

The high marks we get from
our customers are the ones
we value the most



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ING Emeklilik embraces a customer centric culture to drive growth with the Net Promoter Score (NPS) Programme.

ING Emeklilik listens to the voice of its customers with the **Net Promoter Score (NPS) Programme** and differentiates its service quality by finding the best solutions to every day problems.

Constantly measuring customer satisfaction by a system that is considered to be a worldwide standard for global organizations, ING Emeklilik employs NPS as an effective way to drive business results and growth. With its fund size exceeding TL 1 billion and customer number surpassing 650 thousand on the back of new customer propositions, improved service levels and a wider distribution network, ING Emeklilik aims to become Turkey's leading wealth management and protection company.

OUR CORPORATE POLICY

ING Emeklilik aims to attain an above-average return for its participants.

OUR MISSION

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

OUR VISION

Being a company that is aware of its social responsibilities to the community at large, is preferred by its employees to whom it provides incentives and one that fulfills its promises to its participants.

OUR PRINCIPLES

We act with integrity.

We aim for an above average return.

We are open and clear.

We promote sustainable development and respect human rights.

We respect each other and the society.

We are involved in the communities we operate in.

**I give a high mark
to ING Emeklilik for
taking care of me
and my savings.**

Much like how we strive to be at best in our practice, ING Emeklilik employees perform their duties in the best possible way. I confidently recommend ING Emeklilik to everyone.

8

Salim ŐEN
Lawyer

ING EMEKLİLİK AT A GLANCE

ING Group offers banking, asset management, life insurance and pension services, along with a wide array of products, to private and corporate clients.

ING Emeklilik was established on January 23, 2003 obtaining its activity license on July 07, 2003. Having commenced operations as of October 27, 2003, and originally been established under the name of Oyak Emeklilik A.Ş., ING Emeklilik operated as the first, and until 2010, the only company in Turkey to exclusively conduct pension activities.

ING Group and Oyak Group reached an agreement on 19, 2008 for the sale of a 100% stake in Oyak Emeklilik to ING Group, and upon the approval of the General Directorate of Insurance of the Undersecretariat of Treasury on November 25, 2008, the acquisition was completed on December 4, 2008. Thereafter, Oyak Emeklilik was fully integrated into ING Group. Since January 27, 2009, the Company has been conducting activities under the name of ING Emeklilik A.Ş.

The Company applied to the Undersecretariat of Treasury in December 2009, upon the completion of all preparatory stages in order to obtain an activity license in the life insurance market and started to offer life insurance products as of March 2010, and personal accident insurance policies on August 16, 2010.

As of December 2012, in addition to its headquarters in Istanbul, ING Emeklilik serves at seven liaison offices with circa 300 employees.

Being a leading international financial institution, ING Group offers banking, asset management, life insurance and pension services, along with a wide array of products, to private and corporate clients. ING Group focuses on developing its business performance, offering high-quality products, and sustaining and

improving the services provided to its customers. ING Group, of Dutch origin, serving 61 million clients in over 40 countries stretching from Asia to America and from Europe to Australia, with 82 thousand employees, offers innovative solutions to the financial services industry of Turkey as well, a country which presents abundant opportunities thanks to its fast growing economy, along with a young and dynamic population.

2003

Incorporation
Start of pension sales

2008

The Company is taken over by ING

2009

The Company is named ING Emeklilik

2010

Start of credit life insurance sales
Start of personal accident insurance sales

2011

Start of annual term life insurance sales

2012

Customer-oriented growth strategy was determined.
Total net asset value of fund exceeded TL 1 billion.

**I give full marks for
the confidence that
ING Emeklilik gives
me.**

I have been working with ING Emeklilik for a long time. I trust them very much. I recommend ING Emeklilik to everyone without any hesitation due to its service quality and caringness.

10

Veysel KÖSE
Company Executive

SHAREHOLDING STRUCTURE

ING Emeklilik carries out its services with a strong partnership structure that is backed by ING Group's experience and dynamism.

On December 4, 2008, Oyak Emeklilik was acquired by ING Continental Europe Holdings B.V. from Ordu Yardımlaşma Kurumu [OYAK] with the approval of the Undersecretariat of Turkish Treasury – General Directorate of Insurance on November 25, 2008. The decision was made to change the trade name of the Company to ING Emeklilik A.Ş. with an amendment to the Articles of Association at the Ordinary General Meeting of Shareholders held on January 26, 2009. The related decision and amendment were registered on January 27, 2009. The final shareholding structure of the Company is presented below:*

| Shareholder | Number of Shares | Value of Shares |
|---------------------------------------|------------------|-----------------|
| ING Continental Europe Holdings B.V. | 83,999,996 | TL 83,999,996 |
| ING Verzekeringen Intertrust II B.V. | 1 | TL 1 |
| ING Verzekeringen Intertrust III B.V. | 1 | TL 1 |
| ING Verzekeringen Intertrust IV B.V. | 1 | TL 1 |
| ING Verzekeringen Intertrust V B.V. | 1 | TL 1 |

*TL 23,000,000 is set in the Company registration capital account.

**ING Emeklilik
deserves high
marks thanks to its
trustworthiness.**

I know what trust means because of my job. ING Emeklilik demonstrates trustworthiness in all its practices. I can recommend this reliable company to anyone without reservation.

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Figen Akyoler
Sales Director

FINANCIAL INDICATORS

ING Emeklilik assets under management has grown by 40.3% reaching a total of TL 1,092,683,552 in 2012.

| TL Thousand | 2012 | 2011 | 2010 |
|---------------------------|------------------|---------|---------|
| Assets under Management | 1,092,684 | 778,361 | 639,760 |
| Paid-in Capital | 108,160 | 50,160 | 46,160 |
| Shareholders' Equity | 54,865 | 23,721 | 27,616 |
| Total Assets | 1,233,231 | 859,225 | 697,842 |
| Technical Income | 83,813 | 67,212 | 46,872 |
| Technical Profit/Loss | (28,052) | [8,504] | [1,841] |
| Non-technical Profit/Loss | (45) | [892] | [182] |
| Profit/Loss before Tax | (28,007) | [7,612] | [2,023] |

Assets Under Management (TL Thousand)

| | |
|------|------------------|
| 2012 | 1,092,684 |
| 2011 | 778,361 |
| 2010 | 639,760 |
| 2009 | 509,901 |
| 2008 | 350,478 |

**Both my earnings and
my marks are high!**

Ultimately, this is a matter of investment and earning. We take all investment decisions together for sound savings. I would of course recommend such a peace-of-mind to my loved ones.

10

Duygu Yıldırım
Executive Assistant

MESSAGE FROM THE CHAIRMAN

Improving the customer experience continued to be a core strategy in 2012 as well.

Thanks to loyal customers, prudent balance sheet management and the determination of our staff to provide the best possible service to our customers, ING Group strengthened its position. In challenging times, ING has become a financially stronger company and the foundations for further changes to strengthen the company are in place. In 2012, we concentrated on our position as strong European bank while creating an optimal base for independent future for our insurance and investment management operations.

ING Insurance Central and Rest of Europe (CRE) has life insurance and pension operations in nine countries – Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Turkey, Greece and Spain^[1]. Despite the challenging macroeconomic environment in most countries as a result of the ongoing European sovereign debt crisis, CRE recorded double-digit sales growth in 2012. And last year Turkey became our region's number 1 market in terms of new sales – its sales doubled compared to 2011.

Regional sales growth was achieved through growth in most distribution channels, improved customer value propositions (new terms for health, cancer and critical illness) and improved service levels which were reflected in higher Net Promoter Scores. Tied agents remain our region's dominant distribution channel, but the majority of our new sales came from other channels combined, especially from brokers, bancassurance and direct channels.

Improving the customer experience continued to be a core strategy in 2012. We continually strive to increase customer satisfaction by using feedback from the Net Promoter Score programme (NPS) to improve products and services. As a result of valuable NPS insights, our businesses in the region, for example, will establish minimum standards for certain customer contact-points that all businesses need to abide by.

Despite a challenging year in 2012, constrained growth is projected for most economies in Central Europe in 2013, with economic growth forecast to improve further in 2014. Insurance CRE businesses will continue to work to improve the customer experience and lift NPS as well as strengthen their multi-channel distribution strategies. Although sales growth has been good, for the full benefits to be reaped, cost containment remains paramount for the region.

Yours sincerely,

David Engel Knibbe

CHAIRMAN

ING EMEKLİLİK

CEO

ING INSURANCE INTERNATIONAL

^[1] On April 1st, 2013 Insurance Belgium and Insurance Luxembourg also joined CRE. The region's name has changed into Insurance International.



MESSAGE FROM CEO

Our customers, to whose money we brought added value, remained our core focus.

The year of 2012 for ING was one of record sales, improved customer experience and sustained effort towards developing a solid infrastructure.

The market prepared itself for the new pension regulation, effective as of January 2013. And indeed, expectations of a 25% government contribution had boosted participation by the end of the year. Driven by this new advantage, forecasts pointed to the addition of 500 thousand new participants in 2013. The subsequent media attention created greater demand for pension products.

ING Emeklilik benefited from these changes, increasing its assets under management by 40.3% over the 2011 figure, with total funds entrusted by our clients surpassing the TL 1 billion level.

On the distribution front, we increased the number of intermediaries in our broker channel to approximately a thousand while also deepening our relationship with ING Bank by appointing a bancassurance dedicated member in our Management Team. We also set up a professional team of financial advisors in the bank channel, providing guidance to our customers while enabling seamless collaboration with the branch network.

The year of 2012 also brought a good return on our assets under management. Our remarkable pension fund performance was driven mainly by the return of our equity funds (49.89%) and composite funds (29.71%). Four of our pension mutual funds were listed among the top 50 funds of the year by Ekonomist, a prominent financial magazine in Turkey.

Our customers, to whose money we brought added value, remained our core focus. Accordingly, we embarked on the global ING Customer Experience [CX] project, whereby we defined ING CX standards on all key touch points. We keenly heard our customers out, and closed the loop with any who were unhappy through our Net Promoter Score program.

In terms of Risk Management, we strengthened our Operating Risk Management activities, achieving a solid maturity level as measured by our internal scorecard report.

And in 2013, we expect further growth thanks to market developments that promote pensions and insurance as a vehicle of increased domestic savings. Growth will also be based on our strategy of continued investment in brokers, and on the strength of our bank partners, group business and product development, all under the umbrella of customer experience.

I therefore take this opportunity to say a big thank you to all our employees who have shown tremendous energy and dedication to the progress of our firm.

Yours sincerely,

Jetse Frederik de Vries
CEO



OUTLOOK OF THE WORLD AND THE TURKISH ECONOMY IN 2012

The Euro Zone took more concrete steps to remedy its problems, whereby the perception of European banking improved, which in turn made for a better closing for 2012 on the European front.

THE WORLD ECONOMY IN 2012

In 2012, the global crisis was in its fourth year, with prevailing uncertainty blighting the world economy. The development that perhaps marked the year of 2012 the most was the onset of the "Currency Wars" between the developed economies. The discussion of these "Currency Wars" that broke out predominantly among developing countries in autumn of 2009 at a time when the global crisis was straining the world economy, had eased by the autumn of 2010. Meanwhile, in the spring of 2012, once the World Trade Organization had announced global trade data, it was observed that Germany was surpassed by not only China, but also by the USA in terms of exports according to 2011 data.

In the light of this data, the so-called "Currency Wars" broke out between the USA, EU and Japan in the spring of 2012. EUR-USD parity, which had even tested below the USD 1.22 level towards the beginning of the summer of 2012, had reached USD 1.37 at the end of the year upon the USA's third monetary expansion move, attempting to re-balance itself within the range of USD 1.32–1.36. Germany emphasized that stabilization of the parity would be meaningful both in terms of its exports and growth.

Another development that exacerbated the argument over the Currency Wars was the 16% and 19% depreciation of the Japanese Yen against USD and EURO, respectively, from the autumn of 2012 to the end of the year. Arguments and speculation regarding the "Currency Wars" naturally made the agendas of G-20 countries, while the emerging economies of the G-20, notably including Brazil and Turkey, announced that there could be no winning side, and that indirect intervention in parities by major economies would constrain prominent emerging counterparts.

The year of 2012 was one where developed economies continued to support the economy on the monetary policy front through bond-buying programs and similar measures, as they lacked sufficient options to save their economies from recession simply with recourse to financial policy measures. However, the monetary expansion undertaken by the US Federal Reserve (FED), European Central Bank (ECB) and British Central Bank (BoE) reached USD 5.5 trillion, accounting for 8% of global GDP.

While developed countries are estimated to have grown 1.3% on average in 2012, average growth in the world economy is estimated at 3.3%. It is observed that, as estimated, the developing economies recorded average growth of 5.3%. In 2013, developed economies are estimated to grow 1.4% on average, and the growth performance of the USD, at 2.2% in 2012, is expected at 2.1% in 2013. On the other hand, in the Euro Zone, a -0.4% decline in growth performance is observed due to the troubled Southern European countries, while it is envisaged that shrinkage may continue in 2013 with a decline of -0.2%.



In addition, the emerging economies are predicted to grow 5.5% in 2013, buoyed by China and India.

When we consider the prominent events of 2012, the following collectively stand out. China appeared to have drifted into recession, for a while and a weak year was observed in terms of commodity prices, while global inflationary pressure remained weak. Meanwhile, in addition, due to speculative movements and political developments in the Middle East, oil prices remained unexpectedly high, while those of gold attempted record levels.

As a result of unemployment reaching 198 million and delayed sustainable development, the year of 2012 was not a particularly promising one for the global economy. However, in the last quarter of the year, the Euro Zone took more concrete steps to remedy its problems, whereby the perception of European banking improved, which in turn made for a better closing for 2012 on the European front. However, the markets still wonder to what extent the European recovery will be affected by general elections due in 2013.

3.3%

The average growth in the world economy in 2012 is envisaged to reach 3.3%.

5.3%

In accordance with the estimates, in 2012 the growth rate of developing economies has realized as 5.3%.

OUTLOOK OF THE WORLD AND THE TURKISH ECONOMY IN 2012

The Turkish economy retained international attention for its performance that exceeded even international criteria in terms of banking sector capital adequacy.

TURKISH ECONOMY IN 2012

Should the Turkish Economy, which grew 2.6% in the first 9 months of 2012, record a growth rate of 1% above or below this figure in the last quarter of 2012, growth of 2.3% to 2.1% is expected for the year of 2012 overall. Such a growth estimate means a growth performance 1.7 points below the estimated level at the start of the year and 0.9 points above the revised growth estimate in autumn for 2012, announced at 3.2%.

The economy administration has increased the dosage of the 'Soft Landing' process step by step since mid-summer of 2011 in order to control the current account deficit or financial stability and inflation, or in other words, the price stability. Although this course of action has been successful in terms of the current account deficit and inflation, it seems to have impacted the growth outlook of the Turkish economy. While the current account deficit annually dropped from the level of USD 77-78

billion to USD 50 billion, and even lower, annual headline inflation was at 6.2% at year-end 2012, representing the lowest inflation value of the past 41 years. However, the Central Bank's inflation targets are set as 5.7% and 5.3% for the years of 2012 and 2013, respectively.

The Turkish economy retained international attention for its performance that exceeded even international criteria in terms of banking sector capital adequacy. And yet the volume of loans extended by the sector in the Turkish economy as an extension of 'Soft Landing' measures, declined from 36% to slightly below 20%. Again, the volume of credit expansion is expected to range between 18% and 16% in 2013. Therefore, as the banking industry balanced the interest rate margin between deposits and loans successfully, despite the 'Soft Landing' measures, it closed the year of 2012 with the best profitability performance of recent times.

In 2012, the Turkish Economy remained internationally appreciated, with concrete proof materializing when International Rating Agency Fitch increased the country rating to "the lowest investment grade". This development not only guaranteed permanent stability and recovery in interest and exchange rates, but also took the ISE-100 Index to new historic highs.

In the period of 2013-2015, Turkey is expected to continue its balanced growth by maintaining financial stability and price stability together, and by following a steady path. In the light of this stability, the government has decided to pay 25% of each contribution from TL 100 to TL 800 in the PPS (Private Pension System) to underpin the saving habits of the Turkish public and support the private pension system, which has been highly positive for the future of the sector. Indeed, in 2013, the positive effects of this step will be observed comprehensively in the Private Pension Industry.

THE PRIVATE PENSION INDUSTRY

While the number of contributors rose by 18%, total assets under management climbed 40.3% in 2012.

SECTORAL DEVELOPMENTS IN 2012

By year-end 2012, the total number of contributors in the Private Pension System had reached 2.7 million, with total fund amount of the contributions exceeding TL 20 billion. And while the number of contributors rose 18%, the total assets under management climbed 40.3% compared to year end 2011. The total contribution of the participants reached TL 1.3 billion on an increase of approximately 30%.

According to Retirement Surveillance Center (EGM) data dated December 28 2013, as of the end of December 2012, the Company had increased its:

- Total number of contracts and certificates to 219,306,
- Number of contributors to 196,624,
- Total contributions to TL 873,896,989 and
- The total assets under management to TL 1,092,683,552.

These figures indicate respective growth rates of 13% in number of contributors, 30.5% in total contributions and 40.3% in assets under management compared to year-end 2012.

According to 2012 year-end sector figures, the Company's market shares are as follows:

- Number of contributors: 6.3%
- Number of contracts and certificates: 6.2%
- Contribution collection: 5.4%
- Amount directed to investment: 5.4%
- Assets under management: 5.3%

PENSION FUNDS' BENCHMARKS AND PERFORMANCE

ING Emeklilik has been among the best performing companies of the sector in terms of its weighted average performance in 2012.

The table below displays the index-based benchmarks for ING Emeklilik A.Ş.'s eight pension funds, and the limitations on the basis of investment instruments.

PENSION FUNDS AND BENCHMARKS [01/01/2012-16/04/2012]

| Fund Name | Benchmark | Investment Strategy | Limitations |
|--|---|--------------------------------------|-------------|
| Government Bonds and Bills Income Pension Mutual Fund | 20% KYD DIBS 182 Index | Government Bond/ Treasury Bill | 70% - 100% |
| | 65% KYD DIBS 365 Index | Reverse Repo | 0% - 30% |
| | 12% KYD O/N Repurchase (Gross) Index | Eurobond | 0% - 10% |
| | 1% KYD Eurobond (USD-TL) | Deposits | 0% - 20% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Share Certificates | 0% - 10% |
| | 1% ISE 100 Index | Private Sector Bonds | 0% - 10% |
| Flexible Income Pension Mutual Fund | %20 KYD FX DIBS (USD-TL) Index | Eurobond | 5% - 35% |
| | 1% KYD Eurobond (EUR-TL) Index | FX Government Bond/ Treasury Bill | 5% - 35% |
| | 18% KYD O/N Repurchase (Gross) Index | Reverse Repo | 0% - 30% |
| | 40% KYD DIBS 182 Index | Government Bond/ Treasury Bill | 25% - 55% |
| | 1% ISE 100 Index | Share Certificates | 0% - 30% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Deposits | 0% - 20% |
| Composite Growth Pension Mutual Fund | | Private Sector Bonds | 0% - 10% |
| | 40% ISE 100 Index | Government Bond/ Treasury Bill | 35% - 65% |
| | 50% KYD DIBS 182 Index | Share Certificates | 25% - 55% |
| | 8% KYD O/N Repurchase (Gross) Index | Reverse Repo | 0% - 20% |
| | 1% KYD Eurobond (USD-TL) | Eurobond | 0% - 10% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Deposits | 0% - 20% |

| | | | |
|---|---|-----------------------------------|------------|
| Stock Growth Pension Mutual Fund | 90% ISE 100 Index | Share Certificates | 80% - 100% |
| | 7% KYD O/N Repurchase [Gross] Index | Reverse Repo | 0% - 20% |
| | 1% KYD Eurobond (USD-TL) Index | Eurobond | 0% - 10% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Deposits | 0% - 20% |
| | 1% KYD DIBS 182 Index | Government Bond/ Treasury Bill | 0% - 10% |
| Liquid Pension Mutual Fund | 84% KYD O/N Repurchase [Gross] Index | Government Bond/ Treasury Bill | 0% - 30% |
| | 15% KYD DIBS 30 Index | Reverse Repo | 70% - 100% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Deposits | 0% - 20% |
| | | Private Sector Bonds | 0% - 10% |
| Flexible Pension Mutual Fund | 75% KYD DIBS 182 Index | Government Bond/ Treasury Bill | 60% - 90% |
| | 15% ISE 100 Index | Share Certificates | 0% - 30% |
| | 8% KYD O/N Repurchase [Gross] Index | Reverse Repo | 0% - 30% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Deposits | 0% - 20% |
| | 1% KYD Eurobond (USD-TL) Index | Eurobond | 0% - 10% |
| | Private Sector Bonds | 0% - 10% | |
| Government Bonds and Bills Pension Mutual Fund | 20% KYD DIBS 365 Index | Government Bond/ Treasury Bill | 80% - 100% |
| | 60% KYD DIBS 182 Index | Share Certificates | 0% - 10% |
| | 17% KYD O/N Repurchase [Gross] Index | Reverse Repo | 0% - 30% |
| | 1% ISE 100 Index | Eurobond | 0% - 10% |
| | 1% KYD Eurobond (USD-TL) Index | Deposits | 0% - 20% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | Private Sector Bonds | 0% - 10% |
| Flexible Growth Pension Mutual Fund | 30% ISE 100 Index | Share Certificates | 15% - 45% |
| | 35% KYD DIBS 182 Index | Government Bond/ Treasury Bill | 50% - 80% |
| | 25% KYD DIBS 365 Index | Reverse Repo | 0% - 30% |
| | 9% KYD O/N Repurchase [Gross] Index | Deposits | 0% - 20% |
| | 1% 1-month Gross Average Deposit Return of Five Banks | | |

PENSION FUNDS' BENCHMARKS AND PERFORMANCE

ING Emeklilik A.Ş. is the issuer of eight pension funds and the funds' performance are compared with their benchmarks and financial assets' investment limits.

PENSION FUNDS AND BENCHMARKS [16/04/2012-31/12/2012]

| Fund Name | Benchmark | Investment Strategy | Limitations | |
|--|---|--|-------------|------|
| | | | Min | Max |
| Government Bonds and Bills Income Pension Mutual Fund | 60% KYD DIBS 365 Index | Government Debt Securities | 70% | 100% |
| | 19% KYD DIBS 547 Index | Share Certificates | 0% | 20% |
| | 4% KYD O/N Repurchase [Gross] Index | Reverse Repo and Stock Exchange and Money Market | 0% | 30% |
| | 10% KYD CPI Indexed DIBS Index | Eurobond | 0% | 20% |
| | 1% KYD 1-month TL Deposit Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% ISE 100 Index | Deposit and Contribution Account | 0% | 20% |
| | 1% KYD Eurobond [USD-TL] Index | Fixed and Variable Private Sector Bonds | 0% | 20% |
| | 1% KYD Eurobond [EUR-TL] Index | | | |
| | 1% KYD Variable Private Sector Bond Index | | | |
| | 1% KYD Fixed Private Sector Bond Index | | | |
| | 1% KYD DIBS All Index | | | |
| Flexible Income Pension Mutual Fund | 20% KYD Eurobond [USD-TL] Index | Government Debt Securities (TL) | 25% | 55% |
| | 20% KYD Eurobond [EUR-TL] Index | Share Certificates | 0% | 30% |
| | 39% KYD DIBS 182 Index | Reverse Repo and Stock Exchange and Money Market | 0% | 30% |
| | 15% KYD O/N Repurchase [Gross] Index | Eurobond [EURO] | 5% | 35% |
| | 1% KYD 1-month TL Deposit Index | Eurobond [USD] | 5% | 35% |
| | 1% ISE 100 All Index | Foreign-Exchange Indexed GDS [USD] | 0% | 30% |
| | 1% CPI Indexed DIBS Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD Variable Private Sector Bond Index | Deposit and Contribution Account | 0% | 20% |
| | 1% KYD Fixed Private Sector Bond Index | Fixed Private Sector Bonds | 0% | 30% |
| | 1% KYD DIBS All Index | Variable Private Sector Bonds | 0% | 30% |
| Composite Growth Pension Mutual Fund | 39% KYD DIBS 182 Index | Government Debt Securities | 25% | 55% |
| | 39% ISE -100 Index | Share Certificates | 25% | 55% |
| | 14% KYD O/N Repurchase [Gross] Index | Reverse Repo and Stock Exchange and Money Market | 0% | 30% |
| | 1% KYD CPI Indexed DIBS Index | Eurobond | 0% | 20% |
| | 1% KYD Eurobond [USD-TL] Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD Eurobond [EUR-TL] Index | Deposit and Contribution Account | 0% | 20% |
| | 1% KYD Variable Private Sector Bond Index | Fixed Private Sector Bonds | 0% | 30% |
| | 1% KYD Fixed Private Sector Bond Index | Variable Private Sector Bonds | 0% | 30% |
| | 1% KYD 1-month TL Deposit Index | Inflation-Indexed DIBS's | 0% | 30% |
| | 1% KYD DIBS All Index | | | |
| | 1% ISE 100 All Index | | | |
| Stock Growth Pension Mutual Fund | 89% ISE 100 Index | Government Debt Securities | 0% | 20% |
| | 6% KYD O/N Repurchase [Gross] Index | Share Certificates | 80% | 100% |
| | 1% KYD Eurobond [USD-TL] Index | Reverse Repo and Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD Eurobond [EUR-TL] Index | Eurobond | 0% | 20% |
| | 1% KYD 1-month TL Deposit Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD DIBS All Index | Deposits | 0% | 20% |
| Liquid Pension Mutual Fund | 77% KYD O/N Repurchase [Gross] Index | Government Debt Securities | 10% | 40% |

| | | | | |
|---|---|--|-----|------|
| | 20% KYD DIBS 91 Index | Reverse Repo and Stock Exchange and Money Market | 70% | 100% |
| | 1% KYD 1-month TL Deposit Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD Variable Private Sector Bond Index | Deposit and Contribution Account | 0% | 20% |
| | 1% KYD Fixed Private Sector Bond Index | Fixed and Variable Private Sector Bonds | 0% | 20% |
| Flexible Pension Mutual Fund | 64% KYD DIBS 182 Index | Government Debt Securities | 50% | 80% |
| | 14% KYD 0/N Repurchase (Gross) Index | Share Certificates | 0% | 30% |
| | 1% KYD 1-month TL Deposit Index | Reverse Repo and Stock Exchange and Money Market | 0% | 30% |
| | 1% KYD Eurobond (USD-TL) Index | Eurobond | 0% | 30% |
| | 1% KYD Eurobond (EUR-TL) Index | Stock Exchange and Money Market | 0% | 20% |
| | 14% ISE -100 Index | Deposit and Contribution Account | 0% | 20% |
| | 1% CPI Indexed DIBS Index | Fixed Private Sector Bonds | 0% | 30% |
| | 1% KYD Variable Private Sector Bond Index | Variable Private Sector Bonds | 0% | 30% |
| | 1% KYD Fixed Private Sector Bond Index | Inflation-Indexed DIBS's 0% | 30% | 30% |
| | 1% KYD DIBS All Index | | | |
| | 1% ISE 100 All Index | | | |
| Government Bonds and Bills Pension Mutual Fund | 60% KYD DIBS 182 Index | Government Debt Securities | 70% | 100% |
| | 19% KYD DIBS 365 Index | Share Certificates | 0% | 20% |
| | 10% KYD CPI Indexed DIBS Index | Reverse Repo and Stock Exchange and Money Market | 0% | 30% |
| | 4% KYD 0/N Repurchase (Gross) Index | Eurobond | 0% | 20% |
| | 1% KYD DIBS ALL Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD Variable Private Sector Bond Index | Deposit and Contribution Account | 0% | 20% |
| | 1% KYD Fixed Private Sector Bond Index | Fixed and Variable Private Sector Bonds | 0% | 20% |
| | 1% KYD 1-month TL Deposit Index | | | |
| | 1% ISE 100 ALL Index | | | |
| | 1% KYD Eurobond (USD-TL) Index | | | |
| | 1% KYD Eurobond (EUR-TL) Index | | | |
| Flexible Growth Pension Mutual Fund | 30% KYD DIBS 182 Index | Government Debt Securities | 35% | 65% |
| | 19% KYD DIBS 365 Index | Share Certificates | 15% | 45% |
| | 14% KYD 0/N Repurchase (Gross) Index | Reverse Repo and Stock Exchange and Money Market | 0% | 30% |
| | 29% ISE -100 Index | Eurobond | 0% | 30% |
| | 1% KYD CPI Indexed DIBS Index | Stock Exchange and Money Market | 0% | 20% |
| | 1% KYD DIBS All Index | Deposit and Contribution Account | 0% | 20% |
| | 1% KYD Variable Private Sector Bond Index | Fixed Private Sector Bonds | 0% | 30% |
| | 1% KYD Fixed Private Sector Bond Index | Variable Private Sector Bonds | 0% | 30% |
| | 1% KYD 1-month TL Deposit Index | | | |
| | 1% KYD Eurobond (USD-TL) Index | | | |
| | 1% KYD Eurobond (EUR-TL) Index | | | |
| | 1% ISE 100 All Index | | | |

In 2012, ING Pension Funds achieved a 16.84% weighted average performance where sector performed 16.90%. ING Emeklilik has been among the best performing companies of the sector in terms of its weighted average performance in 2012.

The year of 2012 was one where the ISE-100 index generated a return of 52.55% on average for its investors. During the year, ING Emeklilik Stock Growth PMF, which is mandated to invest at least 80% of its assets in equities, yielded a return of 49.89%, while the pension funds investing in financial assets of the same type generated 53.76%.

An analysis of 2012 returns of bond funds invested in mid to long-term assets reveals that the benchmark interest rate, at 11% at the start of the year, closed the year at 6.14%, while the ING Emeklilik Government Bonds and Bills PMF was one of the best performers of the sector with its return of 11.47%.

The ING Emeklilik Government Bonds and Bills Income Fund yielded 10.44%.

While the sector leader in liquid funds invested in short-term fixed income assets recorded a return of 7.29%, the ING Emeklilik Liquid fund yielded a 6.63% return in 2012.

The average return of the balanced group of funds that mainly invest in mid to long-term assets, as well as the equity market was 22.03% in 2012. Meanwhile ING Emeklilik Composite Growth PMF yielded 29.71%, and ING Emeklilik Flexible Growth PMF and ING Emeklilik Flexible PMF, both in the same group of funds, yielded 22.38% and 18.06%, respectively.

CUSTOMER CONTACT CENTER

The team makes “Welcome Calls” to all customers with private pension, personal accident and annual term life insurance contracts in keeping with “ING’s Golden Rules of Customer Service” in pursuit of even greater customer satisfaction.

ING Emeklilik offers long-term financial services by creating perfect value for its customers. Its understanding of service and way of doing business are transparent and simple.

CUSTOMER CONTACT CENTER ACTIVITIES

The ING Emeklilik Customer Contact Center consists of two departments, namely inbound and outbound.

The Company renders service between 09:00-18:00 hours on week days by telephone on 444 1 666.

The primary functions of the Customer Contact Center are to offer information [basic information on customer-product-service processes], and to introduce the Company [Company products], respond to information queries and conversation requests received via the Company’s website, and complete the transaction or forward these to the relevant departments and engage in retention activities in line with the customer’s request.

Customer Contact Center Activities – INBOUND

The inbound team answers calls from customers, meets all customer requests, forwarding issues to relevant departments as required.

Customer Contact Center Activities – OUTBOUND

The outbound team contacts customers to inform them of promotional campaigns and other matters. Moreover, calls are made to inform customers regarding contribution increases and the calculation of estimated future fund investments.

The team makes collection calls with the aim to provide high savings amounts to the contributors during their retirement periods by assuring payment regularity and makes “Welcome Calls” to all customers with private pension, personal accident and annual term life insurance contracts in keeping with “ING’s Golden Rules of Customer Service” in pursuit of even greater customer satisfaction. In addition, with a new program launched in 2012, private pension customers are called when they complete the 6th month, and at each anniversary of their entry to the system in order to inform them of their investments.

In line with ING Emeklilik’s customer retention policy, all contributors who wish to exit the system are called by the outbound team to advise them on the advantages of continued coverage.

As per ING Emeklilik’s customer retention policy, contributors who wish to exit the system or transfer their savings to another company are called by the outbound leaving/transfer team to convince them otherwise.

CUSTOMER SATISFACTION AND COMPLAINT HANDLING POLICY

Customer complaints are received by the Customer Contact Center via call center (444 1 666), e-mail, fax, the Undersecretariat of Treasury, Security General Directorate or complaint websites, or by filing complaints at the Head Office, either personally or through intermediaries. The core principle of ING Emeklilik vis-à-vis customer complaints is to ensure customer satisfaction by informing them of the issue in writing, or verbally within two working days, and by resolving the complaint or demand within five working days, or seven working days in the case of sales related complaints.

In 2010, ING Emeklilik launched the Net Promoter Score [NPS] Programme designed to measure customer loyalty through customer satisfaction surveys; the system has been successfully maintained. Accordingly, the Customer Contact Center contacts customers to discuss the results of surveys sent to them regarding the six primary touch points. It strives to resolve all issues of dissatisfaction brought to light by dissatisfied customers [detractors] via a process that involves all employees, and conducts post-survey contacts to convert dissatisfied customers to satisfied ones [promoters], who recommend ING Emeklilik to their friends or family.

R&D FOR NEW SERVICES AND ACTIVITIES AND PROJECTIONS FOR 2013

The Net Promoter Score, which was further strengthened in 2012, has become one of the ING Emeklilik's key programmes bolstering its R&D activities.

R&D FOR NEW SERVICES AND ACTIVITIES

The customer-oriented growth strategy adopted by the Company at the beginning of 2012 was supported by innovative project activities throughout the year. The Net Promoter Score Programme which the Company continued to apply to PPS (Private Pension System) contributors envisaging the potential of the private pension sector not only measured Customer satisfaction. Indeed, the Company assesses customer loyalty in a broader framework, and estimates the type of services through which it can grow further, or else verifies that existing customers will remain on the ING Emeklilik path for the future.

The Net Promoter Score, which was further strengthened in 2012, has become one of the Company's key programs bolstering its R&D activities. Several development projects have been launched ranging from products offered to foster customer-oriented growth, to sales channels and customer communication platforms.

In 2011 the Company enriched its annual term life insurance product range with supplementary coverage for personal accident insurance, emergency health assistance and critical illnesses. It began to provide to corporations with solutions to resolve the insurance needs of their employees with its group life and group personal accident products in addition to group private pension plans. In 2012, the Company developed İşim İş Job Protection Packages, which provide protection against the risk of unemployment. Taking into account the expected legal change in the Private Pension System within the year, updates and additions to the packages have been made in line with customer needs.

In addition, the Company pioneered innovative working methods in distribution channels with a view to improving the quality of services rendered to its customers, and providing full support to business partners. In the bancassurance arena for instance, it established a Financial Consulting network, which guides customers in planning their future, while protecting their present. It also worked to sustain long-term cooperation with agents through joint ventures in the agency channel.

The fundamental changes expected to occur in the sector in 2012 readied the Company to take firm steps towards change. With the government contribution to individual and group-based private pension contracts in the Private Pension System, in addition to several other arrangements, all processes have been re-arranged in detail and updated, with several new processes having been created. Overall, the Company has invested substantial resources into a smooth transition to the new environment resulting from changes to the PPS as soon as possible most importantly into providing proper information to its customers on the new developments set to occur in 2013.

PROJECTIONS FOR 2013

In 2013, with the introduction of new arrangements in the Private Pension System, a new era in the sector is expected to begin. In particular, the introduction of a 25% government contribution unlike the tax incentive will significantly increase the recognition of the system. And because the government contribution is applicable to all Turkish citizens of legal age, be they a housewife, student or worker, it is envisaged to have a very positive effect in announcing PPS to a wider population. And as a result, the volume of investment in PPS within a household is expected to rise further.

R&D FOR NEW SERVICES AND ACTIVITIES AND PROJECTIONS FOR 2013

In the new system, where the government contribution will be calculated according to the time of exit from the system, PPS is estimated to become a mid and long-term investment instrument.

With the New Private Pension System Legislation, the reduction of maximum withholding rates over contributions is further evidence of the advantage that the system offers to contributors. The arrangement also enables the crediting of the government contribution directly into the contributor's account. In the tax incentive system applicable before 2013, the discounted portion of the tax was repaid to the contributors. The income will therefore become more apparent, with greater returns being generated and hence further amounts being directed to investment. This will in turn render the PPS one of the more preferable investment options.

This latest arrangement indicates that the savings requirement has increased and that PPS will transform into an important savings instrument starting from 2013. In the new system, where the government contribution will be calculated according to the time of exit from the system, PPS is estimated to become prominent as a mid and long-term investment instrument.

In light of these developments, assets under management are estimated to grow 50% to TL 30 billion, with 500 thousand new contributors joining the system by the end of 2013.

With the rise of the tax incentive in the life insurance business from 5% to 15%, this business line is envisaged to expand in 2013. The ratio of the premium spent on life insurance to GDP is at 0.2%, and the life business, which sustained its real growth in 2012, is estimated to do so again in 2013, taking into account Turkey's positive demographic profile and customer potential.

As it has been the case in recent years, production is to a large extent expected to evolve around the sale of credit life insurance offered by banks to hedge customer risks in the sale of loans. In the life branches other than the credit life business, significant growth potential exists if, and to the extent, that maximum use is made of the efficient market structure and population dynamics, and as far as the importance of insurance is communicated effectively through innovative methods and channels.

ANNUAL REPORT COMPLIANCE OPINION



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To the General Assembly of ING Emeklilik A.Ş.

We have been engaged to audit the accuracy and compliance of the financial information provided in the annual activity report of ING Emeklilik Anonim Şirketi ["the company"] as of 31 December 2012 with the audit report issued for the year then ended. The Board of Directors of the company is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes

Our audit was performed in accordance with the auditing standards and principles and procedures of preparing and issuing annual activity reports as set out by the Insurance Law No: 5684 and Individual Retirement, Saving and Investment System Law No. 4632. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial information provided in the annual activity report is free from material misstatement in terms of compliance with the audited financial statements and explanatory notes. We believe that the audit performed constitutes a reasonable and sufficient basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial information of ING Emeklilik Anonim Şirketi as of 31 December 2012 in accordance with the prevailing principles and standards set out in the Insurance Law No: 5684 and Individual Retirement, Saving and Investment System Law No. 4632. The financial information provided in the annual activity includes the executive summary report by the Board of Directors and our audit opinion on the financial statements, and is in compliance with the audited financial statements and explanatory notes.

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

A handwritten signature in black ink, appearing to read 'Fatma Ebru Yücel'.

Fatma Ebru Yücel, CPA
Responsible Partner, Chief Auditor

29 April 2013
Istanbul, Turkey

MANAGEMENT DETAILS

MEMBERS OF THE BOARD OF DIRECTORS

David Engel Knibbe Chairman

David Knibbe [1971] began his career at ING in February 1997 within the ING Group Manager Development Program. In 1998, he served as a Portfolio Manager for Institutional Clients at ING. Following his assignment to ING Bank in Holland as Head of Investments Central Holland in 2000, David worked at Greece as Managing Director of ING Piraeus in 2002. In 2004 he was appointed Director of Income Insurance at Nationale-Nederlanden. In 2007 he became the General Manager of Pensions and Retail Life and then Group Life. In January 2010, Mr. Knibbe became the CEO of Institutional Clients in the Netherlands, managing three business units: Nationale-Nederlanden Institutional Clients, ING Pension Communication and AZL. In 2011 he assumed the role of General Manager of Central and Rest of Europe. In this capacity he was responsible for nine European countries where the life insurance and pension operations

of ING were being carried out. In 2013, Mr. Knibbe became the General Manager of International Insurance, also with responsibility for Insurance Belgium and Insurance Luxembourg. David Engel Knibbe holds degrees from Rotterdam's Erasmus University and Harvard Business School.

John Thomas McCarthy Vice Chairman

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

Bram Boon

Member of the Board of Directors

Bram Boon studied Mathematics at the University of Utrecht, where he obtained both his Bachelor and Master's Degrees; he also has a Master's Degree in Actuarial Science, from Vrije Universiteit and Universiteit van Amsterdam. He started his career in 1984 at the International Division of Nationale-Nederlanden in the Actuarial department. From 1987 to 1990, he was a Senior Actuary in charge of General Insurance with Mercantile Mutual, an affiliate of ING. After working as the Manager in Charge of Operations and Development between 1990 and 1992 with ING affiliate Tiel Utrecht Verzekerd Sparen, he served as Senior Financial Officer and Actuary in Charge of Certification, at Nationale-Nederlanden General Insurance from 1992 to 1994. Between 1994 and 1995, he was a Senior Actuary at the ING Group Actuarial and Risk Management Department. Then after working as the CEO in charge of Southern and Eastern Netherlands Operations, ING Bank, between 1995 and 1999, he held the position of Sales Director at RVS, an affiliate of ING from 1999 to 2002. Following these duties, Mr. Boon became the Chairman, Director, and CEO PT of

ING-Aetna Life between 2002 and 2003; ING Asigurari de Viata Sales Director in 2004; and ING Fondu de Pensii CEO, and from October 2004 to 2008 Chairman of the Romanian Association of Pension Institutions [APAPR]. Since October 2008, he has held the position of CEO and Chairman at ING Pension Funds Greece.

Tankut Taner Çelik

Member of the Board of Directors

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

Jetse Frederik de Vries

Member of the Board of Directors–CEO

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

Süleyman Sarper Evren

Member of the Board of Directors

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

AUDITORS

Mehmet Müderrisoğlu

Mehmet Müderrisoğlu is a graduate of both Istanbul University in Middle Level Management and also Dokuz Eylül University in Finance. He began his professional career in 1989 at Karon Menkul Kıymetler A.Ş. as Assistant Branch Manager. Between 1993 and 1995 he worked at Henkel-Turyağ A.Ş. as an Accounting Representative. He then served as Portfolio Manager at TAIB Yatırım A.Ş. from 1995 to 2002, and at Hür Sigorta A.Ş. between 2002 and 2003. Since 2003 he has worked as Financial Affairs and Operations Manager at ING Portföy Yönetimi A.Ş.

Sarper Volkan Özten

Sarper Volkan Özten is a graduate of Istanbul University, Faculty of Economics. He started his professional career as a Financial Analysis Specialist at Emlak Bank, where he worked from 1984 to 1987. Mr. Özten then served as Director at the İktisat Bank between 1987 and 1990, and as Assistant Manager at Ege Bank from 1990 to 1991. He held the positions of Assistant General Manager and General Manager at Öncü Menkul Değerler A.Ş. as of 1991, and Assistant General Manager at Finans Yatırım Menkul Değerler A.Ş. in 1997. Mr. Özten has been a Member of the Audit Board of ING Bank and ING Portföy Yönetimi A.Ş. since January 2008, as well as a Member of the Board of Directors for Alarko Real Estate.

INTERNAL AUDIT

Hakan Gaygısız

Hakan Gaygısız is a graduate of the Dokuz Eylül University, Faculty of Economic and Administrative Sciences, Department of Finance. He is reading for a Masters degree in Banking Finance Department at Kadir Has University. In 1996, he passed the Akbank Audit Board examination, and started his career at that bank as an Assistant Auditor. He then worked at the Sümerbank A.Ş. Audit Board as Assistant Auditor in charge ex-officio between 1997 and 1998. From 1998 to 2002, he served as Auditor on the Audit Boards of Etibank A.Ş. and Toprakbank A.Ş. He held the position of Assistant Manager at the Denizbank A.Ş. Bağcılar Branch between 2002 and 2003. On November 17, 2003 he began working with ING Emeklilik, and currently serves as the Senior Manager of the Internal Audit Department.

SENIOR MANAGEMENT

İhsan Çevik

Assistant General Manager, Sales

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

Wil Olsthoorn

Assistant General Manager, Operations

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

Derya Hersek

Director, Human Resources and Organizational Development

Ms. Derya Hersek completed her education at the Sociology department of Bosphorus University in 1995. She undertook a Master's degree at Marmara University in 1996. Ms. Hersek started her professional career in 1995 as a retail banking officer at Koçbank A.Ş. Between April-December 1996 she worked as a marketing representative at AGF Garanti Sigorta A.Ş., and as a banking insurance marketing supervisor at Toprak Sigorta A.Ş. between 1996-2000. From 2000 to 2005, she was a Senior Researcher at the McKinsey&Company Istanbul Office. She served as a specialist consultant on strategic planning and corporate finance between 2005 and 2007 at the Milan Office of McKinsey&Company. Between 2007 and 2012 she was a Project Manager for McKinsey&Company Group, and became a consultant for Insurance and Banking Companies of the Group. Since 2012 she has held the position of Human Resources and Organizational Development Director at ING Emeklilik A.Ş.

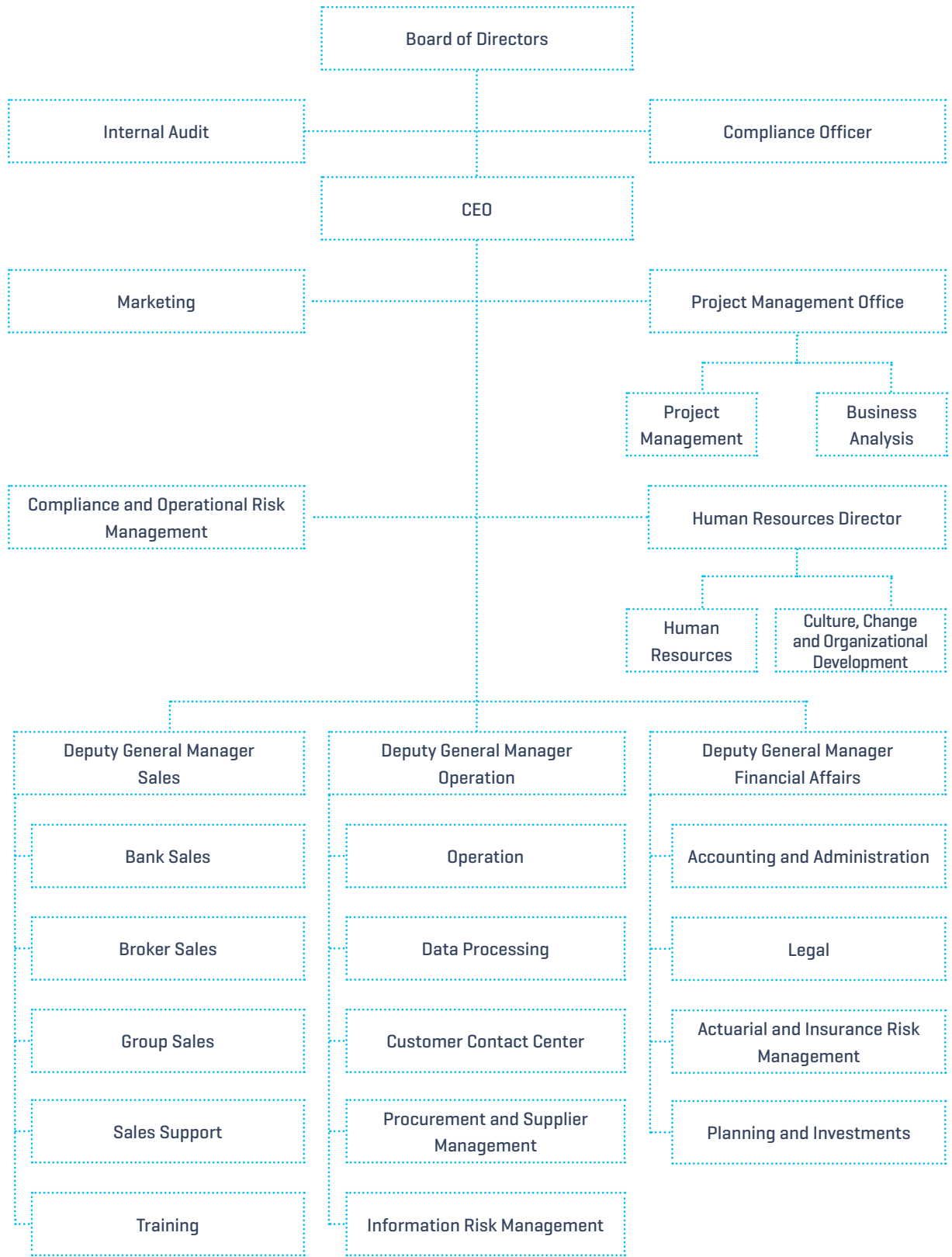
Deniz Kalafat Uysal

Director, Marketing

Ms. Deniz Kalafat Uysal completed her undergraduate education at Bosphorus University majoring in Politics and International Relations in 1994, and receiving her MBA from the same university in 1997. In 1996 she began her professional career at Unilever, and until 1999 worked as the Brand Assistant Manager in charge of Central Asia and Caucasian Republics. In 1999, she was appointed Brand Manager in the same region, a position she held until 2001. Between 2001 and 2005 she worked as Senior Brand Manager of the Lipton brand in Turkey. She continued her career as Business Development Manager at The Coca-Cola Company. In 2008 she became Marketing Director at Ülker, an affiliate of Yıldız Holding, and from 2009 to 2012 served as Marketing Director at Milford-Yıldız, another affiliate of Yıldız Holding. Since 2012 she has held the position of Marketing Director at ING Emeklilik A.Ş.

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

| Board of Directors Meeting Dates | Meeting No. | Attendance |
|----------------------------------|-------------|------------|
| 30.01.2012 | 158 | 4 |
| 14.02.2012 | 159 | 4 |
| 02.03.2012 | 160 | 4 |
| 12.03.2012 | 161 | 4 |
| 22.03.2012 | 162 | 4 |
| 10.04.2012 | 163 | 5 |
| 18.04.2012 | 164 | 4 |
| 24.04.2012 | 165 | 4 |
| 11.05.2012 | 166 | 4 |
| 25.05.2012 | 167 | 5 |
| 28.05.2012 | 168 | 5 |
| 30.05.2012 | 169 | 5 |
| 30.05.2012 | 170 | 5 |
| 04.07.2012 | 171 | 5 |
| 05.07.2012 | 172 | 5 |
| 07.08.2012 | 173 | 4 |
| 12.09.2012 | 174 | 6 |
| 24.09.2012 | 175 | 4 |
| 25.09.2012 | 176 | 4 |
| 26.09.2012 | 177 | 4 |
| 01.10.2012 | 178 | 4 |
| 02.10.2012 | 179 | 6 |
| 03.10.2012 | 180 | 6 |
| 23.11.2012 | 181 | 4 |
| 27.12.2012 | 182 | 4 |
| 28.12.2012 | 183 | 4 |



HUMAN RESOURCES ACTIVITIES AND POLICIES

ING Emeklilik is a great place to work where you can put your ideas into action and improve your professionalism in a challenging team environment.

ING HUMAN RESOURCES POLICY

The Insurance and pension sector is a growing business line in Turkey, and as such ING Emeklilik is seeking to recruit professionals who wish to develop together with the Company in pursuit of becoming the leader of the Turkish pension and insurance market.

As ING Emeklilik is an inventive company its HR strategy aims to recruit employees who are genuinely devoted to the Company, as well as competent and customer-oriented.

Depending on its corporate culture, international character and field of activity, ING Emeklilik offers many opportunities to reach new goals in an environment that demands competency, and that contributes tangibly to the personal development of its employees. It is up to the employees themselves to grasp opportunities, and gain momentum in a young and rapidly growing company.

All Company employees are regarded as "professionals" and are expected to exhibit professional attitudes and behavior; thus trainees, new graduates, specialists and managers are not treated differently at the job application stage, or as regards the opportunities given.

The Company has HR practices in place supporting both employees and the Company itself to attain personal and organizational objectives.

Training and Development

Training courses are organized in line with the professional development plans of the personnel. The Company helps staff members define their knowledge and skills, determines their individual development, and plans how to meet their requirements with adequate training programs.

- Training for post-evaluation competence development on a competency basis for all employees;
- Entry level management training, mid-level management training, as well as talent management training for managers.

The Company monitors sector developments carefully through related training courses and meetings. Employee attendance is ensured at these training courses and events so that the personnel improve themselves, and in so doing add value to the Company.

ING Emeklilik is a great place to work where you can put your ideas into action and improve your professionalism in a challenging team environment.

To this end, ING Emeklilik strives to be an employer that:

- creates a favorable atmosphere for its employees both for personal and professional improvement,
- builds and operates systems that appraise individual differences appropriately,
- offers consistent, transparent and modern working conditions based on sincerity, respect and trust, allowing for two-way communications, while creating equal opportunities,
- is open to change and innovation, for managers.

The functions carried out within ING Emeklilik have been defined on the basis of the knowledge and skills of employees, job descriptions and accountability.

- learns and constantly self-improves,
- measures and appraises performance with objective criteria,
- enhances the means to improvement, as well as career opportunities to strengthen employees' sense of belonging, in line with corporate objectives,
- encourages the profile of an employee who acts with a team spirit and reflects his/her efforts not only in his/her own performance, but also in Company's performance, as well.

The Company has established and implemented employee evaluation and base salary management processes in line with corporate strategies, and salary adjustments have become effective based upon the evaluation of relationships between job positions and the conclusions reached from market benchmarks.

A set of vested benefits including a private pension plan with employer contribution, private health, life and personal accident coverage are provided to all employees.

REMUNERATION AND SOCIAL BENEFITS

ING Emeklilik's remuneration policy is based on the principle of fairness and equality. The policy was established after an analytical study was conducted in conjunction with an internationally renowned remuneration consultancy. The study took into account sector data and the Company's growth strategy. The functions carried out within ING Emeklilik have been defined on the basis of knowledge and skills of the employees, job descriptions and accountability.

BRIEF BOARD OF DIRECTORS REPORT SUBMITTED TO THE GENERAL ASSEMBLY

Dear Shareholders,

We would like to thank you all for your attendance in our annual General Meeting, and take this opportunity to extend our thanks for honoring this meeting, assembled to examine and decide on the financial status and activity results for the 2012 business year.

Having continued its consistent growth in the Individual Retirement Sector in 2012 as well, ING Emeklilik A.Ş. has focused on the "Good Customer Experience". In this respect, getting to know opinions of our existing customers about our Company is among our most important priorities. Because the satisfaction of our existing customers will ensure an increase of trust in our Company; so that the primary preference of potential customers could be ING Emeklilik. Our Company is also expanding its sales strategies to reach the targeted number of customers in the long term. In this respect, maximum customer satisfaction is aimed through application of the right sales techniques in addition to the increase of our sales.

Besides the "Customer Experience" priority, we continued our services with our products intended for needs of our customers with various socio-economic profiles in different channels through "Project Blue" and "Business Partnership Projects" during 2012. Within the scope of our "Business Partnership" project, we established a total of 4 affiliates in the cities of Ankara, Izmir and Istanbul, and procured sale of ING Emeklilik products by our affiliates.

Our Company capital was increased to TL 84,000,000 in 2012, which was fully paid in cash. Our fund size increased by 40.3% in 2012. In addition, number of our employees increased from 150 in 2011 to 227 by the end of 2012. By the year end of 2012, our Company achieved a total fund size of TL 1,092,683,552.

Our Company showed its corporate sensitivity in regard to development of the individuals and public benefit once more with its activities in 2012. Our cooperation we have maintained with LÖSEV during the year became even more permanent with the volunteer efforts of our employees. Our Company will always keep taking part in social responsibility projects that will reach every segment of the community providing benefit to the individuals living in it.

We would like you thank you for your interest in the General Meeting of our Company, whose activities we have briefly presented above, and in the light of experience and background ING, which is among the greatest finance institutions of the world with its 170-year experience, we hope that the year 2013 brings even greater accomplishments.

Kind regards,
Board of Directors

AUDITORS' REPORT

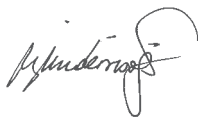
To the ING Emeklilik A.Ş. General Council,

The results of our audit studies through examinations of the accounts and transactions of ING Emeklilik A.Ş. for the fiscal year of 01.01.2012 to 31.12.2012, as required by the Turkish Commercial Code, the Shareholders' Agreement and the other regulations, have been completed and presented below for your kind review:

1. The examinations made on the Company legal books and documents have proven that the obligatory books and files were kept; that the records were kept in line with the principles of accuracy and openness stipulated in Article 75 of the Turkish Commercial Code, as well as the general accounting principles and rules.
2. It has been found out that the balance sheet set forth in the official books of the Company is the same with the balance sheet and the profit and loss calculation presented by the Board of Directors to the General Council and that it fully reflects the actual financial status of the term between 01.01.2012 and 31.12.2012.
3. During the term between 01.01.2012 and 31.12.2012, our Auditing Department has not been conveyed any complaints or fraud messages concerning the internal functioning of the Company.
4. It has been seen that the Board of Directors resolutions made during the above mentioned period by the Company Board of Directors have been duly recorded in the Book of Resolutions.
5. Pursuant to Article 353 of the Turkish Commercial Code, the inventory counts for the Company safe and the valuable papers have taken place and it has been observed that the safe contents and valuable papers are in line with the book records, and accurate.

We hereby present for your approval the Company activities indicated in the report prepared by the Board of Directors pursuant to the above presented findings, as well as the relevant balance sheet and the profit and loss charts, and the acquittal of the Board of Directors for the period between 01.01.2012 and 31.12.2012.

Yours faithfully,



Mehmet Müderrisoğlu
Auditor



Sarper Volkan Özten
Auditor

ASSESSMENT OF ACTIVITIES FOR 2012 BY THE INTERNAL AUDIT DEPARTMENT

The purpose of internal audit activities carried out by the Internal Audit Department is to ensure compliance of the transactions with the current laws and other regulations.

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

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

The Internal Audit Department issued five audit reports, two follow up reports to ensure that ORM and Compliance Department close the related findings and one memos in 2012.

Internal audit activities cover the following matters and include all the departments of the Company, the regional directorates and the agencies:

- Examining the compliance of all Company activities with the legislations and the internal arrangements as well as the general policies of the Company,
- Offering assurance in terms of the effective and adequate performance of risk management and internal control activities,
- Examining the accuracy and the reliability of financial and administrative information,
- Inspection of the economic and efficient utilisation of Company resources,
- Ensuring that the activities and the programmes are in line with the objectives and the targets set by the Company, and monitoring whether the activities are carried out the way they were planned or not.

Such activities are also monitored through the following methods:

- Compiling information and analysing them according to objective principles,
- Reporting them in clear and comprehensible ways and conveying to the relevant authorities directly,
- Taking action plans from the relevant executives pursuant to these reports,
- Checking whether the issues set forth in the audit reports are corrected or not, and whether the warning notes issued are taken into account during the continuation of the activities.

AGENDA FOR THE 2012 ORDINARY GENERAL ASSEMBLY MEETING

1. Opening and the formation of the Council,
2. Adding items to the agenda and discussing the respective items,
3. Authorizing the Council to sign the minutes of the meeting and documents on behalf of the General Assembly,
4. Reading and discussing the Board of Directors Annual Report, and the Auditors' Report,
5. Reading, discussing and approving the Balance Sheet, Profit/Loss Statement for the year 2012, and discussing the dividend distribution,
6. Release of the Board of Directors and the Auditors,
7. Discussing election and determining office terms of the Members of Board of Directors, and discussing their remunerations,
8. Discussing increase of the Company capital by TL 23,000,000.- to TL 80,648,737.-, concordantly with decrease by TL 26,351,263.- from TL 84,000,000.- to TL 57,648,737.-, for the purpose of closing a deficit that has emerged in the balance sheet due to Company's losses, pursuant to the provisions of second paragraphs of articles 473 and 474 of Turkish Commercial Code,
9. Discussing election of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi as the Independent Auditor for the year 2013,
10. Authorizing the Board of Directors to engage in activities in person or in proxy that fall within the Company's line of business and to hold shares in companies that undertake such activities as per Articles 395 and 396 of Turkish Commercial Code,
11. Approving the Internal Directive on Operation Principles and procedures of the General Assembly, which have been prepared by the Board of Directors,
12. Wishes and Requests,
13. Closing.

**SUMMARY OF
THE FINANCIAL
INFORMATION FOR THE
FIVE-YEAR PERIOD
INCLUDING THE
REPORTING PERIOD**

| TL Thousand | 2012 | 2011 | 2010 | 2009 | 2008 |
|---------------------------|------------------|-------------|-------------|-------------|-------------|
| Assets under Management | 1,092,684 | 778,361 | 639,760 | 509,901 | 350,478 |
| Paid-in Capital | 108,160 | 50,160 | 46,160 | 46,160 | 46,160 |
| Shareholders' Equity | 54,865 | 23,721 | 27,616 | 29,444 | 29,808 |
| Total Assets | 1,233,231 | 859,225 | 697,842 | 556,043 | 395,118 |
| Technical Income | 83,813 | 67,212 | 46,872 | 24,912 | 21,921 |
| Technical Profit/Loss | (28,052) | (8,504) | (1,841) | (421) | (1,764) |
| Non-Technical Profit/Loss | (45) | (892) | (182) | (57) | (2,609) |
| Profit/Loss before Tax | (28,007) | (7,612) | (2,023) | (364) | 845 |

INFORMATION ON THE FINANCIAL STRUCTURE

In 2012, ING Emeklilik continued its operations in an active manner in the fast growing pension business. In 2012, total shareholders' equity reached TL 54.8 million. The total assets of the Company increased 23.13% as of 31 December 2012 compared to 2011, reaching TL 1.2 billion. As of 31 December 2012, the share of liquid assets among total assets was 7.02%; and, as of 31 December 2012, the share of private pension system receivables among total assets was 88.58%.

INFORMATION CONCERNING THE RISK MANAGEMENT POLICIES BY TYPES OF RISK

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

1-Financial Risks

2-Non-Financial Risks:

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

RISK MANAGEMENT POLICIES

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

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

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

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

| | Responsible | Authority and Duties |
|---------------------------------------|---------------------|---|
| 1st Line of Defense | Line Departments | Department managers hold primary accountability for managing operational risk and compliance risk during daily operations. |
| 2nd Line of Defense | Compliance and Risk | Supports management in defining the risk function, risk appetite, strategies and policies. Critically analyzes the appropriateness and effectiveness of risk definitions, risk reporting and action plans designed to mitigate risks. |
| 3rd Line of Defense | Audit | Undertakes financial, operational, compliance and risk management audits. Provides independent and objective assurance on the effectiveness of internal controls and risk management. |

The activities of Business Continuity Management include reviewing existing crisis plans and critical processes, and defining how the critical activities of ING Emeklilik would be maintained in the event of any crisis.

OPERATIONAL RISK

The operational risk categories are as follows:

- 1) Control Risk,
- 2) Unauthorized Activity Risk,
- 3) Process Risk,
- 4) Employment Practice and Workplace Security Risk,
- 5) Personal and Physical Safety Risk,
- 6) Information [Technology] Risk
- 7) Business Continuity Risk,
- 8) Compliance Risk,
- 9) Internal Fraud Risk,
- 10) External Fraud Risk.

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

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

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

Meanwhile, a project regarding the establishment of a Disaster Recovery Plan and Disaster Recovery Center was launched, and the Company's live system backup was established in Izmir as a part of the Disaster Recovery Center. In addition, other studies regarding information security and necessary studies regarding compliance with ING standards have been carried out. Additionally, we continue our studies to ensure compliance with PCI/DSS standards in respect of credit card security.

COMPLIANCE RISK

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

INFORMATION CONCERNING THE RISK MANAGEMENT POLICIES BY TYPES OF RISK

Necessary studies are carried out to attain risk management in line with ING Group's policies, and local legal requirements to establish strong risk management awareness throughout ING Emeklilik.

Compliance Risk Management is responsible for the following:

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

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

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

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

ACTIVITIES TO PREVENT MONEY LAUNDERING AND FINANCING OF TERRORISM

As per MASAK regulations and the compliance policies of ING Group, the Company has appointed a Money Laundering Reporting Compliance Officer. The Financial Economic Crimes Policy Compliance Project is one of the projects completed in 2010. Within its scope, the Company has circulated and put into effect the following: Customer Identification, Customer Acceptance Procedure, Name Scan, Alarm Management, Suspicious Transaction Reporting Procedure and a Customer Risk Matrix. Awareness training sessions have also been held. In addition, early warning systems designed to monitor suspicious transactions have been developed and an automated reporting system has been established.

[Convenience translation of a report and financial statements
originally issued in Turkish see note 2.25]

ING Emeklilik Anonim Őirketi

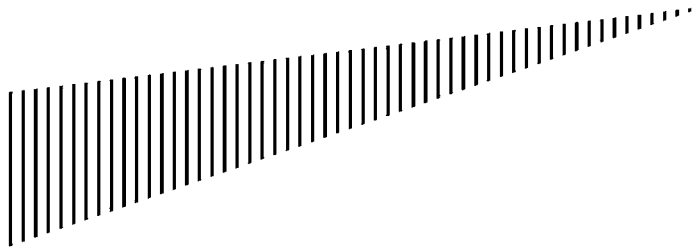
Financial statements together with independent
auditors' report as of December 31, 2012

[Convenience translation of a report and financial statements originally issued in Turkish see note 2,25]

ING Emeklilik Anonim Şirketi

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| Statement of changes in equity | 53 |
| Cash flow statement | 54 |
| Notes to financial statements | 55-115 |



Independent auditor's report for the year ended December 31, 2012

To the Board of Directors of ING Emeklilik Anonim Şirketi,

1. We have audited the accompanying financial statements of ING Emeklilik A.Ş. ["the Company"], which comprise the balance sheet as of December 31, 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and 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 these financial statements in accordance with the prevailing accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 standards on auditing issued based on insurance laws and regulations. Those standards 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.

4. 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, the accompanying financial statements give a true and fair view of the financial position of ING Emeklilik Anonim Şirketi as of December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards issued [Note 2] based on insurance laws and regulations.

Additional paragraph for convenience translation

7. As explained in detail in Note 2.25, the accompanying financial statements are presented in accordance with the prevailing accounting principles and standards issued [Note 2] based on insurance laws and regulations. The effects of differences between those accounting principles and standards set out by laws and regulations and accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ["IFRS"] have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatma Ebru Yücel, SMMM
Partner

March 11, 2013
Istanbul, Turkey

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2012

[Currency – Turkish Lira (TL)]

| | Notes | Audited Current period December 31,2012 | Audited Prior period December 31,2011 |
|---|---------|---|---|
| I- Current assets | | | |
| A- Cash and cash equivalents | | | |
| 1- Cash | 4,14 | 86,558,280 | 47,112,903 |
| 2- Checks received | 4,14 | 1,004 | 145 |
| 3- Banks | | - | - |
| 4- Checks given and payment orders [-] | 4,14 | 72,079,849 | 36,611,519 |
| 5- Bank guaranteed and short term credit card receivables | | - | - |
| 6- Other cash and cash equivalents | 4,14 | 14,378,490 | 10,272,091 |
| | | 98,937 | 229,148 |
| B- Financial assets and financial investments at policyholders' risk | | | |
| 1- Available for sale investments | 11 | 10,627,152 | 8,779,404 |
| 2- Held to maturity investments | | - | - |
| 3- Held for trading investments | | - | - |
| 4- Loans | | - | - |
| 5- Provision for loans [-] | | - | - |
| 6- Financial investments at life policyholders' risk | | - | - |
| 7- Company shares | | - | - |
| 8- Provision for diminution in value of financial assets [-] | | - | - |
| C- Receivables from main operational activities | | | |
| 1- Due from insurance operations | 12 | 28,946,841 | 16,184,654 |
| 2- Provision for due from insurance operations[-] | | 2,780,571 | 1,548,727 |
| 3- Due from reinsurance operations | | - | - |
| 4- Provision for due from reinsurance operations[-] | | - | - |
| 5- Deposits at insurance and reinsurance companies | | - | - |
| 6- Loans to policyholders | | - | - |
| 7- Provision for loans to policyholders [-] | | - | - |
| 8- Due from pension operations | 12 | 26,166,270 | 14,635,927 |
| 9- Doubtful receivables from operational activities | 12 | 363,370 | 369,307 |
| 10- Provision for doubtful receivables from operational activities [-] | 12 | (363,370) | (369,307) |
| D- Due from related parties | | | |
| 1- Due from shareholders | | - | - |
| 2- Due from participations | | - | - |
| 3- Due from subsidiaries | | - | - |
| 4- Due from joint-ventures | 12 | 432,291 | - |
| 5- Due from personnel | | - | - |
| 6- Due from other related parties | 12 | 108,470 | 401,066 |
| 7- Rediscount on due from related parties[-] | | - | - |
| 8- Doubtful receivables from related parties | | - | - |
| 9- Provision for doubtful receivables from related parties[-] | | - | - |
| E- Other receivables | | | |
| 1- Financial lease receivables | 4, 47.1 | 87,191 | 25,988 |
| 2- Unearned financial lease interest income[-] | | - | - |
| 3- Deposits and guarantees given | | 72,846 | 25,988 |
| 4- Other receivables | | 14,345 | - |
| 5- Rediscount on other receivables[-] | | - | - |
| 6- Other doubtful receivables | | - | - |
| 7- Provision for other doubtful receivables[-] | | - | - |
| F- Deferred expenses and income accruals | | | |
| 1- Deferred Acquisition Expenses | 47.5 | 3,570,098 | 2,191,681 |
| 2- Accrued Interest and Rent Income | | 2,917,301 | 1,753,767 |
| 3- Deferred Income | | - | - |
| 4- Other Deferred Expense Accruals | 47.5 | 652,797 | 437,914 |
| G- Other current assets | | | |
| 1- Inventory | | 597,483 | 206,739 |
| 2- Prepaid taxes and funds | 35 | 563,230 | 206,739 |
| 3- Deferred tax assets | | - | - |
| 4- Job advances | | 34,253 | - |
| 5- Advances to personnel | | - | - |
| 6- Count shortages | | - | - |
| 7- Other current assets | | - | - |
| 8- Provision for other current assets [-] | | - | - |
| I- Total current assets | | 130,927,806 | 74,902,435 |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2012

[Currency – Turkish Lira (TL)]

| | Notes | Audited | Audited |
|---|-------|-------------------------------------|-----------------------------------|
| | | Current period December 31, 2012 | Prior period December 31, 2011 |
| II- Non current assets | | | |
| A- Receivables from main operational activities | | 1,092,349,597 | 778,361,051 |
| 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- Deposits at insurance and reinsurance companies | | - | - |
| 6- Loans to policyholders | | - | - |
| 7- Provision for loans to policyholders [-] | | - | - |
| 8- Due from pension operations | 4,17 | 1,092,349,597 | 778,361,051 |
| 9- Doubtful receivables from operational activities | | - | - |
| 10- Provision for doubtful receivables from operational activities [-] | | - | - |
| B- Due from related parties | | - | - |
| 1- Due from shareholders | | - | - |
| 2- Due from participations | | - | - |
| 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[-] | | - | - |
| C- Other receivables | | - | - |
| 1- Financial lease receivables | | - | - |
| 2- Unearned financial lease interest income[-] | | - | - |
| 3- Deposits and guarantees given | | - | - |
| 4- Other receivables | | - | - |
| 5- Rediscount on other receivables[-] | | - | - |
| 6- Other doubtful receivables | | - | - |
| 7- Provision for other doubtful receivables[-] | | - | - |
| D- Financial assets | 9 | 212,425 | 50,000 |
| 1- Investment securities | | - | - |
| 2- Participations | | - | - |
| 3- Participations' capital commitments[-] | | - | - |
| 4- Subsidiaries | | - | - |
| 5- Subsidiaries' capital commitments [-] | | - | - |
| 6- Joint-ventures | | 300,000 | 50,000 |
| 7- Joint-ventures capital commitments[-] | | (87,575) | - |
| 8- Financial assets and financial investments at policyholders' risk | | - | - |
| 9- Other financial assets | | - | - |
| 10- Provision for diminution in value of financial assets [-] | | - | - |
| E- Tangible assets | 6 | 5,701,050 | 3,672,474 |
| 1- Investment property | | - | - |
| 2- Impairment on investment property[-] | | - | - |
| 3- Property for own use | | - | - |
| 4- Machinery and equipment | 6 | 4,749,990 | 3,350,796 |
| 5- Furniture and fixtures | 6 | 1,833,095 | 1,314,987 |
| 6- Motor vehicles | 6 | 60,470 | 65,788 |
| 7- Other tangible assets (including leasehold improvements) | 6 | 3,047,490 | 2,004,738 |
| 8- Leased assets | | - | - |
| 9- Accumulated depreciation[-] | 6 | (3,989,995) | (3,063,835) |
| 10- Advances given for tangible assets (including construction in progress) | | - | - |
| F- Intangible assets | 8 | 2,515,321 | 1,249,130 |
| 1- Rights | 8 | 5,335,700 | 3,882,981 |
| 2- Goodwill | | - | - |
| 3- Start-up costs | | - | - |
| 4- Research and development costs | | - | - |
| 5- Other intangible assets | | - | - |
| 6- Accumulated amortization[-] | | - | - |
| 7- Advances given for intangible assets | 8 | (2,820,379) | (2,633,851) |
| G-Deferred expenses and income accruals | | - | - |
| 1- Deferred Acquisition Expenses | | - | - |
| 2- Accrued Interest and Rent Income | | - | - |
| 3- Other Deferred Income and Expense Accruals | | - | - |
| H-Other non-current assets | 21 | 1,524,742 | 989,605 |
| 1- Effective foreign currency accounts | | - | - |
| 2- Foreign currency deposits | | - | - |
| 3- Inventory | | - | - |
| 4- Prepaid taxes and funds | | - | - |
| 5- Deferred tax assets | 21 | 1,524,742 | 989,605 |
| 6- Other miscellaneous non-current assets | | - | - |
| 7- Other non-current assets depreciation[-] | | - | - |
| 8- Provision for other non-current assets[-] | | - | - |
| II- Total Non current assets | | 1,102,303,135 | 784,322,260 |
| Total assets (I+II) | | 1,233,230,941 | 859,224,695 |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2012

[Currency – Turkish Lira (TL)]

| | | Audited Current period December 31, 2012 | Audited Prior period December 31, 2011 |
|---|-------------|--|--|
| | Notes | | |
| III- Short-term liabilities | | | |
| A- Financial liabilities | | | |
| 1- Due to credit institutions | | - | - |
| 2- Financial lease payables | | - | - |
| 3- Deferred financial lease costs [-] | | - | - |
| 4- Installments of long term borrowings' capital and interests | | - | - |
| 5- Issued bonds' capital and interest installments | | - | - |
| 6- Other issued debt securities | | - | - |
| 7- Value differences of other issued debt securities[-] | | - | - |
| 8- Other financial liabilities | | - | - |
| B- Payables from main operational activities | 4,19 | 26,662,304 | 17,978,663 |
| 1- Payables from insurance operations | | 136,285 | 66,310 |
| 2- Payables from reinsurance operations | 10 | 406,222 | 155,615 |
| 3- Deposits obtained from insurance and reinsurance companies | | - | - |
| 4- Payables from pension operations | | 26,119,797 | 17,756,738 |
| 5- Payables from other main operational activities | | - | - |
| 6- Rediscount on other payables from main operational activities [-] | | - | - |
| C- Due to related parties | 4,12,45 | 5,518,238 | 2,383,092 |
| 1- Due to shareholders | | - | - |
| 2- Due to participations | | - | - |
| 3- Due to subsidiaries | | - | - |
| 4- Due to joint-ventures | 45,12 | 149,492 | - |
| 5- Due to personnel | 45,12 | 36,671 | 204,236 |
| 6- Due to other related parties | 12 | 5,332,075 | 2,178,856 |
| D- Other payables | | 1,305,997 | 461,452 |
| 1- Deposits and guarantees received | | - | - |
| 2- SGK Payables for Treatments | | - | - |
| 3- Other Payables | 4,19,1,47.1 | 1,305,997 | 461,452 |
| 4- Rediscount on Other Payables [-] | | - | - |
| E- Insurance technical provisions | | 10,614,024 | 5,784,758 |
| 1- Unearned premium reserve-net | 17.15 | 6,630,789 | 4,325,356 |
| 2- Unexpired risks reserve-net | | - | - |
| 3- Life mathematical reserve-net | | - | - |
| 4- Outstanding claim reserve-net | 17.15 | 3,983,235 | 1,459,402 |
| 5- Bonus and allowances reserve-net | | - | - |
| 6- Other technical provisions - Net | | - | - |
| F- Taxes and other fiscal liabilities and reserves | | 1,195,374 | 1,855,405 |
| 1- Taxes and funds payable | | 870,601 | 1,684,060 |
| 2- Social security withholdings payable | | 324,773 | 171,345 |
| 3- Overdue, deferred or restructured taxes and other fiscal liabilities | | - | - |
| 4- Other taxes and fiscal liabilities | | - | - |
| 5- Corporate tax provision and other fiscal liabilities | | - | - |
| 6- Prepaid corporate tax and other fiscal liabilities[-] | | - | - |
| 7- Other taxes and fiscal liabilities reserve | | - | - |
| G- Reserves for other risks | | 7,443,498 | 4,911,171 |
| 1- Reserve for employment termination benefits | | - | - |
| 2- Reserve for social aid fund deficiency | | - | - |
| 3- Reserve for cost accruals | 23 | 7,443,498 | 4,911,171 |
| H- Deferred income and expense accruals | | 24,104 | 30,309 |
| 1- Deferred Acquisition Income | 19 | 24,104 | 30,309 |
| 2- Expense accruals | | - | - |
| 3- Other deferred income and expense accruals | | - | - |
| I- Other current liabilities | 47.5 | 633,463 | 51,687 |
| 1- Deferred tax liabilities | | - | - |
| 2- Count surplus | | - | - |
| 3- Other miscellaneous current liabilities | | 633,463 | 51,687 |
| III – Total current liabilities | | 53,397,002 | 33,456,537 |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2012

[Currency – Turkish Lira (TL)]

| | | Audited | Audited |
|---|----------|-------------------|-------------------|
| | | Current period | Prior period |
| | Notes | December 31, 2012 | December 31, 2011 |
| IV- Long-term liabilities | | | |
| A- Financial liabilities | | | |
| 1- Due to credit institutions | | - | - |
| 2- Financial lease payables | | - | - |
| 3- Deferred financial lease costs [-] | | - | - |
| 4- Issued bonds' capital and interest installments | | - | - |
| 5- Other issued debt securities | | - | - |
| 6- Value differences of other issued debt securities[-] | | - | - |
| 7- Other financial liabilities | | - | - |
| B- Payables from main operational activities | 4, 17,19 | 1,092,349,597 | 778,361,051 |
| 1- Payables from insurance operations | | - | - |
| 2- Payables from reinsurance operations | | - | - |
| 3- Deposits obtained from insurance and reinsurance companies | | - | - |
| 4- Payables from pension operations | | 1,092,349,597 | 778,361,051 |
| 5- Payables from other main operational activities | | - | - |
| 6- Rediscount on other payables from main operational activities [-] | | - | - |
| C- Due to related parties | | - | - |
| 1- Due to shareholders | | - | - |
| 2- Due to participations | | - | - |
| 3- Due to subsidiaries | | - | - |
| 4- Due to joint-ventures | | - | - |
| 5- Due to personnel | | - | - |
| 6- Due to other related parties | | - | - |
| D- Other payables | | 267,713 | 167,115 |
| 1- Deposits and guarantees received | 4, 19 | 267,713 | 167,115 |
| 2- Payable to social security institution related treatment cost | | - | - |
| 3- Other miscellaneous payables | | - | - |
| 4- Rediscount on other payables[-] | | - | - |
| E- Insurance technical provisions | | 31,949,896 | 23,281,359 |
| 1- Unearned premium reserve-net | | - | - |
| 2- Unexpired risks reserve-net | | - | - |
| 3- Life mathematical reserve-net | 17.15 | 30,574,422 | 22,550,096 |
| 4- Outstanding claim reserve-net | | - | - |
| 5- Bonus and allowances reserve-net | | - | - |
| 6- Other technical reserves-net | 17.15 | 1,375,474 | 731,263 |
| F- Other fiscal liabilities and reserves | | - | - |
| 1- Other fiscal liabilities | | - | - |
| 2- Overdue, deferred or restructured taxes and other fiscal liabilities | | - | - |
| 3- Other taxes and fiscal liabilities reserve | | - | - |
| G- Reserves for other risks | | 401,249 | 237,982 |
| 1- Reserve for employment termination benefits | 22 | 401,249 | 237,982 |
| 2- Reserve for social aid fund deficiency | | - | - |
| H- Deferred income and expense accruals | | - | - |
| 1- Deferred income | | - | - |
| 2- Expense accruals | | - | - |
| 3- Other deferred income and expense accruals | | - | - |
| I- Other long-term liabilities | | - | - |
| 1- Deferred tax liabilities | | - | - |
| 2- Other long-term liabilities | | - | - |
| IV- Total long-term liabilities | | 1,124,968,455 | 802,047,507 |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2012

[Currency – Turkish Lira (TL)]

| | Notes | Audited | Audited |
|--|---------|------------------------------------|----------------------------------|
| | | Current period December 31 2012 | Prior period December 31 2011 |
| V- Shareholders' equity | | | |
| A- Paid in share capital | | | |
| 1- (Nominal) capital | 1.1, 15 | 108,159,772 | 50,159,772 |
| 2- Unpaid capital [-] | | 84,000,000 | 49,000,000 |
| 3- Adjustments to share capital | | - | - |
| 4- Adjustments to share capital [-] | | 1,159,772 | 1,159,772 |
| 5- Capital waiting on registration | 1.1, 15 | - | - |
| | | 23,000,000 | - |
| B- Capital reserves | | | |
| 1- Share premium | | - | - |
| 2- Profit from stock abrogations | | - | - |
| 3- Sales profit addition to the capital | | - | - |
| 4- Foreign currency translation differences | | - | - |
| 5- Other capital reserves | | - | - |
| C- Profit reserves | | | |
| | | 1,064,295 | (87,858) |
| 1- Legal reserves | | - | - |
| 2- Statutory reserves | | - | - |
| 3- Extraordinary reserves | | - | - |
| 4- Special reserves | | - | - |
| 5- Valuation of financial assets | 15 | 1,064,295 | (87,858) |
| 6- Other profit reserves | | - | - |
| D- Retained earnings | | | |
| 1- Retained earnings | | - | - |
| E- Accumulated deficit [-] | | | |
| 1- Accumulated deficit | | (26,351,263) | (18,739,350) |
| F- Net profit/(loss) | | | |
| 1- Net period profit | | (28,007,320) | (7,611,913) |
| 2- Net period loss [-] | | - | - |
| 3- Retained earning | | (28,007,320) | (7,611,913) |
| | | - | - |
| V-Total shareholders' equity | | | |
| | | 54,865,484 | 23,720,651 |
| Total liabilities and shareholders' equity (III+IV+V) | | | |
| | | 1,233,230,941 | 859,224,695 |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Income statement for the year ended December 31, 2012

[Currency – Turkish Lira (TL)]

| | Notes | Audited | Audited |
|---|-------|---|---|
| | | Current period January 1- December 31, 2012 | Prior period January 1- December 31, 2012 |
| I-Technical Part | | | |
| A- Non-life technical income | | | |
| 1- Earned premiums -net of reinsurer's share | | 2,863,312 | 1,029,713 |
| 1.1- Written premiums -net of reinsurer's share | 24 | 2,863,312 | 1,029,713 |
| 1.1.1- Gross written premiums (+) | 24 | 4,152,427 | 1,844,931 |
| 1.1.2- Premiums ceded to reinsurers (-) | 24 | 5,309,498 | 2,525,218 |
| 1.1.3- Transferred premiums to social security institution | 24 | (1,157,071) | (680,287) |
| 1.2- Change in unearned premiums reserve - net of reinsurer's share (+/-) | | | |
| 1.2.1- Unearned premiums reserve (-) | 1715 | (3,289,115) | (815,218) |
| 1.2.2- Ceded unearned premiums reserve (+) | 1715 | (1,834,410) | (889,257) |
| 1.2.3- Social security institution share of unearned premiums provisions (+/-) | 1715 | 545,295 | 74,039 |
| 1.3- Change in unexpired risks reserve-net of reinsurer's share (+/-) | | - | - |
| 1.3.1- Unexpired risks reserve (-) | | - | - |
| 1.3.2- Ceded unexpired risks reserve (+) | | - | - |
| 2- Investment income transferred from non-technical section | | - | - |
| 3- Other technical income-net of reinsurer's share | | - | - |
| 3.1- Gross other technical income (+) | | - | - |
| 3.2- Other technical income-reinsurance share (-) | | - | - |
| 4- Accrued Subrogation and Salvage Income (+) | | - | - |
| B- Non-life technical expense (-) | | (3,462,747) | (1,529,735) |
| 1- Incurred losses-net of reinsurer's share | 1715 | (799,673) | (290,807) |
| 1.1- Paid claims-net of reinsurer's share | 1715 | (452,461) | (140,000) |
| 1.1.1- Gross claims paid (-) | | (813,755) | (140,000) |
| 1.1.2- Ceded claims paid (+) | 1715 | 361,294 | - |
| 1.2- Change in outstanding claims reserve - net of reinsurer's share (+/-) | 1715 | (347,212) | (150,807) |
| 1.2.1- Outstanding claims reserve (-) | 1715 | (354,536) | (157,363) |
| 1.2.2- Ceded outstanding claims reserve (+) | 1715 | 7,384 | 6,556 |
| 2- Change in bonus and allowance reserve - net of reinsurer's share and reversals (+/-) | | - | - |
| 2.1- Bonus and allowance reserve (-) | | - | - |
| 2.2- Ceded bonus and allowance reserve (+) | | - | - |
| 3- Change in other technical reserves-net of reinsurer's share (+/-) | 1715 | (36,067) | (40,186) |
| 4- Underwriting expenses (-) | 31 | (2,627,007) | (1,198,742) |
| 5- Change in Mathematics Reserve [Net of Reinsurer's Share and Returned Reserve](+/-) | | - | - |
| 5.1- Mathematics Reserve (-) | | - | - |
| 5.2- Mathematics Reserve Reinsurer's Share (+) | | - | - |
| 6- Other technical expenses | | - | - |
| 6.1- Other Gross Technical Expenses(-) | | - | - |
| 6.2- Other Gross Technical Expenses Reinsurer's Share (+) | | - | - |
| C- Net technical balance - Non-life (A - B) | | (599,435) | (500,022) |
| D- Life technical income | | | |
| 1- Earned premiums -net of reinsurer's share | | 46,808,002 | 34,630,013 |
| 1.1- Written premiums -net of reinsurer's share | 24 | 46,810,097 | 34,630,013 |
| 1.1.1- Gross written premiums (+) | 24 | 47,826,415 | 36,713,044 |
| 1.1.2- Premiums ceded to reinsurers (-) | 24 | 48,393,513 | 37,477,219 |
| 1.1.3- Transferred premiums to social security institution | 24 | (367,098) | (764,125) |
| 1.2- Change in unearned premiums reserve - net of reinsurer's share (+/-) | | | |
| 1.2.1- Unearned premiums reserve (-) | 1715 | (1,016,318) | (2,083,031) |
| 1.2.2- Ceded unearned premiums reserve (+) | 1715 | (802,843) | (2,355,629) |
| 1.3- Change in unexpired risks reserve-net of reinsurer's share (+/-) | | | |
| 1.3.1- Unexpired risks reserve (-) | | (213,475) | 272,598 |
| 1.3.2- Ceded unexpired risks reserve (+) | | - | - |
| 2- Life investment income | | (2,095) | - |
| 3- Unrealized profits from investments | | - | - |
| 4- Other technical income-net of reinsurance share | | - | - |
| 5- Accrued recourse income | | - | - |
| E- Life technical expense | | (53,244,037) | (36,617,273) |
| 1- Incurred losses-net of reinsurer's share | 1715 | (7,975,237) | (3,395,688) |
| 1.1- Paid claims-net of reinsurer's share | 1715 | (5,798,616) | (2,652,158) |
| 1.1.1- Gross claims paid (-) | | (5,850,947) | (2,655,538) |
| 1.1.2- Ceded claims paid (+) | 1715 | 52,331 | 3,380 |
| 1.2- Change in outstanding claims reserve - net of reinsurer's share (+/-) | 1715 | (2,176,621) | (743,530) |
| 1.2.1- Outstanding claims reserve (-) | 1715 | (2,165,788) | (755,210) |
| 1.2.2- Ceded outstanding claims reserve (+) | 1715 | (10,833) | 11,680 |
| 2- Change in bonus and allowance reserve - net of reinsurer's share and reversals (+/-) | | - | - |
| 2.1- Bonus and allowance reserve (-) | | - | - |
| 2.2- Ceded bonus and allowance reserve (+) | | - | - |
| 3- Change in life mathematical reserve-net of reinsurer's share (+/-) | 1715 | (8,024,326) | (12,114,390) |
| 3.1- Life mathematical reserve (-) | 1715 | (7,995,316) | (12,147,547) |
| 3.2- Ceded life mathematical reserve(+) | 1715 | (29,010) | 33,157 |
| 4- Change in investments at life policyholders' risk-net of reinsurer's share (+/-) | | - | - |
| 4.1- Investments at life policyholders' risk (-) | | - | - |
| 4.2- Investments at life policyholders' risk- reinsurer's share (+) | | - | - |
| 5- Change in other technical provisions-net of reinsurer's share (+/-) | 1715 | (608,144) | (457,316) |
| 6- Underwriting expenses (-) | 31 | (36,636,330) | (20,649,879) |
| 7- Investment expenses (-) | | - | - |
| 8- Unrealized losses in investments (-) | | - | - |
| 9- Investment income transferred to non technical part (-) | | - | - |
| F- Net technical balance - Life (D - E) | | (6,436,035) | (1,987,260) |
| G- Pension technical income | | | |
| 1- Fund management income | | 34,141,871 | 31,551,778 |
| 2- Management expense charges | | 23,585,859 | 22,352,224 |
| 3- Subscription fee | 25 | 5,845,588 | 5,414,237 |
| 4- Management expense charges in case of a break | | 4,435,382 | 3,518,920 |
| 5- Special service expense charges | | 275,052 | 268,337 |
| 6- Capital advance value increase income | | - | - |
| 7- Other technical income | | - | - |
| H- Pension technical expense | | (55,158,305) | (37,568,232) |
| 1- Fund management expense(-) | 45 | (4,506,044) | (4,373,084) |
| 2- Capital advance value decrease expense (-) | | - | - |
| 3- Underwriting expenses (-) | 31 | (49,693,693) | (32,418,224) |
| 4- Other technical expenses (-) | | (958,578) | (776,924) |
| Net technical balance - Retirement (G - H) | | (21,016,434) | (6,016,454) |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Income statement for the year ended December 31, 2012

[Currency – Turkish Lira (TL)]

| | | Audited | Audited |
|--|--------|--------------------------------|--------------------------------|
| | | Current period | Prior period |
| | Notes | January 1- December 31 2012 | January 1- December 31 2011 |
| II-Non-technical section | | | |
| C- Net technical balance - Non-life (A - B) | | (599,435) | (500,022) |
| F- Net technical balance - Life (D - E) | | (6,436,035) | (1,987,260) |
| I- Net technical balance – Pension (G - H) | | (21,016,434) | (6,016,454) |
| J- Total technical balance (C+F+I) | | (28,051,904) | (8,503,736) |
| K- Investment income | | 5,820,291 | 3,594,084 |
| 1- Income from financial investments | 26 | 6,856,186 | 3,136,345 |
| 2- Income from liquidation of financial investments | | - | - |
| 3- Valuation of financial investments | 26, 27 | (1,091,561) | 360,304 |
| 4- Foreign exchange gains | 36 | 55,666 | 97,435 |
| 5- Income from participations | | - | - |
| 6- Income from subsidiaries and joint-ventures | | - | - |
| 7- Income from property, land and buildings | | - | - |
| 8- Income from derivatives | | - | - |
| 9- Other investments | | - | - |
| 10- Investment income transferred from life technical section | | - | - |
| L- Investment expense [-] | | (1,609,685) | (949,812) |
| 1- Investment management expenses [interest included] [-] | | - | - |
| 2- Diminution in value of investments[-] | | - | - |
| 3- Loss from liquidation of investments [-] | | - | - |
| 4- Investment income transferred to non-life technical section[-] | | - | - |
| 5- Loss from derivatives[-] | | - | - |
| 6- Foreign exchange losses[-] | 36 | (85,484) | (61,712) |
| 7- Depreciation expenses[-] | 6,8 | (1,524,201) | (888,100) |
| 8- Other investment expenses[-] | | - | - |
| M- Income and expenses from other and extraordinary operations(+/-) | | (4,166,022) | (1,752,449) |
| 1- Provisions(+/-) | 47,5 | (4,556,316) | (2,237,738) |
| 2- Rediscounts(+/-) | | - | - |
| 3- Special insurance account [+/-] | | - | - |
| 4- Inflation adjustment(+/-) | | - | - |
| 5- Deferred tax assets [+/-] | 21, 35 | 534,296 | 605,829 |
| 6- Deferred tax liability expenses[-] | | - | - |
| 7- Other income and gains | 47,5 | 568,544 | 1,508 |
| 8- Other expenses and losses[-] | 47,5 | (712,546) | (122,048) |
| 9- Prior year's income and gains | | - | - |
| 10- Prior year's expenses and losses[-] | | - | - |
| N- Net profit/(loss) for the period | | (28,007,320) | (7,611,913) |
| 1- Profit/(loss) for the period | | (28,007,320) | (7,611,913) |
| 2- Corporate tax provision and other fiscal liabilities [-] | | - | - |
| 3- Net profit/(loss) for the period | | (28,007,320) | (7,611,913) |
| 4- Inflation adjustment | | - | - |

The accompanying notes on pages 55 through 115 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

ING Emeklilik Anonim Şirketi

Statement of changes in equity for the year ended December 31, 2012

(Currency – Turkish Lira (TL))

| Current period | December 31, 2012 | | | | | | | | | | | |
|--|-------------------|----------------|--------------------|-----------------------------|--|----------------|--------------------|-------------------------------|---|--------------------------------|--|--------------|
| | Capital | Own shares (-) | Valuation reserves | Adjustment to share capital | Foreign currency translation differences | Legal reserves | Statutory reserves | Valuation of financial assets | Other reserves and undistributed profit | Net profit/loss for the period | Retained earnings (accumulated losses) | Total |
| I- Balance as of December 31, 2011 | 49,000,000 | - | - | 1,159,772 | - | - | - | (87,858) | - | (7,611,913) | (18,739,350) | 23,720,651 |
| II- Changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - |
| III- Adjusted balances (I + II) (January 1, 2012) | 49,000,000 | - | - | 1,159,772 | - | - | - | (87,858) | - | (7,611,913) | (18,739,350) | 23,720,651 |
| A- Capital increase (A1+A2) | 58,000,000 (*) | - | - | - | - | - | - | - | - | - | - | 58,000,000 |
| 1- Cash | 58,000,000 (*) | - | - | - | - | - | - | - | - | - | - | 58,000,000 |
| 2- Internal resources | - | - | - | - | - | - | - | - | - | - | - | - |
| B- Company's purchase of own shares | - | - | - | - | - | - | - | - | - | - | - | - |
| C- Income and loss not included in income statement | - | - | - | - | - | - | - | - | - | - | - | - |
| D- Increase in value of financial assets | - | - | - | - | - | - | - | 1,152,153 | - | - | - | 1,152,153 |
| E- Foreign currency translation difference | - | - | - | - | - | - | - | - | - | - | - | - |
| F- Other income and loss | - | - | - | - | - | - | - | - | - | - | - | - |
| G- Inflation restatement differences | - | - | - | - | - | - | - | - | - | - | - | - |
| H- Net profit / (loss) for the period | - | - | - | - | - | - | - | - | - | (28,007,320) | - | (28,007,320) |
| I- Dividends paid | - | - | - | - | - | - | - | - | - | - | - | - |
| J- Transfer to prior year profits (losses) | - | - | - | - | - | - | - | - | - | 7,611,913 | (7,611,913) | - |
| IV- Balance as of December 31, 2012 (III+ A+B+C+D+E+F+G+H+I+J) | 107,000,000 | - | - | 1,159,772 | - | - | - | 1,064,295 | - | (28,007,320) | (26,351,263) | 54,865,484 |

(*) As of December 31, 2012, the nominal capital share of the Company is TL 107,000,000; TL 23,000,000 of which is the amount for capital waiting on registration.

| Current period | December 31, 2011 | | | | | | | | | | | |
|--|-------------------|----------------|--------------------|-----------------------------|--|----------------|--------------------|-------------------------------|---|--------------------------------|--|-------------|
| | Capital | Own shares (-) | Valuation reserves | Adjustment to share capital | Foreign currency translation differences | Legal reserves | Statutory reserves | Valuation of financial assets | Other reserves and undistributed profit | Net profit/loss for the period | Retained earnings (accumulated losses) | Total |
| I- Balance as of December 31, 2010 | 45,000,000 | - | - | 1,159,772 | - | - | - | 195,871 | - | (2,023,332) | (16,716,018) | 27,616,293 |
| II- Changes in accounting policies | - | - | - | - | - | - | - | - | - | - | - | - |
| III- Adjusted balances (I + II) (January 1, 2011) | 45,000,000 | - | - | 1,159,772 | - | - | - | 195,871 | - | (2,023,332) | (16,716,018) | 27,616,293 |
| A- Capital increase (A1+A2) | 4,000,000 | - | - | - | - | - | - | - | - | - | - | 4,000,000 |
| 1- Cash | 4,000,000 | - | - | - | - | - | - | - | - | - | - | 4,000,000 |
| 2- Internal resources | - | - | - | - | - | - | - | - | - | - | - | - |
| B- Company's purchase of own shares | - | - | - | - | - | - | - | - | - | - | - | - |
| C- Income and loss not included in income statement | - | - | - | - | - | - | - | - | - | - | - | - |
| D- Increase in value of financial assets | - | - | - | - | - | - | - | (283,729) | - | - | - | (283,729) |
| E- Foreign currency translation difference | - | - | - | - | - | - | - | - | - | - | - | - |
| F- Other income and loss | - | - | - | - | - | - | - | - | - | - | - | - |
| G- Inflation restatement differences | - | - | - | - | - | - | - | - | - | - | - | - |
| H- Net profit / (loss) for the period | - | - | - | - | - | - | - | - | - | (7,611,913) | - | (7,611,913) |
| I- Dividends paid | - | - | - | - | - | - | - | - | - | - | - | - |
| J- Transfer to prior year profits (losses) | - | - | - | - | - | - | - | - | - | 2,023,332 | (2,023,332) | - |
| IV- Balance as of December 31, 2011 (III+ A+B+C+D+E+F+G+H+I+J) | 49,000,000 | - | - | 1,159,772 | - | - | - | (87,858) | - | (7,611,913) | (18,739,350) | 23,720,651 |

The accompanying notes on pages 55 through 115 form an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Cash flow statement for the year ended December 31, 2012

[Currency – Turkish Lira (TL)]

| | | Audited | Audited |
|--|-------|---------------------------------|---------------------------------|
| | | Current period | Prior period |
| | Notes | January 1- December 31, 2012 | January 1- December 31, 2011 |
| A. Cash flows from operating activities | | | |
| 1. Cash flows from insurance activities | | 63,489,696 | 52,112,403 |
| 2. Cash flows from reinsurance activities | | - | - |
| 3. Cash flows from pension activities | | 45,956,701 | 38,026,208 |
| 4. Cash used in insurance activities [-] | | (57,938,628) | (39,475,711) |
| 5. Cash used in reinsurance activities [-] | | - | - |
| 6. Cash used in pension activities [-] | | (67,126,877) | (44,304,094) |
| 7. Cash flows from operating activities [A1+A2+A3-A4-A5-A6] | | (15,619,108) | 6,358,806 |
| 8. Interest payments [-] | | - | - |
| 9. Income tax payments [-] | | (356,491) | (151,915) |
| 10. Other cash inflows | | 8,751,094 | 7,942,746 |
| 11. Other cash outflows [-] | | (11,287,894) | (7,691,239) |
| 12. Net cash flows from operating activities | | (18,512,399) | 6,458,398 |
| B. Cash flows from investing activities | | | |
| 1. Proceeds from sale of tangible assets | | 1,033,662 | 107,419 |
| 2. Purchases of tangible assets [-] | 6, 8 | (3,015,904) | (2,898,890) |
| 3. Purchases of financial assets [-] | | (2,905,866) | (2,092,259) |
| 4. Proceeds from sale of financial assets | | - | - |
| 5. Proceeds from interest received | | 5,764,625 | 3,496,649 |
| 6. Dividends received | | - | - |
| 7. Other cash inflows | | 55,666 | 97,436 |
| 8. Other cash outflows [-] | | (457,532) | (1,233,542) |
| 9. Net cash flows from investing activities | | 474,651 | (2,523,187) |
| C. Cash flows from financing activities | | | |
| 1. Proceeds from shares issued | | - | - |
| 2. Repayment of loans | | - | - |
| 3. Financial leasing payments [-] | | - | - |
| 4. Dividends paid [-] | | - | - |
| 5. Other cash inflows | | 58,000,000 | 4,000,000 |
| 6. Other cash outflows [-] | | - | - |
| 7. Net cash flows from financing activities | | 58,000,000 | 4,000,000 |
| D. Impact of foreign exchange differences on cash and cash equivalents | | (397,032) | 63,477 |
| E. Net increase / (decrease) in cash and cash equivalents [A12+B9+C7+D] | | 39,565,220 | 7,998,688 |
| F. Cash and cash equivalents at beginning of period | 14 | 46,782,754 | 38,784,066 |
| G. Cash and cash equivalents at end of period [E+F] | 14 | 86,347,974 | 46,782,754 |

The accompanying notes on pages 55 through 115 form an integral part of these financial statements.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

1. General information

1.1 The title of the parent company and the ultimate shareholder

On December 4, 2008, Oyak Emeklilik A.Ş. was transferred to ING Continental Europe Holdings B.V. by diverging from Ordu Yardımlaşma Kurumu with approval of Undersecretariat of Turkish Treasury – Directorate of Insurance (Treasury) on November 25, 2008. The commercial title of the Company was decided to be changed as ING Emeklilik A.Ş. with an amendment on the main agreement at the ordinary general meeting of shareholders on January 26, 2009. The related decision and the amendment were registered on January 27, 2009 in conformity with Turkish Commercial Code numbered 6762. The shareholders' structure of the Company is presented below:

| | December 31, 2012 | | December 31, 2011 | |
|--------------------------------------|--------------------|----------------|-------------------|----------------|
| | Amount TL | Shareholding % | Amount TL | Shareholding % |
| ING Continental Europe Holdings B.V. | 83,999,996 | 79 | 48,999,996 | 100 |
| Unregistered Capital | 23,000,000 | 21 | - | - |
| Other | 4 | <1 | 4 | <1 |
| | 107,000,000 | 100 | 49,000,000 | 100 |

The paid in and registered capital of the Company at December 31, 2012 is TL 84,000,000. With the decree of the Board of Directors of the Company, the capital of the Company was decided to be increased by TL 10,000,000 and then by TL 13,000,000. With these capital increases, the total nominal capital of the Company at December 31, 2012 reached TL 107,000,000 [TL 49,000,000 at 31 December 2011].

Regarding these increases, TL 23,000,000 was recorded as cash in the financial accounts of the Company. In accordance with the decree of the Board of Directors dated January 17, 2013 and numbered 2, for capital optimization, the Company decided to indemnify its losses pertaining to the prior period by capital decrease. As of the report date the legal procedures are ongoing.

1.2 Company's address and legal structure, country where the company was founded and the address of the registered office [if the company's address is different from the address of the registered office, the main location where the operations are maintained]

The Company maintains its operations at headquarters located at Maslak Mh. Ahi Evran Cd. Olive Plaza No:11 Şişli, İstanbul and has joint stock company statute as per the Turkish Commercial Code.

1.3 The Company's main operations

The Company's main operations are insurance and reinsurance activities on private pension, personal accident and life insurance and other related activities. The Company is regulated under Private Pension, Saving and Investment System Law No. 4632 for its private pension operations, and under Insurance Law No. 5684 for life and personal accident insurance operations.

Eight pension funds were established by the Company as of December 31, 2011 [Eight pension funds were established by the Company as of December 31, 2010].

The Company operated in private pension activities until February 24, 2010, on that date, the Company obtained license to operate in the insurance activities from the Treasury. The operations have started on March 10, 2010 through ING Bank A.Ş. by providing life insurance for loan customers. Effective from August 16, 2010, the Company has also commenced personal accident insurance.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements

as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

1. General information (continued)

1.4 Details of the Company's operations and nature of activities

Principles of the activities for private pension plans are regulated according to Private Pension, Saving and Investment System Law No. 4632, and those for life and personal accident insurance operations are regulated according to Insurance Law No.5684 and the related pronouncements in support of this Law.

1.5 Average number of employees by categories

| | December 31, 2012 Unit | December 31, 2011 Unit |
|----------------------|------------------------|------------------------|
| Executive management | 7 | 3 |
| Management | 30 | 21 |
| Specialist | 189 | 121 |
| Staff | 1 | 5 |
| Total | 227 | 150 |

1.6 Wages and other benefits given to executive management

The gross remuneration and fringe benefits provided to executive management such as the chairman of the board of directors and its members, general manager, assistant general managers and general coordinators are incurred as TL 3,279,999 in the period between January 1 – December 31, 2012 (December 31, 2011 – TL 2,452,097).

1.7 Criteria used in the distribution of investment income and underwriting expenses (personnel, administration, research and development, marketing, selling, and other underwriting expenses) in the financial statements

As of December 31,2012 the Company distributes its administrative expenses, research and development expenses, marketing and sales expenses, outsourced benefits and services and other operating expenses between the non life, life and private pension branches according to the distribution key published on August 9,2010 by the Treasury. The expenses allocated directly recorded as an expense for the related branch. The expenses that are not allocated are distributed to branches with calculation of expense rate according to a and d subclause of the third article of the circular numbered 2010/9 published by the Treasury.

1.8 Stand-alone or consolidated financial statements

Financial statements include financial information of ING Emeklilik A.Ş., on

1.9 Name of the reporting company or other information and the changes occurred since previous balance sheet date

| | |
|---------------------|--|
| Entity Name | : ING Emeklilik Anonim Şirketi |
| Headquarter Address | : Şişli, Maslak Mh. Ahi Evran Cd. Olive Plaza No:11 İstanbul |
| Phone | : (212) 334 05 00 |
| Fax | : (212) 346 38 25 |
| Web page address | : www.ingemeklilik.com.tr |
| E-mail address | : muhasebe@ingemeklilik.com.tr |

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

1. General information (continued)

1.10 Subsequent events

As of December 31, 2012 the Company's financial statements have been approved by Board of Directors resolution numbered 5 on March 11, 2013. General Assembly and regulatory bodies are authorized to make changes after publication of the financial statements. The new "Individual Retirement System Regulation" became effective as of January 1, 2013 after being published in the official gazette by the Prime Ministry Undersecretariat of Treasury of the Turkish Republic on 9 November 2012. The subsequent events are explained at the footnote numbered 46.

2. Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Information about the basis and special accounting policies used in the preparation of the financial statements

Accounting standards

The Company prepares its financial statements in accordance with the principles set out by the Treasury for Insurance and Reinsurance Companies and the Insurance Law No. 5684 and the related pronouncements in support of this Law declared in the 26552 numbered Official Gazette on June 14, 2007.

"The Decree on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" was published in the Official Gazette No: 26582 on July 14, 2007 and has become effective as of January 1, 2008. The decree requires the recognition and measurement of operations of the insurance and reinsurance companies in accordance with the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) issued by Turkish Accounting Standards Board ("TASB"). In the announcement of Treasury No:9 and dated February 18, 2008, it is notified that the standards, "TFRS 4 – Insurance Contracts", "TAS 27 – Consolidated and Separate Financial Statements", and "TAS 1 – Presentation of Financial Statements", are not applicable. In accordance with "The Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies" published on the official gazette numbered 27097 and dated December 31, 2008, it is required to prepare consolidated financial statements. With reference to the notice of the Treasury No. 9 dated February 18, 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 – Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, the companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" ["Communiqué on Preparation of Consolidated Financial Statements" dated December 31, 2008 and published in official gazette numbered 27097 effective from March 31, 2009. Necessary explanations related to consolidations are given at Note2.2.

Public Oversight, Accounting and Auditing Standards Agency (KGK), established in accordance with the Statutory Decree published in the official gazette dated 2 November 2011, among its other powers and duties, for the purpose of ensuring that the financial statements of those who are obliged to keep accounts meet the needs, are transparent, reliable, comprehensible, comparable and consistent; is authorized to create and publish Turkish Accounting Standards (TMS) which are compliant with international standards; make secondary regulations regarding the implementation of Turkish Accounting Standards, to make necessary decisions and to grant approval about the regulations made by the institutions and organizations authorized to make regulations by their domain. KGK continues the process of creating Turkish Accounting Standards. In accordance with Article 1 of the Statutory Decree, the implementation of current regulations will be continued until the standards and regulations to be announced by KGK have taken effect. This situation does not cause any change in the basics and special accounting policies used in the creation of financial statements as of the report date.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

a. Financial reporting in hyperinflationary economies

With respect to the declaration of the Treasury numbered 19387 and dated April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted for the opening balances of 2005 in accordance with the inflation accounting section of the Capital Markets Board ("CMB") Communiqué XI No. 25 (which came into force as published in the Official Gazette numbered 25290 and dated November 15, 2003). Moreover, in the same decree of the Treasury also announced that insurance companies are not required to apply inflation accounting effective from January 1, 2005. Therefore non monetary assets, liabilities and shareholders' equity including share capital reported in the balance sheet as of December 31, 2011 and 2010 are derived by indexing the additions that occurred until December 31, 2004 and carrying the additions after this date with their nominal amounts.

b. Receivables from contract holders

Entrance fee from contract holders (participants) and other receivables are accounted for in this account. Entrance fee recorded in this account is paid by the contact holders who entered the private pension system.

c. Sales orders

This is the account in which the receivables for the related funds are recorded on behalf of contract holders, when a sale order is given to the portfolio management company for sale of fund shares of contract holders. When the sale order is given on behalf of contract holders, this account is debited and when the sale is realized, this account is credited.

d. Receivables of deductions for fund management fee

This account is used for the receivables for fund management fee which could not be collected in the same day. When the fund management fee is accrued, this account is debited. When the fund management fee is paid, this account is credited.

e. Receivables from/payables to the custodian

This account includes the receivables from the custodian for each fund, on behalf of contract holders. This receivable account and the liabilities of the contract holders are two reciprocal accounts.

This account indicates the liability of the Company to the contract holders in terms of funds. This fund based account in the liability side and the account in the asset side indicating receivables from the custodian in terms of contract holders are two reciprocal accounts.

f. Allocation of capital advance for pension funds

This account is used for the capital advance for pension funds established by the Company. Capital advance is not subject to valuation.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

2. Summary of significant accounting policies [continued]

g. Temporary accounts for contract holders

This account is used for recording the money that is not yet directed to investment on behalf of the contract holders. It is also used for recording the sales amount of the funds of the contract holders, net of entrance fee and other deductions, which will be paid to contract holders or transferred to other firms, in case of leaving the system or transferring their funds to another firm.

When a collection is made from the contract holders, or if the sale of fund shares is realized, this account is credited.

h. Unearned income

Unless the pension contract is rejected by the Company, private pension contracts are effective after 30 days after the proposal form is signed by the participant or any sponsor as stated in the Decree on Private Pension Regulations published in the official gazette numbered 26842, dated April 9, 2008 and effective on August 9, 2008. Departures from the private pension system before 30 days period are subject to procedures according to article 7 of related regulation.

If partial or all of the contribution fee or entrance fee is paid by the participant, the collected portion without any deduction has to be given back to the participant in 7 days. The Company journalizes the collections for contracts that are not yet effective in unearned income.

i. Purchase orders account

Fund purchase orders to the portfolio management company on behalf of the contract holders are recorded in this account. When purchase order is given to the portfolio management company on behalf of the contract holder, this account is credited. When the purchase on behalf of the contract holder is realized, this account is debited.

i. Payables to private pension agencies

This account is used for recording payables to private pension agencies.

j. Effects of the changes in foreign exchange rates

The Company values foreign currency assets and liabilities with the exchange rates announced by Turkish Central Bank as at balance sheet date. The Company journalizes gain or loss on exchange rate differences in the income statement.

k. Subsequent events

Subsequent events cover any events which arise between the balance sheet date and the reporting date, including events subsequent to the announcement of net profit for the period or specific financial information publicly disclosed, if any.

The Company adjusts its financial statements if any subsequent events require adjustments in the financial statements.

2.1.2 Other related accounting policies relevant for the financial statements

Accounting policies are explained in note "2.1.1, Information about the basis and special accounting policies used in the preparation of the financial statements" and in the other notes below.

2.1.3 Functional currency

Financial statements are expressed in Turkish Lira [TL] as functional currency and presentation currency for the financial statements which is the currency relevant in the economic environment that the Company operates [functional currency].

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements

as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full Turkish Lira (TL).

2.1.5 Measurement method (or methods) used in the presentation of the financial statements

The financial statements have been prepared on the historical cost basis

2.1.6 Changes in accounting policies and estimates and errors.

The new standards, amendments and interpretations which are effective as at January 1, 2012 are as follows:

The accounting policies adopted in preparation of the financial statements as at December 31, 2012 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS interpretations effective as of January 1, 2012.

The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2012 are as follows:

TAS 12 Income Taxes: Recovery of Underlying Assets [Amendment]:

TAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in TAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in TAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. Adoption of this amendment did not have any impact on the financial position or performance of the Company

TFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements: [Amended]

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Company.

Standards issued but not yet effective and not early adopted

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

TAS 1 Presentation of Financial Statements [Amended] – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

2. Summary of significant accounting policies [continued]

TAS 19 Employee Benefits [Amended]

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The Company is in the process of assessing the impact of the amended standard on the financial position or performance of the Company.

TAS 27 Separate Financial Statements [Amended]

As a consequential amendment to TFRS 10 and TFRS 12, the TASB also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to TFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Company.

TAS 28 Investments in Associates and Joint Ventures [Amended]

As a consequential amendment to TFRS 11 and TFRS 12, the TASB also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This standard has not yet been endorsed by the EU. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities [Amended]

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems [such as central clearing house systems] which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities [Amended]

New disclosures would provide users of financial statements with information that is useful in [a] evaluating the effect or potential effect of netting arrangements on an entity's financial position and [b] analysing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option [FVO] liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements

as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

TFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

TFRS 10 replaces the portion of TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The amendment will have no impact on the financial position or performance of the Company.

TFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but TFRS 10 Consolidated Financial Statements and TFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Company does not expect that this standard will have a significant impact on the financial position or performance of the Company.

TFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but TFRS 10 Consolidated Financial Statements and TFRS 11 Joint Arrangements should be also adopted early.

TFRS 12 includes all of the disclosures that were previously in TAS 27 Consolidated and Separate Financial Statements related to financial statements, as well as all of the disclosures that were previously included in TAS 31 Interests in Joint Ventures and TAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Company will provide more comprehensive disclosures for interests in other entities.

TFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under TFRS but does not change when an entity is required to use fair value. It is a single source of guidance under TFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. TFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after TFRS 13 is adopted – that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

Transition Guidance [Amendments to TFRS 10, TFRS 11 and TFRS 12]

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which TFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between TFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons TASB has also amended TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The amendment will have no impact on the financial position or performance of the Company.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

Improvements to TFRSs

The TASB has issued the Annual Improvements to TFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to TFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Company does not expect that this standard will have a significant impact on the financial position or performance of the Company.

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

2.2 Consolidation

Under Turkish Treasury's Sector Announcement dated 12 August 2008 and no 2008/36 regarding Charging of Insurance and Reinsurance, and Pension Companies' Investments in Subsidiaries, Jointly Controlled Partnerships and Participations to Individual Financial Statements and Consolidated Financial Statements Communiqué dated 31 December 2008; it is ruled that mentioned partnership can be excluded from the scope of consolidation by considering the principle of materiality in case total assets of subsidiary, jointly controlled partnership or participation is less than 1% of the total assets of the parent company and in case the total partnership shares of subsidiaries, participations and jointly controlled partnerships which are under this limit do not exceed 5% of the total assets of parent company. The Company has established six joint ventures by the name of EMK Sigorta Aracılık Hizmetleri Anonim Şirketi (EMK), in 2012 Extra Sigorta Aracılık Hizmetleri A.Ş. (Extra), Lira Sigorta Aracılık Hizmetleri A.Ş. (Lira), PNG Sigorta Aracılık Hizmetleri A.Ş. (PNG), Leo Sigorta Aracılık Hizmetleri A.Ş. (Leo) ve Trias Sigorta Aracılık Hizmetleri A.Ş. (Trias) as 50% partner. Joint ventures have not been consolidated in financial statements of the Company considering the principle of materiality.

2.3 Segment reporting

As of December 31, 2012 and 2011, the Company operates in Turkey in private pension business segment and as of March 10, 2010 and August 16, 2010, the Company has started to operate in life and personal accident insurance, respectively. Moreover, the Company is not listed. Due to these facts, segment reporting is not disclosed.

2.4 Transactions in foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Company are expressed in TL, which is the functional currency of the Company.

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies or foreign currency indexed monetary assets and liabilities are retranslated into Turkish Lira at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

2.5 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for use in operations, if any, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

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

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

Property and equipment are depreciated with useful lives stated below:

| | Useful life |
|-------------------------|-------------|
| Machinery and equipment | 5 years |
| Vehicles | 4 years |
| Fixtures | 5-10 years |
| Leasehold improvements | 5 years |

2.6 Investment properties

The Company does not have any investment property as at balance sheet date.

2.7 Intangible assets

Intangible assets acquired

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

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

2. Summary of significant accounting policies [continued]

Computer software

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

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs for more than one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives [not exceeding three years].

2.8 Financial assets

Financial investments are initially recognized at fair value, net of transaction costs attributable to the purchase transaction directly except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit and loss [Held-for-trading financial assets]

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, if any.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

Available-for-sale financial assets

Financial assets other than [a] held-to-maturity financial assets, [b] held for trading assets and [c] loans and receivables are classified as available-for-sale, and are measured at subsequent reporting dates at fair value if their fair values can be reliably measured.

The financial investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from available for sale financial assets [interest, dividend, etc...] are included in the profit or loss for the relevant period. Changes in the fair value of such assets are recognized directly in equity.

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

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

2.9 Impairment of assets

Impairment of non-financial assets

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Besides, the Company provides provision for doubtful receivables in administrative and legal follow-up that recoverability may not be possible.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except trade receivables.

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

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

2. Summary of significant accounting policies [continued]

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

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

The impairment losses arising due to the value decreases of the available for sale portfolio of the Company is recognized under “financial expenses” account in the profit and loss statement.

2.10 Derivative financial instruments

As of balance sheet date, the Company has no derivative financial instruments (31 December, 2011: None).

2.11 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, demand deposits and other short-term highly liquid investments which their original maturities are three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

2.13 Share capital

As of December 31, 2012, the Company's nominal capital is TL 107,000,000 [TL 23,000,000 of these amount is capital waiting on registration], and is formed by 107,000,000 shares with a par value of TL 1 [one] per share. [As of December 31, 2011, the Company's nominal capital is TL 49,000,000, and is formed by 49,000,000 shares with a par value of TL 1 [one] per share.]

The Company is not subject to registered capital system and there are no shares having voting right preference.

The paid in and registered capital of the Company at December 31, 2012 is TL 84,000,000. With the decree of the Board of Directors of the Company, the capital of the Company was decided to be increased by TL 10,000,000 and then by TL 13,000,000. With these capital increases, the total nominal capital of the Company at December 31, 2012 reached TL 107,000,000 [TL 49,000,000 at December 31, 2011]. Regarding these increases, TL 23,000,000 was recorded as cash in the financial accounts of the Company.

In accordance with the decree of the Board of Directors dated January 17, 2013 and numbered 2, for capital optimization, the Company decided to indemnify its losses pertaining to the prior period by capital decrease. As of the report date the legal procedures are ongoing.

2.14 Insurance and investment contracts-classification

Insurance contracts:

Insurance contracts are contracts that provide protection to the insured against adverse economic consequences of an event of loss as covered under the terms and conditions stipulated in the insurance policy according to TFRS 4.

The Company records policies on the date the insurance risk is transferred and keeps them under insurance policies until all rights and obligations relating to the policy have expired and/or matured [December 31, 2010: None]

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

Investment contracts:

All policies in the Company portfolio are treated as insurance contracts.

Reinsurance agreements:

Reinsurance is the transfer of partial or all of the risk of the insurance company to the reinsurance company. It is a kind of guarantee or hedge for the insurance company.

The purpose of reinsurance is risk proliferation, increasing and supporting the insurance company's capacity and flexibility to accept policies, controlling the catastrophic damages amongst others. Reinsurers can also share their technical knowledge and experience which they have gathered as a result of working with many companies in various markets with other insurance companies.

As all details related to the transactions and processes has to be included in the reinsurance agreements, scope, description and technical details of ceded business, evaluation of business acceptance and claims, general and specific conditions and legal framework of the agreement are maintained to be disclosed explicitly in the agreement.

2.15 Insurance and investment contracts with discretionary participation features

None [31 December, 2011: None].

2.16 Investment contracts without discretionary participation features

None [31 December, 2011: None].

2.17 Borrowings

Contractual financial liabilities are liabilities which foresee the Company:

- to give another entity cash or other financial assets, or
- to exchange financial assets on a contractual basis with another entity in favor of the other party.

As of December 31, 2012, the Company has no borrowing liability. [31 December, 2011: None]

2.18 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition [other than in a business combination] of temporary differences, goodwill and other assets and liabilities in a transaction that have no impact on the profit and loss.

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

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

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies [continued]

Deferred tax assets and liabilities are stated on a net basis in the financial statements.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity.

2.19 Employee benefits

[a] Defined benefit plans :

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

The Company calculated the liability using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating the services and being eligible to receive retirement pay and discounted by using the current market yield on government bonds at the balance sheet date and reflected to the financial statements. All actuarial gains and losses are recognized in income statement.

[b] Defined contribution plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as payroll expense in the period they are accrued.

The Company calculated the liability using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating the services and being eligible to receive retirement pay and discounted by using the current market yield on government bonds at the balance sheet date and reflected to the financial statements. All actuarial gains and losses are recognized in income statement.

2.20 Provisions

Provisions, contingent liabilities and contingent assets

Provisions in accordance with TAS 37 are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognized in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

As of balance sheet date the Company is reserved TL 1,002,264 for the lawsuits filed against the Company in the accompanying financial statements [December 31, 2011 - TL 1,053,639]. There are no other claims filed against the Company after December 31, 2012 which may have material effect on the financial statements of the Company.

Technical provisions

The Company also books provisions relating to contractual obligations from insurance policies other than those in scope of TAS 37.

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Notes to financial statements

as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

Unearned premium reserve

According to the 5th article of the "Decree on the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ["Decree on Technical Reserves"] issued at the Official Gazette No:26606 dated August 27, 2007, the Company accounted for unearned premium reserve calculated on a daily basis for all policies in force without deducting commissions or any other expenses after January 1, 2008.

According to paragraph five of article five of the same Decree, commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium are recorded under deferred expenses and income and other related accounts. Deferred commission expense and income as of December 31, 2012 TL 2,917,301 TL and TL 24,104, respectively (December 31, 2011 -Deferred commission expense and income as of December 31, 2011 TL 1,753,767 TL and TL 30,309, respectively).

Unexpired risks reserve

According to Article 6 of the Decree on Technical Reserves, the Company can provide provision at accepted branches that assumed risk level is not compatible with distribution of earned premiums, in case of if the unearned premiums cannot meet with assumed risk and expected costs to unearned premiums reserves. As of December 31, 2011 there is no requirement for unexpired risk reserve for the Company (December 31, 2011 - None).

Outstanding claim reserve

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

Insurance companies are required to account additional reserves for incurred but not reported claims (IBNR). In calculation of IBNR, the Company is required to consider five years' historic information. Since the Company has started to issue life and personal accident policies since March 10, 2010 and August 16, 2010, respectively, there is not sufficient statistical dataset. Hence the Company has considered 70% sector averages and 30% statistical data according to the actuarial opinion (As of December 31, 2011, in line with the opinion of its actuary, the Company based on 50% of the statistical data of the Company in the prior periods and 50% of the segment average in calculations). Sector averages have published in The Association of Insurance and Reinsurance Companies' circular dated December 8, 2011 No. 2011/608 in the calculation of IBNR. As of December 31, 2012, the company recognized TL 795,880 gross IBNR, TL 1,977 ceded IBNR, TL 3,215,697 outstanding claim reserve and TL 26,365 ceded outstanding claim reserve (As of December 31, 2011, the company recognized TL 709,749 gross IBNR, TL 28,827 ceded IBNR and TL 2,964 outstanding claim reserve). Since the Company does not have sufficient actuarial dataset as of December 31, 2012, the actuarial chain ladder method (ACLM) has not been calculated.

Life mathematical reserves

Life mathematical reserves comprise of actuarial mathematical reserves determined according to the technical principles set out in the tariffs for all of the policies in force and represent the Company's total liability to the policyholders in the life branch. The mathematical reserves are the difference between the present values of the claims that are committed to be paid to the insured and dependants and premiums received for the risk undertaken. Actuarial mathematical reserves are provided according to the formulations in the technical principles of tariffs for the life policies over one year. Actuarial mathematical reserves are calculated as the difference between the present values of the liabilities to be fulfilled by the insurance company in the future and premiums to be paid by the insured in the future (prospective method). However, in the case where actuarial mathematical reserves are calculated as the difference between the total of premiums paid by the insured and the result of the risk undertaken by the insurance company (retrospective method) or according to the general accepted actuarial methods, actuarial mathematical reserves cannot be lower than this total. Negative results are considered as nil. Actuarial mathematical reserves can be calculated according to accrual or collection principle based on the technical characteristics of the tariff. The company recognized TL 30,574,422 life mathematical reserve as of December 31, 2012 (December 31, 2011 - TL 22,550,096).

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

2. Summary of significant accounting policies [continued]

Equalization reserve

According to the Decree on Technical Reserves, insurance companies are required to provide equalization reserve in their financial statements for earthquake and credit coverages in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the subsequent periods.

Based on the sector announcement numbered 2009/9 dated March 27, 2009, insurance companies are required to recognize equalization reserve for the insurance contracts including additional earthquake coverage in life and personal accident branches for death and disability due to earthquake. In addition, the calculation technique of the equalization reserves determined by the Treasury by Decree numbered 27655 and dated July 28, 2010 has been changed. According to the related fifth paragraph of article 9 of the same Decree entitled as "Equalization Reserves", insurance companies can use their own statistical dataset for calculation of the equalization reserves for the life policies that have death coverage, but entities not having their own statistical dataset, are required to provide equalization reserve via considering 11% of the amount of premium related to death coverage (also include costs share) as earthquake premium and 12% of the same amount as equalization reserve. As of December 31, 2012 the Company made equalization provision amounting to TL 1,375,474 [31 December 2011 – TL 731,263].

2.21 Revenue recognition

Written premiums

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

Received and paid commissions

Received and paid commissions are comprised of commissions paid related to the written premiums and commission received related to the ceded premiums to reinsurance companies and are accounted under technical income/expense accounts of life and non-life underwriting expenses in the income statement. Paid and received commissions are accounted under underwriting expenses as net in the income statement and deferred expenses and deferred income in the balance sheet on accrual basis

Fund management income

This is the account in which fund operating fee is accounted as maximum of 0,01% of the fund net asset value.

Administrative (management) expense charges

This is the account in which administrative expense fee is recorded as maximum of 8% of the private pension contributions.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

2. Summary of significant accounting policies (continued)

Income from the entrance [subscription] fee

This account is used for recording the entrance fee that is received from the policyholder or the person acting on behalf of the policyholder who is entering the system for the first time or opening a new pension account, subject to a maximum amount of half of monthly gross minimum wage effective on the date of signing of pension policy proposal form.

Interest income from capital advance

This is the account in which the positive difference between the advance amount and the sale proceeds of fund certificates after deducting any costs incurred during the establishment of the fund from portfolio value increase generated in between the establishment date of pension funds and the date of fund certificate sale.

Pension underwriting expenses

Management and underwriting expenses of pension business are recognized in this account.

Agency commissions

The commissions that are accrued for the payment to private pension agencies are recorded in this account.

Interest income and expense

Interest income and expenses are calculated according to the effective interest method and accounted in the income statement on accrual basis.

Dividend income

Dividend is recognized as income when the right of collection is obtained.

2.22 Leasing – the Company as lessor

The Company has no leasing receivables as of the balance sheet date [December 31, 2011:None].

2.23 Profit share distribution

Dividend per share: None [December 31, 2011:None].

2.24 Related Parties

Parties are considered related to the Company if;

[a] A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

2. Summary of significant accounting policies [continued]

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

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

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

ING Group of companies, other than shareholders and senior managers have been identified as other related parties in disclosures of December 31, 2012 and December 31, 2011 financials.

2.25 Additional paragraph for convenience translation to English:

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

3. Significant accounting estimates and judgements

The preparation of financial statements requires the Company's management to make judgments, estimates and assumptions that affect certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting year. Actual results could differ from those judgments, estimates and assumptions. These judgments, estimates and recognized in the income statement when realized. Significant estimates used in the preparation of financial statements are mainly related with the fair value of financial assets, retirement pay liability, asset impairment, provision for lawsuits and calculation of deferred tax assets and are disclosed as below:

Deferred tax

The Company has TL 26,482,186 carry forward tax losses as of the current year end available against taxable profits (December 31, 2011: TL 9,327,132). The Company has not recognized deferred tax assets for these losses considering the future projections and with respect to the principle of prudence (December 31, 2011:None).

Doubtful receivables provision

Doubtful receivables provisions are related to the total amount of receivables assessed by the Company's management, to cover the future potential losses arising from the non-collectability of the receivables as of the balance sheet date, upon the current state of the economy. The total amount of the provision is determined according to the valuation results, performances, market credibility, collection performances following balance sheet date, and the restructuring on the receivables. The doubtful receivables provision as of the balance sheet date is disclosed in disclosure 12.1.

Defined benefit plans

The Company has calculated and accounted provision for employment termination benefits in the accompanying financial statements using actuarial estimations.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

3. Significant accounting estimates and judgements (continued)

Provisions for lawsuits

As of December 31, 2012 and December 31, 2011, in accordance with advices received from lawyer of the Company, the Company has recognized full provision for cases, including all lawyer fees totally amounting to TL 1,002,264 (December 31, 2011 - TL 1,053,639) based on the consideration that the case will be lost and cash outflow is expected.

For technical and other provisions, all of the estimates and assumptions made by the Company are disclosed in the relevant footnotes.

4. Insurance and financial risk management

4.1 Risk management and insurance risk

4.1.1 Risk management process, operational risk and compliance risk

Definition and measurement of operational risks, identification and application of risk policies and application procedures, establishing, application, follow up and reporting of adequate controls to decrease the risk level are maintained via Risk Management Process set up by the Company.

Operational risk is the risk that the Company suffers directly or indirectly due to its internal processes, human resources and inadequacy or failure of systems or external factors. It is aimed that the Company adds value to participants, shareholders and employees through the control of the risks faced, decreasing the losses and maintaining risk sensitive profitability analysis by establishing a strong risk management system.

Goals of the operational risk function:

- Increasing the awareness for operational risk,
- Working with the management and maintaining their operations in line with the risk appetite of the executive management,
- Development of early warning system,
- Following the actions decreasing the risks and ensuring that the additional precautions to be taken,
- Thus, ultimately operational risk cost to be reduced.

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Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

4. Insurance and financial risk management (continued)

Risk management of the Company is as follows:

| | Responsibles | Authorization and duties |
|-----------------|--------------------------------|--|
| 1. Defence Line | Units running the business | Managers are responsible at first degree to ensure that operational risk and compliance risk is managed in the daily work flow. |
| 2. Defence Line | Compliance and Risk Management | Risk function supports the management in the identification of risk appetite, strategies and policies. It inquires the efficiency and adequacy of the risk definitions, risk reporting and action plans related to the decrease of risk levels. |
| 3. Defence Line | Audit | It carries out the audits for financial, operational, compliance and risk management. It provides independent and objective assurance in efficiency of internal controls and risk management. |

Risk management process is composed of following steps:

- Definition of risks,
- Measurement and rating of the risks,
- Preparing the risk profile of the Company,
- Identification of risk appetite,
- Follow up and control of the risks,
- Reporting.

Operational risk categories are as follows:

- Control risk,
- Unauthorised Activity Risk,
- Processing Risk,
- Employment Practice & Workplace Security Risk,
- Personal & Physical Security Risk
- Information [Technology] Risk,
- Business Continuity Risk,
- Compliance Risk,
- Internal Fraud Risk,
- External Fraud Risk

Operational Risk Management Process is still in progress covering all of the Company operations and departments related to this defined risks.

Compliance risk is considered as a separate category due to the significance. Compliance risk is the risk not representing correct and fair results in the operations and business of the Company. Compliance risk is the failure risk in compliance of the Company to business principles, legislation and financial services which is the main business of the Company.

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Notes to financial statements as of December 31, 2012 [continued]

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4. Insurance and financial risk management [continued]

Compliance Risk Management is as follows:

- Compliance to the legislation,
- Compliance to code of conduct,
- Compliance to Company and ING business principles,
- Compliance to corporate governance standards.

ING Group has several policies related to risk management and compliance effective in its subsidiaries. Some of them are as follows:

- Code of Conduct,
- Financial Economical Crime Policy,
- Insider Trading Policy,
- Whistleblower Policy,
- Gifts, Entertainment and Anti Bribery Policy.

4.1.2 Information about insurance risk (before and after reinsurance)

4.1.2.1 Sensitivity to insurance risk

The risk under any one insurance contact is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The Company defined its risk acceptance policies with the reinsurers in 2010 which the Company started to operate in insurance activities. Those coverages over identified limits are subject to medical and financial evaluation. Policy production of the Company is based on the distribution of the risks among reinsurers in an optimum way in accordance with the policy and risk type and the magnitude.

The Company has surplus and catastrophic excess of loss treaties in life and non-life businesses. In addition to that, the Company can engage in facultative agreements for those risks exceeding automatic treaty limit. The Company has set TL 130,000 limit per the insured in its 2012 surplus treaty [December 31, 21011: TL 130,000].

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Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

4. Insurance and financial risk management (continued)

4.1.2.2 Concentration risk (geographical, nature and currency)

The Company issues policies in life and personal accident branch. According to this, insurance concentration in terms of nature is disclosed below as gross and net.

| December 31, 2012 | Total gross risk coverage | Total ceded risk coverage | Net risk coverage |
|-------------------|------------------------------|------------------------------|-----------------------|
| Life | 7,705,086,180 | (112,408,690) | 7,592,677,490 |
| Personal accident | 3,004,798,146 | (397,001,397) | 2,607,796,749 |
| Total | 10,709,884,326 | (509,410,087) | 10,200,474,239 |
| December 31, 2011 | Total gross risk coverage | Total ceded risk coverage | Net risk coverage |
| Life | 5,268,918,521 | (259,064,261) | 5,009,854,260 |
| Personal accident | 3,065,718,481 | (141,992,317) | 2,923,726,164 |
| Total | 8,334,637,002 | (401,056,578) | 7,933,580,424 |

4.1.2.3 Comparison of incurred losses with prior estimates (claim development process)

Current year's incurred losses are disclosed below:

| December 31, 2012 | Gross | Ceded | Net |
|------------------------------------|------------------|------------------|------------------|
| Incurring loss - Life | 8,016,735 | (41,498) | 7,975,237 |
| Incurring loss - Personal accident | 1,168,351 | (368,678) | 799,673 |
| Total | 9,185,086 | (410,176) | 8,774,910 |
| December 31, 2011 | Gross | Ceded | Net |
| Incurring loss - Life | 3,410,748 | (15,060) | 3,395,688 |
| Incurring loss - Personal accident | 297,363 | (6,556) | 290,807 |
| Total | 3,708,111 | (21,616) | 3,686,495 |

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

4. Insurance and financial risk management [continued]

4.1.2.4 The effect of adjustments in presumptions used to measure the insurance assets and liabilities by showing separately the effect of each adjustment which has significant effect on financial statements

Reserves and their balance sheet impacts as of December 31, 2012 are as follows.

- Unexpired risks reserve

It is the reserve provided for the possibility that the liabilities related to the insurance contracts are greater than the unearned premium reserve. It is calculated for the prior 12 months for each reporting period. Impact on balance sheet at December 31, 2012: No reserve is provided according to the results of calculations. [December 31, 2011 - The Company started to operate in life and personal accident businesses on March 10, 2010 and August 16, 2010, respectively, therefore, no reserve is provided].

- IBNR and ACLM

According to the article 7, paragraph 3 of Decree on Technical reserves, insurance companies are required to select the most appropriate method among five methods proposed by the Treasury. Past claim dataset shall be used and current period's outstanding claim reserve shall be estimated. According to the 6th paragraph of the same article, companies are required to estimate IBNR in the proposed method by the Treasury. Finally, according to the 8th paragraph, two outcomes from ACLM and IBNR are compared in total and the biggest one shall be selected but additional reserve shall be accounted in branch basis.

Insurance companies are required to account additional reserves for incurred but not reported claims (IBNR). In calculation of IBNR, the Company is required to consider five years' historic information. Since the Company has started to issue life and personal accident policies since March 10, 2010 and August 16, 2010, respectively, there is not sufficient statistical dataset. Hence the Company has considered 70% sector averages and 30% statistical data according to the actuarial opinion [As of December 31, 2011, in line with the opinion of its actuary, the Company based on 50% of the statistical data of the Company in the prior periods and 50% of the segment average in calculations]. Sector averages have published in The Association of Insurance and Reinsurance Companies' circular dated December 8, 2011 No. 2011/608 in the calculation of IBNR. As of December 31, 2012, the company recognized TL 795,880 gross IBNR, TL 1,977 ceded IBNR, TL 3,215,697 outstanding claim reserve and TL 26,365 ceded outstanding claim reserve [As of December 31, 2011, the company recognized TL 709,749 gross IBNR, TL 28,827 ceded IBNR and TL 2,964 outstanding claim reserve].

- Unearned premium reserve

According to the 5th article of the Decree on the Technical Reserves, the Company accounted for gross unearned premium reserve calculated on a daily basis for all policies in force without deducting commissions or any other expenses after January 1, 2008. The deferred commission expense calculated at December 31, 2012 is TL 2,917,301 and is recorded under the production expenses account under the account of expenses and accrued income of the following month [December 31, 2011: TL 1,753,767]. Furthermore, TL 24,104 calculated at December 31, 2012 is deferred commission income and the related amount is recognized under the account of expenses and accrued income of the following month [December 31, 2011: TL 30,309].

- Equalization reserve

According to the 9th paragraph of the Decree on Technical Reserves issued based on the insurance law numbered 5684, the Company provided equalization reserve in its financial statements for earthquake and credit coverages in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the subsequent periods. According to the related fifth paragraph of article 9 of the same Decree entitled as "Equalization Reserves", insurance companies can use their own statistical dataset for calculation of the equalization reserves for the life policies that have death coverage, but entities not having their own statistical dataset, are required to provide equalization reserve via considering 11% of the amount of premium related to death coverage [also include costs share] as earthquake premium and 12% of the same amount as equalization reserve.

Impact on balance sheet at December 31, 2012: Gross equalization reserve accounted as of December 31, 2012 by the Company are TL 1,284,622 and TL 90,852 for life and personal accident branches, respectively [December 31, 2011 - TL 676,478 and TL 54,785 for life and personal accident branches, respectively].

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Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

4. Insurance and financial risk management (continued)

Life mathematical reserves

It is the reserve provided for the liabilities to the insured and dependants and calculated according to actuarial principles for life, health and personal accident contracts over than one year by the companies operated in life and non-life branches.

Impact on balance sheet at December 31, 2012: Gross reserve set by the Company as of December 31, 2012 is TL 30,610,450 (December 31, 2011 – TL 22,615,134).

4.2 Financial risk

4.2.1 Capital risk management and disclosures about the capital requirement

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain the well being of shareholders and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital adequacy based on "The Decree Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on January 19, 2008 is as follows:

| Summarized capital adequacy table | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| 1. Method | | |
| Required capital for non-life branches | 711,236 | 454,539 |
| Required capital for life branch | 11,428,742 | 7,560,425 |
| Required capital for pension branch | 4,605,874 | 3,820,903 |
| Total required capital | 16,745,852 | 11,835,867 |
| 2. Method | | |
| Asset risk | 9,689,170 | 6,896,849 |
| Reinsurance risk | 494,518 | 74,936 |
| Excess premium risk | 2,492,230 | 3,240,876 |
| Outstanding claims risk | 99,581 | 36,530 |
| Underwriting risk | 2,742,833 | 1,932,024 |
| Exchange and interest rate risk | 14,619 | 51,203 |
| Total required capital | 15,532,951 | 12,232,418 |
| Shareholders' equity | 56,240,960 | 24,451,913 |
| Required capital | 16,745,852 | 12,232,418 |
| Capital adequacy result | 39,495,108 | 12,169,495 |

4.2.2 Financial risk factors

The Company is subject to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its financial assets and liabilities. The Company's risk management program focuses on minimizing the negative effects of the uncertainties in financial markets on the Company's financial statements. The Company is subject to credit risk due to its life, non-life and pension receivables. The detailed information on these receivables is given in note 12.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

4. Insurance and financial risk management (continued)

Market risk

The Company is subject to market risk as a result of the changes in exchange rates, interest rates and market prices of equity shares.

Foreign currency risk

The Company's foreign currency denominated assets and liabilities are exposed to currency risk. The details of the foreign currency denominated assets and liabilities as of December 31, 2012 and December 31, 2011 are stated below:

| | December 31, 2012 | | | December 31, 2011 | | |
|--|-------------------------|------------------------|----------------|-------------------------|------------------------|------------------|
| | Foreign currency amount | Exchange rate (buying) | Amount TL | Foreign currency amount | Exchange rate (buying) | Amount TL |
| Foreign currency assets | | | | | | |
| Banks (foreign currency): | | | | | | |
| US Dollars | 293,447 | 1,7826 | 523,098 | 231,498 | 1,8889 | 437,277 |
| Euro | 25,140 | 2,3517 | 59,123 | 24,701 | 2,4438 | 60,364 |
| Receivables | | | | | | |
| Euro | 8,781 | 2,3517 | 20,650 | - | - | - |
| Total | | | 602,871 | | | 497,641 |
| Foreign currency liabilities | | | | | | |
| Deposits and guarantees received: | | | | | | |
| US Dollars | 29,725 | 1,7826 | 52,988 | 24,099 | 1,8889 | 45,521 |
| Euro | 7,940 | 2,3517 | 18,672 | 9,305 | 2,4438 | 22,740 |
| Expense accruals: | | | | | | |
| Euro | 143,001 | 2,3517 | 336,296 | 456,578 | 2,4438 | 1,115,785 |
| US Dollars | - | - | - | - | - | - |
| Total | | | 407,956 | | | 1,184,046 |
| Net position | | | 194,915 | | | [686,405] |

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Notes to financial statements as of December 31, 2012 (continued)

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4. Insurance and financial risk management (continued)

Foreign currency sensitivity

The Company's sensitivity to an increase and decrease in US Dollar and Euro exchange rates by 10% is presented below. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity items.

| | December 31, 2012 | | December 31, 2011 | |
|---------------------------|-------------------|-------------|-------------------|-------------|
| | USD impact | Euro impact | USD impact | Euro impact |
| Profit/ (loss) - increase | 47,011 | (27,520) | 39,176 | (107,816) |
| Profit/ (loss) - decrease | (47,011) | 27,520 | (39,176) | 107,816 |

Interest rate risk

The Company's sensitivity to interest rate risk is related to the change in the fair values or expected cash inflows of the financial assets due to the fluctuations in the interest rates. The Company closely monitors interest rate risk by monitoring market conditions and appropriate valuation methods.

Below table indicates the impacts of a 5% increase/[decrease] in market interest rates on profit and profit reserves as of December 31, 2011, ceteris paribus. The logic used in this analysis utilizes the correlation between the average TL bond rate fluctuations, used as the benchmark, and the average interest rate fluctuations of other bonds. Using this correlation, the effect of the 5% change in TL bonds is extrapolated to calculate the effect on other bonds, finding new interest rates and consequently calculating new prices.

| | Impact on profit and profit reserves December 31, 2012 | Impact on profit and profit reserves December 31, 2011 |
|--|--|--|
| Market interest increase/[decrease] | TL | TL |
| %5 increase | (38,614) | 58,485 |
| %5 decrease | 36,971 | (71,877) |
| Available for sale financial assets | Impact on profit/loss December 31, 2012 | Impact on profit/loss December 31, 2011 |
| Market interest increase/[decrease] | TL | TL |
| %5 increase | 38,614 | (58,485) |
| %5 decrease | (36,971) | 71,877 |
| Cash and cash equivalents | Impact on profit/loss December 31, 2012 | Impact on profit/loss December 31, 2011 |
| Market interest increase/[decrease] | TL | TL |
| %5 increase | 22,963 | (5,544) |
| %5 decrease | (22,963) | 5,544 |

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Notes to financial statements as of December 31, 2012 [continued]

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4. Insurance and financial risk management [continued]

Price risk

The Company is subject to price risk due to its available for sale investments measured with market prices.

Below table indicates the impact of a 5% increase/[decrease] in market prices of government bonds on the Company's financial assets available for sale portfolio, ceteris paribus:

| December 31, 2012 | Market price increase/[decrease] | Impact on assets |
|-------------------|-------------------------------------|---------------------|
| | 5% | 518,185 |
| | [5%] | [518,185] |
| December 31, 2011 | Market price increase/[decrease] | Impact on assets |
| | 5% | 425,809 |
| | [5%] | [425,809] |

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit exposure is controlled by counterparty limits and obtaining sufficient collateral. Amounts of collaterals and the limits are determined by assessing the criteria such as each party's financial position and trading capacity. Credit risk of the Company is in Turkey, where it operates.

Receivables from life, non-life and private pension activities, collaterals taken for these receivables and doubtful receivables provision provided as of the balance sheet date are stated in note 12.1. There are no restructured receivables.

Financial assets other than the receivables, cash at banks and other cash equivalents are subject to credit risk. All such assets are considered as financial assets that are neither impaired nor overdue.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its net funding liabilities. Cases such as meltdowns in markets or decrease in the credit rating that cause decreases in fund resources would generate liquidity risk. The Company management manages the liquidity risk through holding adequate cash and cash equivalents and distributing the fund resources to meet the current and possible liabilities.

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Notes to financial statements as of December 31, 2012 (continued)

(Amounts expressed in – Turkish Lira [TL] unless otherwise stated)

4. Insurance and financial risk management (continued)

Days to maturity:

December 31, 2012

| | Overdue | On demand | Up to 1 Month | 1-3 Month | 3 Month - 1 Year | 1 - 5 years | More than 1 year | Unallocated | Total |
|--|------------------|----------------|-------------------|-------------------|--------------------|---------------------|------------------|----------------------|----------------------|
| Cash and cash equivalents | - | 920,729 | 63,789,909 | 21,847,642 | - | - | - | - | 86,558,280 |
| Financial assets | - | - | - | - | 1,073,505 | 9,290,425 | - | 263,222 | 10,627,152 |
| Trade receivables | 2,477,282 | - | 15,362,794 | 7,652,139 | 3,250,691 | 213,995 | - | 1,092,349,597 | 1,121,296,498 |
| Due from related parties | - | - | 340,761 | - | - | - | - | 5,701,050 | 5,701,050 |
| Intangible assets | - | - | - | - | - | - | - | 2,515,321 | 2,515,321 |
| Deferred tax assets | - | - | - | 597,483 | - | 3,570,098 | - | 1,824,742 | 4,254,772 |
| Other receivables and current assets | - | - | - | - | 87,191 | - | - | 212,425 | 212,425 |
| Financial assets | - | - | - | - | - | - | - | - | - |
| Total assets | 2,477,282 | 920,729 | 79,693,404 | 30,097,264 | 4,324,186 | 13,074,518 | - | 1,102,653,549 | 1,233,230,941 |
| Trade payables | - | - | 27,968,301 | - | - | - | - | - | 1,120,317,898 |
| Due to related parties | - | - | 5,518,238 | - | - | - | - | 1,092,349,597 | 5,518,238 |
| Provisions | - | - | 2,988,736 | 3,290,209 | 7,847,399 | 28,044,972 | 851,132 | 7,386,169 | 50,408,667 |
| Total equity | - | - | - | - | - | - | - | 54,865,484 | 54,865,484 |
| Other liabilities | - | - | 1,828,837 | - | 24,104 | - | - | 267,713 | 2,120,654 |
| Total liabilities and equity | - | - | 38,304,182 | 3,290,209 | 7,871,503 | 28,044,972 | 851,132 | 1,154,869,963 | 1,233,230,941 |
| Net liquidity surplus / (deficit) | 2,477,282 | 920,729 | 41,379,242 | 26,807,055 | (3,547,307) | (14,970,454) | (851,132) | (52,215,415) | - |

December 31, 2011

| | Overdue | On demand | Up to 1 Month | 1-3 Month | 3 Month - 1 year | 1 - 5 years | More than 1 year | Unallocated | Total |
|--------------------------------------|------------------|----------------|-------------------|-------------------|------------------|---------------------|------------------|---------------------|--------------------|
| Cash and cash equivalents | - | 611,294 | 36,229,518 | 10,272,091 | - | - | - | - | 47,112,903 |
| Financial assets | - | - | - | - | 6,673,382 | 869,641 | 1,842,800 | 263,222 | 6,779,404 |
| Trade receivables | 1,319,542 | - | 8,536,720 | 4,721,120 | 4,954,331 | 3,594 | - | 778,361,051 | 794,546,705 |
| Due from related parties | 393,636 | - | 336 | 3,470 | 10 | - | - | 3,672,474 | 3,672,499 |
| Intangible assets | - | - | - | - | - | - | - | 1,249,130 | 1,249,130 |
| Deferred tax assets | - | - | - | 206,739 | - | 2,191,681 | - | 989,605 | 989,605 |
| Other receivables and current assets | - | - | - | - | - | - | - | 25,988 | 25,988 |
| Cash and cash equivalents | - | - | - | - | - | - | - | 50,000 | 50,000 |
| Total assets | 1,713,178 | 611,294 | 44,766,594 | 10,954,420 | 4,954,341 | 9,768,598 | 1,842,800 | 784,611,470 | 859,224,695 |
| Financial liabilities | - | - | 18,440,115 | - | - | - | - | 778,361,051 | 796,801,166 |
| Due to related parties | - | - | 2,383,092 | - | - | - | - | 4,104,424 | 2,383,092 |
| Provisions | - | - | 2,187,775 | 1,134,740 | 5,169,588 | 21,013,883 | 604,860 | 23,720,651 | 34,215,270 |
| Total equity | - | - | - | - | - | - | - | 167,115 | 167,115 |
| Other liabilities | - | - | 1,907,092 | - | 30,309 | - | - | - | 1,937,401 |
| Total liabilities and equity | - | - | 24,918,074 | 1,134,740 | 5,199,897 | 21,013,883 | 604,860 | 806,353,241 | 859,224,695 |
| | 1,713,178 | 611,294 | 19,650,520 | 9,819,680 | (245,556) | (11,245,285) | 1,237,940 | (21,741,771) | - |

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Notes to financial statements as of December 31, 2012 [continued]

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4. Insurance and financial risk management (continued)

Fair value of financial instruments

| | December 31, 2012 | | December 31, 2011 | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | Book value | Fair value | Book value | Fair value |
| Financial assets | | | | |
| Cash at hand | 1,004 | 1,004 | 145 | 145 |
| Cash at banks | 72,079,849 | 72,079,849 | 36,611,519 | 36,611,519 |
| Other cash and cash equivalents | 14,477,427 | 14,477,427 | 10,501,239 | 10,501,239 |
| Available-for-sale financial assets | 10,627,152 | 10,627,152[*] | 8,779,404 | 8,779,404[*] |
| Receivables | 28,946,841 | 28,946,841 | 16,184,654 | 16,184,654 |
| Due from related parties | 540,761 | 540,761 | 401,066 | 401,066 |
| Other receivables | 87,191 | 87,191 | 25,988 | 25,988 |
| Total financial assets | 126,760,225 | 126,760,225 | 72,504,015 | 72,504,015 |
| Financial liabilities | | | | |
| Payables | 26,662,304 | 26,662,304 | 17,978,663 | 17,978,663 |
| Due to related parties | 5,518,238 | 5,518,238 | 2,383,092 | 2,383,092 |
| Deposits and guarantees received | 267,713 | 267,713 | 167,115 | 167,115 |
| Other | 1,305,997 | 1,305,997 | 461,452 | 461,452 |
| Total financial liabilities | 33,754,252 | 33,754,252 | 20,990,322 | 20,990,322 |

[*] The fair value of Emeklilik Gözetim Merkezi A.Ş shares can not be calculated [book value: TL 263,223].

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

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

The following methods and assumptions are used in fair value estimations for financial instruments for which such fair values can be reliably measured:

Financial assets:

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

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Notes to financial statements as of December 31, 2012 [continued]

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4. Insurance and financial risk management (continued)

Financial liabilities:

It is anticipated that fair value of monetary liabilities will approximate their carrying value based on their short term nature. Fair values of financial assets and liabilities are determined as follows:

- Level 1: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.
- Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

Financial assets in the Company's portfolio carried at fair values are as follows:

December 31, 2012

| | Level 1 | Level 2 | Level 3 |
|-------------------------------------|------------|---------|---------|
| Available for sale financial assets | | | |
| <i>Government bonds</i> | 10,363,930 | - | - |
| | 10,363,930 | - | - |
| December 31, 2011 | | | |
| | Level 1 | Level 2 | Level 3 |
| Available for sale financial assets | | | |
| <i>Government bonds</i> | 8,516,181 | - | - |
| | 8,516,181 | - | - |

5. Segment reporting

Segment reporting is disclosed in note 2.3.

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Notes to financial statements

as of December 31, 2012 [continued]

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6. Tangible assets

| | Motor vehicles | Machinery and equipment | Furniture and fixtures | Leasehold improvements | Total |
|---|-----------------|-------------------------|------------------------|------------------------|--------------------|
| Cost | | | | | |
| Opening balance as of January 1, 2012 | 65,788 | 3,350,796 | 1,314,987 | 2,004,738 | 6,736,309 |
| Additions | 60,470 | 1,399,893 | 518,108 | 1,042,752 | 3,021,223 |
| Disposals | (65,788) | (699) | - | - | (66,487) |
| Closing balance as of December 31, 2012 | 60,470 | 4,749,990 | 1,833,095 | 3,047,490 | 9,691,045 |
| Accumulated depreciation | | | | | |
| Opening balance as of January 1, 2012 | (55,144) | (2,204,489) | (500,720) | (303,482) | (3,063,835) |
| Charge for the period | (10,159) | (502,487) | (198,916) | (273,906) | (985,468) |
| Disposals | 59,238 | 70 | - | - | 59,308 |
| Closing balance as of December 31, 2012 | (6,065) | (2,706,906) | (699,636) | (577,388) | (3,989,995) |
| Net book value balance as of December 31, 2012 | 54,405 | 2,043,084 | 1,133,459 | 2,470,102 | 5,701,050 |
| | Motor vehicles | Machinery and equipment | Furniture and fixtures | Leasehold improvements | Total |
| Cost | | | | | |
| Opening balance as of January 1, 2011 | 65,788 | 2,895,978 | 639,242 | 343,830 | 3,944,838 |
| Additions | - | 494,364 | 675,745 | 1,728,781 | 2,898,890 |
| Disposals | - | (39,546) | - | (67,873) | (107,419) |
| Closing balance as of December 31, 2011 | 65,788 | 3,350,796 | 1,314,987 | 2,004,738 | 6,736,309 |
| Accumulated depreciation | | | | | |
| Opening balance as of January 1, 2010 | (42,043) | (1,886,057) | (405,185) | (283,943) | (2,617,228) |
| Charge for the period | (13,101) | (357,205) | (95,535) | (49,780) | (515,621) |
| Disposals | - | 38,773 | - | 30,241 | 69,014 |
| Closing balance as of December 31, 2011 | (55,144) | (2,204,489) | (500,720) | (303,482) | (3,063,835) |
| Net book value balance as of December 31, 2011 | 10,644 | 1,146,307 | 814,267 | 1,701,256 | 3,672,474 |

There is no impairment loss recognized for tangible assets in the period [December 31, 2011: None].

The Company does not have any pledges and mortgages on tangible assets [December 31, 2011: None].

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7. Investment properties

None [December 31, 2011: None].

8. Intangible assets

| Cost | Rights | Total |
|---|--------------------|--------------------|
| Opening balance as of January 1, 2012 | 3,882,981 | 3,882,981 |
| Additions | 2,419,894 | 2,419,894 |
| Disposals | (967,175) | (967,175) |
| Transfers | - | - |
| Closing balance as of December 31, 2012 | 5,335,700 | 5,335,700 |
| Accumulated amortization | | |
| Opening balance as of January 1, 2012 | (2,633,851) | (2,633,851) |
| Charge for the period | (538,733) | (538,733) |
| Disposals | 352,205 | 352,205 |
| Closing balance as of December 31, 2012 | (2,820,379) | (2,820,379) |
| Net book value balance as of December 31, 2012 | 2,515,321 | 2,515,321 |
| Cost | Rights | Total |
| Opening balance as of January 1, 2011 | 3,429,428 | 3,429,428 |
| Additions | 453,553 | 453,553 |
| Disposals | - | - |
| Transfers | - | - |
| Closing balance as of December 31, 2011 | 3,882,981 | 3,882,981 |
| Accumulated amortization | | |
| Opening balance as of January 1, 2011 | (2,261,372) | (2,261,372) |
| Charge for the period | (372,479) | (372,479) |
| Disposals | - | - |
| Closing balance as of December 31, 2011 | (2,633,851) | (2,633,851) |
| Net book value balance as of December 31, 2011 | 1,249,130 | 1,249,130 |

The Company has not recognized any impairment loss for intangible assets in the current period.

The Company does not have any goodwill [December 31, 2011: None].

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ING Emeklilik Anonim Şirketi

Notes to financial statements

as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

9. Investments in associates

Under Turkish Treasury's Sector Announcement dated 12 August 2008 and no 2008/36 regarding Charging of Insurance and Reinsurance, and Pension Companies' Investments in Subsidiaries, Jointly Controlled Partnerships and Participations to Individual Financial Statements and Consolidated Financial Statements Communiqué dated 31 December 2008; it is ruled that mentioned partnership can be excluded from the scope of consolidation by considering the principle of materiality in case total assets of subsidiary, jointly controlled partnership or participation is less than 1% of the total assets of the parent company and in case the total partnership shares of subsidiaries, participations and jointly controlled partnerships which are under this limit do not exceed 5% of the total assets of parent company. The Company has established a joint venture by the name of EMK Sigorta Aracılık Hizmetleri Anonim Şirketi as 50% partner. The Company has established six joint venture by the name of EMK Sigorta Aracılık Hizmetleri Anonim Şirketi, [EMK], in 2012 Extra Sigorta Aracılık Hizmetleri A.Ş. [Extra], Lira Sigorta Aracılık Hizmetleri A.Ş. [Lira], PNG Sigorta Aracılık Hizmetleri A.Ş. [PNG], Leo Sigorta Aracılık Hizmetleri A.Ş. [Leo] ve Trias Sigorta Aracılık Hizmetleri A.Ş. [Trias] as 50% partner. In order of establish date: November 21, 2011, June 1, 2012, June 20, 2012, July 27, 2012, October 15, 2012 and October 24, 2012. In order of size of assets EMK TL 32,257, Extra TL 173,054, Lira TL 97,123, PNG TL 97,004, Leo TL 57,768, Trias Sigorta Aracılık Hizmetleri A.Ş. TL 186,67. Joint ventures have not been consolidated in financial statements of the Company considering the principle of materiality.

10. Reinsurance assets

The amounts relating to reinsurance transactions from insurance policies accounted in the balance sheet and the income statement as of December 31, 2012 and 2011 are as follows:

| | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| Ceded unearned premiums reserve [Not 17.15] | 731,055 | 399,235 |
| Ceded outstanding claim reserve [Not 17.15] | 28,342 | 31,791 |
| Ceded equalization reserve [Not 17.15] | - | - |
| Ceded mathematical reserve [Not 17.15] | 36,028 | 65,038 |
| Payables to reinsurance companies | (406,222) | (155,615) |
| Total reinsurance assets/(liabilities) | 389,203 | 340,449 |
| | December 31, 2012 | December 31, 2011 |
| Premium ceded to reinsurers [Note 24] | (1,524,169) | (1,444,462) |
| Commission income from reinsurers | 143,321 | 110,711 |
| Ceded paid claim | 413,625 | 3,380 |
| Change in ceded outstanding claims reserve [Note 17] | (3,449) | 18,236 |
| Change in ceded actuarial mathematical reserve [Note 17] | 36,028 | 65,038 |
| Change in ceded equalization reserves [Note 17] | - | - |
| Change in ceded unearned premiums reserve [Note 17] | 731,055 | 399,235 |
| Total reinsurance income/(expense) | (203,589) | (847,862) |

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

11. Financial assets

11.1 Subcategories of financial assets

| | December 31, 2012 | December 31, 2011 |
|-------------------------------------|-------------------|-------------------|
| Available-for-sale financial assets | 10,627,152 | 8,779,404 |
| Total | 10,627,152 | 8,779,404 |

| Available-for-sale financial assets | Cost December 31, 2012 | Market value December 31, 2012 | Carrying amount December 31, 2012 |
|---|---------------------------|-----------------------------------|--------------------------------------|
| Emeklilik Gözetim Merkezi A.Ş. ^(*) | 225,000 | - | 263,222 |
| Government Bonds | 9,663,400 | 10,363,930 | 10,363,930 |
| Total | 9,888,400 | 10,363,930 | 10,627,152 |

| Available-for-sale financial assets | Cost December 31, 2011 | Market value December 31, 2011 | Carrying amount December 31, 2011 |
|---|---------------------------|-----------------------------------|--------------------------------------|
| Emeklilik Gözetim Merkezi A.Ş. ^(*) | 225,000 | - | 263,222 |
| Government Bonds | 8,098,125 | 8,516,181 | 8,516,181 |
| Total | 8,323,125 | 8,516,181 | 8,779,404 |

^(*) There is no fair value of this financial asset and inflation accounting is applied to the cost until December 31, 2004 in the accompanying financial statements.

11.2 Securities other than equity shares issued in the current period

None. [31 December, 2011: None]

11.3 Debt instruments issued in the current period

None. [31 December, 2011: None]

11.4 Fair values of securities and long-term financial assets that are carried at cost in the balance sheet and cost values of securities and long-term financial assets that are carried at fair value in the balance sheet

Cost, fair value and carrying amount of financial assets are presented in note 11.1.

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

None. [31 December, 2011: None]

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

11. Financial assets (continued)

11.6 Value increases of financial assets in the last three periods

Value increases reflect the difference between the carrying amount and cost of the financial assets.

11.7 Financial instruments

- i) Information helping the financial statement users to evaluate the financial position and performance of the Company is disclosed in note 4.
- ii) Information on the carrying amount of the financial assets is disclosed in note 11.1.
- iii) Comparison of the fair value and carrying amount of financial assets is disclosed in note 11.1.
- iv) Overdue but not impaired balance of the receivables of the Company is TL 2,477,282 (December 31, 2011 - TL 1,713,178 TL).

The movement of financial assets available for sale for the year ended December 31, 2012 is as follows:

| | 2012 | 2011 |
|---|-------------------|------------------|
| January 1 | 8,779,404 | 6,152,599 |
| Purchases | 6,911,915 | 2,550,005 |
| Sales | - | - |
| Disposals by redemption | (5,123,919) | - |
| Amount recorded in the income statement | (1,004,543) | 362,411 |
| Amount recorded under equity | 1,064,295 | (285,611) |
| December 31 | 10,627,152 | 8,779,404 |

12. Receivables and payables

12.1 Details of the Company's receivables:

| | December 31, 2012 | December 31, 2011 |
|---|-------------------|-------------------|
| Receivables from pension operations | 26,166,270 | 14,635,927 |
| Receivables from insurance operations | 2,780,571 | 1,548,727 |
| Doubtful receivables from pension operations | 363,370 | 369,307 |
| Provisions for doubtful receivables from pension operations [-] | (363,370) | (369,307) |
| | 28,946,841 | 16,184,654 |
| Receivables from pension operations | | |
| -Due from related parties | 540,761 | 401,066 |
| Total | 29,487,602 | 16,585,720 |

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

12. Receivables and payables [continued]

Aging of receivables from the life and non-life insurance and pension operations are below:

| | December 31, 2012 | December 31, 2011 |
|-------------------------|-------------------|-------------------|
| 0-30 days | 15,893,495 | 8,539,076 |
| 31-90 days | 7,652,139 | 475,590 |
| 90 days – 1 year | 3,250,691 | 4,954,341 |
| 1 year – 2 years | 213,995 | 903,535 |
| Overdue receivables (*) | 2,477,282 | 1,713,178 |
| Total | 29,487,602 | 16,585,720 |

(*) This balance consists of the receivables that are overdue but not impaired.

Guarantees received for receivables are stated below:

| | December 31, 2012 | December 31, 2011 |
|---------------------|-------------------|-------------------|
| Letter of guarantee | 872,500 | 603,000 |
| Mortgages | 827,000 | 837,000 |
| Restricted cash | 271,291 | 132,259 |
| Other | 1,596,013 | 1,469,122 |
| Total | 3,566,804 | 3,041,381 |

Movement of provision for doubtful receivables is stated below:

| | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| Movement of provision for doubtful receivables | | |
| Opening balance | 369,307 | 358,909 |
| Charge for the period | (5,937) | 10,398 |
| Closing balance | 363,370 | 369,307 |

Total doubtful receivables from pension operations amount to TL 363,370 (December 31, 2011 – 369,307 TL). The Company has made provision all of it.

Aging of overdue and impaired receivables is stated below:

| | December 31, 2012 | December 31, 2011 |
|--------------|-------------------|-------------------|
| Over 60 days | 363,370 | 369,307 |
| Total | 363,370 | 369,307 |

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

12. Receivables and payables (continued)

Aging of overdue but not impaired receivables from life and non-life insurance and pension operations is stated below:

| | December 31, 2012 | December 31, 2011 |
|-------------------------------|-------------------|-------------------|
| Up to 1 month | 373,022 | 1,319,542 |
| Up to 2 months ^(*) | 2,104,260 | 393,636 |
| | 2,477,282 | 1,713,178 |

(*) This receivable is from the related party, ING Bank A.S.

12.2 Due to/due from shareholders, associates and subsidiaries of the Company:

| December 31, 2012 Related parties | Trade receivable | Trade payable | Non trade payable |
|--------------------------------------|------------------|------------------|-------------------|
| ING Bank A.Ş. | 87,820 | 4,595,984 | - |
| ING Portföy Yön. A.Ş. | - | 399,795 | - |
| ING Continental Europe Holdings B.V. | 20,650 | 327,200 | - |
| ING Bank NV | - | 9,096 | - |
| Group Companies | 432,291 | 149,492 | - |
| Payables to employees | - | - | 36,671 |
| Total | 540,761 | 5,481,567 | 36,671 |

| December 31, 2011 Related parties | Trade receivable | Trade payable | Non trade payable |
|-----------------------------------|------------------|------------------|-------------------|
| ING Bank A.Ş. | 401,066 | 666,144 | - |
| ING Portföy Yön. A.Ş. | - | 396,926 | - |
| ING Bank NV | - | 1,115,786 | - |
| Payables to employees | - | - | 204,236 |
| Total | 401,066 | 2,178,856 | 204,236 |

12.3 Pledges and other guarantees received for receivables :

Total of pledges and other guarantees received is stated in note 12.1.

12.4 Amounts of the Company's foreign currency denominated receivables and non-exchange rate guaranteed receivables are presented below:

The foreign currency denominated receivables and payables of the Company are presented in note 4.

13. Derivative instruments

None. [31 December, 2011: None]

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in - Turkish Lira [TL] unless otherwise stated]

14. Cash and cash equivalents

| | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| Cash | 1,004 | 145 |
| Cash at banks | 72,079,849 | 36,611,519 |
| Demand deposits | 919,726 | 611,149 |
| Time deposits | 71,160,123 | 36,000,370 |
| Blocked credit cards | 14,378,490 | 10,272,091 |
| Other cash equivalents | 98,937 | 229,148 |
| Total | 86,558,280 | 47,112,903 |
| Interest accruals on cash and cash equivalents [-] | [210,306] | [330,149] |
| Total for cash flow | 86,347,974 | 46,782,754 |

As of December 31, 2012 and December 31, 2011 cash and cash equivalents in foreign currencies are stated below:

| December 31, 2012 | Foreign currency | Foreign currency amount | TL amount |
|--------------------|------------------|-------------------------|----------------|
| Banks | | | |
| | ABD USD | 293,447 | 523,098 |
| | Euro | 25,140 | 59,122 |
| Receivables | Euro | 8,781 | 20,650 |
| Total | | | 602,870 |
| December 31, 2011 | Foreign currency | Foreign currency amount | TL amount |
| Banks | | | |
| | ABD USD | 231,498 | 437,277 |
| | Euro | 24,701 | 60,364 |
| Total | | | 497,641 |

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

14. Cash and cash equivalents (continued)

As of December 31, 2012 and December 31, 2011, details of time deposits are stated below:

| December 31, 2012 Original currency | Maturity | Interest rate | Amount |
|-------------------------------------|--------------------------------------|---------------|-------------------|
| TL | November 26, 2012 - March 25 2013 | %4,75- %9 | 70,577,902 |
| US Dollars | December 14, 2012 - January 24, 2013 | %1,5 | 523,098 |
| Euro | December 31, 2012 - February 1, 2013 | %1,5 | 59,123 |
| | | | 71,160,123 |
| December 31, 2011 Original currency | Maturity | Interest rate | Amount |
| TL | October 13, 2011 - February 23, 2012 | %5,5- %11,55 | 35,502,729 |
| US Dollars | December 24, 2011 - January 24, 2012 | %2 | 437,277 |
| Euro | December 24, 2011 - January 27, 2012 | %2 | 60,364 |
| | | | 36,000,370 |

15. Share capital

The Company's shareholder structure is stated in note 1.1

The paid in and registered capital of the Company at December 31, 2012 is TL 84,000,000. With the decree of the Board of Directors of the Company, the capital of the Company was decided to be increased by TL 10,000,000 and then by TL 13,000,000. With these capital increases, the total nominal capital of the Company at December 31, 2012 reached TL 107,000,000 [TL 49,000,000 at December 31, 2011]. Regarding these increases, TL 23,000,000 was recorded as cash in the financial accounts of the Company.

In accordance with the decree of the Board of Directors dated January 17, 2013 and numbered 2, for capital optimization, the Company decided to indemnify its losses pertaining to the prior period by capital decrease. As of the report date the legal procedures are ongoing.

Valuation of financial assets

Unrealized gains and losses generated by the changes in the fair value of financial assets are recorded at the account "Valuation of Financial Assets" under equity.

The movement of valuation of financial assets is as below:

| | 2012 | 2011 |
|--|------------------|-----------------|
| January 1 | (87,858) | 195,871 |
| Net increase/(decrease) in fair value | 1,149,431 | (285,611) |
| Deferred tax effect under shareholders' equity | 2,722 | 1,882 |
| December 31 | 1,064,295 | (87,858) |

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

16. Other provisions and capital component of discretionary participation

16.1 Income and expense amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

As of the balance sheet date, the Company has TL 1,152,153 income accrued under shareholders' equity [December 31, 2011 – TL 283,729].

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

None [December 31, 2011 – None].

16.3 Hedging for forecasted transactions and net investment hedging

None [December 31, 2011 – None].

16.4 Hedge transactions for the financial risk

None [December 31, 2011 – None].

16.5 Gains and losses from participations recognized directly in equity in the current period

None [December 31, 2011 – None].

16.6 Revaluation increases in property and equipment

None [December 31, 2011 – None].

16.7 Current and deferred income taxes on gains and losses recognized directly in equity

As of December 31, 2011 the Company has TL 2,722 deferred tax income due to the valuation of available for sale financial assets recognized directly under equity [December 31, 2011 – TL 1,882].

17. Insurance reserves and reinsurance assets

17.1 Required guarantees for life and non-life insurances and guarantees provided for life and non-life insurances based on assets

| Branch | December 31, 2012 | |
|--------------|-------------------|-------------------|
| | Required | Provided |
| Life | 34,594,081 | 27,747,801 |
| Non-life | 553,938 | 891,534 |
| Total | 35,148,019 | 28,639,335 |

The Company has fulfilled the deficit in required and provided guarantees with the time deposit blockage amounting to TL 4,530,076 and with the bonds amounting to TL 4,215,390 on February 28, 2013.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets [continued]

17.2 Number of life insurance policies, entries, exits in the current period, and current life insurees and their mathematical reserves

| | December 31, 2012 Number | December 31, 2012 Mathematical reserve |
|----------------------|-----------------------------|---|
| Opening | 450,798 | 22,615,134 |
| Entry | 468,354 | 22,806,668 |
| Exit | 292,725 | 14,811,352 |
| End of period | 626,427 | 30,610,450 |
| | December 31, 2011 Number | December 31, 2011 Mathematical reserve |
| Opening | 186,155 | 10,467,587 |
| Entry | 355,079 | 21,383,256 |
| Exit | 90,436 | 9,235,709 |
| End of period | 450,798 | 22,615,134 |

The movement of policies in the relevant period and active policies as at December 31, 2012 is given in the table above. As of December 31, 2012, unearned reserve for life policies is TL 3,967,070 ,for personnel accident is TL 3,394,774 and the mathematical reserve for the policies over one year is TL 30,610,450 [December 31, 2011- Unearned premium reserve for life policies is TL 3,164,227,for personnel accident is TL 1,560,363 and the mathematical reserve for the policies over one year is TL 22,615,134,respectively].

17.3 Insurance coverages given as branches to non life insurance branches

As of December 31, 2012, total gross and net coverages are TL 3,004,798,146 and TL 2,607,796,749 [December 31, 2011 - The total gross and net coverages are TL 3,065,718,481 and TL 2,923,726,164].

17.4 Pension funds established by the Company and their unit prices

The pension funds established by the Company and unit prices are stated below:

| Name of funds | December 31, 2012 Unit price (TL) | December 31, 2011 Unit price (TL) |
|---|--------------------------------------|--------------------------------------|
| Gelir Amaçlı Kamu Borçlanma Araçları E.Y.F. | 0.035953 | 0.032553 |
| Gelir Amaçlı Esnek E.Y.F. | 0.001961 | 0.019139 |
| Büyüme Amaçlı Karma E.Y.F. | 0.059221 | 0.045655 |
| Büyüme Amaçlı Hisse Senedi E.Y.F. | 0.068588 | 0.045759 |
| Likit E.Y.F. | 0.030209 | 0.02833 |
| Esnek E.Y.F. | 0.034914 | 0.029574 |
| Kamu Borçlanma Araçları E.Y.F. | 0.025561 | 0.022931 |
| Büyüme Amaçlı Esnek E.Y.F. | 0.019912 | 0.01627 |

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Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets (continued)

17.5 Total numbers and amounts of participation certificates in portfolio and in circulation

Numbers and amounts of participation certificates in portfolio and in circulation are stated below:

| Participation certificates in circulation (EYF) | December 31, 2012 | |
|---|-------------------|---------------|
| | Unit | Amount |
| Gelir Amaçlı Kamu Borçlan. Ar. E.Y.F. | 8,985,152,637 | 323,042,668 |
| Gelir Amaçlı Esnek E.Y.F. | 2,152,000,776 | 42,200,636 |
| Büyüme Amaçlı Karma E.Y.F. | 2,811,036,859 | 166,471,588 |
| Büyüme Amaçlı Hisse Sen.E.Y.F. | 898,946,549 | 61,657,096 |
| Likit E.Y.F. | 4,184,140,863 | 126,400,119 |
| Esnek E.Y.F. | 5,569,663,019 | 194,459,334 |
| Kamu Borçlanma Araçları E.Y.F. | 5,178,413,245 | 132,367,656 |
| Büyüme Amaçlı Esnek E.Y.F. | 2,297,646,624 | 45,750,500 |
| | | 1,092,349,597 |
| Participation certificates in circulation (EYF) | December 31, 2011 | |
| | Unit | Amount |
| Gelir Amaçlı Kamu Borçlan. Ar. E.Y.F. | 7,913,147,082 | 257,598,062 |
| Gelir Amaçlı Esnek E.Y.F. | 1,864,893,713 | 35,692,744 |
| Büyüme Amaçlı Karma E.Y.F. | 2,487,177,258 | 113,551,476 |
| Büyüme Amaçlı Hisse Sen. E.Y.F. | 954,676,399 | 43,684,940 |
| Likit E.Y.F. | 3,401,606,931 | 96,368,041 |
| Esnek E.Y.F. | 4,321,700,296 | 127,808,134 |
| Kamu Borçlanma Araçları E.Y.F. | 3,351,747,299 | 76,860,123 |
| Büyüme Amaçlı Esnek E.Y.F. | 1,647,062,044 | 26,797,531 |
| | | 778,361,051 |

17.6 The unit and portfolio costs of participants of individual retirement and corporate retirement which started, left, were cancelled during the period or which are still present are as follows:

The unit and portfolio costs of participants of individual retirement and group retirement which started, left, were cancelled during the period or which are still present are as follows:

| December 31, 2012 | Individual | | Group | |
|-------------------|------------|------------------|--------|------------------|
| | Unit | Portfolio amount | Unit | Portfolio amount |
| Addition | 40,924 | 197,177,699 | 12,097 | 9,547,939 |
| Disposal | 20,845 | 180,136,821 | 5,613 | 27,865,700 |
| Current | 181,714 | 878,611,521 | 38,700 | 205,008,327 |

(*) The total portfolio value of the 858 policies in the proposal phase is TL 8,716,983.

(**) Collections not associated with policies amount to TL 12,766.

(***) The net of transfers during 2010 from group to individual and individual to group policies which were in effect as of December 31, 2012, is 82 policies in favor of the group plans.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets (continued)

| December 31, 2011 | Individual | | Group | |
|-------------------|------------|------------------|--------|------------------|
| | Unit | Portfolio amount | Unit | Portfolio amount |
| Addition | 27,197 | 126,731,722 | 8,300 | 5,400,791 |
| Disposal | 18,853 | 113,572,458 | 5,103 | 21,481,392 |
| Current | 161,717 | 618,093,088 | 32,134 | 158,588,365 |

(*) The total portfolio value of the 675 policies in the proposal phase is TL 4,074,177

(**) Collections not associated with policies amount to TL 11,274

(***) The net of transfers during 2010 from group to individual and individual to group policies which were in effect as of December 31, 2011, is 32 policies in favor of the group plans.

Addition: Number of agreements which have become in effect in the current period and their portfolio values and number of agreements which have become in effect in the current period and ended in the current period and their portfolio values.

Disposal: Number of agreements which are disposed in the current period and their portfolio values.

Current: Number of agreements effective as at the balance sheet date and their portfolio values.

Periodical changes have to be considered in total numbers and portfolio values, because there are transfers between individual and group pension plans. Also, for cancelled agreements which were effective in previous period or cancelled agreements which have become effective in the current period have been offset at the end of the period. The number of individual and group agreements and portfolio amounts stated in note 17.8 states the total agreements on hand.

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

None.

17.8 Number of additions and gross / net share contributions in the current period

| December 31, 2012 | Unit | Contribution share [Gross] TL | Contribution share [Net] TL |
|-------------------|---------------|-------------------------------|-----------------------------|
| Individual | 40,924 | 207,854,693 | 206,123,293 |
| Corporate | 12,097 | 10,132,488 | 10,081,327 |
| Total | 53,021 | 217,987,181 | 216,204,620 |

| December 31, 2011 | Unit | Contribution share [Gross] TL | Contribution share [Net] TL |
|-------------------|---------------|-------------------------------|-----------------------------|
| Individual | 27,197 | 131,237,509 | 130,096,145 |
| Corporate | 8,300 | 5,649,175 | 5,601,158 |
| Total | 35,497 | 136,886,684 | 135,697,303 |

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets (continued)

17.9 Number of additions from the other companies and gross / net share participations in the current period

| December 31, 2012 | Unit | Contribution share (Gross) TL | Contribution share (Net) TL |
|-------------------|--------------|-------------------------------|-----------------------------|
| Individual | 6,504 | 10,847,454 | 10,567,875 |
| Corporate | 205 | 237,906 | 236,523 |
| Total | 6,709 | 11,085,360 | 10,804,398 |
| December 31, 2011 | Unit | Contribution share (Gross) TL | Contribution share (Net) TL |
| Individual | 4,220 | 70,783,684 | 70,616,050 |
| Corporate | 204 | 1,602,185 | 1,600,109 |
| Total | 4,424 | 72,385,869 | 72,216,159 |

17.10 Number of transfers from the Company's life portfolio to private pension portfolio and their gross / net contribution shares

None [December 31, 2011: None].

17.11 Number of transfers from the Company to other companies and their gross / net contribution shares

| December 31, 2012 | Unit ^(*) | Contribution share (Gross) TL ^(**) | Contribution share (Net) TL ^(***) |
|-------------------|---------------------|---|--|
| Individual | 20,845 | 180,136,821 | 171,705,775 |
| Corporate | 5,613 | 27,865,700 | 26,074,712 |
| Total | 26,458 | 208,002,521 | 197,780,487 |

(*) The participants exiting the Company's pension plans from January 1, 2012 to December 31, 2012.

(**) Fund sales amount due to exits.

(***) The net share after deductions [entrance fee and withholding] of participants exiting the Company's pension plans.

| December 31, 2011 | Unit ^(*) | Contribution share (Gross) TL ^(**) | Contribution share (Net) TL ^(***) |
|-------------------|---------------------|---|--|
| Individual | 18,853 | 113,572,458 | 104,041,419 |
| Corporate | 5,103 | 21,481,392 | 19,218,072 |
| Total | 23,956 | 135,053,850 | 123,259,491 |

(*) The participants exiting the Company's pension plans from January 1, 2012 to December 31, 2012.

(**) Fund sales amount due to exits.

(***) The net share after deductions [entrance fee and withholding] of participants exiting the Company's pension plans.

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets [continued]

17.12 Number of additions of life insurances and their gross / net premiums

| December 31, 2012 | Unit | Gross premium TL | Net premium TL |
|-------------------|----------------|-------------------|-------------------|
| Individual | 83,647 | 8,574,051 | 7,218,629 |
| Corporate | 384,708 | 49,384,846 | 48,954,043 |
| Total | 468,355 | 57,958,897 | 56,172,672 |
| December 31, 2011 | Unit | Gross premium TL | Net premium TL |
| Individual | 56,449 | 3,701,776 | 3,412,561 |
| Corporate | 298,630 | 37,128,204 | 36,531,264 |
| Total | 355,079 | 40,829,980 | 39,943,825 |

17.13 Number of disposals of life insurance policies and their gross / net mathematical reserves

| December 31, 2012 | Gross premium TL | Net premium TL | Unit | Mathematical reserves TL |
|-------------------|------------------|------------------|----------------|--------------------------|
| Individual | 2,362,445 | 2,182,349 | 85,366 | - |
| Corporate | 4,653,239 | 4,321,163 | 207,359 | 14,811,352 |
| Total | 7,015,684 | 6,503,512 | 292,725 | 14,811,352 |
| December 31, 2011 | Gross premium TL | Net premium TL | Unit | Mathematical reserves TL |
| Individual | 183,416 | 170,734 | 28,315 | - |
| Corporate | 1,900,933 | 1,833,093 | 62,121 | 9,235,709 |
| Total | 2,084,349 | 2,003,827 | 90,436 | 9,235,709 |

17.14 Profit share distribution rate in the current period

None [December 31, 2011: None].

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Notes to financial statements as of December 31, 2012 (continued)

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17. Insurance reserves and reinsurance assets (continued)

17.15 Amounts from insurance contracts in the financial statements

| | December 31, 2012 | December 31, 2011 |
|---------------------------------|-------------------|-------------------|
| Gross technical reserves | | |
| Unearned premium reserve | 7,361,844 | 4,724,591 |
| Outstanding claim reserve | 4,011,577 | 1,491,193 |
| Equalization reserve | 1,375,474 | 731,263 |
| Life mathematical reserves | 30,610,450 | 22,615,134 |
| Total | 43,359,345 | 29,562,181 |
| Ceded technical reserves | | |
| Unearned premium reserve | 731,055 | 399,235 |
| Outstanding claim reserve | 28,342 | 31,791 |
| Equalization reserve | 36,028 | 65,038 |
| Life mathematical reserves | | |
| Total | 795,425 | 496,064 |
| Net technical reserves | | |
| Unearned premium reserve | 6,630,789 | 4,325,356 |
| Outstanding claim reserve | 3,983,235 | 1,459,402 |
| Equalization reserve | 1,375,474 | 731,263 |
| Life mathematical reserves | 30,574,422 | 22,550,096 |
| Total | 42,563,920 | 29,066,117 |

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Notes to financial statements

as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets (continued)

The movement of outstanding claim reserves (except for exit and maturity payments) is given below:

| | December 31, 2012 | | | December 31, 2011 | | |
|-----------------------------------|-------------------|-----------------|------------------|-------------------|-----------------|------------------|
| | Gross | Ceded | Net | Gross | Ceded | Net |
| January 1 | 1,491,193 | (31,791) | 1,459,402 | 578,620 | (13,555) | 565,065 |
| Claims paid (*) | (6,664,702) | 413,625 | (6,251,077) | (2,795,538) | 3,380 | (2,792,158) |
| Increase/(Decrease) | | | | | | |
| - Current year outstanding claims | 6,398,934 | (402,115) | 5,996,819 | 2,786,152 | (8,061) | 2,778,091 |
| - Prior years outstanding claims | 2,786,152 | (8,061) | 2,778,091 | 921,959 | (13,555) | 908,404 |
| December 31 | 4,011,577 | (28,342) | 3,983,235 | 1,491,193 | (31,791) | 1,459,402 |
| Reported damage | 3,215,697 | (26,365) | 3,189,332 | 781,444 | (2,964) | 778,480 |
| Actualized but not reported | 795,880 | (1,977) | 793,903 | 709,749 | (28,827) | 680,922 |
| Total | 4,011,577 | (28,342) | 3,983,235 | 1,491,193 | (31,791) | 1,459,402 |

(*) Claims paid includes claim amount and unit for death coverages during the period.

Equalization reserve movement table:

| Equalization reserve | December 31, 2012 | | | December 31, 2011 | | |
|----------------------|-------------------|----------|------------------|-------------------|----------|----------------|
| | Gross | Ceded | Net | Gross | Ceded | Net |
| January 1 | 731,263 | - | 731,263 | 275,283 | (41,522) | 233,761 |
| Net change | 644,211 | - | 644,211 | 455,980 | 41,522 | 497,502 |
| December 31 | 1,375,474 | - | 1,375,474 | 731,263 | - | 731,263 |

Unearned premium reserve movement table:

| Unearned premium reserve movement table | December 31, 2012 | | | December 31, 2011 | | |
|---|-------------------|------------------|------------------|-------------------|------------------|------------------|
| | Gross | Ceded | Net | Gross | Ceded | Net |
| January 1 | 4,724,591 | (399,235) | 4,325,356 | 1,479,704 | (52,597) | 1,427,107 |
| Increase (decrease) | | | | | | |
| - Current year unearned premium reserve | 7,361,844 | (731,055) | 6,630,789 | 4,724,591 | (399,235) | 4,325,356 |
| - Prior years unearned premium reserve | (4,724,591) | 399,235 | (4,325,356) | (1,479,704) | 52,597 | (1,427,107) |
| Net change | 2,637,253 | (331,820) | 2,305,433 | 3,244,887 | (346,638) | 2,898,249 |
| December 31 | 7,361,844 | (731,055) | 6,630,789 | 4,724,591 | (399,235) | 4,325,356 |

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Notes to financial statements as of December 31, 2012 (continued)

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

17. Insurance reserves and reinsurance assets (continued)

The Company's claim development table is as follows:

| Accident year | 2010 | 2011 | 2012 | Total |
|--|--------|---------|-----------|------------------|
| Ultimate loss estimate | | | | |
| In the year of the accident | 18,268 | 195,665 | 1,814,839 | 2,028,772 |
| 1 year later | - | 15,464 | 1,036,271 | 1,051,735 |
| 2 years later | - | - | 135,190 | 135,190 |
| 3 years later | - | - | - | - |
| 4 years later | - | - | - | - |
| 5 years later | - | - | - | - |
| 6 years later | - | - | - | - |
| 7 years later | - | - | - | - |
| Outstanding claims per development table | | | | 3,215,697 |
| IBNR | | | | 795,880 |
| Total outstanding claim reserve as of December 31, 2012 | | | | 4,011,577 |

The Company's claim development table is as follows:

| Accident year | 2010 | 2011 | Total |
|--|--------|---------|------------------|
| Ultimate loss estimate | | | |
| In the year of the accident | 18,268 | 629,505 | 647,773 |
| 1 year later | - | 133,671 | 133,671 |
| 2 years later | - | - | - |
| 3 years later | - | - | - |
| 4 years later | - | - | - |
| 5 years later | - | - | - |
| 6 years later | - | - | - |
| 7 years later | - | - | - |
| Outstanding claims per development table | | | 781,444 |
| IBNR | | | 709,749 |
| Total outstanding claim reserve as of December 31, 2011 | | | 1,491,193 |

18. Investment contract liabilities

None [December 31, 2011: None].

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

19. Trade and other payables, deferred income

19.1 Sub-classifications of presented items in line with the Company's operations

| | December 31, 2012 | December 31, 2011 |
|---|----------------------|--------------------|
| | TL | TL |
| Payables due to pension operations – short term | 26,662,304 | 17,978,663 |
| Payables due to pension operations – long term | 1,092,349,597 | 778,361,051 |
| Other payables – short term | 1,305,997 | 461,452 |
| Deferred income | 24,104 | 30,309 |
| Deposits and guarantees taken | 267,713 | 167,115 |
| | 1,120,609,715 | 796,998,590 |

19.2 Related parties

Transactions and balances with related parties are presented in note 12.2.

20. Borrowings

None [December 31, 2011 – None].

21. Deferred tax

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

The rate used in the calculation of deferred tax assets and liabilities is 20%

| Deferred tax assets/(liabilities) : | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| Depreciation / amortization life differences of tangible and intangible assets | (391,326) | (264,467) |
| Provision for employment termination benefits | 80,250 | 47,596 |
| Unused vacation pay liability | 124,790 | 124,428 |
| Doubtful receivable provision | 72,674 | 73,861 |
| Equalization reserve | 275,095 | 146,253 |
| Expense accruals | 1,357,312 | 857,713 |
| Other | 5,947 | 4,221 |
| | 1,524,742 | 989,605 |

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

21. Deferred tax [continued]

The Company has TL 26,482,186 carry forward tax losses which can be offset from taxable income in the following years. The Company has not accounted for deferred tax asset for these losses in the financial statements as of December 31, 2012.

| Expiration | December 31, 2012 | December 31, 2011 |
|------------|-------------------|-------------------|
| 2011 | - | 4,035,149 |
| 2016 | 6,319,865 | 5,291,983 |
| 2017 | 20,162,321 | - |
| | 26,482,186 | 9,327,132 |

The movement of deferred tax asset as of December 31, 2012 and December 31, 2011 is stated below:

| Movement of deferred tax asset / [liability]: | December 31, 2012 | December 31, 2011 |
|---|-------------------|-------------------|
| Opening balance | 989,605 | 384,001 |
| Charged to income statement | 534,296 | 605,829 |
| Charged to equity | 841 | [225] |
| Closing balance | 1,524,742 | 989,605 |

22. Provision for employment termination benefits (Retirement pay liability)

In accordance with existing social legislation the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to the retirement or for reasons other than resignation or misconduct, such as military obligation or death.

Retirement pay provision is not subject to any funding by law. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated assuming an annual inflation rate of 5.1% and a discount rate of 10%, resulting in a real discount rate of approximately 3.35% [December 31, 2011: 4,66%]

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Notes to financial statements as of December 31, 2012 [continued]

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22. Provision for employment termination benefits (Retirement pay liability) (continued)

Such payments are calculated on the basis of 30 days' pay and limited to a maximum historical TL 3,034 as of December 31, 2012 [December 31, 2010: TL 2,732].

| | January 1- December 31, 2012 | January 1- December 31, 2011 |
|--|---------------------------------|---------------------------------|
| Provision at January 1 | 237,982 | 182,252 |
| Service cost [actuarial (gains) / losses included] | 242,814 | 89,235 |
| Interest cost | 14,088 | 10,789 |
| Retirement pay paid | [93,635] | [44,294] |
| Provision | 401,249 | 237,982 |

23. Other liabilities and expense accruals

| | December 31, 2012 | December 31, 2011 |
|-----------------------------|-------------------|-------------------|
| Unused vacation pay accrual | 623,948 | 622,138 |
| Provision for lawsuits | 1,002,264 | 1,053,639 |
| Bonus accrual | 2,828,500 | 1,047,619 |
| Other provisions (*) | 2,988,786 | 2,187,775 |
| Total | 7,443,498 | 4,911,171 |

(*) At December 31, 2012, TL 420,798 of other provisions comprises of bonus provisions, TL 315,424 comprises of information processing expenses and the remaining TL 2,252,654 comprises of marketing and sales campaigns [At December 31, 2011, TL 700,000 of other provisions is profit commission provisions, TL 547,073 is sale campaign provisions, TL 500,000 is penalty provisions resulting from reinsurance agreement, TL 439,264 is bonus provisions and TL 1,438 is other provisions].

Unused vacation pay liability movement is disclosed below:

| | January 1- December 31, 2012 | January 1- December 31, 2011 |
|------------------------------------|---------------------------------|---------------------------------|
| As of January 1 | 622,138 | 508,884 |
| Charge for the current period, net | 1,810 | 113,254 |
| Liability as of December 31 | 623,948 | 622,138 |

Total of commitments and contingent liabilities:

| | December 31, 2011 | December 31, 2010 |
|----------------------------------|-------------------|-------------------|
| Guarantees given | 586,090 | 413,890 |
| Letters of guarantees | | |
| Insurance coverages [net] | | |
| Life | 7,592,677,490 | 5,009,854,260 |
| Personal accident | 2,607,796,749 | 2,923,726,164 |
| | 10,201,060,329 | 7,933,994,314 |

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

24. Net written premium

| December 31, 2012 | Gross | Ceded | Net |
|-------------------|------------|-------------|------------|
| Life | 48,193,513 | [367,098] | 47,826,415 |
| Personal accident | 5,309,498 | [1,157,071] | 4,152,427 |
| | 53,503,011 | [1,524,169] | 51,978,842 |
| December 31, 2011 | Gross | Ceded | Net |
| Life | 37,477,219 | [764,175] | 36,713,044 |
| Personal accident | 2,525,218 | [680,287] | 1,844,931 |
| | 40,002,437 | [1,444,462] | 38,557,975 |

25. Subscription fee

| Service income/[expense] | January 1- December 31, 2012 | January 1- December 31, 2011 |
|---------------------------------|---------------------------------|---------------------------------|
| Entrance fee when participating | 2,976,975 | 2,032,720 |
| Entrance fee when leaving | 1,458,387 | 1,486,200 |
| Total | 4,435,362 | 3,518,920 |

26. Investment income

| | January 1- December 31, 2012 | January 1- December 31, 2011 |
|--|---------------------------------|---------------------------------|
| Interest on time deposits | 5,569,069 | 2,814,404 |
| Income from liquidation of financial investments | 1,287,117 | 321,941 |
| Valuation of financial investments | [1,091,561] | 360,304 |
| Total | 5,764,625 | 3,496,649 |

27. Net income accrual on financial assets

The Company has TL 210,305 interest accrual on deposits [December 31, 2011 - TL 330,149] and TL [1,091,561] interest accrual on available for sale financial assets [December 31, 2011 - TL 360,304] as of December 31, 2012.

28. Assets held at fair value through profit and loss

None [31 December, 2011: None]

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Notes to financial statements as of December 31, 2012 [continued]

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29. Insurance rights and claims

Insurance rights and claims are presented in note 17 [December 31, None].

30. Investment agreement rights

None. [31 December, 2011: None]

31. Essential other expenses

| | January 1- December 31, 2012 | January 1- December 31, 2011 |
|---|---------------------------------|---------------------------------|
| Underwriting expenses classified under technical expenses | | |
| Life | 36,636,330 | 20,649,879 |
| Pensions | 49,693,683 | 32,418,224 |
| Personal accident | 2,627,007 | 1,198,742 |
| Total | 88,957,020 | 54,266,845 |

32. Underwriting expenses

| | January 1- December 31, 2012 | January 1- December 31, 2011z |
|--|---------------------------------|----------------------------------|
| Personnel wages and other benefits | 16,709,232 | 11,504,029 |
| General administrative expenses | 7,545,647 | 5,512,603 |
| Commission expenses, net | 46,096,527 | 24,821,355 |
| Marketing, sales and distribution expenses | 8,373,371 | 6,721,098 |
| Social benefit expenses | 3,434,867 | 1,786,877 |
| Rent expenses | 2,484,985 | 1,252,274 |
| Outsourcing services | 3,645,442 | 2,114,285 |
| Communication expenses | 666,949 | 554,324 |
| Total | 88,957,020 | 54,266,845 |

33. Personnel wages and other benefits

| | January 1- December 31, 2012 | January 1- December 31, 2011 |
|---|---------------------------------|---------------------------------|
| Wages paid to personnel | 11,200,266 | 7,830,808 |
| Wages and other related benefits paid to executive management | 3,279,999 | 2,452,097 |
| Retirement payments | 93,635 | 44,294 |
| Legal obligations | 2,135,332 | 1,176,830 |
| Total | 16,709,232 | 11,504,029 |

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35. Income tax (continued)

Inflation adjusted legal tax calculation

For 2003 and prior years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. The Company has adjusted its statutory financial statements as of December 31, 2004 in accordance with Law No. 5024 published in the Official Gazette No. 25332 on December 30, 2003 which requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds.

Principles of inflation accounting in tax legislation do not differ substantially from the principles in TAS 29. Since the inflation has met certain thresholds for the year 2004, the Company has made inflation adjustments in accordance with Law No. 5024 and inflation adjusted balances as at December 31, 2004 were taken as opening balances as of January 1, 2005. However, as inflation did not meet the required criteria announced in the law starting from January 1, 2005, no further inflation adjustment made to the Company's statutory financial statements.

Reconciliation of tax for the period is below:

| | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| Tax reconciliation: | | |
| Profit/(loss) before tax | (28,541,615) | (8,217,742) |
| Calculated tax: 20% | 5,708,323 | 1,643,548 |
| Impact of disallowable expense | (142,509) | (24,410) |
| Impact of other permanent differences and net impact of unrecognized deferred tax assets | (5,031,518) | (1,013,309) |
| Deferred tax expense | 534,296 | 605,829 |

36. Net foreign exchange gain and losses

| | December 31, 2012 | December 31, 2011 |
|-----------------------------------|-------------------|-------------------|
| Foreign exchange gain | 55,666 | 97,435 |
| Arising from current transactions | 54,097 | 8,715 |
| Arising from deposit transactions | 1,569 | 88,720 |
| Foreign exchange loss | (85,484) | (61,712) |
| Arising from current transactions | (39,269) | (866) |
| Arising from deposit transactions | (46,215) | (60,846) |
| | (29,818) | 35,723 |

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Notes to financial statements as of December 31, 2012 [continued]

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37. Earnings per share

The Companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share according to TAS 33 "Earnings Per Share". Because the Company's shares are not publicly traded, earnings per share is not disclosed in the accompanying financial statements [31 December, 2011: None].

38. Dividends per share

None [December 31, 2010 – None].

39. Cash generated from the operations

Statement of cash flow is presented with the financial statements. The Company's net cash flows from operating activities and investing activities, amount to TL [18,512,399] and TL 474,651, respectively. The net cash flow from financing activities is TL 58,000,000. [As December 31, 2011, the Company's net cash flows from operating activities, investing activities, and financing activities amount to TL 6,458,398 and [TL 2,523,187], respectively].

40. Bonds convertible to equity shares

None [31 December, 2011: None].

41. Preferred equity shares convertible to cash

None [31 December, 2011: None].

42. Risks

Information on the contingent liabilities and assets are disclosed in notes 2.20 and 23; insurance and financial risks are disclosed in note 4.

43. Commitments

Information on commitments is presented in note 23.

44. Business combinations

None [31 December, 2011: None].

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Notes to financial statements as of December 31, 2012 [continued]

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45. Related parties

Due from and due to related parties are disclosed in note 12.2.

The details of due to/due from balances and transactions related parties are disclosed below:

| | December 31, 2012 | December 31, 2011 |
|--|-------------------|-------------------|
| Receivables from related parties | | |
| ING Bank A.Ş. | 87,820 | 401,066 |
| ING Continental Europe Holdings B.V. | 20,650 | - |
| Receivables from joint ventures | | |
| EMK Sigorta Aracılık Hizmetleri A.Ş. | 249,047 | - |
| Lira Sigorta Aracılık Hizmetleri A.Ş. | 58,244 | - |
| Trias Sigorta Aracılık Hizmetleri A.Ş. | 125,000 | - |
| Payables to related parties | | |
| ING Bank A.Ş. | 4,595,984 | 666,144 |
| ING Portföy Yönetimi A.Ş. | 399,795 | 396,926 |
| ING Continental Europe Holdings B.V. | 327,200 | - |
| ING Bank N.V. | 9,096 | 1,115,786 |
| Personele borçlar | 36,671 | 204,236 |
| Payables to joint ventures | | |
| PNG Sigorta Aracılık Hizmetleri A.Ş. | 65,533 | - |
| Leo Sigorta Aracılık Hizmetleri A.Ş. | 53,448 | - |
| Extra Sigorta Aracılık Hizmetleri A.Ş. | 30,511 | - |
| Service purchases from related parties | | |
| ING Portföy Yönetimi A.Ş. | 4,496,813 | 4,310,928 |
| ING Continental Europe Holdings B.V. | 2,881,923 | 1,602,474 |
| ING Bank N.V. | 310,799 | 160,193 |
| Rent expenses to related parties | | |
| ING Bank A.Ş. | 5,638 | 17,002 |
| Commission expenses to related parties | | |
| ING Bank A.Ş. | 27,132,946 | 15,556,415 |
| Interest income from related parties | | |
| ING Bank A.Ş. | 91,153 | 192,795 |
| Bank deposits from related parties | | |
| ING Bank A.Ş. | 9,368,364 | 7,238,335 |
| Financial investment from related parties | | |
| ING Bank A.Ş. | 1,073,505 | 966,840 |

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Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

45. Related parties [continued]

Amount of benefits provided to executive management of the Company in the current period is as follows:

| | January 1 – December 31, 2012 | January 1 – December 31, 2011 |
|---------------------|----------------------------------|----------------------------------|
| Short-term benefits | 3,279,999 | 2,452,097 |
| | 3,279,999 | 2,452,097 |

The Company has not accounted any provision for doubtful receivables from shareholders, associates or other related parties.

The list of subsidiaries and partnerships which have an indirect capital and management relationship with the Company, the names of partnerships in the partnerships and subsidiaries account and their sharing rates and amounts; subject subsidiaries' profit or loss in the financial year in the most recent financial statement; net profit and loss and the financial year which these statements belong to; whether it was prepared in compliance with our institution's standards; whether it has been subject to independent audit and whether independent audit report is prepared as positive, negative or conditional:

Financial Non-Current Asset

| | | | | | | | | December 31 2012 | | |
|--|-----|----------------|----------------|-------------|-------------|-----------------|-----------|-----------------------|--|--|
| | [%] | Cost | Book Value | Report Term | Total Asset | Total Liability | Net Sale | | | |
| EMK Sigorta Aracılık Hizmetleri A.Ş. | 50 | 50,000 | 50,000 | 31.12.2012 | 32,257 | 247,764 | 2,661,121 | | | |
| Lira Sigorta Aracılık Hizmetleri A.Ş. | 50 | 50,000 | 50,000 | 31.12.2012 | 97,123 | 107,974 | 409,688 | | | |
| Trias Sigorta Aracılık Hizmetleri A.Ş. | 50 | 50,000 | 50,000 | 31.12.2012 | 186,679 | 128,111 | - | | | |
| PNG Sigorta Aracılık Hizmetleri A.Ş. | | 50,000 | 50,000 | 31.12.2012 | 97,004 | 90,115 | 214,840 | | | |
| Leo Sigorta Aracılık Hizmetleri A.Ş. | 50 | 50,000 | 50,000 | 31.12.2012 | 57,768 | 151,689 | 65,988 | | | |
| Extra Sigorta Aracılık Hizmetleri A.Ş. | 50 | 50,000 | 50,000 | 31.12.2012 | 173,054 | 62,576 | 308,779 | | | |
| | | 300,000 | 300,000 | | | | | | | |
| | | | | | | | | December 31 2011 | | |
| | [%] | Cost | Book Value | Report Term | Total Asset | Total Liability | Net Sale | Net Profit/ [Loss] | | |
| EMK Sigorta Aracılık Hizmetleri A.Ş. | 50 | 50,000 | 50,000 | 31.12.2011 | 212,553 | 135,857 | 375,302 | 16,696 | | |
| | | 50,000 | 50,000 | | | | | | | |

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira (TL) unless otherwise stated]

46. Subsequent events

As of December 31, 2012 the Company's financial statements have been approved by Board of Directors resolution numbered 5 on March 11, 2013.

The new "Individual Retirement System Regulation" became effective as of January 1, 2013 after being published in the official gazette by the Prime Ministry Undersecretariat of Treasury of the Turkish Republic on November 9, 2012. In accordance with the decree of the Board of Directors dated January 17, 2013 and numbered 2, for capital optimization, the Company decided to indemnify its losses pertaining to the prior period by capital decrease.

The Company has decided to indemnify its loss in previous years by capital decrease. The Company applied to the Directorate-General of the Turkish Ministry of Customs and Trade on February 13, 2013 for the approval of the subject capital decrease permission. Legal procedures continue as of the reporting date.

47. Other

47.1 Items and amounts classified under the "other" category in the financial statements which either exceed 20 % of the total amount of the group to which they relate or 5 % of the total assets in the balance sheet

| Other receivables | December 31, 2012 | December 31, 2011 |
|---------------------------------|-------------------|-------------------|
| Deposits and guarantees given | 72,846 | 25,988 |
| Other miscellaneous receivables | 14,345 | - |
| | 87,191 | 25,988 |

| Other payables | December 31, 2012 | December 31, 2011 |
|-----------------------|-------------------|-------------------|
| Payables to suppliers | 1,305,997 | 461,452 |
| | 1,305,997 | 461,452 |

47.2 Total amount of due to/from personnel items classified under "Other Receivables" and "Other Short and Long Term Payables" exceeding one percent of total assets in the balance sheet

None [December 31, 2011 – None].

47.3 Subrogation receivables followed under the off-balance sheet accounts

None [December 31, 2011 – None].

47.4 Disclosures in relation to amounts and resources of income, expenses, and losses related to the prior periods

None [December 31, 2011 – None].

47.5 Other notes to be disclosed

Prepaid expenses

| | January 1,- December 31, 2012 | January 1, - December 31, 2011 |
|----------------------------|----------------------------------|-----------------------------------|
| Deferred acquisition costs | 2,917,301 | 1,753,767 |
| Other prepaid expenses | 652,797 | 437,914 |
| Total | 3,570,098 | 2,191,681 |

[Convenience translation of a report and financial statements originally issued in Turkish]

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2012 [continued]

[Amounts expressed in – Turkish Lira [TL] unless otherwise stated]

47. Other [continued]

Rediscount and provision expenses for the period

| | January 1,- December 31, 2012 | January 1, - December 31, 2011 |
|------------------------------------|----------------------------------|-----------------------------------|
| Retirement pay liability | 163,267 | 55,730 |
| Provision for doubtful receivables | (5,937) | 10,398 |
| Provision for legal cases | (51,375) | 169,000 |
| Unused vacation pay liability | 1,810 | 113,254 |
| Bonus accrual | 2,828,500 | 1,047,619 |
| Unearned premium reserve | 2,305,433 | 2,898,249 |
| Outstanding claim reserve | 2,523,833 | 894,337 |
| Life mathematical reserves | 8,024,326 | 12,114,390 |
| Equalization reserves | 644,211 | 497,502 |
| Others | 1,620,051 | 841,737 |
| Total | 18,054,119 | 18,642,216 |

Other income and revenue

| | December 31, 2012 | December 31, 2011 |
|-------------------------------|-------------------|-------------------|
| Cancellation of provision (*) | 500,000 | - |
| Other | 68,545 | 1,508 |
| Total | 568,545 | 1,508 |

(*) Cancellation of penalty provision which is made provision of reinsurance agreement as of December 31, 2011.

Other expense and losses

| | December 31, 2012 | December 31, 2011 |
|-----------------------|-------------------|-------------------|
| Scrap fixed asset (*) | (622,149) | (45,963) |
| Other | (90,397) | (76,085) |
| Total | (712,546) | (122,048) |

(*) As of December 31, 2012 the amount consist of software cost which is recognised as an expense after system modification.

Other Short Term liabilities

| | December 31, 2012 | December 31, 2011 |
|---|-------------------|-------------------|
| Transfer to the settlement and custody bank | 587,328 | 54,275 |
| Other | 46,135 | (2,588) |
| Total | 633,463 | 51,687 |

47.6 Profit distribution table

Since the Company has generated loss as of December 31, 2012 and 2011, profit distribution is not performed.

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