



*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Note 2.1.1)*

**Doğal Afet Sigortaları Kurumu
("Turkish Catastrophe Insurance Pool")**

31 December 2014

Financial Statements

Together With

Independent Auditors' Report Thereon

*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

11 May 2015

*This report includes 2 pages of independent
auditors' report and 27 pages of financial information
together with their explanatory notes.*



**Akis Bağımsız Denetim ve Serbest
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**Convenience Translation of the Independent Auditors' Report
Originally Prepared and Issued in Turkish (See Note 2.1.1)**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Doğal Afet Sigortaları Kurumu

We have audited the accompanying balance sheet of Doğal Afet Sigortaları Kurumu ("Turkish Catastrophe Insurance Pool: TCIP or "Institution") as at 31 December 2014 the statements of profit or loss and other comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Director's Responsibility for the Financial Statements

Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with audit standards in force as per the insurance legislation. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal systems relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal system. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Doğal Afet Sigortaları Kurumu as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Istanbul,
11 May 2015

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

Ruşen Fikret Selamet, SMMM
Partner

DOĞAL AFET SİGORTALARI KURUMU

FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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DOĞAL AFET SİGORTALARI KURUMU
BALANCE SHEET AT 31 DECEMBER 2014

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

	Note	31 December 2014	31 December 2013
ASSETS			
Current Assets			
Cash and cash equivalents	4 and 5	2,459,067,700	2,365,538,869
Available-for-sale financial assets	4 and 6	633,608,516	183,633,418
Premium receivables	4 and 7	96,613,963	86,313,537
Deferred commission expense	17	64,498,095	57,045,317
Other current assets	8	161,510,626	152,331,112
Total current assets		3,415,298,900	2,844,862,253
Non-Current Assets			
Tangible Assets, net	9	11,888	13,588
Intangible Assets, net	10	13,890,098	2,548,190
Other non current Assets	8	9,075,458	21,580,144
Total non-current assets		22,977,444	24,141,922
Total assets		3,438,276,344	2,869,004,175
LIABILITIES AND NET ASSETS			
Current liabilities			
Short-term portion of long term borrowings	11	-	13,439,421
Short-term trade payables	4 and 12	212,459,928	225,739,092
Unearned premium reserve	13	389,216,872	346,877,328
Outstanding claims provision	4 and 13	12,597,136	13,493,400
Total current liabilities		614,273,936	599,549,241
Non-current liabilities			
Long-term borrowings	12	9,017,943	29,992,792
Total non-current liabilities		9,017,943	29,992,792
Total liabilities		623,291,879	629,542,033
Accumulated fund reserve	14	2,812,602,516	2,241,200,697
Fair value reserve	14	2,381,949	(1,738,555)
Total net assets		2,814,984,465	2,239,462,142
Total liabilities and net assets		3,438,276,344	2,869,004,175

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

DOĞAL AFET SİGORTALARI KURUMU

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Note	2014	2013
Revenues:			
Earned premiums	15	711,646,520	605,594,957
Total insurance revenue		711,646,520	605,594,957
Expenses:			
Cost of reinsurance coverage	16	(206,338,874)	(194,175,838)
Commission expenses	17	(116,732,572)	(100,221,247)
Incurred claims	18	(3,686,726)	(8,896,960)
Total insurance expenses		(326,758,172)	(303,294,045)
Insurance revenue, net		384,888,348	302,300,912
General administrative expenses	19	(35,769,443)	(20,566,926)
Operating income		349,118,905	281,733,986
Financial income, net	20	222,282,914	159,918,885
Increase in fund reserve, net		571,401,819	441,652,871
Other comprehensive income:			
Increase /(decrease) in fair value reserve		4,120,504	(3,878,990)
Increase in comprehensive fund reserve		575,522,323	437,773,881

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

DOĞAL AFET SİGORTALARI KURUMU

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Fair value reserve	Accumulated fund reserve	Total
1 January 2013	2,140,435	1,799,547,826	1,801,688,261
Decrease in fair value reserve – net (Note 14.b) (3,878,990)	-	-	(3,878,990)
Increase in fund reserve	-	441,652,871	441,652,871
31 December 2013	(1,738,555)	2,241,200,697	2,239,462,142
Increase in fair value reserve – net (Note 14.b) 4,120,504	4,120,504	-	4,120,504
Increase in fund reserve	-	571,401,819	571,401,819
31 December 2014	2,381,949	2,812,602,516	2,814,984,465

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

DOĞAL AFET SİGORTALARI KURUMU

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Note	2014	2013
Cash flows from institution's activities:			
Increase in fund reserve, net		571,401,819	441,652,871
Adjustments for:			
Depreciation and amortisation charges	19	1,637,243	853,303
Net income from investments		(222,687,285)	(157,146,353)
Interest expenses	20	404,371	919,801
Foreign exchange losses/(profits) associated with borrowings		1,239,601	3,374,198
Increases in receivables (-)		(10,300,426)	(11,684,469)
Increase in other current assets (-)		3,325,172	(89,546,200)
Change in insurance reserves and deferred commission expense		33,990,502	58,676,477
Increase in short-term trade payables		(34,254,013)	18,689,268
Net cash provided by institution's activities		344,756,984	365,788,896
Cash flows from investing activities:			
Interest received from banks		217,848,155	150,386,291
Decrease/(increase) in available-for-sale financial assets		(418,832,265)	(79,079,412)
Purchases of tangible and intangible assets	9 and 10	(12,977,452)	(1,504,349)
Net cash inflow related to investing activities		(213,961,562)	69,802,530
Cash flows from financing activities:			
Reimbursements of borrowings and interests		(13,439,421)	(12,860,709)
Net cash outflows from financing activities		(13,439,421)	(12,860,709)
Net increase in cash and cash equivalents		117,356,002	422,730,717
Cash and cash equivalents at the beginning of the period		2,331,185,074	1,923,113,746
Foreign exchange profits associated with cash and cash equivalents		(519,541)	(14,659,389)
Cash and cash equivalents at the end of the period	5	2,448,021,535	2,331,185,074

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

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 1 - NATURE OF OPERATIONS AND ADMINISTRATION

Doğal Afet Sigortaları Kurumu ("Turkish Catastrophe Insurance Pool: TCIP" or "Institution"), was established as a public legal entity in order to provide insurance and to fulfil the other tasks assigned to it under Decree Law No. 587 ("Decree Law") issued by the Council of Ministers and published in the Official Gazette on 27 December 1999. As it is published and became valid in Official Gazette under Law No. 6305 "Afet Sigortaları Kanunu" ("Law") on 18 May 2012, Decree Law was abolished and all the actives and passives and all rights and liabilities of the Institution which was founded with decree law is transferred to founded the Institution without any transaction on 18 May 2012. The main operation of the Institution is to provide Compulsory Earthquake Insurance to ensure that owners of the buildings are compensated for their losses that occur as a result of an earthquake. The organization is ruled by seven member of the board of directors of Doğal Afet Sigortalar Kurumu who has been working in T.C. Prime Ministry of Turkish Treasury ("Treasury"), Eureko Sigorta, Insurance Association of Turkey, academic member appointed by Higher Education Board, Security Exchange Commission, Ministry of Environment and Urban Planning and Disaster and Emergency Management Presidency.

The Institution started policy sales on 27 September 2000.

The execution of technical and operational activities of the Institution is outsourced. Under the provisions of Law No. 6305, administration of the operations of the Institution has been assigned to Eureko Sigorta A.Ş., as the "Institution Administrator", by Treasury through a contract signed on 8 August 2005 for a period of 5 years. After the renewal of tender in July 2010, Eureko Sigorta A.Ş. has been re-assigned as the Institution Administrator for the period between 2010 and 2015 and the related contract was signed on 8 August 2010. The Institution Administrator, based on the principles set out by Treasury and decisions of Board of Directors of the Institution; and on behalf of the Institution, provides day-to-day administrative services with respect to executing technical and operational aspects of all insurance activities of the Institution regarding compulsory earthquake insurance, applying plans for risk transfer and reinsurance, management of resources of the Institution, carrying out the campaigns related to public relations, marketing and education, purchasing of goods and services related to operations of the Institution and bookkeeping services.

Institution and funds generated by the Institution are exempt from any kind of taxation.

The organization is not subject to the law numbered 3346 Community Economical Attempts with the law about the auditing of the funds by Türkiye Büyük Millet Meclisi, Court of Accounts Law numbered 6085, Travel Expense Law numbered 6245, Public Financial Management and Control law numbered 5018 and Public Bid Law numbered 4734.

Insurance premium receivables of the Institution are collected in accordance with Law related to the Procedures for the Collection of Public Receivables numbered 6183.

Annual financial statements, transactions and expenses of the Institution are audited by Treasury.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Institution at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Institution maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Law numbered 6305. These financial statements are based on the statutory records, with adjustments and reclassifications, for the purpose of fair presentation in accordance with IFRS.

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The financial statements of the Institution were authorised for issue by Institution Board of Directors on 11 May 2015.

Amendments and interpretations, published as of 31 December 2014, but valid after 1 January 2015:

IFRS 9, "Financial instruments"

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Group.

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institution's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the respective accounting policy disclosures.

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all the years presented, unless otherwise stated.

Premium revenue/ Commission expense

Premiums are recognized as income proportionally over the period of coverage of earthquake policies issued on a daily pro-rata basis. The portion of premium revenues that relates to the following period is accounted as the unearned premium reserve for each policy and on a daily basis. The commission expenses incurred in acquiring the unearned portion of premiums are deferred on the same basis as the premiums to which they relate.

Cost of reinsurance coverage

The reinsurance agreements entered into by the Institution with reinsurers under which institution is compensated for losses on one or more policies, and that meet the classification requirements for insurance contracts are classified as reinsurance contracts. The cost of reinsurance, mainly consisting of excess of loss premiums, is incurred on an accrual basis.

The excess of loss reinsurance agreements are renewed annually and cover twelve-months-period from November of prior year up to the end of October of the current year. Accordingly, the cost of reinsurance accounted for under the current year include 10-months-portion of the excess of loss premium related to the reinsurance agreement ending October 2014 and 2-months-portion of the excess of loss premium related to the reinsurance agreement ending October 2015. The cost of reinsurance accounted in the current year also includes excess of loss premium adjustment accrued with respect to related reinsurance agreements as well as brokerage fees paid to and incurred for related intermediaries.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

(Continued)

Claims

The organization books outstanding claim provision for the compensation cost which was accrued and located however not actually paid by the end of the period or if the cost is not calculated they book for estimated and incurred but not reported cost. The organization considered the average 31 December 2014 and 2013 paid claims for calculating incurred but not reported claims and compensation cost and the found amount by multiplying this amount and estimated incurred but not reported claim file unit was reflected as incurred but not reported claim provision in its records.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over their estimated useful life based on the restated cost of such assets. The estimated useful lives of property and equipment are as follows:

Furniture and fixtures

5 years

If book value of an asset is more than its estimated recoverable value, book value of that asset is discounted to its recoverable amount. Profit or loss occurred due to disposal of tangible assets are determined by comparing the book value and collected amount and included to the calculation of increase in fund reserve.

Maintenance and reparation expenses are accounted under the current income statement. But the investment expenses for extending the capacity of the tangible assets' future benefits are included in the cost of the tangible assets.

Intangible assets

Intangible assets consist of the acquired information systems, franchise rights and software. Intangible assets are carried at acquisition cost and amortised by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amount of the intangible assets is written down immediately to its recoverable amount. The useful life of intangible assets is 4 years.

Financial assets

The Institution classifies its financial assets as "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" and "Loans and receivables". The classification of the financial assets is decided by the Institution management at initial recognition based on the purpose for which such assets were acquired and reviewed at reporting periods.

a) Available- for- sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either held as available for sale or not classified in any other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES

(Continued)

b) Financial assets at fair value through profit or loss

The financial assets measured at fair value through profit or loss by the Institution are classified as "Financial assets at fair value through profit or loss" in the financial statements. Financial assets at fair value through profit or loss consist of financial instruments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, formed as a part of a portfolio of financial assets that are managed together for which there is evidence of short-term profit taking, and classified as financial assets designated at fair value through profit or loss at inception since they are managed and their performance is evaluated on fair value basis.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Institution intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from insurance contracts are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Financial assets are initially recognised at fair value. Available-for-sale financial assets are subsequently carried at fair value based on quoted bid prices. Loans and receivables are carried at cost less any provision for impairment.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are accounted in the fair value reserve as a part of net assets. When such financial assets are disposed or impaired, the accumulated fair value differences under net assets are transferred to the income statement. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement.

Financial assets at fair value through profit or loss are accounted for at their fair values at the inception date and measured at their fair values at subsequent periods. It is concluded that the fair value can not be reliably measured if the price that provides a basis for fair value is not set in active market conditions and "amortised cost value" that is calculated using the effective interest method is used as fair value. Valuation gains or losses are recognised in the income statement. The interest income and dividend income on financial assets at fair value through profit or loss are classified in interest income and the dividend income, respectively.

Foreign currency translation

Transactions in foreign currencies during the period are translated into Turkish Lira at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the Central Bank of Republic of Turkey exchange rates prevailing at the period end. Exchange gains and losses arising from translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost and any difference between the borrowing amount, net of transaction costs, and the balance sheet amount calculated using the effective yield method is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 3 - SUMMARY OF SIGNIFICANT RELEVANT ACCOUNTING POLICIES
(Continued)

Fair value of financial instruments

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 classifications used by the Institution with respect to fair values of its financial assets and liabilities are disclosed below:

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

Available-for-sale financial assets and financial assets at fair value through profit or loss included in the balance sheet are the items that are recognised at fair value. The fair value of such financial assets is determined by using quoted prices, which can be regarded as Level 1. The estimated fair values of financial instruments have been determined by the Institution using available market information and appropriate valuation methodologies to the extent that relevant and reliable information is available from the financial markets in Turkey. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may not be necessarily indicative of the amounts the Institution could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial assets and liabilities 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 their carrying values.

The carrying values of certain financial assets, including cash and cash equivalents along with the respective accrued interest are considered to approximate their fair values.

The fair values of available-for-sale financial assets and financial assets at fair value through profit or loss are determined by reference to the market values.

The carrying values of premiums receivable are considered to approximate their fair values due to their short-term nature.

Financial liabilities

The fair value of bank borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Institution for similar borrowings.

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK

Insurance risk

The Institution issues contracts (insurance policy) that carry insurance risk. This section summarises the risks associated with these contracts and how the Institution manages them.

The risk under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contracts, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Institution faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Institution management believes that the liability for claims carried at year-end is adequate.

The Institution is granting earthquake coverage to residential buildings. The payment ability of the Institution is limited to its accumulated funds and reinsurance protection that is purchased from the reinsurance market. The catastrophe model outputs are taken into consideration while setting the top limit and the priorities for the reinsurance protection. The limits are monitored in line with the aggregate developments as per the key zones. Premium amounts are based on pre-determined tariffs that vary according to the earthquake zones and types of buildings. The maximum guarantee provided for a residence via Compulsory Earthquake Insurance is TL 150,000 (31 December 2013: TL 150,000). Minimum policy premium is TL 25 (31 December 2013: TL 25) regardless of the type of building and earthquake zone.

The Institution manages such risks through its underwriting strategy and reinsurance protection purchased via excess of loss reinsurance agreement.

The concentration of insurance risk (maximum insured loss) is summarised below:

	2014	2013
Istanbul region	127,355,130,540	116,358,853,330
Other regions	354,098,197,540	313,096,991,060
Total	481,453,328,080	429,455,844,390

The concentration of insurance risk in terms of geographical risk zones in Turkey, Zone 1 having the highest earthquake risk, is summarized below:

	2014	2013
Zone 1	212,902,119,520	191,782,109,140
Zone 2	127,846,121,160	112,110,064,930
Zone 3	55,583,345,360	49,309,409,100
Zone 4	80,300,370,840	72,038,525,460
Zone 5	4,821,371,200	4,215,735,760
Total	481,453,328,080	429,455,844,390

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Financial risk factors

The Institution is exposed to financial risk through its financial assets, financial liabilities (borrowings) 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 and not covered by the reinsurance agreement. The most important components of the financial risk are market risk (includes interest rate risk and currency risk), credit risk and liquidity risk. The Institution's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise its potential adverse effects on the Institution's financial performance. Risk management is carried out by the Institution Administrator under policies regulated by certain legal arrangements and approved by the Board of Directors. Board of Directors considers the liquidity and credibility of the investments in the first place and seeks the maximisation of profitability on investments. The Institution does not use derivative financial instruments to hedge risk exposures.

*(a) Market risk**i. Interest rate risk*

The Institution is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. This risk is managed by using natural hedges that arise from balancing interest rate sensitive assets and liabilities.

Available-for-sale financial assets with variable interest rates expose the Institution to interest rate risk. As of 31 December 2014, if market interest rates on financial assets with variable interest rates were higher/lower by 1%, with all other variables held constant, as a result of higher/lower interest income on financial assets with variable rates, increase in fund reserve would be higher/lower by TL 1,034,941 (31 December 2013: TL 513,409).

The Institution does not have any other financial assets or liabilities with variable interest rates.

The analysis of contractual repricing dates of financial assets at the balance sheet dates are as follows:

31 December 2014	Up to 3 months	3 months- 1 year	1 - 5 year	Over 5 years	Not subject to repricing	Total
Available-for-sale Financial assets	56,367,770	219,096,679	212,143,754	146,000,313	-	633,608,516
Total	56,367,770	219,096,679	212,143,754	146,000,313	-	633,608,516

31 December 2013	Up to 3 months	3 months- 1 year	1 - 5 year	Over 5 years	Not subject to repricing	Total
Available-for-sale Financial assets	-	127,206,776	54,950,901	1,475,741	-	183,633,418
Total	-	127,206,776	54,950,901	1,475,741	-	183,633,418

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

ii. Foreign currency risk

The Institution is exposed to foreign exchange rate risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities. These risks are monitored and limited by the analysis of the foreign currency position (Note 21).

The Institution is exposed to foreign exchange risk primarily with respect to Euro and USD. The foreign currency risk analysis associated with these foreign currencies is as follows:

At 31 December 2014, if Euro appreciated/depreciated by 10% against TL, with all other variables held constant, as a result of foreign exchange gains/losses on the translation of Euro denominated assets and liabilities, net assets would be higher/lower by TL 743,301 (31 December 2013: TL 3,567,862).

At 31 December 2014, if USD appreciated/depreciated by 10% against TL with all other variables held constant, as a result of foreign exchange losses/gains on the translation of USD denominated assets and liabilities, net assets would be lower/higher by TL 907,546 (31 December 2013: TL 630,632).

iii. Price risk

The financial assets of the Institution expose the Institution to price risk.

The Institution's available-for-sale financial assets with fixed interest rate are measured at market value as of 31 December 2014. If market prices increased/decreased by 5%, with all other variables held constant, net assets would be higher/lower by TL 31,680,426 (31 December 2013: TL 9,181,681).

(b) Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of the agreements or will be unable to pay amounts in full when due. The Institution's exposure to credit risk arises mainly from banks deposits, financial assets, premium receivables from insurance companies and reinsurers' share of insurance liabilities.

The assets bearing credit risk are analysed in the tables below using the ratings of rating institutions, namely Standard & Poors ("S&P"), Moody's and Fitch:

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NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

i. Bank deposits

S&P	2014			2013		
	TL	Foreign currency	Total	TL	Foreign currency	Total
B	789,409,245	-	789,409,245	826,849,334	-	826,849,334
BB	-	-	-	-	-	-
Not rated	1,171,848,870	70,612,127	1,242,460,997	1,496,100,726	42,582,189	1,538,682,915
Total	1,961,258,115	70,612,127	2,031,870,242	2,322,950,060	42,582,189	2,365,532,249

Moody's	2014			2013		
	TL	Yabancı para	Toplam	TL	Yabancı para	Toplam
P2	-	-	-	2,322,950,060	-	2,322,950,060
P3	1,961,258,115	70,612,127	2,031,870,242	-	42,582,189	42,582,189
NP	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Total	1,961,258,115	70,612,127	2,031,870,242	2,322,950,060	42,582,189	2,365,532,249

Fitch	2014			2013		
	TL	Foreign currency	Total	TL	Foreign currency	Total
F3	1,961,258,115	70,612,127	2,031,870,242	2,322,950,060	42,582,189	2,365,532,249
B	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
Total	1,961,258,115	70,612,127	2,031,870,242	2,322,950,060	42,582,189	2,365,532,249

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

ii. Availabl-for-sale financial assets

31 December 2014	Amount	S&P	Moody's	Fitch
Short term - TL	275,464,449	B+	-	-
Long term - TL	358,144,067	BB+	Baa3	BB
Total	633,608,516			

31 December 2013	Amount	S&P	Moody's	Fitch
Short term - TL	127,206,776	B	-	-
Long term - TL	56,426,642	BB	Ba3	BB
Total	183,633,418			

iii. Premium receivables

	2014	2013
Premium receivables from insurance companies	96,613,963	86,313,537

The Institution has premium receivables from the insurance companies operating in Turkey which are subject to capital adequacy requirements of Treasury, main regulatory body regarding operational and financial activities of insurance companies in Turkey. Insurance premium receivables of the Institution are collected in accordance with Law related to the Procedures for the Collection of Public Receivables numbered 6183.

The Institution does not have any overdue receivables as of 31 December 2014 and 2013 and no receivable has been overdue during the reporting period, and the Institution management does not expect any losses from non-performance by these insurance companies.

iv. Reinsurers' share of insurance liabilities

The institution has an excess of loss reinsurance agreement in force via the Willis Limited for the 2013-2014 period (first 10 months) and brokers panel led by Aon for the period 2014-2015 (last 2 months of 2014) to reinsure insurance risk arising on its earthquake insurance portfolio. Willis Limited and Aon are Lloyd's brokers registered in London and authorised and regulated by the Financial Services Authority, the official regulator of all providers of financial services in the United Kingdom. The reinsurance planning has been leaded by Aon at the end of year 2014.

The above-mentioned reinsurance agreement consists of different layers shared by various reinsurance companies and the reinsurance coverage amounts provided by these reinsurance companies in accordance with terms of the excess of loss reinsurance agreements as of 31 December 2014 and 2013 are as follows:

Limits to reinsurance coverage	EUR		TL	
	Foreign currency amount		equivalent	
	2014	2013	2014	2013
Lower limit	450,000,000	450,000,000	1,269,315,000	1,320,480,000
Upper limit	3,250,000,000	3,150,000,000	9,167,275,000	9,243,360,000
Maximum coverage received	2,800,000,000	2,700,000,000	7,897,960,000	7,578,088,000

In addition to the reinsurance coverages above, catastrophic bond coverage obtained during year 2014 amounts to USD 400,000,000

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

The analysis of the credibility of the reinsurance companies with the highest risk shares with respect to the above-mentioned excess of loss reinsurance agreement and Aon, using the ratings of rating institutions, as of 31 December 2014 and 2013 is as follows:

2014	S&P	Moody's	Fitch
Munich RE	AA-	Aa3	AA-
Swiss RE	AA-	Aa3	-
Scor RE	A+	A1	A+
Hannover RE	AA-	-	-
Aon	A-	Baa2	BBB+
2013	S&P	Moody's	Fitch
Munich RE	AA-	Aa3	AA-
Swiss RE	AA-	Aa3	-
Scor RE	A+	A1	A+
Hannover RE	AA-	-	-
Aon	A-	Baa2	BBB+

The Institution, aims to provide protection against the financial risk which can be caused by a potential earthquake in İstanbul, by exporting 400 million dollars catastrophe bond with three-year maturity via Bosphorus 1 RE which was established in 2013, Bermuda. Bosphorus 1 RE get BB+ degree from Standard & Poor's. Bosphorus 1 Re was not evaluated as a special purpose vehicle according to IFRS 10 and has not been consolidated in the accompanying financial statements.

(c) Liquidity risk

The Institution 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 the limits of the minimum level of funds available to meet such liabilities. Cash outflows due to the borrowing payments are managed by considering the amounts of unreserved cash flow from its operations. Hence, on one hand it is possible to pay debts with the cash generated from operating activities when necessary, and on the other hand, sufficient and reliable sources of high quality borrowings are available.

The tables below present a maturity analysis for the Institution's financial liabilities, on an undiscounted basis, in accordance with relevant maturity groupings based on the remaining period at the balance sheet dates to the expected or contractual maturity date:

31 December 2014	Contractual or expected cash flows					Total
	Up to 3 months	3 months - 1 year	1 year - 5 year	Over 5 years	No Maturity	
Liabilities						
Trade Payables	133,343,051	79,116,877	9,017,943	-	-	221,477,871
Outstanding claims provision(*)	204,731	-	12,392,405	-	-	12,597,136
Total	133,547,782	79,116,877	21,407,348	-	-	234,075,007

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 4 - MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

31 December 2013	Contractual or expected cash flows					Total
	Up to 3 months	3 months - 1 year	1 year - 5 year	Over 5 years	No Maturity	
Liabilities						
Loans	-	13,439,421	-	-	-	13,439,421
Trade Payables	136,244,087	89,495,005	29,992,792	-	-	255,731,884
Outstanding claims provision(*)	363,878	-	13,129,522	-	-	13,493,400
Total	136,607,965	102,934,426	43,122,314	-	-	282,664,705

(*)Provision for outstanding claims is presented in the short term liabilities of accompanying financial statements.

Fund reserve risk management

The Institution's objectives when managing the fund reserve are to safeguard the Institution's ability to perform claim and borrowing payments including interests and to maximise the accumulation of fund reserve to maintain financial strength of the Institution so that the Institution can meet all commitments under its insurance contracts which are not covered by reinsurance agreements

NOT 5 – CASH AND CASH EQUIVALENTS

	2014	2013
Bank deposits	2,031,870,242	2,365,532,249
Receivables from repurchase agreements	427,176,708	-
Other liquid Assets	20,750	6,620
Total	2,459,067,700	2,365,538,869

Bank deposits are further analysed as follows:

Bank deposits in TL

- demand deposits	3,531	2,140
- time deposits	1,961,254,584	2,322,949,940

Foreign currency denominated bank deposits

- demand deposits	-	39,374
- time deposits	70,612,127	42,540,795

Total	2,031,870,242	2,365,532,249
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Institution's time and demand deposits are placed in public banks in accordance with the regulation about the operation principles and procedures for the Turkish Catastrophe Insurance Pool.

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOT 5 - CASH AND CASH EQUIVALENTS (Continued)

Foreign currencies denominated time deposits are as follows:

	Amount in foreign currency		TL equivalent	
	2014	2013	2014	2013
EUR	25,016,804	12,014,541	70,612,127	35,280,701
USD	-	3,401,628	-	7,260,094
Total	25,016,804	15,416,169	70,612,127	42,540,795

Maturities of time deposits are 1.5 months and weighted average annual interest rates are as follows:

	Interest rate per annum (%)	
	2014	2013
TL	8.98	8.20
USD	1.81	1.98
EUR	1.45	2.43

Foreign currency denominated demand deposits are analyzed as follows:

	Amount in foreign currency		TL equivalent	
	2014	2013	2014	2013
USD	-	16,117	-	34,398
EUR	-	1,695	-	4,976
Total	-	17,812	-	39,374

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

	2014	2013
Cash and cash equivalents	2,459,067,700	2,365,538,869
Less: Interest accrued (-)	(11,046,165)	(34,353,795)
Total cash and cash equivalents	2,448,021,535	2,331,185,074

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 6 - AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
Available-for-sale financial assets		
- Government bonds and treasury bills	633,608,516	183,633,418
Total	633,608,516	183,633,418

The interest rate interval of the available-for-sale financial assets is as follows:

	2014 (%)	2013 (%)
Government bonds and treasury bills	5.10 – 10.53	6.78 - 9.12

A portion of marketable securities amounting to TL 103,530,960 (31 December 2013: TL 6,030,765) have variable interest rates.

The analysis of the financial assets by maturity is as follows:

2014	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No maturity	Total
Government bonds and treasury bills	56,367,770	147,853,768	71,242,911	212,143,754	146,000,313	-	633,608,516
Total	56,367,770	147,853,768	71,242,911	212,143,754	146,000,313	-	633,608,516

2013	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	No maturity	Total
Government bonds and treasury bills	-	1,661,321	59,514,690	55,701,602	66,755,805	-	183,633,418
Total		1,661,321	59,514,690	55,701,602	66,755,805	-	183,633,418

NOTE 7 – PREMIUM RECEIVABLES

	2014	2013
Premium receivables from insurance companies	96,613,963	86,313,537
Total	96,613,963	86,313,537

The average turnover of the Institution's premium receivables is 1.5 month (31 December 2013: 1.5 month). The Institution does not have any impaired or overdue receivables as of 31 December 2014 and 2013.

As of 31 December 2014 and 2013, there are no guarantees received for the receivables.

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 8 – OTHER CURRENT/NON CURRENT ASSETS

	2014	2013
Excess of loss premiums related to the following months	167,274,318	170,033,995
Brokerage fees related to the following months	3,296,766	3,677,250
Other prepaid expenses	15,000	200,011
Total	170,586,084	173,911,256

Excess of loss premiums and brokerage fees related to the following months consist of the costs of reinsurance coverage received and brokerage fees for the subsequent period according to the reinsurance agreement in force.

NOTE 9 – PROPERTY AND EQUIPMENT

	1 January 2014	Additions	Disposals	31 December 2014
Cost				
Furniture and fixtures	7,697,123	45,913	-	7,743,036
	7,697,123		-	7,743,036
Accumulated depreciation				
Furniture and fixtures	(7,683,535)	(47,613)	-	(7,731,148)
	(7,683,535)		-	(7,731,148)
Net book value	13,588			11,888
	1 January 2013	Additions	Disposals	31 December 2013
Cost				
Furniture and fixtures	7,697,123	-	-	7,697,123
	7,697,123	-	-	7,697,123
Accumulated depreciation				
Furniture and fixtures	(7,631,717)	(51,818)	-	(7,683,535)
	(7,631,717)	(51,818)	-	(7,683,535)
Net book value	65,406			13,588

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 10 – INTANGIBLE ASSETS

	1 January 2014	Additions	Disposals	31 December 2014
Cost				
Rights	3,717,469	4,318,150	-	8,035,619
Investment in progress	-	8,613,388	-	8,613,388
	3,717,469	12,931,538	-	16,649,007
Accumulated amortisation				
Rights	(1,169,279)	(1,589,630)	-	(2,758,909)
	(1,169,279)	(1,589,630)	-	(2,758,909)
Net book value	2,548,190			13,890,098

(*)Investment in progress, comprise of claim management softwares related with emergency disaster action plan, which are not in use as of the reporting date.

	1 January 2013	Additions	Disposals	31 December 2013
Cost				
Rights	2,213,120	1,504,349	-	3,717,469
	2,213,120	1,504,349	-	3,717,469
Accumulated amortisation				
Rights	(367,793)	(801,486)	-	(1,169,279)
	(367,793)	(801,486)	-	(1,169,279)
Net book value	1,845,327			2,548,190

NOTE 11 - BORROWINGS

As of 31 December 2014, borrowings by Treasury, which had been obtained from World Bank in order to cover claims due to a possible earthquake in the future was fully paid.

	2014	2013
Short-term portion of long term borrowings	-	13,439,421
Total	-	13,439,421

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 12 – SHORT-TERM TRADE PAYABLES

	2014	2013
Reinsurance payables (*)	218,455,304	248,138,089
Other	3,202,567	7,593,795
Total	221,477,871	255,731,884

(*) Reinsurance payables consist of the costs of reinsurance coverage to be paid in the subsequent period according to the reinsurance agreement in force.

NOTE 13 – INSURANCE PROVISIONS

13.1 Insurance provisions

	2014	2013
Unearned premium reserve	389,216,872	346,877,328
Reported claims provision	12,143,784	12,836,916
Outstanding claims provision (IBNR)	453,352	656,484
Total	401,814,008	360,370,728

13.2 Movements in insurance provisions

a) <i>Unearned premium reserve</i>	2014	2013
Opening balance - 1 January	346,877,328	278,274,482
Premiums written during the year (Note 15)	711,646,520	674,197,803
Earned premiums during the year	(669,306,976)	(605,594,957)
Closing Balance - 31 December	389,216,872	346,877,328

b) <i>Outstanding claims provision</i>	2014	2013
Opening Balance - 1 January	13,493,400	12,646,287
Outstanding claim files notified during the year	3,671,470	3,514,330
Changes in paid claims and provisions (*)	(4,387,113)	(2,394,486)
Incurred but not reported claims	(180,621)	(272,731)
Closin Balance - 31 December	12,597,136	13,493,400

(*) The amounts consist of paid amounts for outstanding claims in the beginning of the period and claim files closed without payment.

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 14 - ACCUMULATED FUND RESERVE AND FAIR VALUE RESERVE

a) *Accumulated Fund Reserve*

The movements of Accumulated Fund Reserve in the period are as follows:

	2014	2013
Opening balance - 1 January	2,241,200,697	1,799,547,826
Increase in net fund reserve	571,401,819	441,652,871
Closing balance - 31 December	2,812,602,516	2,241,200,697

According to 9th article of the Law numbered 6305 published in the Official Gazette dated 18 May 2012, the resources and accumulated fund reserve of the Institution can only be used in claim payments to policy holders, operational costs for the administration of the Institution and commission payments to the Institution Administrator, reinsurance payments, hedging costs, payments regarding scientific research studies on the subject matters related to the Institution's jurisdiction, consultation payments, payments related to public relations and marketing campaigns, commission payments to authorized insurance companies and payments related to loss adjustment procedures.

Accumulated fund reserve can not be used except for the abovementioned payments and can not be transferred to any other institution.

b) *Fair Value Reserve*

The movements of fair value reserve in the period are as follows:

	2014	2013
Opening balance - 1 January	(1,738,555)	2,140,435
Disposals arising from sales in the period, net	594,442	(2,025,888)
Additions arising from financial asset purchases in the period, net	3,526,062	(1,853,102)
Closing balance - 31 December	2,381,949	(1,738,555)

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 15 – EARNED PREMIUMS

	2014	2013
Premiums written	753,986,064	674,197,803
Unearned premium reserve	(389,216,872)	(346,877,328)
Prior year unearned premium reserve	346,877,328	278,274,482
Total	711,646,520	605,594,957

NOTE 16 - COST OF REINSURANCE COVERAGE

	2014	2013
Excess of loss reinsurance agreement premiums	134,534,189	112,117,000
Cat-Bond Premium	22,561,147	27,965,817
Excess of loss reinsurance agreement adjustment premiums	44,297,955	50,006,864
Brokerage fees related to excess of loss reinsurance agreements	4,945,583	4,086,157
Total	206,338,874	194,175,838

NOTE 17 – COMMISSION EXPENSES

	2014	2013
Commissions paid to insurance companies	124,185,956	110,994,729
Deferred commission expense	(64,498,095)	(57,045,317)
Prior year deferred commission expense	57,044,711	46,271,835
Total	116,732,572	100,221,247

NOTE 18 - INCURRED CLAIMS

	2014	2013
Claims paid in the period	4,582,990	8,049,847
Outstanding claims provision at the period-end	12,597,136	13,493,400
Prior year outstanding claims provision	(13,493,400)	(12,646,287)
Total	3,686,726	8,896,960

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 19 – GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Advertisement expenses	18,066,926	10,769,897
Emergency disaster action expenses (*)	2,785,822	-
Expenses paid to the Institution Administrator	5,277,202	4,719,357
Information technology expenses	2,707,039	949,008
Call center services	2,085,066	1,520,865
Depreciation and amortisation expenses (Notes 9 and 10)	1,637,243	853,303
Personnel expenses	321,484	215,777
Stationary expenses	261,306	242,868
Other	2,627,355	1,295,851
Total	35,769,443	20,566,926

(*) Emergency disaster action advisory expenses related to the project of claim Management softwares.

NOTE 20 – FINANCIAL INCOME, NET

	2014	2013
Interest income, net	148,184,018	157,378,780
Sales income from marketable securities	60,406,627	-
Net foreign exchange gains	-	7,683,530
Sales income from common stocks	-	2,753,688
Reverse repurchase transaction	14,577,771	-
Total financial income	223,168,416	167,815,473
Interest expenses	(404,371)	(919,801)
Loss on sales of marketable securities	-	(5,665,171)
Loss on sales of common stocks	-	(1,311,616)
Net foreign exchange loss	(481,131)	-
Total financial expenses (-)	(885,502)	(7,896,588)
Financial income, net	222,282,914	159,918,885

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 21 – FOREIGN CURRENCY POSITION

The assets and liabilities denominated in foreign currencies are as follows:

	2014	2013
Assets	231,858,718	216,491,425
Liabilities (-)	(248,367,189)	(258,476,370)
Net foreign currency (liabilities)/assets position	(16,508,471)	(41,984,945)

	Amount in Foreign Currency	2014 Foreign Exchange Rate	Amount TL
Cash and cash equivalents			
EUR	25,016,804	2.8226	70,612,127
Total		2.8226	70,612,127
Other current assets			
EUR	48,830,263	2.8207	137,735,522
USD	10,138,889	2.3189	23,511,069
Total			161,246,591
Trade payables			
EUR	76,360,911	2.8258	215,780,661
USD	14,027,778	2.3229	32,586,528
Total			248,367,189

DOĞAL AFET SİGORTALARI KURUMU

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 21 – FOREIGN CURRENCY POSITION (Continued)

		2013	
	Amount in Foreign Currency	Foreign Exchange Rate	Amount TL
Cash and cash equivalents			
EUR	12,016,236	2.9365	35,285,677
USD	3,417,745	2.1343	7,294,492
Total			42,580,169
Other current assets			
EUR	41,648,186	2.9365	122,299,898
USD	24,181,867	2.1343	51,611,359
Total			173,911,257
Trade payables			
EUR	65,695,899	2.9418	193,264,196
USD	24,214,374	2.1381	51,772,753
Total			245,036,949
Short-term portion of long-term borrowings			
USD	6,285,684	2.1381	13,439,421
Total			13,439,421

NOTE 22 - PROVISIONS AND CONTINGENT LIABILITIES

As of 31 December 2014, the total risk of litigation claims pending against the Institution amount to TL 12,283,521 (31 December 2013: TL 12,473,039). The total estimated ultimate cost of settling such litigation claims are provided for under claims provision in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

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

NOTE 23- SUBSEQUENT EVENTS

"The decision concerning the state support of excess of loss reinsurance for the risk of compulsory earthquake insurance which is bared by Turkish Catastrophe Insurance Pool". This decision went in effect as of January 1, 2014, and issued on January 10, 2014. In regarding to the decision and the judgment of the Catastrophe Insurance Boards 8. Article 2012/6305 based on reinsurance agreement and protection programme between November 1, 2014-October 31, 2015 by the board of management, The State provides totally 241 million EUR excess of loss reinsurance protection for the institution. (%10 share on each layer which is valued more than 840 million EUR, is given to The State.) 5,832,500 EUR, calculated with respect of the market price of reinsurance layer, paid due on February 27, 2015 to the Secretariat of Treasury.

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