amount coverages, which are very higher than market averages.

Ranges of our valid life insurances according to coverage amounts and distribution of reinsurance in these ranges are shown in the following table:

**Total Number of Policies/Certificates and Reinsurance Distribution Based on Death Coverage Amount Ranges (31/12/2015):**

Coverage Range (TRY)	Coverage Quantity as of 31/12/2015	Coverage Amount as of 31/12/2015	Conservation	Excess	Total Coverage Distribution		
					Quota Share	Facultative	Other
1-5,000	594,875	1,331,728,107	1,326,429,909	5,298,198	0	0	0
5,001-10,000	371,860	2,741,189,556	2,721,025,108	20,164,448	0	0	0
10,001-25,000	306,087	4,531,700,742	4,369,176,440	162,524,301	0	0	0
25,001-50,000	113,714	4,215,607,313	3,987,338,896	228,268,417	0	0	0
50,001-100,000	44,554	3,204,926,431	2,920,136,092	284,790,338	0	0	0
100,001-500,000	15,073	2,500,754,813	1,673,907,502	826,612,024	0	235,287	0
500,001-1,000,000	108	81,331,492	11,544,720	69,786,772	0	0	0
1,000,001-5,000,000	55	98,894,500	6,214,820	89,963,781	0	2,715,900	0
5,000,001 +	0	0	0	0	0	0	0
<b>Total</b>	<b>1,446,326</b>	<b>18,706,132,954</b>	<b>17,015,773,487</b>	<b>1,687,408,280</b>	<b>0</b>	<b>2,951,187</b>	<b>0</b>

Our leading reinsurer in our reinsurance contracts in life insurance field is Munich Reinsurance company, the biggest reinsurer of the world based in Munich. Our second reinsurer in terms of share size in all our reinsurance contracts is Milli Reasürans T.A.Ş. based in Istanbul. Besides, we don't have a reinsurance contract for Bankruptcy Coverage.

Ratings of these reinsurers given by S&P and A.M. Best credit rating institutions are given below;

Reinsurer	S & P			A.M. Best		
	Rating	Outlook	Date	Rating	Definition	Date
Munich Re	AA- (Very Strong)	Stationary	5/27/2015	A+ (Superior)	Stationary	2/28/2015
Milli Re	tr AA-	-	5/17/2015	B+	Stationary	2/28/2015
Genworth	A-	-	5/27/2015	-	-	-
Cigna Re	-	-	-	A	-	12/31/2015



It is seen that our contracted reinsurers are among those approved by the Undersecretariat of Treasury pursuant to "Regulations On Measurement and Assessment of the Capital Adequacy of Insurance, Reinsurance and Pension Companies".

Selection of reinsurers is based on balance sheet and income statement documenting that the reinsurer is being audited by legal auditing and inspection authorities and the results (ratings) of researches conducted by independent international rating institutions for determination of their financial strength. Selection of reinsurers is made by the top management in line with the recommendations of concerning executive unit.

Additionally, in relation with a contract; the Company uploads the table that indicates amount of provided assurance, the amount transferred to reinsurer, the amount of net risk on the company, reinsurers to whom premiums have been transferred and international credit ratings of those reinsurers as well as including reasons for taking that risk in addition to information above in relation with risks over 10% of proprietary capital and whose content is determined by undersecretariat to the portal of Turkish Prime Ministry Undersecretariat of Treasury in relation with risks kept above over 5% of proprietary capital within one month after assurance is provided.

#### Information about Research and Development Practices Regarding New Services and Activities

Our Company has undertaken projects that add value to both insureds and shareholders through many new products and services in 2015 as well. These products and services include the following:

- 1- System infrastructure is completed for MOR reports to be used in Cigna USGAAP Reports and the system is made operational for producing reports.
- 2- Telemarketing and Bank sales are started for Personal Accident products with Eye and Dental Assistance packages.
- 3- All the Non-Credit Personal Life products are revised with Replacement Warranties and made available for sales upon completion of system infrastructure.
- 4- Long-Term Life Insurance with Declining Balance product is developed and made available for sales for our Private Pension customers.

#### Summarized Financial Information for the Five Year Period including Reporting Period Balance Sheet

ACCOUNT NAME	31/12/15	31/12/14	DIFFERENCE (TL)	DIFFERENCE (%)
A- CASH AND CASH EQUIVALENTS	198,578,466	147,648,170	50,930,296	34.49%
B- FINANCIAL ASSETS AND FINANCIAL INVESTMENTS AT POLICYHOLDER'S RISK	-	43,179,312	(43,179,312)	
C- RECEIVABLES FROM MAIN OPERATIONS	46,554,416	38,123,170	8,431,246	22.12%
D- DUE FROM RELATED PARTIES	3,000	234,973	(231,973)	(98.72%)
E- OTHER RECEIVABLES	535,935	536,203	(268)	(0.05%)
F- PREPAID EXPENSES AND INCOME ACCRUALS	24,244,249	19,258,347	4,985,902	25.89%
G- OTHER CURRENT ASSETS	-	-	-	-
<b>I- TOTAL CURRENT ASSETS</b>	<b>269,916,066</b>	<b>248,980,175</b>	<b>20,935,891</b>	<b>8.41%</b>
A- RECEIVABLES FROM MAIN OPERATIONS	570,704,866	474,187,791	96,517,075	20.35%
B- DUE FROM RELATED PARTIES	-	-	-	0.00%
C- OTHER RECEIVABLES	18,626	38,214	(19,588)	(51.26%)
D- FINANCIAL ASSETS	362,019	362,019	-	0.00%
E- TANGIBLE ASSETS	7,663,430	1,943,947	5,719,483	294.22%
F- INTANGIBLE ASSETS	7,116,319	3,444,213	3,672,106	106.62%
G- PREPAID EXPENSES AND INCOME ACCRUALS	2,693	-	2,693	0.00%
H- OTHER NON- CURRENT ASSETS	2,715,783	2,565,538	150,245	5.86%
<b>II- TOTAL LONG TERM ASSETS</b>	<b>588,583,736</b>	<b>482,541,722</b>	<b>106,042,014</b>	<b>21.98%</b>
<b>TOTAL ASSETS (I+II)</b>	<b>858,499,802</b>	<b>731,521,897</b>	<b>126,977,905</b>	<b>17.36%</b>
A- BORROWINGS	-	-	-	0.00%
B- PAYABLES FROM MAIN OPERATIONS	28,160,988	23,630,744	4,530,244	19.17%
C- DUE TO RELATED PARTIES	542,766	666,955	(124,189)	(18.62%)
D- OTHER PAYABLES	2,250,010	1,242,211	1,007,799	81.13%
E- INSURANCE TECHNICAL RESERVES	95,348,105	75,975,528	19,372,577	25.50%
F- TAXES AND OTHER LIABILITIES AND PROVISIONS	2,848,519	3,090,205	(241,686)	(7.82%)
G- PROVISIONS FOR OTHER RISKS	-	-	-	0.00%
H- DEFERRED INCOME AND EXPENSE ACCRUALS	1,081,464	451,142	630,322	139.72%
I- OTHER SHORT TERM LIABILITIES	3,767,593	3,209,160	558,433	17.40%
<b>III- TOTAL SHORT TERM LIABILITIES</b>	<b>133,999,445</b>	<b>108,265,945</b>	<b>25,733,500</b>	<b>23.77%</b>
A- BORROWINGS	-	-	-	0.00%
B- PAYABLES FROM MAIN OPERATIONS	570,704,866	474,187,791	96,517,075	20.35%
C- DUE TO RELATED PARTIES	-	-	-	0.00%
D- OTHER PAYABLES	-	-	-	0.00%
E- INSURANCE TECHNICAL RESERVES	81,906,309	68,284,087	13,622,222	19.95%
F- OTHER LIABILITIES AND PROVISIONS	-	-	-	0.00%
G- PROVISIONS FOR OTHER RISKS	1,951,992	1,472,102	479,890	32.60%
H- DEFERRED INCOME AND EXPENSE ACCRUALS	-	-	-	0.00%
I- OTHER LONG TERM LIABILITIES	-	-	-	0.00%
<b>IV- TOTAL LONG TERM LIABILITIES</b>	<b>654,563,167</b>	<b>543,943,980</b>	<b>110,619,187</b>	<b>20.34%</b>
A- PAID IN CAPITAL	45,000,000	45,000,000	-	0.00%
CAPITAL	45,000,000	45,000,000	-	0.00%
UNPAID CAPITAL(-)	-	-	-	0.00%
B- CAPITAL RESERVES	-	-	-	0.00%
C- PROFIT RESERVES	10,566,223	7,115,962	3,450,261	48.49%
D- RETAINED EARNINGS	-	-	-	0.00%
E- ACCUMULATED DEFICIT(-)	-	-	-	0.00%
F- NET PROFIT (LOSS) FOR THE PERIOD	14,370,967	27,196,010	(12,825,043)	(47.16%)
<b>V- TOTAL SHAREHOLDERS' EQUITY</b>	<b>69,937,190</b>	<b>79,311,972</b>	<b>(9,374,782)</b>	<b>(11.82%)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+ IV+V)</b>	<b>858,499,802</b>	<b>731,521,897</b>	<b>126,977,905</b>	<b>17.36%</b>

## Balance Sheet (5-Years)

ACCOUNT NAME	31/12/15	31/12/14	31/12/13	31/12/12	31/12/11
A- CASH AND CASH EQUIVALENTS	198,578,466	147,648,170	127,439,598	133,722,404	86,360,135
B- FINANCIAL ASSETS AND FINANCIAL INVESTMENTS AT POLICYHOLDER'S RISK	-	43,179,312	38,155,027	21,370,879	28,293,398
C- RECEIVABLES FROM MAIN OPERATIONS	46,554,416	38,123,170	40,391,123	32,489,452	22,591,325
D- DUE FROM RELATED PARTIES	3,000	234,973	13,345	-	-
E- OTHER RECEIVABLES	535,935	536,203	-	-	41,587
F- PREPAID EXPENSES AND INCOME ACCRUALS	24,244,249	19,258,347	17,764,732	17,561,365	14,038,814
G- OTHER CURRENT ASSETS	-	-	-	-	-
<b>I- TOTAL CURRENT ASSETS</b>	<b>269,916,066</b>	<b>248,980,175</b>	<b>223,763,825</b>	<b>205,144,101</b>	<b>151,325,259</b>
A-RECEIVABLES FROM MAIN OPERATIONS	570,704,866	474,187,791	364,996,714	208,715,074	105,902,490
B- DUE FROM RELATED PARTIES	-	-	-	-	-
C- OTHER RECEIVABLES	18,626	38,214	34,181	27,465	27,890
D- FINANCIAL ASSETS	362,019	362,019	-	-	-
E- TANGIBLE ASSETS	7,663,430	1,943,947	2,230,223	1,153,925	1,200,494
F- INTANGIBLE ASSETS	7,116,319	3,444,213	3,577,500	1,381,891	856,241
G- PREPAID EXPENSES AND INCOME ACCRUALS	2,693	-	3,417	2,029	6,086
H- OTHER NON- CURRENT ASSETS	2,715,783	2,565,538	1,983,343	1,444,691	907,221
<b>II- TOTAL LONG TERM ASSETS</b>	<b>588,585,736</b>	<b>482,541,722</b>	<b>372,825,578</b>	<b>212,725,075</b>	<b>108,900,423</b>
<b>TOTAL ASSETS (I+II)</b>	<b>858,499,802</b>	<b>731,521,897</b>	<b>596,589,203</b>	<b>417,869,175</b>	<b>260,225,681</b>
A- BORROWINGS	-	-	-	-	-
B- PAYABLES FROM MAIN OPERATIONS	28,160,988	23,630,744	23,640,552	19,667,964	13,844,510
C- DUE TO RELATED PARTIES	542,766	666,955	705,408	236,219	73,496
D- OTHER PAYABLES	2,250,010	1,242,211	2,132,520	790,936	790,275
E- INSURANCE TECHNICAL RESERVES	95,348,105	75,975,528	66,242,207	56,877,246	42,669,293
F- TAXES AND OTHER LIABILITIES AND PROVISIONS	2,848,519	3,090,205	1,931,330	3,401,052	2,169,817
G- PROVISIONS FOR OTHER RISKS	-	-	-	-	-
H- DEFERRED INCOME AND EXPENSE ACCRUALS	1,081,464	451,142	379,895	190,925	428,065
I- OTHER SHORT TERM LIABILITIES	3,767,593	3,209,160	3,709,098	2,727,268	2,092,478
<b>III- TOTAL SHORT TERM LIABILITIES</b>	<b>133,999,445</b>	<b>108,265,945</b>	<b>98,741,010</b>	<b>83,891,610</b>	<b>62,067,934</b>
A- BORROWINGS	-	-	-	-	-
B- PAYABLES FROM MAIN OPERATIONS	570,704,866	474,187,791	364,996,714	208,715,074	105,902,490
C- DUE TO RELATED PARTIES	-	-	-	-	-
D- OTHER PAYABLES	-	-	-	-	-
E- INSURANCE TECHNICAL RESERVES	81,906,309	68,284,087	63,228,126	48,504,829	35,790,536
F- OTHER LIABILITIES AND PROVISIONS	-	-	-	-	-
G- PROVISIONS FOR OTHER RISKS	1,951,992	1,472,102	732,556	270,655	145,455
H- DEFERRED INCOME AND EXPENSE ACCRUALS	-	-	-	-	-
I- OTHER LONG TERM LIABILITIES	-	-	-	-	-
<b>IV- TOTAL LONG TERM LIABILITIES</b>	<b>654,563,167</b>	<b>543,943,980</b>	<b>428,957,396</b>	<b>257,490,558</b>	<b>141,838,481</b>
A- PAID IN CAPITAL	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
CAPITAL	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
UNPAID CAPITAL(-)	-	-	-	-	0
B- CAPITAL RESERVES	-	-	-	-	-
C- PROFIT RESERVES	10,566,223	7,115,962	5,459,901	2,719,266	1,518,346
D- RETAINED EARNINGS	-	-	6,874,354	-	-
E- ACCUMULATED DEFICIT(-)	-	-	-	-	-
F- NET PROFIT (LOSS) FOR THE PERIOD	14,370,967	27,196,010	11,556,542	28,767,741	9,800,920
<b>V. TOTAL SHAREHOLDERS' EQUITY</b>	<b>69,937,190</b>	<b>79,311,972</b>	<b>68,890,797</b>	<b>76,487,007</b>	<b>56,319,266</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+ IV+V)</b>	<b>858,499,802</b>	<b>731,521,897</b>	<b>596,589,203</b>	<b>417,869,175</b>	<b>260,225,681</b>

## Income Statement

ACCOUNT NAME	31/12/15	31/12/14	DIFFERENCE (TL)	DIFFERENCE (%)
Non- Life Technical Income	31,493,314	9,189,764	22,303,550	242,70%
Non- Life Technical Expense	(17,837,877)	(5,834,254)	(12,003,623)	205,74%
<b>NON-LIFE TECHNICAL RESULTS</b>	<b>13,655,437</b>	<b>3,355,510</b>	<b>10,299,927</b>	<b>306,96%</b>
Life Technical Income	202,329,571	189,320,374	13,009,197	6,87%
Life Technical Expense(-)	(198,257,156)	(167,360,286)	(30,896,870)	18,46%
<b>LIFE TECHNICAL RESULTS</b>	<b>4,072,415</b>	<b>21,960,088</b>	<b>(17,887,673)</b>	<b>(81,46%)</b>
Pension Technical Income	14,603,920	12,819,124	1,784,796	13,92%
Pension Technical Expense (-)	(21,753,537)	(20,211,620)	(1,541,917)	7,63%
<b>PENSION TECHNICAL RESULTS</b>	<b>(7,149,617)</b>	<b>(7,392,496)</b>	<b>242,879</b>	<b>(3,29%)</b>
<b>TECHNICAL RESULTS</b>	<b>10,578,235</b>	<b>17,923,102</b>	<b>(7,344,867)</b>	<b>(40,98%)</b>
Investment Income	23,543,840	31,424,680	(7,880,840)	(25,08%)
Investment Expense(-)	(13,383,150)	(14,592,194)	1,209,044	(8,29%)
Income/Expense from Other and Extraordinary Operations (+/-)	(2,558,864)	259,038	(2,817,902)	(1,087,83%)
<b>Net Profit/(Loss) for the Period</b>	<b>14,370,967</b>	<b>27,196,010</b>	<b>(12,825,043)</b>	<b>(47,16%)</b>
Profit/(Loss) for the Period	18,180,061	35,014,626	(16,834,565)	(48,08%)
Corporate Tax Charge (-)	(3,809,094)	(7,818,616)	4,009,522	(51,28%)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>14,370,967</b>	<b>27,196,010</b>	<b>(12,825,043)</b>	<b>(47,16%)</b>

## Income Statement (5-years)

ACCOUNT NAME	31/12/15	31/12/14	31/12/13	31/12/12	31/12/11
Non- Life Technical Income	31,493,314	9,189,764	1,053,085	1,299	81,970
Non- Life Technical Expense	(17,837,877)	(5,834,254)	(601,003)	(177,029)	(75,714)
<b>NON-LIFE TECHNICAL RESULTS</b>	<b>13,655,437</b>	<b>3,355,510</b>	<b>452,082</b>	<b>(175,730)</b>	<b>6,256</b>
Life Technical Income	202,329,571	189,320,374	190,685,543	143,458,114	103,789,972
Life Technical Expense(-)	(198,257,156)	(167,360,286)	(165,876,133)	(116,587,411)	(92,703,634)
<b>LIFE TECHNICAL RESULTS</b>	<b>4,072,415</b>	<b>21,960,088</b>	<b>24,809,410</b>	<b>26,870,703</b>	<b>11,086,338</b>
Pension Technical Income	14,603,920	12,819,124	10,521,744	10,362,297	8,997,860
Pension Technical Expense (-)	(21,753,537)	(20,211,620)	(23,043,027)	(13,296,752)	(10,589,265)
<b>PENSION TECHNICAL RESULTS</b>	<b>(7,149,617)</b>	<b>(7,392,496)</b>	<b>(12,521,283)</b>	<b>(2,934,455)</b>	<b>(1,591,405)</b>
<b>TECHNICAL RESULTS</b>	<b>10,578,235</b>	<b>17,923,102</b>	<b>12,740,209</b>	<b>23,760,518</b>	<b>9,501,189</b>
Investment Income	23,543,840	31,424,680	27,114,399	18,996,834	7,222,786
Investment Expense(-)	(13,383,150)	(14,592,194)	(22,461,646)	(4,968,713)	(1,847,818)
Income/Expense from Other and Extraordinary Operations (+/-)	(2,558,864)	259,038	(1,948,365)	(1,291,295)	(1,933,521)
<b>Net Profit/(Loss) for the Period</b>	<b>14,370,967</b>	<b>27,196,010</b>	<b>11,556,542</b>	<b>28,767,741</b>	<b>9,800,920</b>
Profit/(Loss) for the Period	18,180,061	35,014,626	15,444,597	36,497,343	12,942,636
Corporate Tax Charge (-)	(3,809,094)	(7,818,616)	(3,888,055)	(7,729,602)	(3,141,716)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>14,370,967</b>	<b>27,196,010</b>	<b>11,556,542</b>	<b>28,767,741</b>	<b>9,800,920</b>

**CİGNA FİNANS EMEKLİLİK VE HAYAT A.Ş.**

**NON-CONSOLIDATED YEAR-END FINANCIAL  
REPORT PREPARED AS OF 31 DECEMBER 2015**

Annual Report of our Company regarding accounting period that ends on 31 December 2015 has been prepared and presented within the framework of procedures and principles defined pursuant to Regulation Regarding Insurance and Reinsurance and Pension Companies' Financial Bodies and to Article 516 of Turkish Trade Act.

King Regards,



**Mehmet Ömer Arif ARAS**  
Chairman



**Gail Bernadette COSTA**  
Member of the Board of Director,  
General Manager



**Adnan Menderes YAYLA**  
Member of Board of Directors



**Erkin AYDIN**  
Member of Board of Directors



**Kevin KEITH**  
Financial Control and Reporting,  
Technical and Actuary  
Chief Financial Officer



**Ali Ekrem Haznedar**  
Financial Control and Reporting  
Senior Vice President

