



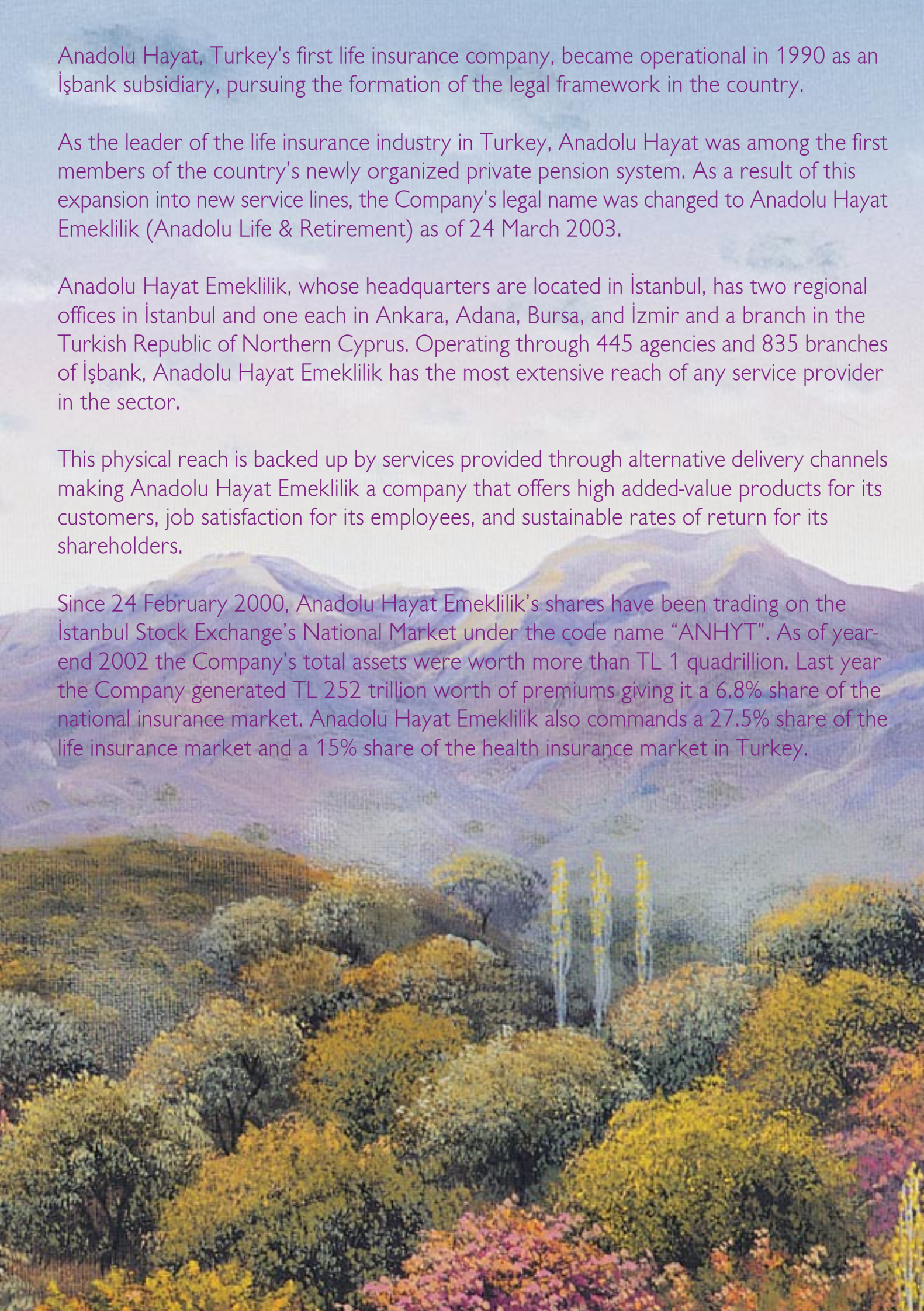
**ANADOLU HAYAT
EMEKLİLİK**



The first The leader Trusted and preferred

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Anadolu Hayat, Turkey's first life insurance company, became operational in 1990 as an İşbank subsidiary, pursuing the formation of the legal framework in the country.

As the leader of the life insurance industry in Turkey, Anadolu Hayat was among the first members of the country's newly organized private pension system. As a result of this expansion into new service lines, the Company's legal name was changed to Anadolu Hayat Emeklilik (Anadolu Life & Retirement) as of 24 March 2003.

Anadolu Hayat Emeklilik, whose headquarters are located in İstanbul, has two regional offices in İstanbul and one each in Ankara, Adana, Bursa, and İzmir and a branch in the Turkish Republic of Northern Cyprus. Operating through 445 agencies and 835 branches of İşbank, Anadolu Hayat Emeklilik has the most extensive reach of any service provider in the sector.

This physical reach is backed up by services provided through alternative delivery channels making Anadolu Hayat Emeklilik a company that offers high added-value products for its customers, job satisfaction for its employees, and sustainable rates of return for its shareholders.

Since 24 February 2000, Anadolu Hayat Emeklilik's shares have been trading on the İstanbul Stock Exchange's National Market under the code name "ANHYT". As of year-end 2002 the Company's total assets were worth more than TL 1 quadrillion. Last year the Company generated TL 252 trillion worth of premiums giving it a 6.8% share of the national insurance market. Anadolu Hayat Emeklilik also commands a 27.5% share of the life insurance market and a 15% share of the health insurance market in Turkey.

Corporate and

Financial highlights

	2002 TL billion	2002 USD thousand	2001 TL billion	2001 USD thousand
Total premium production*	251,690	167,143	146,873	119,856
Life	188,519	125,192	110,768	90,392
Health	63,171	41,951	36,105	29,464
Total technical profit*	46,263	30,722	33,363	27,226
Life	37,487	24,894	29,197	23,826
Health	8,776	5,828	4,166	3,400
Total assets	1,015,265	621,147	749,313	520,513
Paid-in capital	65,000	39,767	35,000	24,313
Shareholders' equity	84,438	51,660	49,961	34,706
Financial income*	40,585	26,952	27,494	22,437
Profit before tax*	57,070	37,899	37,565	30,655
USD/TL (year end)		1,634,501		1,439,567
* USD/TL (average)		1,505,839		1,225,412

Selected ratios

	2002	2001
Technical profit/Premium production	18.38%	22.72%
Profit before tax/Total assets	5.62%	5.01%
Profit before tax/Shareholders' equity	67.59%	75.19%
Premium production/Total assets	24.79%	19.60%
Shareholders' equity/Total assets	8.32%	6.67%

competitive advantages

Our strategy

Anadolu Hayat Emeklilik's corporate strategy rests on four basic elements:

- Recognizing its responsibilities as a market leader, contribute to stable growth in the life and health insurance industries by ensuring product diversity capable of satisfying customers' needs and demands.
- Increase market share by combining its success in offering innovative products and creating value with an extensive service network.
- As part of the private pension system, provide customers with financial security and enable them to save up for their retirement by taking advantage of its experience and effectiveness in the industry to achieve superior performance in the management of pension funds.
- Maintain a level of profitability that is sustainable and above the market average.

Our mission

To develop and inculcate in people an awareness of the need to safeguard their own futures and the futures of their loved ones. To offer financial solutions that eliminates people's doubts about the future and enhances the quality of their lives. To contribute to the development of the national economy by creating long-term financial resources.

Our vision

To be the leading company in Turkey in all aspects of financial planning concerning the future of Turkey and the Turkish people.



**ANADOLU HAYAT
EMEKLİLİK**

Our control of nearly a third of our country's life insurance industry is further evidence that we are the most preferred life insurance company in Turkey.



General Manager's message

Distinguished shareholders, customers, agents, and colleagues,

In the face of global and national trends...

We are in the midst of an economic climate in which most companies find it necessary to make a huge effort to compete, to adapt to new market conditions, and even to survive. This is the reality which confronts not just our own country but which has become a distinguishing characteristic of the global economy as well.

For Turkey, the 2000s began as a period of prolonged economic crisis. Besides economic stagnation, the two major problems faced by society as a whole today are unemployment and declining standards of living.

...our Company continues to be a model that others follow.

In such a business environment, our sound foundations and experience are what make it possible for us to be a company that is financially strong, profitable, preferred, and a market leader.

The level of production that we have achieved and the total assets that we command are what make it possible for us to further strengthen our market position. Our control of nearly a third of our country's life insurance industry is further evidence that we are the most preferred life insurance company in Turkey.

As we emerge from economic crisis...

The Turkish economy embarked upon 2003 with a positive outlook as it busied itself with constructing the foundations for long-term and sustainable growth. The importance of rebuilding Turkey in nearly every aspect is now understood by all segments of society and the economy.

...the launching of a private pension system signals an important new undertaking.

The establishment of a private pension system represents an important step being taken in our country as part of such a process. Lawmakers have defined the system's legal framework. Eleven companies, of which we are one, have assumed the historically important responsibility of being involved in setting up the private pension system that is so vitally important for the future of our country's people.

The private pension companies that will be shouldering duties of the utmost importance alongside the state social security system, which has become such a great burden on the national economy at the macro level because its own actuarial balances have gone awry, are themselves likely to become the backbone of the financial services industry in the medium term.

The management of pension funds entails a long-term relationship with account-holders, a relationship that necessarily must be sustained for many years. This truth coincides with our Company's principle of building long-term business relationships with our customers.

Anadolu Hayat Emeklilik...

In the wake of our application in 2002 and our receipt of the licenses required by law, we have changed our Company's legal name to better reflect the new line of business that we are venturing into: Anadolu Hayat Emeklilik–Anadolu Life & Retirement. This new name not only emphasizes the two areas of business that will have equal importance for us but also signifies our twelve years of experience; the strong and synergetic relationship that we have achieved with our principal stockholder, İşbank; our perfectionist service policy; and our competence in reaching the customer.

...is ready to serve customers in both pension and life insurance products.

We are Turkey's leading life insurance company. The excitement of being the first company in our country specializing in life insurance is now being re-experienced on a different plane in 2003 as one of Turkey's first private pension companies.

Each and every Anadolu Hayat Emeklilik employee is dedicated to their work as a team-member and this dedication inspires them to create more value and generate more returns for shareholders year after year. By further increasing our strength, these new activities in the business of private pensions will enable us to continue on the same course.

A long-term point of view is essential...

Private pensions are a business that holds out the prospects of long-term growth and development as much for our industry and the national economy as it does for our Company but this is a business that requires a special sense of responsibility. Besides eliminating a great weakness in our country's social security system, private pension funds will make important contributions to economic development on many different levels such as keeping the financial sector supplied with long-term resources and encouraging stable growth in capital markets.

Given the economic conditions in Turkey, we expect that the pool of available funds will reach two and a half billion dollars within the first five years. The voluntary nature of the private pension system as stipulated by law and a comparatively low per capita GNP in our country are two serious handicaps that must be dealt with in order for the system to become established and for pension products to be sold.

In addition to the corporate responsibility incumbent upon us in setting up the private pension system that we believe will eventually account for a significant share of the financial services industry's activities, we also have a heavy social responsibility as well. Our lengthy experience, our solid market reputation, and our sound relationships with customers are the points on which rest our ambitions in the business of private pensions as well.

The management of pension funds entails a long-term relationship with account-holders, a relationship that necessarily must be sustained for many years. This truth coincides with our Company's principle of building long-term business relationships with our customers.

In the course of transforming itself into a private pension company, Anadolu Hayat Emeklilik's technological infrastructure was overhauled, its human resources were retrained, and its delivery channels and sales team were reorganized to ensure that the Company's existing competitive advantages would carry over perfectly into this new area.

Our financial results in 2002...

In 2002, Anadolu Hayat Emeklilik successfully defended its position as the leading life insurer in Turkey, generating TL 188.5 trillion in premiums that increased the Company's market share to 27.5%. The 70% year-on rise in premium production was more than 40.3 points higher than the posted rate of consumer price index (29.7%) in 2002.

Sales of products introduced to the market in 2001 continued to rise in 2002. There was a year-on increase of 600% in the premiums of new life policies sold.

...reveal our commitment to securing long-term returns.

As Turkey's leading insurance company, Anadolu Hayat Emeklilik strives to create a better future for everyone. That objective is just as valid in the context of the new private pension system. With the support and confidence of our shareholders, our employees, our agents, and our customers, we will all together build "a better future".

In closing, I extend my thanks to our customers, our parent company İşbank, our agents, and our employees for their contributions towards the results that make 2002 a year that will be remembered as a brilliant and successful one in our corporate history.

Best regards,



Mustafa Su
General Manager

The launching of
the private
pension system
signals an
important new
undertaking.

A look at the economy and industry in 2002

The success of the ambitious stabilization program that was announced at the beginning of 2002 in the aftermath of the economic crisis into which Turkey had fallen was contingent upon a number of radical measures being taken.

- The program called for reducing the country's chronic high inflation to single-digit figures over a three-year period. That goal, which seemed quite unrealistic in January 2002 given the conditions prevailing at the time, was largely achieved by the end of the year thanks to general budgetary discipline, to the importance given to reforming the banking system, to ongoing economic reforms, and to the introduction of floating exchange rates. The indicators show that the results achieved in 2002 were better than what had been foreseen in the year's budget. The principal reasons for this performance were the reduction in domestic demand, depressed agricultural prices, and restraint in public sector price hikes, which were kept beneath inflation. The upshot was that the yearly increase in wholesale prices in 2002 was 30.8% while in the case of consumer prices, the rise was 29.7%.
- Thanks to the way the economic program was carried out, the economy experienced no serious problems on the production front. GNP was up 7.8% in real terms as compared with 2001. In year 2002, provisional figures indicate that Turkey's gross national product reached TL 273.5 quadrillion in current prices and TL 116.2 trillion in 1987 prices.
- Industrial output, which declined 8.9% in 2001, increased 9.1% in 2002 and returned to its pre-crisis level. In the case of manufacturing, the rate of growth reached 10.6%, which performance was driven largely by exports. The average capacity utilization rate in manufacturing rose 4.6 points over its 2001 level and stood at 76.2%.
- During the first quarter of 2002, there was an increase in the amount of foreign currency in the financial system due to IMF loans, external borrowing, and favorable developments in foreign trade which resulted in the appreciation of Turkish lira against the US dollar. This rise in the value of the lira led to a rapid decrease in nominal interest rates.
- Having contracted to 20% levels, real interest rates began to move up again in early May, a rise that was spurred by political uncertainties. The real interest rates increased to over 30% in June, by which time nominal interest rates had shot up to 70% levels.
- Parliament's decision in July to call early elections did much to eliminate political uncertainties and nominal interest rates subsided slightly, moving between 60-65%. With the emergence of a single-party government from the general elections, the decline in interest rates continued until the 50% level.
- In terms of both TL and USD, Turkey's capital markets were severely depressed in 2002 and any hopes for their recovery were put off until 2003. In early July one of the country's biggest deposit banks was taken over by the Savings Deposit Insurance Fund and Standard & Poor's changed Turkey's rating from "positive" to "stable". Reacting to these developments the İstanbul Stock Exchange's National-100 index declined to US\$ 0.6. After the new government was voted the index rose to over US\$ 0.8 only to drop again in response to worries over the prospects of war in Iraq.

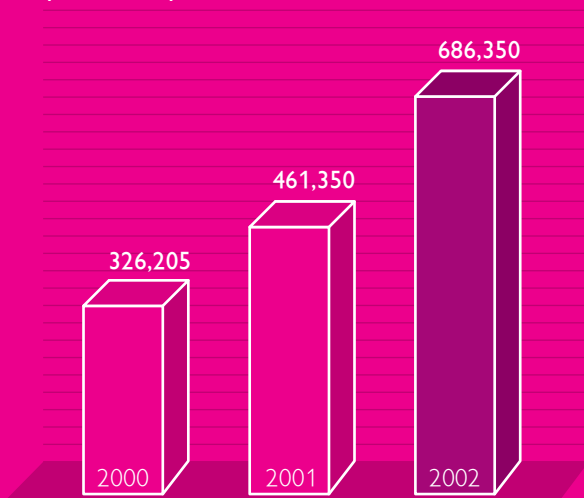
Twenty-one insurance companies were actively selling policies in 2002. TL 686 trillion was generated as premiums on life policies. Premiums on health policies amounted to TL 410 trillion.

- As of year-end 2002, Turkey's foreign debt amounted to USD 131.6 billion, a yearly increase of 15%. 88% of that debt consists of medium and long-term obligations.
- The Turkish Central Bank's foreign currency reserves increased USD 7.9 billion in 2002 and reached the USD 26.3 billion level. In the course of the year, the dollar increased 14% in value against the Turkish lira while the rise in the euro was much more than 34%.
- The country's current accounts balance showed a deficit of USD 1.8 billion in 2002 after having yielded a surplus of USD 3.6 billion the year before. The principal reasons for this reversal appear to have been an increase in the country's foreign trade deficit and a decline in the "Other goods and services income" category.
- Exports were up 12% year-on and weighed in at USD 35.1 billion, thus exceeding the budget target of USD 32 billion set for the year. Turkey's exports in 2002 were again driven principally by textiles and ready-to-wear garments, which again led the way with a 37% share of the total. There were however notable increases in other sectors, particularly in automotives, electrical and electronic goods, and chemicals. Imports in 2002 amounted to USD 50.8 billion in value thus yielding a foreign trade deficit of USD 15.7 billion.

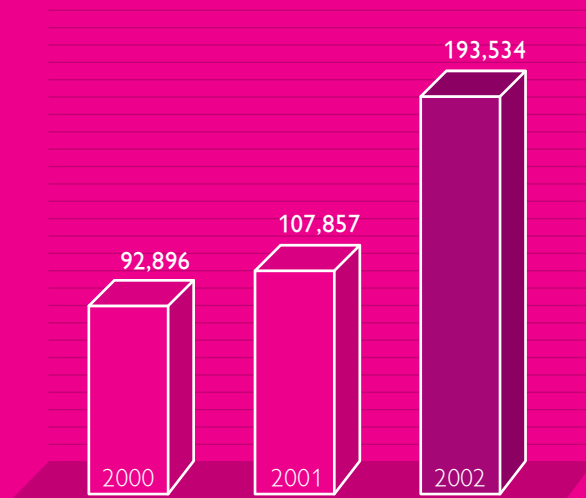
While the Turkish insurance industry continued to suffer from the lingering after-effects of the country's economic crisis in 2002, the launching of a new private pension system signaled an important new undertaking for the sector.

- Twenty-one insurance companies were actively selling policies in 2002. TL 686 trillion was generated as premiums on life policies. Premiums on health policies amounted to TL 410 trillion.

**Life insurance premium production
(TL billion)**



Technical profit (TL billion)



Sources: State Planning Organization, Undersecretariat of Treasury, Central Bank of Turkey, Association of Insurance and Reinsurance Companies of Turkey

Premium production in life insurance

The increase in life insurance premium production experienced in previous years continued in 2002, a year in which such premiums rose 49%. As was the case the previous year, life insurance premiums accounted for an 18.49% share of the sector's revenues, coming in second after the 42.50% share of accident insurance premiums.

(TL billion)	1999	2000	Change	2001	Change	2002	Change
Premium production	177,221	326,205	84%	461,350	41%	686,350	49%

Mathematical and profit sharing provisions in life insurance

Mathematical and profit sharing provisions, which represent the cash value accruing to policyholders, were up 45% year-on in 2002.

(TL billion)	1999	2000	Change	2001	Change	2002	Change
Mathematical and profit sharing provisions	702,611	971,390	38%	1,500,413	54%	2,174,286	45%

Premium production in health insurance

The growth in health insurance premium production also continued in 2002 and was up 52% year-on. On the other hand, the contraction in this branch's technical profit also continued in the face of excessive competition. As of year-end, health insurance premiums made up an 11% share of the industry's revenues.

(TL billion)	1999	2000	Change	2001	Change	2002	Change
Premium production	107,470	188,855	76%	270,383	43%	410,422	52%

Technical profit

Significant gains were achieved in technical profits in both the life and health branches in 2002. The industry's overall technical profit rose 79% and amounted to TL 193.5 trillion.

(TL billion)	2000	2001	Change	2002	Change
Life	69,889	81,027	16%	142,077	75%
Health	23,007	26,830	17%	51,457	92%
Total	92,896	107,857	16%	193,534	79%

- In 2002 the sector paid out a total of TL 533 trillion for claims on life insurance policies.
- For the life insurance industry as a whole, the most important development taking place in 2002 was the setting up of the country's private pension system. Companies that have applied to the Treasury to transform themselves into or to set up private pension companies are expected to become operational in the fall of 2003 after receiving their licenses.

Private pensions in Turkey

- Looked at from a historical perspective, the most serious problems confronting the social security system in Turkey are its actuarial and institutional shortcomings.
- Social security reform is an important issue that has been on the country's agenda for at least a decade. Among the steps being taken to bring this about, the private pension system has been considered to complement existing social security practices.
- The Personal Pension Savings and Investment System Act, which was passed by Parliament on 28 March 2001 and went into effect on 7 October 2001, governs the private pension system being set up in Turkey.
- The private pension system makes it possible for people to improve their level of affluence during their retirement years through additional income while also significantly reducing the burden that the existing social security system imposes on public finances.
- The most crucial elements of the private pension system are its pension funds. From the standpoint of real sector financing, these funds will play key roles as institutional investors in financial markets while also providing long-term resources that can be channeled into investments.
- Pension funds in developed countries today command huge volumes of resources.

Countries	Total funds (USD billion)	Total funds/GDP (%)
Italy	48.1	4
Germany	63.0	3
The Netherlands	383.2	113
UK	1,226.3	85
Japan	811.6	21
USA	5,115.9	75

- On the basis of existing examples and given the economic conditions in Turkey, it is expected that the pool of available funds will reach two and a half billion dollars within the first five years and ten billion dollars by the end of the first decade.

From Anadolu Hayat Sigorta to Anadolu Hayat Emeklilik...

Anadolu Hayat Emeklilik

On 17 January 2003 Anadolu Hayat Sigorta received Treasury permission authorizing to transform into a private pension company.

On 24 March 2003 Anadolu Hayat Sigorta's name was changed to Anadolu Hayat Emeklilik.

The Company expects to begin offering its first private pension products in **October** of the same year.

The decision to venture into the business of private pensions was fully in accord with the Company's mission and vision. The experience gained as Anadolu Hayat in the long-term management of funds is the most important factor ensuring the success of Anadolu Hayat Emeklilik in private pensions.

The Company has a number of crucial competitive advantages in the form of an extensive delivery network, strong performance in investment management, high-quality human resources and service capacity, a broad range of products, and the credibility enjoyed by the capital group of which it is a member.

Anadolu Hayat Emeklilik's goal is to be the industry leader in the business of private pensions as well. The Company has set its sights on controlling a 20% share of the market in which competition is expected to be particularly intense.

Anadolu Hayat Emeklilik

Anadolu Hayat Emeklilik provides life and health insurance products and services nationwide through 445 agents, 835 İşbank branches, and its direct marketing team.

A general assessment of activities in 2002

Entering a new line of business...

Anadolu Hayat Emeklilik is justifiably proud as well as excited to be one of the founders of Turkey's private pension system.

Having fulfilled all legal requirements at the conclusion of two years of feasibility studies, preparations, and applications to authorities, the Company has embarked upon the second stage in which it will achieve the physical structure required by the new business of private pensions and also bring into being the products and services that it has designed.

In order to take full advantage of its existing service approach in life insurance in its private pension system as well, Anadolu Hayat Emeklilik has carried out a multidimensional corporate restructuring. Everything from physical infrastructure to human resources and from the agency network to the branches of İşbank has been made ready for the marketing, operations, and management of private pension products along with life and health insurance.

A Private Pension Department has been set up that will be responsible for the conduct of all private pension-related activities in Anadolu Hayat Emeklilik. The Company plans to embark upon the final stage of its entry into the business of private pensions by introducing and marketing private pension system products in October 2003.

The importance of effective marketing and extensive delivery channels

Effective marketing and extensive delivery channels figure among Anadolu Hayat Emeklilik's most important competitive advantages.

As a company with a strong reputation for listening to customers, responding correctly to their needs, and fulfilling its commitments in a timely manner, Anadolu Hayat Emeklilik developed its marketing activities in 2002 and reorganized its marketing and delivery organization to bring it better into line with the demands that private pension products would impose on its sales activities. A direct-selling team has been put together that will be responsible for the sale of private pension products as well as life and health insurance products.



In 2002 Anadolu Hayat Emeklilik succeeded in increasing its life insurance sales by an astonishing 600%.

The great potential represented by İşbank

Anadolu Hayat Emeklilik is a subsidiary of İşbank, a bank whose name and trademark command confidence and respect everywhere in the country. Anadolu Hayat Emeklilik's relationship with its parent is one of its most important corporate pluses.

The scope of that strong cooperation was further expanded in 2002 when insurance representatives who were working in Anadolu Hayat Emeklilik's regional offices and who were in direct contact with İşbank branches successfully carried out activities that will take the cooperation in the areas of marketing and sales to even greater heights.

Within the framework of the effective marketing strategy that it was applying, the Anadolu Hayat Emeklilik marketing team quickly satisfied customers' demands and registered significant increases in policy sales. Anadolu Hayat Emeklilik's services are supported by a superior technological platform that allows team members to connect on-line with the Company from their portable computers and immediately obtain for a customer whatever information may be needed.

Anadolu Hayat Emeklilik is committed to expanding its marketing team as conducted by requirements and to focus even more efforts on synergies with İşbank.

The importance of banks as delivery channels in private pension products

İşbank is a source of great potential for Anadolu Hayat Emeklilik in private pension products and has the ability to be an important delivery channel for them. When similar pension schemes in developed economies are examined, we see that the reach of delivery channels and the dimensions of the potential customer portfolio are two crucial factors that determine the success of pension funds.

835 İşbank branches located all over Turkey are authorized to act as an Anadolu Hayat Emeklilik agent. Geographically speaking, this network is one of the most extensive and effective service channels in Turkey today.

Anadolu Hayat Emeklilik believes that its leadership in the life insurance industry, which is based on a market experience of more than a decade, can also be carried over into the business of private pensions by blending it with the extensive reach of İşbank and the customer base that it represents.

A long-range point of view and private pension funds

A long-range point of view is fundamental to the business of private pensions, which is based on the principle of putting the savings of participants to work in long-term investment vehicles while also paying great attention to balancing risk and return. In that respect, private pensions also impose great responsibilities upon those who manage them.

Anadolu Hayat Emeklilik is ready to take maximum advantage not only of its own business experience but also of the extensive financial skills and experience of the İşbank family when serving its private pension customers. Anadolu Hayat Emeklilik is entering into a close cooperation with İş Portföy Yönetimi, a portfolio-management subsidiary of İşbank, for the management of the pension funds that are the private pension system's essential feature and basic investment vehicles.

Anadolu Hayat Emeklilik's seeks to supply private pension products that satisfy the needs of every type of investor. To achieve this, the Company takes pains to create a rich selection of investment options. Anadolu Hayat Emeklilik's goal is to have a broad range of products diverse enough to satisfy everybody from those who don't know how to put their savings to work on the one hand to astute, sophisticated investors on the other.

Another successful year in life and health insurance

2002 was a successful year from the standpoints of premium production and general performance in the Company's life and health insurance branches. Anadolu Hayat Emeklilik, Turkey's first life insurance company, was again the market leader in 2002, commanding a market share of nearly 30% and achieving a 70% year-on increase in premium production.

In 2002, Anadolu Hayat Emeklilik also succeeded in increasing its life insurance sales by an astonishing 600%. As of year-end 2002, the total number of policies in Anadolu Hayat Emeklilik's portfolio was 628,045.

Using alternative delivery channels

Always seeking to remain at least one step ahead of the competition, Anadolu Hayat Emeklilik makes effective use of the Internet as a delivery channel in addition to its extensive physical reach.

In 2002, Anadolu Hayat Emeklilik launched the e-insurance section of its website at www.anadoluhayatemeklilik.com.tr, a rich source of information for visitors on subjects ranging from insurance to everyday life.

The e-insurance pages offer more than just information about Anadolu Hayat Emeklilik products however. A variety of options are on offer ranging from calculating premiums to applying for insurance policies.

Policy applications made from the e-insurance pages are quickly evaluated by Anadolu Hayat Emeklilik, after which potential customers are personally contacted and policies are sold.

Deep-rooted relationships with agents

Anadolu Hayat Emeklilik has 445 agents, relationships with all of whom are based on the principles of respect, commitment to ethical rules, and mutual productivity. The Company's agents are important elements of its delivery network.

Agents contribute a highly significant share of total premium production. For this reason, ensuring that they see themselves as members of the Company's team and that they represent Anadolu Hayat Emeklilik in the most appropriate way was again an issue to which great importance was given in 2002.

Particular attention is given to regular meetings with agents and to agent training programs as well as to systematically keeping agents informed about product and service packages.

Ten years of effective promotional and marketing activities have been instrumental in raising Anadolu Hayat Emeklilik's brand recognition and reputation to the highest possible level.

Communication: One way to keep one step ahead of the competition

Because competition in the insurance business is so intense, communication is a matter of great importance in two different respects. From the Company's point of view it is essential to ensure that information about its products and services is conveyed accurately to the right audiences and at the right time. From the point of view of potential customers, communication that is clear and respectful as well as accurate in its messages is what shapes their preferences.

Long an advocate of transparent and corporate communication, Anadolu Hayat Emeklilik undertook intensive advertising and promotional campaigns in 2002.

Advertising and promotional activities carried out at the right time and in the right media had a direct impact on the sales performance of existing products. Life policy sales in 2002 were up nearly 600% over those of the previous year. This is just one indication of the effectiveness of the Company's well-defined advertising and promotional activities.

Ten years of effective promotional and marketing activities have been instrumental in raising Anadolu Hayat Emeklilik's brand recognition and reputation to the highest possible level.

Work has begun on the printed and visual media promotional activities aimed at informing targeted market segments about Anadolu Hayat Emeklilik's activities in the new business of private pension products.

Promotional meetings on the subject of private pension systems and products in other countries as well as in Turkey are being targeted at the human resources and finance departments of large companies in İstanbul, İzmir, and Ankara for the purpose of increasing the awareness of target audiences.

Recognizing that corporate communication activities are crucial to one's ability to compete, Anadolu Hayat Emeklilik will continue to carry out its promotional and advertising efforts without letup in order to increase consumer awareness about insurance and private pensions in the market segments that the Company seeks to serve.

An approach that gives priority to people

Anadolu Hayat Emeklilik believes that human resources are the most important factor contributing to a company's success and reputation. From recruitment to career progression, Anadolu Hayat Emeklilik's human resources policy is based on the principles of identifying people who can carry the Company into the future, who can relate to and develop its corporate culture, and who can identify with its goals, putting them into the right positions, and equipping them with everything they need for their personal and professional development.

A corporate culture that is success-focused, is mutually supportive, and creates a sense of "us" among employees raises their motivation and competency levels while also leading to productivity, quality, and first-class service. This is the core of Anadolu Hayat Emeklilik's approach of giving priority to people.

Diversified products that address customers' individual needs

Anadolu Hayat Emeklilik offers a diversified range of products capable of satisfying the particular needs of customers in different income groups.

The addition of the private pension products that are currently under development to this array is expected to gain even more impetus in the development of our existing customer portfolio.

Life for Everyone

This is a savings-oriented life policy that anyone may take out irrespective of their age or condition of health.

Foreign Currency Indexed Life Insurance

This is a life policy that the individual can tailor according to his own conditions and needs. It stipulates a specific amount of foreign-currency income for a specific period of time and provides security for the policyholder's beneficiaries in the event of his death.

Optional Life Insurance

This is a life policy in which one has the option of paying premiums in Turkish liras or indexed to a foreign currency. In addition to providing a high level of saving, this policy also includes the option of specifying the amount to be paid in the event of the policyholder's death.

Optional Future Insurance

This is a life policy in which one has the option of paying premiums in Turkish liras or indexed to a foreign currency. In addition to providing a high level of saving, this policy also includes the option of specifying the amounts to be paid in the event of the policyholder's death or disablement.

Foursome Life Insurance

This is a life policy in which the premiums are paid as a lump sum at the outset. It may or may not include a death benefit at the policyholder's option.

Family Insurance

This is a policy intended for married couples. It is designed to pay the accumulated cash value of the policy to the woman at maturity and also pays a death benefit to the survivor if one of the spouses should die.

Income Insurance

This is a policy that provides a lifetime annuity. The annuity determined according to the principal paid when the policy is taken out is paid to the policyholder at quarterly intervals for as long as he lives. The principal earns dividends by being invested in high-return investments.

Term Life Insurance

This is a life policy in which a specified amount is paid to the policyholder's beneficiaries if he dies within the policy's one-year period of maturity.

Long-Term Life Insurance

This is a life policy in which one has the option of paying premiums in Turkish liras or indexed to a foreign currency. The policy pays a death benefit to beneficiaries in the event of the policyholder's death and does not have to be renewed every year.

Education Insurance

This is a one-year life policy that pays a specified amount at yearly or quarterly intervals to cover the educational expenses of the policyholder's beneficiary children if the policyholder dies.

Health Insurance

This product is a policy that provides broad coverage for expenses related to the examination and treatment of health problems suffered by the policyholder after the policy goes into effect. All health expenses within specified limits are covered.

An analysis of operational results

Total life and health insurance premium production in 2002 was TL 251,690 billion. This is equivalent to a 71% increase over the previous year's performance.

Premium production

Total life and health insurance premium production in 2002 was TL 251,690 billion. This is equivalent to a 71% increase over the previous year's performance. Anadolu Hayat Emeklilik's share of the insurance industry's total premium production in 2002 was 6.8%, up from the 2001-year figure of 5.9%.

In 2002, a total of TL 188,519 billion in premiums was produced in the life branch for a year-on increase of 70%. This figure is 40.3 points above the 29.7% twelve-month rise in consumer prices the same year. Anadolu Hayat Emeklilik's share of the insurance industry's life insurance premium production in 2002 was 27.5%, up from the 2001-year figure of 24.0%.

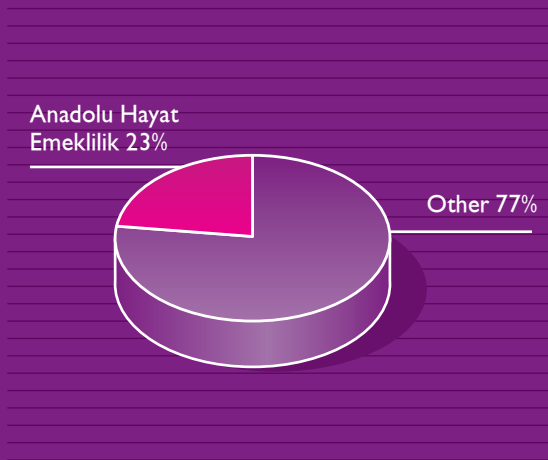
Efforts continued to increase the contribution that İşbank branches make to accumulated life insurance premium production. In 2002, their share rose to 20.5%.

A total of TL 63,171 billion in premiums was generated on health insurance policies. The rising trend experienced for several years in this branch continued in 2002, a year in which premium production was up 75%. The Company's own share of the industry's health branch went from 12% to 15%.

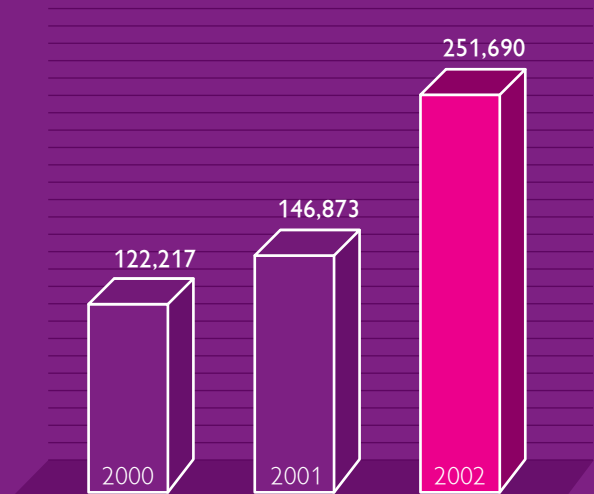
80% of the health portfolio consists of group policies and 20% of individual policies. Efforts to increase the percentage of individual policies in the portfolio continued with the introduction of new products and marketing techniques.

(TL billion)	1998	1999	Change	2000	Change	2001	Change	2002	Change
Life	34,051	63,357	86%	99,552	57%	110,768	11%	188,519	70%
Health	4,091	11,287	176%	22,665	101%	36,105	59%	63,171	75%
Total	38,142	74,644	96%	122,217	64%	146,873	20%	251,690	71%

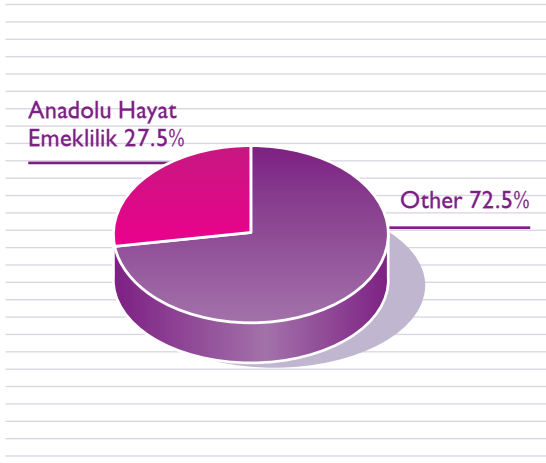
Market share



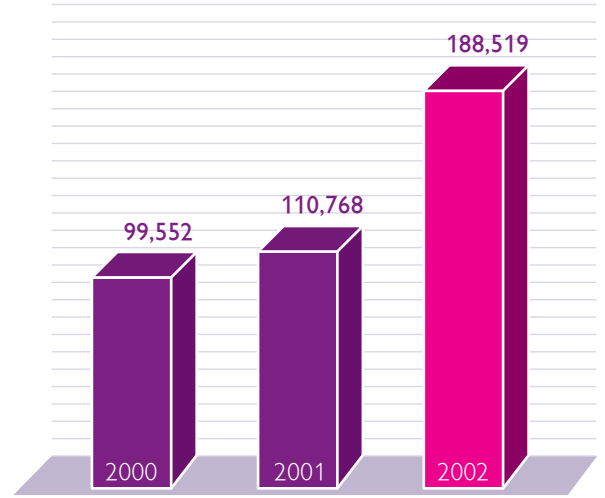
Total premium production (TL billion)



Market share



Life insurance premium production (TL billion)



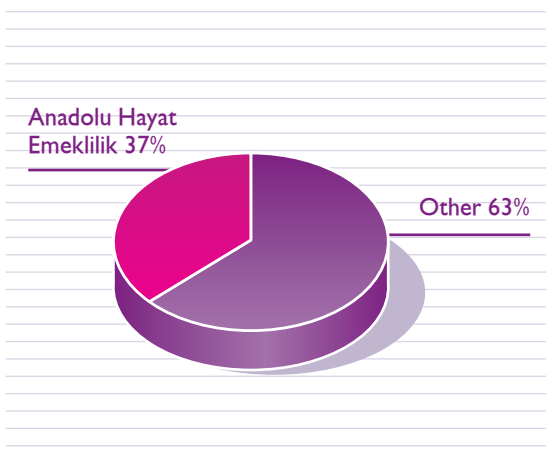
Mathematical and profit sharing provisions

Mathematical and profit sharing provisions, which represent the cash value accruing to policy-holders, increased TL 196,438 billion over the previous year's figure despite payment of approximately TL 282 trillion on matured policies. The year-on rate of increase was 33%. This amount corresponds to a 37% share of the sector.

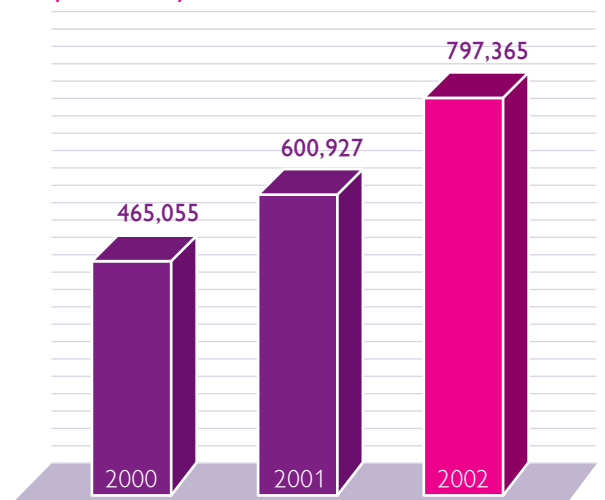
(TL billion)	1998	1999	Change	2000	Change	2001	Change	2002	Change
Mathematical and profit sharing provisions	173,278	373,557	116%	465,055	24%	600,927	29%	797,365	33%

A dividend of 62.08% was paid to Turkish lira policyholders in 2002. In the case of foreign currency indexed policies, the dividend rates were 11.24% on USD policies, 9.53% on EUR policies, and 11.98% on GBP policies.

Market share



Mathematical and profit sharing provisions (TL billion)



In 2002 Anadolu Hayat Emeklilik was again one of only a handful of insurers in Turkey that were able to cover its operating expenses out of the earnings secured from their insurance business.

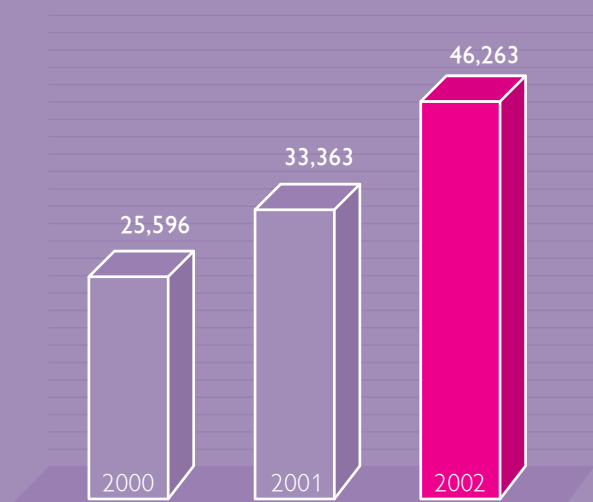
Technical results

Technical profit

(TL billion)	1998	1999	Change	2000	Change	2001	Change	2002	Change
Life	7,201	18,335	155%	21,861	19%	29,197	34%	37,487	28%
Health	500	1,036	107%	3,735	261%	4,166	12%	8,776	111%
Total	7,701	19,371	152%	25,596	32%	33,363	30%	46,263	39%

Technical profit in 2002 amounted to TL 46,263 billion corresponding to a year-on increase of 39%. In 2002 Anadolu Hayat Emeklilik was again one of only a handful of insurers in Turkey that were able to cover its operating expenses out of the earnings secured from their insurance business. The Company's technical profit/profit before tax ratio in 2002 was 81%. The ratio of technical profit to premiums received was 18.38%.

Technical profit (TL billion)



Total claims paid

In 2002 Anadolu Hayat Emeklilik was once again the leader of the industry paying out a total of TL 283 trillion in claims. This corresponds to 53% of total claims paid by the industry in the life branch.

Life insurance

(TL billion)	Anadolu Hayat Emeklilik Claims Paid*	Change	Industry Claims Paid	Change
2000	140,070	158%	240,682	140%
2001	242,776	73%	449,516	87%
2002	282,728	16%	532,769	19%

* Covers death, disablement, matured policies and purchases.

Financial results

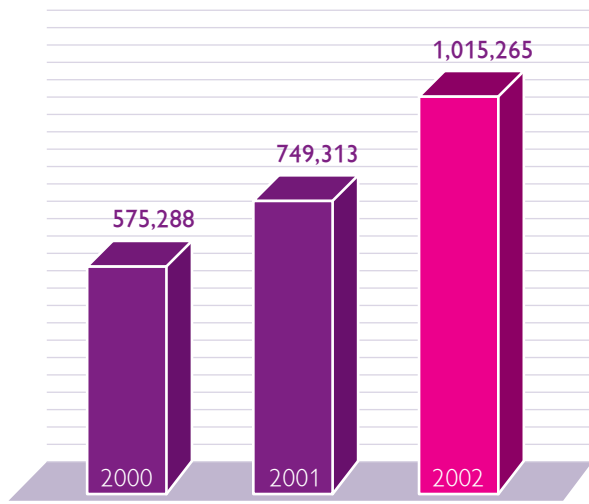
The improvement that began in Anadolu Hayat Emeklilik's financial income in 2001 continued in 2002. Despite the decline in market interest rates, the Company's financial income was up 48% as compared with the previous year. Anadolu Hayat Emeklilik's effective management of its financial resources was instrumental in achieving this improvement.

(TL billion)	1998	1999	Change	2000	Change	2001	Change	2002	Change
Financial income	9,894	29,172	195%	12,406	(57%)	27,494	122%	40,585	48%

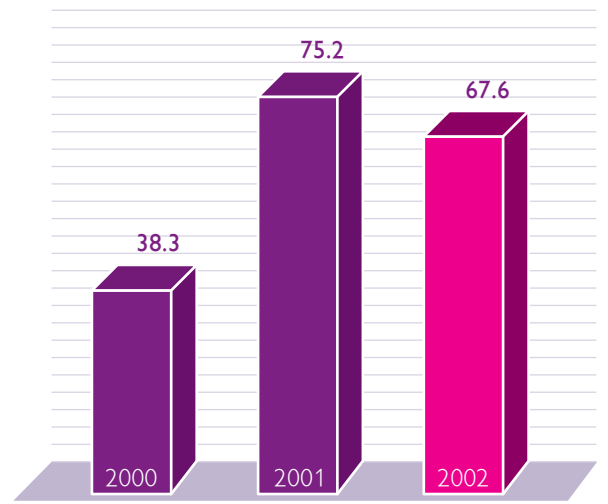
Assets

As of year-end 2002 the Company's total assets were worth TL 1,015 trillion. This corresponds to a 35% increase as compared with the previous year. This represents the largest asset size among the insurance companies in the Turkish insurance industry.

Total assets (TL billion)



Profit before tax/Shareholders' equity (%)



Profit before tax

The Company's profit before tax in 2002 was up 52% as compared with the previous year.

(TL billion)	1998	1999	Change	2000	Change	2001	Change	2002	Change
Profit before tax	11,794	36,318	208%	18,314	(50%)	37,565	105%	57,070	52%

Shareholders' equity

Anadolu Hayat Emeklilik experienced a real (above-inflation) increase in its shareholders' equity in 2002. After paying out a dividend, the Company's total equity amounted to TL 121,200 billion. The year-on increase was 64%.

(TL billion)	1998	1999	Change	2000	Change	2001	Change	2002	Change
Shareholders' equity	14,054	32,302	130%	47,807	48%	74,080	55%	121,200	64%

Our principal stockholder: İşbank

İşbank:

After the foundation of the Turkish Republic in 1923, Mustafa Kemal Atatürk gave orders for the establishment of a new bank that would support the reconstruction and development of the war-shattered national economy.

Founded in 1924, a year fraught with hardship for the young republic, İşbank's mission was defined as supporting the development of both the national economy and the banking industry and of securing the financial resources needed for industrial investment.

İşbank is proud to be one of the very few institutions founded in the early years of the republic that is still active. The excitement and dynamism that existed at its inception are just as alive today as ever.

In addition to being one of Turkey's leading banks, İşbank also plays a premier role in the national economy through its equity stakes in a wide range of sectors from glass and metallurgy to petroleum product distribution and telecommunications.

A pioneering institution in the national economy

Since the day it was founded, İşbank has been an open corporation. As of January 2003, 27.21% of the Bank's shares were publicly held.

İşbank's shares are traded on the İstanbul and London stock exchanges. As of year-end 2002 the Bank's market value was TL 3.6 quadrillion, making it the third biggest publicly held company in Turkey. As of the same date, İşbank's market value corresponded to a 6.32% share of the total market value (TL 56 quadrillion) of the 288 companies whose shares are traded on the İstanbul Stock Exchange.

At year-end 2002 İşbank had total assets worth TL 23.7 quadrillion. When its equity stakes are also taken into account, İşbank ranks among the world's biggest companies. In "Global 2000", a comprehensive survey of the world's biggest companies according to the criteria of sales, profits, assets, market value, etc, that was published in the 21 June 2003 issue of Forbes Magazine, İşbank ranked 615th in the world and first in Turkey.

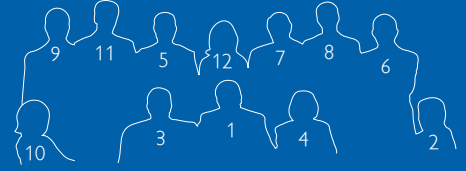
With 835 outlets, İşbank has one of the most geographically extensive branch networks of any bank in Turkey. Seven foreign branches, one of which is an off-shore branch, and its German subsidiary İşbank GmbH, which has sixteen branches of its own, maintain the Bank's international presence.

The hardware and software technologies that it employs give İşbank one of the most advanced technical infrastructures of any bank in Turkey. The Bank's on-line, real-time applications and effective self-service banking modules have made İşbank an institution that serves as a model for others all over the world.

Superior corporate values backed up by high-quality service increase customer, employee, and shareholder satisfaction while also making İşbank the bank most trusted by depositors and customers in Turkey.

Board of Directors

- 1 **A. Aykut Demiray** Chairman
- 2 **Salih Kurtuluş** Deputy Chairman
- 3 **Mustafa Su** Member and General Manager
- 4 **Ayça Çınar** Member
- 5 **Burhanettin Kantar** Member
- 6 **Mehmet M. Esen** Member
- 7 **Onur Özbilen** Member
- 8 **Ömer Çelebi** Member
- 9 **Sedat A. Tosyalı** Member
- 10 **Senar Akkuş** Auditor
- 11 **Hakan Aran** Auditor
- 12 **Tümay Akçıl** Secretary to the Board



Senior Management

- 1 **Mustafa Su** General Manager
- 2 **Afşin Oğuz** Assistant General Manager
- 3 **Şükrü Muslu** Coordinator
- 4 **Orhan Bozkurt** Head of Board of Inspection



Statutory auditors' report

To the General Assembly of Anadolu Hayat Sigorta A.Ş.:

Name of Partnership	Anadolu Hayat Sigorta A.Ş.
Headquarters	İstanbul
Registered Capital	TL 85,000,000,000,000
Paid-in capital	TL 65,000,000,000,000
Principal Business Activity	Insurance

Names and terms of office of Statutory Auditors, their relation to the Company (employed/partners or not)

Senar Akkuş
Hakan Aran
Period of office is 1 year.
The auditors are neither shareholders nor employees.

Number of meetings of the Board of Directors and Auditing Board attended

All meetings

Extend, scope and frequency of examinations of the Company's records and legal books of account, dates of examination and conclusions reached

There have been advisory consultations made regarding the accounting records on a continuous basis. The records of the year have been controlled in detail and necessary audits and controls were implemented as of the ending year balance sheet and income/loss statements.

Number and results of cash counts performed at the cashiers office pursuant to article 353:1-3 of the Turkish Commercial Code and resolutions

The cash counts made on a quarterly basis and resolved that the cash total was in accordance with the records.

Date of examinations conducted pursuant to article 353:1-4 of the Turkish Commercial Code and resolutions

The books of the Company have been examined regularly and the status of valuable documents were inspected and it was resolved that all are in compliance with the records.

Complaints and charges of fraud of which the Company was advised and actions taken against them

The Company was not advised of any complaints or any charges of fraud.

We have audited the financial statements and accounting data of Anadolu Hayat Sigorta A.Ş. for the year ending December 31, 2002 according to the Turkish Commercial Code, the Company's Articles of Association and other regulations in compliance with generally accepted accounting principles. In our opinion the accompanying balance sheet and income statement reflect the results of this period fairly and accurately and the profit distribution proposal is in accordance with existing laws and the Company's Articles of Association.

We hereby submit the Balance Sheet and Income Statement for your approval and recommend that the Board of Directors be released from liability with regard to operations and accounts for the year 2002.

Auditor
Senar Akkuş



Auditor
Hakan Aran



Profit distribution and other information

	CURRENT PERIOD 31.12.2002	PRIOR PERIOD 31.12.2001
A- ALLOCATION OF PERIOD PROFIT (TL million)		
1- Period Profit	57,070,372	37,564,681
2- Prior Years' Losses (-)	-	-
3- Taxes Payable	(20,308,208)	(12,925,789)
Corporate Tax	(20,308,208)	(12,925,789)
Income Tax	-	-
Other Taxes and Dues	-	-
4- First Legal Reserves	(1,838,108)	(1,231,944)
NET PERIOD PROFIT SUBJECT TO ALLOCATION	34,924,056	23,406,948
5- First Dividend to Shareholders	(6,997,821)	(12,750,000)
a) To Common Stock Owners	(6,997,821)	(12,750,000)
b) To Privileged Stock Owners	-	-
6- Dividends to the Personnel (*)	(454,913)	(519,708)
7- Dividends to the Board of Directors	-	-
8- Second Dividend to Shareholders	-	(9,000,000)
a) To Common Stock Owners	-	(9,000,000)
b) To Privileged Stock Owners	-	-
9- Second Legal Reserves	(420,273)	-
10- Other Reserves	-	-
11- Special Legal Reserves	(2,747,132)	(1,033,724)
EXTRAORDINARY RESERVES	24,303,917	103,516

B- ALLOCATION OF RESERVES

1- To Shareholders	-	-
To Common Stock Owners	-	-
To Privileged Stock Owners	-	-
2- To the Personnel	-	-
3- To the Board of Directors	-	-

C- EARNINGS PER SHARE (TL/%)

1- To Common Stock Owners	565.57 TL / 56.56%	703.97 TL / 70.40%
2- To Privileged Stock Owners	565.57 TL / 56.56%	703.97 TL / 70.40%

D- DIVIDENDS PER SHARE (TL/%)

1- To Common Stock Owners	108 TL / 10.8%	621 TL / 62.1%
2- To Privileged Stock Owners	108 TL / 10.8%	621 TL / 62.1%

(*) According to the Company's Article of Association clause number 33, TL 200,000 Million of profit is contributed to Pension Fund (Emekli Sandığı), which is presented in "Dividends to Personnel" in the below profit distribution table as of 31 December 2001.

At the annual general meeting of stockholders held on 20 March 2003, it was decided that a total cash dividend in the amount of TL 6,997,820,448,450 be paid out of the profits from 2002; that proceedings related to the payment of this dividend should begin as of 24 March 2003 and that our balance-sheet profit should be distributed as specified above; that the TL 24,303,916,625,511 remaining after this dividend payment should either be capitalized or else held as an extraordinary reserve to be subsequently paid out to shareholders as a dividend.

EQUITY PARTICIPATIONS

	Participation amount (TL million)	Participation ratio (%)
İş Gayrimenkul Yatırım Ort. A.Ş.	3,205,384	1.36
TSKB Menkul Değerler A.Ş.	109,947	6.56
Yatırım Finansman Yatırım Ortaklığı A.Ş.	87,075	12.00
Bayek Tedavi Sağlık Hizmetleri ve İşl. A.Ş.	2,211,407	8.41
Gothaer Anadolu Hayat GMBH	349,555	50.00
İş Portföy Yönetimi A.Ş.	200,000	20.00
SYB Yatırım Ortaklığı A.Ş.	15,000	2.00
İş-Tim Telekomünikasyon Hizmetleri A.Ş.	1,362,500	0.25
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	240,000	2.00
Kastamonu Holding A.Ş.	1,000	0.08
Trakya Yatırım Holding A.Ş.	1,000	0.00
TOTAL	7,782,868	

Other information

ANADOLU HAYAT EMEKLİLİK A.Ş.

Registered capital *

TL 85,000,000,000,000

Registered capital was risen to this amount by decree number 67/1039 of the Capital Markets Board dated 15.06.2000, and article no.6 of the Articles of Association related to capital was changed at the Extraordinary General Assembly on 10.07.2000.

Paid-in capital

TL 35,000,000,000,000

Paid-in capital was raised by TL 30 trillion in bonus shares from TL 35 trillion to TL 65 trillion by the decision of the Board of Directors on 06.03.2002 and distribution of bonus shares in the proportion of 85.7% started as of 07.06.2002.

Shareholders structure at the end of the period

Shareholders	Share (%)	Share amount (TL)
Türkiye İş Bankası A.Ş. (İşbank)	62	40,300,000,000,000
Anadolu Anonim Türk Sigorta Şirketi	20	13,000,000,000,000
Türk Dış Ticaret Bankası A.Ş.	1	650,000,000,000
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1	650,000,000,000
Destek Reasürans T.A.Ş.	1	650,000,000,000
Publicly traded	15	9,750,000,000,000
Total	100	65,000,000,000,000

Employees of ANADOLU HAYAT EMEKLİLİK A.Ş.

	31.12.2001	31.12.2002
Head Office	169	182
Regional Offices and Branches	71	72
Unionized Employees	10	11
Total	250	265

COLLECTIVE BARGAINING AGREEMENT

A Collective Bargaining Agreement between our Company and Basisen Bank-Insurance Employees Union covering the period 1 May 2002-30 April 2004 was signed on 3 July 2002.

*Anadolu Hayat Emeklilik A.Ş.'s registered capital ceiling was increased to TL 175 trillion on 24 March 2003.

Shareholders' information

Stock Information

Anadolu Hayat Emeklilik A.Ş. stocks are listed on the İstanbul Stock Exchange (ISE) under the symbol "ANHYT". Stock prices are issued in daily newspapers.

Investor Relations

Anadolu Hayat Emeklilik A.Ş.'s annual reports are available free of charge upon request to the following address:

Anadolu Hayat Emeklilik A.Ş.
Communication Department
İş Kuleleri Kule 2 K: 17-21
4, Levent İstanbul

Annual Meeting

The Annual Meeting of Shareholders of Anadolu Hayat Emeklilik A.Ş. was held on 20 March 2003 at the Headquarters of the Company.

Auditors - Tax Consultant

DRT Denetim Revizyon Tasdik Yeminli Mali Müşavirlik A.Ş.
Member Firm of Deloitte Touche Tohmatsu
Yapı Kredi Plaza Büyükdere Caddesi B Blok Kat: 5
Levent 80620 İstanbul

Auditors' Report

We have audited the accompanying balance sheet of Anadolu Hayat Sigorta A.Ş. (the "Company") as of 31 December 2002 and the related statement of income for the year then ended. Our audit was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

According to article 50(a) of Capital Market Law (VII.), insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision, accounting and financial reporting. Therefore, the Company's financial statements are prepared according to the prevailing Insurance Auditing Law applicable to insurance and reinsurance companies.

As of 31 December 2002, the equity shares, which are classified under "Investments", are accounted at cost, as mentioned in Note 20.

In our opinion the attached financial statements present fairly the financial position of Anadolu Hayat Sigorta Anonim Şirketi as at 31 December 2002 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles of the Capital Market Law and the Insurance Auditing Law applicable to the insurance and reinsurance companies, applied on a consistent basis.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Turkey. The standards, procedures and practices to audit the accompanying financial statements are those generally accepted and applied in Turkey.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Member Firm of DELOITTE TOUCHE TOHMATSU



Partner
Zeki KURTÇU

Istanbul, 28 February 2003

ASSETS	2002		2001		2001	
	Non-Life	Life	Total	Non-Life	Life	Total
	TL Million	TL Million	TL Million	TL Million	TL Million	TL Million
LIQUID ASSETS	932,931	8,094,836	9,027,767	66,338	10,519,994	10,586,332
a. Cash	735,509	2,324,383	3,059,892	6,536	124,182	130,718
b. Banks	197,422	5,770,453	5,967,875	59,802	10,395,812	10,455,614
MARKETABLE SECURITIES	9,722,878	875,265,863	884,988,741	5,795,226	640,177,053	645,972,279
Marketable Securities	9,722,878	875,564,227	885,287,105	5,795,226	640,303,693	646,098,919
Diminution in Value of Marketable Securities (-)	-	(298,364)	(298,364)	-	(126,640)	(126,640)
RECEIVABLES	26,840,643	25,934,606	52,775,249	14,938,233	22,570,895	37,509,128
a. Policyholders	26,632,853	25,196,804	51,829,657	14,440,104	22,010,104	36,450,208
Policyholders	27,332,727	25,196,804	52,529,531	15,392,267	22,010,104	37,402,371
Provision for Premium Receivable from Policyholders (699,874)	-	-	(699,874)	(952,163)	-	(952,163)
b. Agents	-	60,775	60,775	-	60,607	60,607
Agents	-	60,775	60,775	-	60,607	60,607
Provision for Premium Receivable from Agents	-	-	-	-	-	-
c. Due from Insurance & Reinsurance Companies	207,790	84,939	292,729	498,129	47,062	545,191
d. Reserves Held with Insurance & Reinsurance Companies	-	-	-	-	-	-
d. Loans to Policyholders	-	475,118	475,118	-	364,929	364,929
e. Other Receivables	-	116,970	116,970	-	88,193	88,193
RECEIVABLES UNDER LEGAL FOLLOW UP	-	3,967	3,967	-	3,967	3,967
Receivables Under Legal Follow up	-	34,712	34,712	-	34,712	34,712
Provisions for Receivables Under Legal Follow up (-)	-	(30,745)	(30,745)	-	(30,745)	(30,745)
INVESTMENTS	-	11,312,312	11,312,312	-	9,477,305	9,477,305
Investments	-	11,746,371	11,746,371	-	9,477,900	9,477,900
Diminution in Value of Investments (-)	-	(434,059)	(434,059)	-	(595)	(595)
Capital Commitments to Investments (-)	-	-	-	-	-	-
FIXED ASSETS	48,893	27,204,391	27,253,284	20,784	17,304,972	17,325,756
Movables	48,893	1,086,030	1,134,923	20,784	681,669	702,453
Movables	143,515	2,653,614	2,797,129	58,310	1,559,343	1,617,653
Accumulated Depreciation on Movables (-)	(94,622)	(1,567,584)	(1,662,206)	(37,526)	(877,674)	(915,200)
Immovables	-	26,118,361	26,118,361	-	16,623,303	16,623,303
Immovables	-	27,423,118	27,423,118	-	17,439,613	17,439,613
Accumulated Depreciation on Immovables (-)	-	(1,304,757)	(1,304,757)	-	(816,310)	(816,310)
OTHER ASSETS (Net)	-	29,904,140	29,904,140	-	28,438,548	28,438,548
TOTAL ASSETS	37,545,345	977,720,115	1,015,265,460	20,820,581	728,492,734	749,313,315

ANADOLU HAYAT SİGORTA A.Ş.
ANADOLU HAYAT SİGORTA A.Ş. BALANCE SHEET AS AT 31 DECEMBER 2002

LIABILITIES AND SHAREHOLDERS' EQUITY	2002		2001		2001	
	Non-Life	Life	Total	Non-Life	Life	Total
	TL Million	TL Million	TL Million	TL Million	TL Million	TL Million
I. PAYABLES	2,919,504	21,778,183	24,697,687	5,534,534	13,729,724	19,264,258
a. Due to Insurance and Reinsurance Companies	16,232	16	16,248	65,559	39	65,598
b. Premium Reserves Held for Insurance and Reinsurance Companies"	1,466,059	-	1,466,059	805,702	-	805,702
c. Taxes and Dues Payable	41,841	376,576	418,417	27,245	245,207	272,452
d. Other Payables	1,395,372	21,401,591	22,796,963	4,636,028	13,484,478	18,120,506
II. PROVISIONS	21,018,900	804,471,720	825,490,620	11,050,510	609,065,914	620,116,424
A. Technical Provisions	18,783,808	800,717,987	819,501,795	10,564,884	602,720,937	613,285,821
a. Unearned Premium Provision	16,312,781	2,513,282	18,826,063	9,124,289	1,045,621	10,169,910
Unearned Premium Provision	21,162,278	2,513,282	23,675,560	12,095,303	1,045,621	13,140,924
Reinsurers Share (-)	(4,849,497)	-	(4,849,497)	(2,971,014)	-	(2,971,014)
b. Claim Provision	2,471,027	1,501,762	3,972,789	1,440,595	1,350,147	2,790,742
Claim Provision	3,608,514	1,596,511	5,205,025	2,181,310	1,385,594	3,566,904
Reinsurers Share (-)	(1,137,487)	(94,749)	(1,232,236)	(740,715)	(35,447)	(776,162)
c. Earthquake Loss Provision	-	-	-	-	-	-
d. Life Mathematical Provision	-	267,690,411	267,690,411	-	184,962,130	184,962,130
Life Mathematical Provision	-	267,705,868	267,705,868	-	184,982,426	184,982,426
Reinsurers Share (-)	-	(15,457)	(15,457)	-	(20,296)	(20,296)
f. Life Profit Sharing Provision	-	529,012,532	529,012,532	-	415,363,039	415,363,039
Life Profit Sharing Provision	-	529,658,890	529,658,890	-	415,944,295	415,944,295
Reinsurers Share (-)	-	(646,358)	(646,358)	-	(581,256)	(581,256)
B. Other Provisions	2,235,092	3,753,733	5,988,825	485,626	6,344,977	6,830,603
a. Retirement Pay Provision	294,000	2,426,170	2,720,170	210,830	1,768,970	1,979,800
b. Other Provisions	1,941,092	1,327,563	3,268,655	274,796	4,576,007	4,850,803
III. OTHER LIABILITIES	5,844,584	17,723,946	23,568,530	-	22,407,208	22,407,208
IV. TAX PROVISIONS	3,041,522	17,266,686	20,308,208	1,651,502	11,274,287	12,925,789
V. SHAREHOLDERS' EQUITY	-	84,438,251	84,438,251	-	49,960,744	49,960,744
a. Paid -in Capital	-	65,000,000	65,000,000	-	35,000,000	35,000,000
i. Nominal Capital	-	65,000,000	65,000,000	-	35,000,000	35,000,000
ii. Capital Commitments (-)	-	-	-	-	-	-
b. Legal Reserves	-	5,949,222	5,949,222	-	4,717,277	4,717,277
c. Extraordinary Loss Reserve	-	-	-	-	-	-
d. Other Reserves	-	1,033,724	1,033,724	-	3,341,767	3,341,767
e. Extraordinary Reserves	-	226,150	226,150	-	122,634	122,634
f. Revaluation Fund	-	12,229,155	12,229,155	-	6,779,066	6,779,066
g. Special Funds	-	-	-	-	-	-
h. Loss (-)	-	-	-	-	-	-
i. Period Loss	-	-	-	-	-	-
ii. Previous Years' Losses	-	-	-	-	-	-
V. PROFIT	4,720,835	32,041,329	36,762,164	2,584,035	22,054,857	24,638,892
a. Period Profit	4,720,835	32,041,329	36,762,164	2,584,035	22,054,857	24,638,892
b. Previous Years' Profit	-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	37,545,345	977,720,115	1,015,265,460	20,820,581	728,492,734	749,313,315

	2002	2002	2002	2001	2001	2001
	Non-Life	Life	Total	Non-Life	Life	Total
	TL Million	TL Million	TL Million	TL Million	TL Million	TL Million
I- TECHNICAL INCOME	92,088,271	1,133,506,893	1,225,595,164	54,776,964	881,978,989	936,755,953
A. Written Premium	63,170,980	188,519,152	251,690,132	36,105,379	110,767,776	146,873,155
B. Commissions Received	74,420	404,299	478,719	18,407	317,164	335,571
C. Reinsurers' Share in Claims Paid	12,028,036	254,231	12,282,267	8,243,733	215,918	8,459,651
D. Reversal of Technical Provisions (Net)	10,564,883	602,720,937	613,285,820	6,685,630	466,586,013	473,271,643
a. Unearned Premium Provision	9,124,288	1,045,621	10,169,909	5,729,434	652,074	6,381,508
b. Claims Provision	1,440,595	1,350,147	2,790,742	956,196	1,343,000	2,299,196
c. Life Mathematical Provision	-	184,962,130	184,962,130	-	150,457,291	150,457,291
d. Life Profit Sharing Provision	-	415,363,039	415,363,039	-	314,133,648	314,133,648
E. Reinsurers' Share in Technical Provision	5,986,984	756,563	6,743,547	3,711,729	636,999	4,348,728
a. Unearned Premium Provision	4,849,497	-	4,849,497	2,971,014	-	2,971,014
b. Claims Provision	1,137,487	94,749	1,232,236	740,715	35,447	776,162
c. Life Mathematical Provision	-	15,456	15,456	-	20,296	20,296
d. Life Profit Sharing Provision	-	646,358	646,358	-	581,256	581,256
F. Other Income	262,968	340,851,711	341,114,679	12,086	303,455,119	303,467,205
II- TECHNICAL EXPENSE	83,312,320	1,096,019,795	1,179,332,115	50,610,737	852,782,163	903,392,900
A. Ceded Premiums	14,476,110	856,863	15,332,973	8,868,698	560,586	9,429,284
B. Commissions Paid	5,008,050	8,113,726	13,121,776	2,847,277	4,287,618	7,134,895
C. Claims Paid	38,222,317	282,728,260	320,950,577	24,101,708	242,775,894	266,877,602
D. Technical Provisions	24,770,792	801,474,551	826,245,343	14,276,612	603,357,934	617,634,546
a. Unearned Premium Provision	21,162,278	2,513,282	23,675,560	12,095,302	1,045,621	13,140,923
b. Claims Provision	3,608,514	1,596,511	5,205,025	2,181,310	1,385,593	3,566,903
c. Life Mathematical Provision	-	267,705,868	267,705,868	-	184,982,426	184,982,426
d. Life Profit Sharing Provision	-	529,658,890	529,658,890	-	415,944,294	415,944,294
E. Other Expenses	835,051	2,846,395	3,681,446	516,442	1,800,131	2,316,573
III- TECHNICAL PROFIT / LOSS (I - II)	8,775,951	37,487,098	46,263,049	4,166,227	29,196,826	33,363,053
IV- OPERATING EXPENSES	4,942,986	24,760,738	29,703,724	2,940,757	20,279,990	23,220,747
A. Personnel Expenses	1,244,296	8,744,997	9,989,293	705,000	5,704,089	6,409,089
B. General Administrative Expenses	2,112,443	13,429,618	15,542,061	1,135,904	10,223,141	11,359,045
C. Taxes and Dues Expense	74,775	672,974	747,749	8,909	885,176	894,085
D. Depreciation Expense	57,096	581,971	639,067	14,911	394,229	409,140
E. Provision Expenses	1,454,376	1,056,426	2,510,802	1,076,033	2,767,919	3,843,952
F. Other Expenses	-	274,752	274,752	-	305,436	305,436
V- FINANCIAL INCOME	3,929,392	36,655,804	40,585,196	3,010,067	24,484,178	27,494,245
A. Interest Income	3,919,784	23,530,565	27,450,349	1,956,807	13,792,254	15,749,061
B. Profit Shares	-	311,979	311,979	-	157,347	157,347
C. Income from Sale of Assets	9,608	10,931,344	10,940,952	870,110	5,829,887	6,699,997
D. Rent Income	-	1,435,507	1,435,507	-	1,315,389	1,315,389
E. Foreign Exchange Gains	-	367,061	367,061	-	370,234	370,234
F. Other Income	-	79,348	79,348	183,150	3,019,067	3,202,217
VI- FINANCIAL EXPENSES	-	74,149	74,149	-	71,870	71,870
A. Interest Expenses	-	-	-	-	-	-
B. Loss on Sale of Assets	-	35,017	35,017	-	1,851	1,851
C. Foreign Exchange Losses	-	39,132	39,132	-	70,019	70,019
D. Provision Expenses	-	-	-	-	-	-
E. Other Expenses	-	-	-	-	-	-
VII- PERIOD PROFIT / LOSS (III+V-VI)	7,762,357	49,308,015	57,070,372	4,235,537	33,329,144	37,564,681
VIII- PROVISION FOR TAXES AND OTHER LEGAL LIABILITIES	3,041,522	17,266,686	20,308,208	1,651,502	11,274,287	12,925,789
XI- PERIOD PROFIT / LOSS (VII - VIII)	4,720,835	32,041,329	36,762,164	2,584,035	22,054,857	24,638,892

	CURRENT YEAR	PRIOR YEAR
	31/12/02	31/12/01
A - FUNDS	293,810,049	190,279,015
1- Funds from Operational Income	263,906,733	175,781,941
a) Operational Income	57,070,372	37,564,681
b) Depreciation (+)	639,067	409,140
c) Income That Does Not Provide Fund Inflow (+)	206,197,294	137,808,120
2- Increase in Short Term Loans	6,594,751	4,721,897
3- Increase in Capital (In Cash)	21,750,000	5,501,726
4- Decrease in Current Assets	1,558,565	4,273,451
5- Decrease in Fixed Assets	-	-
B - FUNDS USAGE	293,810,049	190,279,015
1- Taxes Paid	13,673,538	6,731,510
2- Dividends Paid	21,750,000	10,626,302
3- Increase in Current Assets	255,748,175	172,643,562
4- Increase in Fixed Assets (Excluding Revaluation)	2,638,336	277,641
CHANGES IN NET WORKING CAPITAL		
1- Increase in Net Working Capital	22,714,972	2,979,957

	CURRENT YEAR	PRIOR YEAR
	31/12/02	31/12/01
A- CASH AT THE BEGINNING OF THE YEAR	10,586,332	14,833,005
B- CASH INFLOWS DURING THE YEAR	656,760,435	490,611,145
1- Technical Income	249,184,997	152,155,372
a) Written Premium	251,690,132	146,873,155
b) Commissions Received	478,719	335,571
c) Reinsurers' Share in Claims Paid	12,282,267	8,459,651
d) Increase in Receivables (-)	(15,266,121)	(3,513,005)
2- Cash Obtained from Income and Profit Gained from Other Operations	381,699,875	330,961,450
a) Financial Income	40,585,196	27,494,245
b) Other Income	341,114,679	303,467,205
3- Cash Obtained From Increase in Capital	21,750,000	5,501,726
4- Other Cash Inflows	4,125,563	1,992,597
C- CASH OUTFLOWS DURING THE PERIOD	658,319,000	494,857,818
1- Technical Expense	343,332,830	278,310,744
a) Ceded Premiums	15,332,973	9,429,284
b) Commissions Paid	13,121,776	7,134,895
c) Claims Paid	320,950,577	266,877,602
d) Increase in Payables (-)	(5,433,429)	(4,721,897)
e) Depreciation (-)	(639,067)	(409,140)
2- Cash Outflow Due to Operating Expenses	29,797,753	19,264,387
a) Personnel Expenses	9,989,293	6,409,089
b) General Administrative Expenses	19,808,460	12,855,298
3- Cash Outflow Due to Expenses and Losses from Other Operations	3,755,597	2,388,440
4- Cash Outflow Due to Fixed Asset Investments	803,329	277,641
5- Increase in Marketable Securities	240,851,469	169,113,862
6- Taxes Paid	13,673,538	6,731,510
7- Dividends Paid	21,750,000	10,626,302
8- Other Cash Outflows	4,354,484	8,144,932
D- CASH AT THE END OF THE YEAR	9,027,767	10,586,332
E- INCREASE OR (DECREASE) IN CASH	(1,558,565)	(4,246,673)

1. OPERATIONS OF THE COMPANY

The Company's operations involve providing insurance and reinsurance services relating to life and accident, retirement, sickness and all types of related insurance in Turkey.

2. SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE

The Company's nominal capital is TL 65,000,000 Million, which consists of 1,000 TL valued 65,000,000,000 shares as of 31 December 2002. The shareholding structure of the Company is as follows:

	31 December 2002		31 December 2001	
	Nominal TL Million	%	Nominal TL Million	%
Türkiye İş Bankası A.Ş.	40,300,000	62	21,700,000	62
Anadolu Anonim Türk Sigorta A.Ş.	13,000,000	20	7,000,000	20
Other	11,700,000	18	6,300,000	18
	65,000,000	100	35,000,000	100

15% of the shares are quoted in the stock exchange as of 31 December 2002 (31 December 2001= 15%).

3. PREFERENCE SHARES

The total 65,000,000,000 shares that represent TL 65,000,000 Million share capital consist of 1,000,000,000 shares of (A) Group and 64,000,000,000 shares of (B) Group. As of the balance sheet date all (A) Group shares belong to Türkiye İş Bankası A.Ş. (31 December 2001: The total 35,000,000,000 shares that represent TL 35,000,000 Million share capital consist of 1,000,000,000 shares of (A) Group and 34,000,000,000 shares of (B) Group. As of the balance sheet date all (A) Group shares belong to Türkiye İş Bankası A.Ş.

(A) Group shares have no privilege except voting rights for the members of Board of the Directors. It is forbidden to issue new (A) Group shares during any capital increase.

4. REGISTERED CAPITAL LIMIT

The Company accepted the registered capital limit system under the law 2499 and changed its status based on the Capital Market Board's permission dated 15.06.2000 numbered 67/1039. According to this decision TL 85,000,000 Million registered capital of the Company has been divided into 85,000,000,000 shares each with a nominal value of TL 1000.

5. CAPITAL INCREASES DURING THE YEAR AND THEIR RESOURCES

2002

Date of Increase	Increase Amount (TL Million)	Cash (TL Million)	Reserves (TL Million)	Revaluation Fund (TL Million)
29.03.2002	30,000,000	21,750,000	3,341,767	4,908,233

6. SECURITIES OTHER THAN SHARES ISSUED DURING THE YEAR

There are not any marketable securities other than shares issued during the current year.

7. DEBT SECURITIES MATURED DURING THE YEAR

There are not any debt securities matured during the year.

8. MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR

	31 December 2002 TL Million	31 December 2001 TL Million
a. Cost of acquired, built or purchased fixed assets	674,291	306,282
b. Cost of fixed assets sold	200,003	468,569
c. Revaluation increase in the current year	9,859,531	5,846,398
- in the cost of fixed assets (+)	10,688,693	6,331,416
- in the accumulated depreciation (-)	(829,162)	(485,018)

9. CURRENT AND FUTURE INVESTMENT ALLOWANCES WHICH ARE DEDUCTIBLE FROM TAX BASE

There are no current or future investment allowances deductible from the tax base.

10. BALANCES WITH SHAREHOLDERS, EQUITY PARTICIPATIONS AND SUBSIDIARIES

2002

	Receivable		Payable	
	Trade (TL Million)	Non Trade (TL Million)	Trade (TL Million)	Non Trade (TL Million)
Shareholders'	1,946	-	110,341	-
Equity participations	-	-	88,000	-

2001

	Receivable		Payable	
	Trade (TL Million)	Non Trade (TL Million)	Trade (TL Million)	Non Trade (TL Million)
Shareholders'	2,893	-	5,099	-
Equity participations	-	-	-	-

11. ACCOUNTING PRINCIPLES AND VALUATION METHODS

a. Accounting Principles

Article 50(a) of the Capital Market Law states that insurance companies have to comply with their own specific laws and regulations in matters of supervision, accounting and financial reporting. Since the Company is operating in the insurance sector, the financial statements of the Company as of 31 December 2002 are prepared in accordance with the Insurance Auditing Law numbered 7397, according to the reporting format of the Capital Market Board.

b. Technical Provisions

The provision for unearned premium, life mathematical provision, outstanding loss provision and the reinsurer's share of these provisions are included in the financial statements in accordance with the principles mentioned below:

From 1 January 1999 on, for the life insurance policies, unearned premium provision is provided, over the net accrued premiums, on a daily basis, for the portion that corresponds to the period subsequent to the balance sheet date, both for annual and cumulative policies.

According to Insurance Auditing Law, numbered 7397, the unearned premium provision is provided for 25% in freight insurances and 33.5% for all other insurance policies except for life, over the net premiums produced within the year.

Outstanding loss provision represents the unpaid claims, which are reported as at the balance sheet date.

The life mathematical and profit share provisions are calculated according to the generally accepted actuarial calculations approved by Undersecretariat of the Treasury. According to life insurance regulations valid since 01.08.1997, for all policies issued after 01.01.1998 real ages are used for calculating profit shares, and shares are calculated on a daily basis.

c. Premium Income and Damages

Premium income represents written premiums on policies issued during the period and on accumulated life insurance policy installment payments issued during the previous years and from which reinsurers' shares are deducted.

In the health branch, premium income is accrued when the policy is issued. 20% of the premium accrued is collected in advance, the remaining balance is collected in 5 installments of equal amounts.

In the life branch, the premium income is accrued at installment dates. The Company cancels any life premiums, accrued but not paid within a certain period of time and deducts them from the premium income and from the receivables from the insured parties.

The Company allocates free provision for Agency Commissions based on insurance premiums accrued but not collected as at the balance sheet date to be in accordance with the matching principle of accounting and to net-off its receivables. The rate of provision for agency commissions for accrued but not collected premiums in the life branch is 5%, while it is zero for the non-life branches.

Claims are recorded as expense when they are reported. At the period end, they are reported and outstanding loss provisions are provided for the unpaid claims. The reinsurer shares of claims paid and outstanding loss provisions are presented separately.

d. Receivables from Policyholders and Agents

Starting from the year 2001, the Company has discounted its receivable balances with more than 3 months maturity, using 64% discount rate, announced by the Central Bank, due to the accounting principals of the Capital Market Board.

e. Marketable Securities

Marketable securities are composed of treasury bills, government bonds, equity shares and Eurobonds; which are accounted for at their cost. The accrued income is included in marketable securities in the balance sheet.

The Company accounted its marketable securities, represented in blocked, free and elementary portfolio, for lower of cost plus accrual calculated according to internal rate of return or market value.

Equity shares that are traded on the Istanbul Stock Exchange are valued at the arithmetic average of the daily weighted averages of the last five transaction days.

Eurobonds are valued by using the cost plus accrued interest based on straight-line method, since they are not traded on an active market.

Accrued income on marketable securities and gain and loss on sale of marketable securities are included in the results of current year operations.

From 1 January 2001 on, the Company has reclassified the equity shares, which were held by the Company for more than 2 years, to long-term investments, with their market value prevailing at the last valuation date. These shares should be considered as affiliates, since the ownership share of the Company is below 10%. The financial statements are in compliance with the Insurance Audit Law; thus this representation is not possible (Refer to Note 26).

f. Tangible Fixed Assets

The Company revalues its buildings (excluding land), fixtures and furniture that are subject to depreciation with the revaluation coefficient declared by the Ministry of Finance. The difference, which occurs as a result of the revaluation, is credited to the revaluation fund account, which can be added to the capital. The amount added to the revaluation fund is not taxable and the depreciation on the revalued fixed assets is deductible from the taxable profit.

Tangible fixed assets (excluding buildings) are depreciated on a straight line method on their revalued amounts, according to the following rates in compliance with the tax laws:

	(%)
Buildings	2
Vehicles	20
Furniture, Fixtures & Equipment	6-20
Leasehold Improvements	20

g. Assets and Liabilities in Foreign Currency

The foreign currency denominated amounts are translated at the exchange rates of Central Bank ruling at the balance sheet date. Foreign exchange gains and losses arising from the translation, are presented in the current year income statement.

h. Retirement Pay Provision

Retirement provision is accounted in the financial statements for the future payments to be made to employees entitled in accordance with the Labor Law.

The amount of retirement pay provision as at 31.12.2002 is TL 2,720,170 Million. 1,260,150,000 TL of ceiling is used as basis for calculation (2001: TL 1,978,800 Million 978,020,000 TL of ceiling is used as basis for calculation).

i. Tax

The Company is subject to Corporate Tax and Income Withholding Tax. Turkish corporation tax is applied at the rate of 30 % on taxable corporate income. A tax surcharge is additionally applied at the rate of 10% on the corporation tax amount. Taxable income is determined by adding non-deductible expenses and deducting non-taxable income such as dividend income and investment incentives.

In addition to corporation tax, income withholding tax is charged on profits after corporation tax if dividends are distributed. Consequently, if profits are retained, companies' effective tax rate is 33%, and, if profits are distributed there are additional withholding taxes. The withholding rates are 5% for publicly traded and 15% for non-public companies. Corporate Tax is not payable if investment incentive is applicable on the corporate income and only withholding tax of 18% is accrued and 10% fund is calculated over income and investment incentive withholding taxes.

12. EVENTS ARISING SUBSEQUENT TO THE BALANCE SHEET DATE

The retirement pay ceiling has been increased to TL 1,323,950,000 effective from 1 January 2003.

No legal cases are expected to arise, against the Company after the balance sheet date.

From 1 January 2003 on, unearned premium provision for non-life insurance policies is calculated over the net accrued premiums on a daily basis, for the portion that corresponds to the period subsequent to the balance sheet date.

The Company's title has been changed as "Anadolu Hayat Emeklilik A.Ş." according to the decision of Undersecretariat of the Treasury – General Directorate of Insurance dated 17 January 2003. As at the date of this report, this change has not been approved by the General Assembly of the Company.

The ceiling for the registered capital has been raised from TL 85,000,000 Million to TL 175,000,000 Million according to the 27 February 2003 dated decision of Ministry of Industry. The General Assembly of the Company has not addressed this issue as at the date of this report.

13. CONTINGENCIES

As at balance sheet date, cases against the Company total approximately TL 337,728 Million and cases that the Company is pursuing against third parties total approximately TL 4,596,949 Million. Cases opened against third parties are mainly related with the return of "income withholding tax" and "tax surcharge" on 95% of the interest income on government bonds, treasury bills and deposits, all belonging to insured customers, which were deducted by the Central Bank or Ziraat Bankası, and were transferred to the Tax Office.

14. CHANGES IN ACCOUNTING ESTIMATES

There have been no changes in accounting estimates as at the balance sheet date.

15. MORTGAGES OR GUARANTEES ON ASSETS

2002	Mortgage Amount	Amount of Guarantees
Type of the asset	TL Million	TL Million
Treasury bills	-	259,259,010
Government bonds	-	510,793,791
Eurobond	-	7,179,188
Repurchase Agreements	-	8,197,960
		785,429,949

2001	Mortgage Amount	Amount of Guarantees
Type of the asset	TL Million	TL Million
Treasury bills	-	195,158,061
Government bonds	-	347,667,016
Equity shares	-	470,735
Investment funds	-	65,525,922
Eurobond	-	734,008
Repurchase Agreements	-	264,442
Time deposits	-	8,915,036
		618,735,220

There are no mortgages on assets.

The guarantee amount consists of marketable securities and bank deposits kept in the name of insurees and calculated based on the specific regulations stated in the law.

16. INSURANCE ON ASSETS

31.12.2002	Net Book Value	Insurance Coverage	Coverage Rate
Type of Assets	(TL Million)	(TL Million)	%
Tangible Fixed Assets	27,253,283	10,689,127	39.2

31.12.2001	Net Book Value	Insurance Coverage	Coverage Rate
Type of Assets	(TL Million)	(TL Million)	%
Tangible Fixed Assets	17,325,756	10,660,729	61.5

The insurance coverage of the tangible fixed assets has subsequently reached 61%, with the renewals in 2003.

The insurance value of the tangible fixed assets, represent the value of the building excluding land in immovables, and market value in movables.

17. GUARANTEES AND MORTGAGES RECEIVED

31.12.2002	Receivable Amount	Type of	Mortgage and/or
Name of Client	(TL Million)	Mortgage and/or Guarantee	Guarantee Amount (TL Million)
Agents	60,775	Letters of Guarantee	125,830
		Mortgage on Immovables	12,400
		Treasury Bills	-
		Guarantees and Bails	114,917
		Other	
		Letters of Guarantee	20,575
		Guarantees and Bails	39,402
			313,124

31.12.2001	Receivable Amount	Type of	Mortgage and/or
Name of Client	(TL Million)	Mortgage and/or Guarantee	Guarantee Amount (TL Million)
Agents	60,607	Letters of Guarantee	85,795
		Mortgage on Immovables	12,400
		Treasury Bills	-
		Guarantees and Bails	53,545
		Other-	
		Letters of Guarantee	3,750
		Guarantees and Bails	41,652
			197,142

The guarantees and mortgages are received from the agencies at their initial registration, and are rolled-over as they mature.

18. COMMITMENTS & CONTINGENT LIABILITIES

Commitment Type	31 December 2002	31 December 2001
	Commitment Amount TL Million	Commitment Amount TL Million
Letters of Guarantee	827,750	1,499,392
Leasing Contracts	466,907	491,729

19. BLOCKED DEPOSITS AT BANKS

31.12.2002

As at 31 December 2002, the Company has no blocked deposits at banks.

31.12.2001

As at 31 December 2001 the Company's blocked deposits at banks amounting to TL 8,915,036 Million consist of TL 8,883,952 Million principal and TL 31,084 Million accrued interest, which is calculated, based on this principal amount.

20. COMPARISON OF THE BOOK VALUE, MARKET VALUE AND COST OF THE MARKETABLE SECURITIES

31.12.2002	Book Value (*) (TL Million)	Cost (TL Million)	Market Value (TL Million)
Blocked Portfolio			
Treasury Bills	242,102,986	194,057,930	249,306,129
Government Bonds	510,130,711	463,804,429	516,807,763
Reverse Repo	8,197,961	8,190,707	8,200,127
Eurobond	7,178,941	6,712,389	7,178,941
Total Blocked Portfolio	767,610,599	672,765,455	781,492,960
Elementary Portfolio			
Treasury Bills	9,722,878	7,885,082	10,004,901
Total Elementary Portfolio	9,722,878	7,885,082	10,004,901
Free Portfolio			
Treasury Bills	59,946,056	51,669,187	60,789,345
Government Bonds	39,605,539	34,431,186	39,981,987
Eurobonds	1,057,005	1,034,810	1,057,005
Reverse Repo	5,662,607	5,655,976	5,662,607
Equity Share	1,384,057	1,663,117	1,384,057
Total Free Portfolio	107,655,264	94,454,276	108,875,001
Total Marketable Securities	884,988,741	775,104,813	900,372,862
Equity Participations			
Traded in stock markets	6,712,643	5,787,484	7,574,493
Not traded in stock markets	4,599,669	4,599,668	4,599,668
Total Equity Participations	11,312,312	10,387,152	12,174,161

(*) Book values also include the income accruals of the marketable securities, amounting to TL 109,883,928 Million.

95% of the income accruals of the securities in the blocked portfolio are allocated to the policyholders and 5% of it belongs to the Company.

31.12.2001	Book Value (*) TL Million	Cost TL Million	Market Value TL Million
Blocked Portfolio			
Treasury Bills	188,731,900	171,242,220	190,194,305
Government Bonds	351,274,340	300,182,914	349,899,228
Equity Shares	470,735	518,992	470,735
Investment Funds	65,525,922	36,230,211	65,525,922
Reverse Repo	264,442	263,504	264,766
Eurobond	734,008	738,970	-
Total Blocked Portfolio	607,001,347	509,176,811	606,354,956
Elementary Portfolio			
Treasury Bills	5,795,226	5,354,408	5,795,226
Total Elementary Portfolio	5,795,226	5,354,408	5,795,226
Free Portfolio			
Treasury Bills	17,141,767	13,099,373	17,141,767
Government Bonds	5,339,838	5,034,259	5,341,908
Eurobonds	1,732,819	945,526	-
Reverse Repo	8,757,637	8,757,206	8,757,637
Equity Share	203,645	244,535	203,645
Total Free Portfolio	33,175,706	28,080,899	31,444,957
Total Marketable Securities	645,972,279	542,612,118	643,595,139
Equity Participations			
Traded in stock markets	5,553,749	4,208,476	8,268,799
Not traded in stock markets	3,923,556	3,923,556	3,923,556
Total Equity Participations	9,477,305	8,132,032	12,192,355

(*) Book values also include the income accruals of the marketable securities, amounting to TL 103,361,161 Million.

95% of the income accruals of the securities in the blocked portfolio are allocated to the policyholders and 5% of it belongs to the Company.

21. SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

31.12.2002

Type of Marketable Security	Book Value (TL Million)	Name of the Issuer
Equity Shares:	109,947	TSKB Menkul Değerler A.Ş.
	87,075	Yat. Fin. Yat. Ort. A.Ş.
	3,205,384	İş Gayr. Yat. Ort. A.Ş.
	240,000	İş Net Elekt. Bilgi Ürt. Dağ. Tic. ve İletişim Hizm. A.Ş.
	1,000	Trakya Yat. Hold. A.Ş.
	200,000	İş Port. Yön. A.Ş.
	301,046	T. Şişe Cam Fabr. A.Ş.
	1,362,500	İş-Tim Tel. Hizm. A.Ş.
	2,211,407	Bayek Tedavi Sağlık Hizm. ve İşl. A.Ş.
	23,810	S.Y.B. Yatırım Ortaklığı A.Ş.
	669,122	Türkiye Sınai Kalkınma Bankası A.Ş.

22. DETAILS OF "OTHER" BALANCES IN FINANCIAL STATEMENTS

Other assets, other payables and other liabilities, which are over 20% of their group or 5% of the total assets, are as follows:

	31 December 2002 (TL Million)	31 December 2002 (TL Million)
Other Assets		
Taxes and funds deductible	2,739,404	3,275,076
Disputed tax receivables (*)	20,472,272	20,472,272
Stationery	91,203	28,132
Prepaid corporate tax	5,573,557	4,145,431
Leasehold improvements	375,256	214,799
Other	652,448	302,838
Total	29,904,140	28,438,548
Other Payables		
Maturity debts payable	12,478,656	8,630,617
Claims payable	6,083,873	5,735,717
Terminated policy payables	1,727,600	1,987,586
Other	2,506,834	1,766,586
Total	22,796,963	18,120,506
Other Liabilities		
Disputed Tax Receivables (*)	20,472,272	20,472,272
Deferred income	1,540,347	1,638,962
Other	1,555,911	295,974
Total	23,568,530	22,407,208

(*) "Disputed tax receivables" in both other assets and other liabilities consist of withholding taxes paid on interest earned from government bonds in prior periods.

23. RECEIVABLE FROM AND PAYABLE TO PERSONNEL INCLUDED IN OTHER RECEIVABLES AND OTHER SHORT OR LONG TERM PAYABLES

There are no receivables from or payables to personnel exceeding 1% of total assets.

24. DOUBTFUL RECEIVABLES FROM SHAREHOLDERS, AFFILIATES OR SUBSIDIARIES

There are no doubtful receivables from shareholders, affiliates or subsidiaries.

25. DOUBTFUL RECEIVABLES

The Company recorded provision for premium receivables of TL 699,874 (2001: 274,796) Million aged more than two months.

According to the declaration of Undersecretariat of the Treasury, in the Official Gazette dated 26 November 1994 number 22154, "Regulation on Establishment and Operations of Insurance and Reinsurance Companies" is valid since 1 January 1995. According to the 27th clause of this regulation, the insurance companies are required to provide premium reserve for the entire amount of premium receivables that have matured two months before the balance sheet date.

In addition to this, Tax Procedure Law, clause number 323 states that the Company has to provide doubtful receivable provision according to their nature and collectability, for the doubtful receivables that are not covered by the premium reserve; which is mentioned above.

26. EQUITY INVESTMENTS

31.12.2002	Equity Participations		31.12.2002	31.12.2002	Financial Statement Standards	Independent Auditor's Report
	TL Million	Equity %	Pre-tax Period Profit/(Loss) TL Million	Net Period Profit/(Loss) TL Million		
Equity Participation						
İş Gayrimenkul Yatırım Ort. A.Ş. (*)	3,205,384	1,36	30,671,858	30,671,858	CMB	Unqualified
TSKB Menkul Değerler A.Ş.	109,947	6,56	467,356	316,518	TR GAAP	(**)
Yatırım Finansman Yatırım Ortaklığı A.Ş.	87,075	12,00	150,077	150,077	CMB	Unqualified
Bayek Tedavi Sağlık Hizm. ve İşl. A.Ş. (*)	2,211,407	8,41	(***)	(***)	(***)	(***)
Kastamonu Holding A.Ş. (*)	1,000	0,08	(***)	(***)	(***)	(***)
Trakya Yatırım Holding A.Ş. (*)	1,000	0,00				
Gothaer Anadolu Hayat GmbH (****)	349,555	50,00	(***)	(***)	(***)	(***)
İş Portföy Yönetimi A.Ş.	200,000	20,00	2,963,124	1,987,078	CMB	(****)
SYB Yatırım Ortaklığı A.Ş. (*)	15,000	2,00	453,159	453,159	TR GAAP	(**)
İş-Tim Telekomünikasyon Hizmetleri A.Ş. (*)	1,362,500	0,25	(***)	(***)	(***)	(***)
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İletişim Hizm. A.Ş. (*)	240,000	2,00	727,916	468,656	TR GAAP	(**)
Total	7,782,868					
Reclassifications from marketable sec in the current year:	3,405,182					
Others	124,262					
Total Investments (net)	11,312,312					

Investments, amounting to TL 6,712,643 Million are publicly traded out of TL 11,312,312 Million of the above listed investments.

(*) As at the balance sheet date, the Company's share in İş Gayrimenkul Yatırım Ortaklığı ve Proje Değerlendirme A.Ş., Bayındır Tedavi Hizmetleri A.Ş., Kastamonu Holding A.Ş., Trakya Yatırım Holding A.Ş., SYB Yatırım Ortaklığı A.Ş., İş-Tim Telekomünikasyon Hizmetleri A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. and the marketable securities that are reclassified to investments (Refer to Note 11), are lower than 10% and these companies are treated as marketable securities held. However since the financial statements are prepared according to the Insurance Auditing Law, this presentation is not applied.

(**) Not audited as of 31 December 2002.

(***) Unable to obtain the Company's financial statements as of 31 December 2002

(****) Unaudited financial statement data

(*****) Company's financial statements are prepared in accordance with German Generally Accepted Accounting Standards.

From 1 January 2001 on, the Company has reclassified the equity shares, which were held for more than two years, to long-term investments, with their market value prevailing at the last valuation date. These shares should be considered as affiliates, since the ownership share of the Company is below 10%. The financial statements are in compliance with the Insurance Audit Law; thus this presentation is not applied.

Marketable securities reclassified to long-term investments in the current year are listed below:

Equity Participations	Participation Amount	Market Value
	TL Million	TL Million
ADANA-A	57,275	85,240
AKAL TEKS.	7,086	10,096
AKSU İPLİK	3,109	4,579
AKTAŞ ELK.	4,600	-
ANADOLU CAM	82,126	102,851
ARÇELİK	95,491	282,827
AYGAZ	117,164	171,262
BEKO	74,990	207,842
BRİSA	53,578	86,056
BSPRO	91,328	234,988
CEYLAN	5,304	7,983
DEMİŞAŞ	1	2
DOĞAN HOL.	106,175	118,910
EREĞLİ	291,804	462,777
FROTO	174,437	273,251
GİMA	22,008	18,312
GOODYEAR	136,060	326,970
HEKTAŞ	11,750	11,509
İZMDC	25,139	21,720
İZOCAM	123,684	157,395
KOÇ HOLD.	234,220	404,519
KORDSA	39,391	44,380
MİGROS	126,806	142,573
NETAŞ	24,584	23,143
SAHOL	151,877	199,148
SODA	15,676	12,018
ŞİŞECAM	301,046	319,977
TOASO	59,029	77,440
TRAKYA CAM	133,694	194,531
TRCAS	36,529	61,678
TSKB	669,121	567,658
TUDDF	93,080	167,668
USAŞ	37,020	47,983
Total	3,405,182	4,847,286

ANADOLU HAYAT SİGORTA A.Ş.
31 DECEMBER 2002 NOTES TO THE BALANCE SHEET

31.12.2001	Equity Participations		31.12.2001 Pre-tax Period Profit/(Loss) TL Million	31.12.2001 Net Period Profit/(Loss) TL Million	Financial Statement Standards	Independent Auditor's Report
	TL Million	Equity %				
Equity Participation						
İş Gayrimenkul Yatırım Ort. A.Ş. (*)	3,205,384	1.36	20,463,474	20,463,474	CMB	Unqualified
TSKB Menkul Değerler A.Ş.	81,000	12.00	638,424	425,264	TR GAAP	(**)
Yatırım Finansman Yatırım Ortaklığı A.Ş.	67,500	12.00	272,650	272,650	CMB	Unqualified
Bayek Tedavi Sağlık Hizm. ve İşl. A.Ş. (*)	1,640,044	7.92	(***)	(***)	(***)	(***)
Kastamonu Holding A.Ş. (*)	1,000	0.08	(***)	(***)	(***)	(***)
Trakya Yatırım Holding A.Ş. (*)	1,000	0.00	410,227	360,140	CMB	(**)
Gothaer Anadolu Hayat GmbH (****)	281,100	50.00	(***)	(***)	(***)	(***)
İş Portföy Yönetimi A.Ş.	200,000	20.00	2,963,124	1,987,078	CMB	(****)
SYB Yatırım Ortaklığı A.Ş. (*)	15,000	2.00	453,159	453,159	TR GAAP	(**)
İş-Tim Telekomünikasyon Hizmetleri A.Ş.(*)	1,362,500	0.25	(***)	(***)	(***)	(***)
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İletişim Hizm. A.Ş. (*)	240,000	2.00	922,178	660,003	TR GAAP	(**)
Total	7,094,528					
Reclassifications from marketable sec in the current year:	2,265,865					
Others	116,912					
Total Investments (net)	9,477,305					

Investments, amounting to 3,205,466 Million TL are publicly traded out of 7,094,528 Million TL of the above listed investments.

(*) As at the balance sheet date, the Company's share in İş Gayrimenkul Yatırım Ortaklığı ve Proje Değerlendirme A.Ş., Bayındır Tedavi Hizmetleri A.Ş., Kastamonu Holding A.Ş., Trakya Yatırım Holding A.Ş., SYB Yatırım Ortaklığı A.Ş., İş-Tim Telekomünikasyon Hizmetleri A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. and the marketable securities that are reclassified to investments (Refer to Note 11) are lower than 10% and these companies are treated as marketable securities held. However since the financial statements are prepared according to the Insurance Auditing Law, this presentation is not applied.

(**) Not audited as of 31 December 2001.

(***) Unable to obtain the Company's financial statements as of 31 December 2001.

(****) Unaudited financial statement data

(*****) Company's financial statements are prepared in accordance with German Generally Accepted Accounting Standards.

27. BONUS SHARES RECEIVED FROM EQUITY PARTICIPATIONS AND SUBSIDIARIES DURING THE YEAR

The Company received TL 428,897 Million (2001: TL 425,203 Million) common stock from its subsidiaries and equity participations.

28. NON-CASH RIGHTS ON IMMOVABLES

There are no non-cash rights on immovables.

29. REVALUATION SURPLUS ARISING FROM REVALUATION OF TANGIBLE FIXED ASSETS

	31.12.2002 (59%) (TL Million)	31.12.2001 (53.2%) (TL Million)	31.12.2000 (56%) (TL Million)
Fixed Assets	10,688,693	6,331,416	4,384,569
Depreciation (-)	(829,162)	(485,018)	(397,331)
Revaluation (Net)	9,859,531	5,846,398	3,987,238

30. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

31 December 2002	Currency	Rate	Amount
Foreign Currency Receivables	Amount	(31.12.2002)	(TL Million)
Banks			
USD	243,280	1,634,501	397,641
CHF	30,155	1,169,633	35,270
EUR	30,853	1,703,477	52,557
GBP	23,683	2,618,888	62,023
Total			547,491

Foreign Currency Payables
None.

31 December 2001	Currency	Rate	Amount
Foreign Currency Receivables	Amount	(31.12.2001)	(TL Million)
Banks			
USD	20,210	1,439,567	29,094
DEM	34,755	648,377	22,534
CHF	12,494	854,480	10,676
NLG	9,446	575,446	5,436
EUR	14,394	1,268,115	18,253
FRF	3,442	193,323	665
GBP	9,053	2,081,497	18,844
BFR	26,504	31,435	833
Total			106,335

31. GUARANTEES GIVEN ON BEHALF OF SHAREHOLDERS, EQUITY PARTICIPATIONS OR SUBSIDIARIES

There are no guarantees given on behalf of shareholders, equity participations or subsidiaries.

32. PERSONNEL STRUCTURE

	31.12. 2002	31.12.2001
Senior Managers	4	15
Managers	48	66
Officers	183	139
Personnel with Contracts	11	10
Other	19	20
Total	265	250

33. OTHER SIGNIFICANT MATTERS MATERIALLY AFFECTING THE FINANCIAL STATEMENTS

In the determination of corporate tax base for the year 2002, the withholding tax and surcharges amounting TL 2,739,403 Million is used as a deduction account over the insurance funds' revenues in year 2001.

1. Depreciation and amortisation for the period is TL 639,067 (1999: 409,140) Million.

	TL Million
a. Depreciation expense	
aa. Depreciation	374,112
ab. Revaluation of depreciation	135,581
b. Amortisation	129,374

2. Provision and discount expense for the period:

	2002 TL Million	2001 TL Million
Tax provision	20,308,208	12,925,789
Current risk provision	23,675,560	13,140,923
Outstanding loss provision	5,205,025	3,566,903
Life mathematical provision	267,705,868	184,982,426
Life profit sharing provision	529,658,890	415,944,294
Expense accruals on marketable securities	356,426	2,021,989
Retirement pay provision expense	740,370	869,800
Provision for premium receivables	425,078	-
Discount expense on receivables maturing over three months	988,928	952,163
Doubtful receivable provision expenses	-	30,745
	849,064,353	634,435,032

3. There are no finance expenses for the period.

4. There are no finance expenses related to shareholders, subsidiaries or equity participations.

5. Sales to and purchases from shareholders, equity participations and subsidiaries are as follows:

	Sales (Premium Received) TL Million	Purchases (Premium Paid) TL Million
Shareholders and participations		
Destek Reasürans A.Ş. (*)	12,585	32,112
İş Net Elektrik Bilgi Ür. Dağ. Tic. ve İlet. Hizm. A.Ş.	67,181	-
Anadolu Anonim Türk Sigorta Şirketi (*)	52,897	31,526
Türkiye Sınai ve Kalkınma Bankası A.Ş.	50,662	-
	183,325	63,638

(*) TL 32,112 Million of purchase from Destek Reasürans A.Ş. and TL 31,526 Million of sales to Anadolu Anonim Türk Sigorta Şirketi consists of ceded premiums ceded to reinsurers.

6. The commission expenses paid to T. İş Bankası A.Ş., one of the shareholders, TL Million 2,852,562 (2001: TL 3,351,083 Million) consists of TL 2,096,727 Million (2001: TL 3,024,186 Million) commission expense paid for policy collection and TL 755,835 Million (2001: TL 326,897 Million) commissions expense paid to issue policies.

7. Salaries and other benefits paid to senior management amounted to TL 810,859 (2001: 653,343) Million.

8. There are no changes in the depreciation calculation method in the period.

9. Inventory cost calculation system: The Company does not have inventories.

10. No inventory count is performed since the Company does not have any inventories. The Company has performed an inventory count only for stationery stock it owns.

11. There are no scrap or service sales of the Company.

12. The Company has no investment incentive related to its sales.

13. There are no income and profits or expense and losses relating to the previous period.

14. The profit distribution has not been finalized as of the report date, because the General Board Meeting has not yet been held. However; earnings per share is as follows:

	31 December 2002	31 December 2001
Period Profit	57,070,372	37,564,681
Corporate Tax Provision (-)	20,308,208	12,925,788
Profit After Tax	36,762,164	24,638,893
Earnings Per Share TL	566	704
Earnings Per Share %	56.56%	70.40%

15. Changes in the amounts of goods and services production in the period for each main production group:
This note is not applicable for insurance companies.

16. Changes in the sales amounts of goods and services in the period for each main sales group (Million TL):

	2002	2001	Change
Premiums Received (Gross)			
Health	63,170,980	36,105,379	74%
Life	188,519,152	110,767,776	70%
Total	251,690,132	146,873,155	71%

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