

Annual Report
2005



**ANADOLU HAYAT
EMEKLİLİK**



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TRY^{million} 468

Total Premium and Contribution Production

TRY^{million} 5

Technical Profit

TRY^{million} 2,028

Total Assets

98,178

PPS Participants

588,949

Life Insurance Customers

Corporate profile

Anadolu Hayat Emeklilik, that is at the service of customers in the private pension and life insurance branches, was founded in 1990 as Turkey's first life insurance company.

Anadolu Hayat Emeklilik is the first and only private pension company in Turkey whose shares are publicly traded. Headquartered in İstanbul, the company operates through regional departments in İstanbul (2), Ankara, Adana, Bursa, and İzmir; a branch in the Turkish Republic of Northern Cyprus; a direct marketing team; a bank sales channel consisting of 870 İşbank, 158 HSBC, and 113 TEB branches; and 359 agents.

Anadolu Hayat Emeklilik is the unchallenged leader of the Turkish life insurance industry with a 28% share of the sector's total premium production. At end-2005, the company ranked second in the private pension branch with a total of 98,178 participants in its portfolio.

The shares of Anadolu Hayat Emeklilik, a subsidiary of İşbank are quoted on the İstanbul Stock Exchange under the symbol ANHYT.

Our Mission, Vision, and Corporate Strategy

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 eliminate people's doubts about the future and enhance the quality of their lives; and 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 that are of concern to the future of Turkey and the Turkish people.

Our corporate strategy

- Contribute to the stable growth of the industry by developing and maintaining a diversity of products capable of responding to customers' needs and demands in life insurance and private pensions.
- Increase market share by combining the success in offering innovative products and creating value through an extensive service network.
- Provide customers with financial security and enable them to save up for their retirement by taking advantage of the company's experience and effectiveness in the industry to achieve superior performance in the management of pension funds.
- Maintain a sustainable level of profitability that is above the market average.

Principal Financial Indicators and Ratios

Anadolu Hayat Emeklilik's total premium and contribution production increased 10% year-on in 2005.

	2004	2005
Financial Indicators	(TRY 1,000)	(TRY 1,000)
Total Premium and Contribution Production	410,559	467,969
Total Technical Profit	31,400	5,454*
Total Assets	1,675,443	2,028,207
Paid-up Capital	100,000	150,000
Shareholders' Equity	223,377	312,252
Financial Income	78,765	62,045
Pretax Profit	59,461	58,440
Basic Ratios	(%)	(%)
Technical Profit/Premium Production	8	14
Pretax Profit/Total Assets	4	3
Pretax Profit/Shareholders' Equity	27	19
Premium Production/Total Assets	25	17
Shareholders' Equity/Total Assets	13	15

* As required by the "Communique concerning the Insurance Accounting Plan and Prospectus" published by the Treasury, operating expenses in 2005 were allocated according to the branches with which they were concerned, which is contrary to what was done in previous years. Because of this change in accounting rules, the company's technical profit appears to be lower in 2005.

General Manager's Message

Esteemed shareholders, customers, and employees:



In our annual report for 2004, we identified our most important goals for 2005 as maintaining the position as leader of the life branch that our company has held since it was founded, advancing to the leading position in private pensions by focusing particularly on group pension plans, and pursuing growth and development with new practices, new products, and new ventures.

This annual report for 2005 reveals the degree to which we have achieved those goals and moved forward while also identifying new goals for the future.

Before doing so, I want to touch briefly on the economic developments that took place in the world and our own country in 2005 as well as on a number of issues that are of concern to our sector.

Economic developments in 2005

The most noteworthy developments in the global economy were a 50% rise in oil prices, a resumed rise in the value of the US dollar against the euro, and continued strong growth in China that seriously strained balances everywhere.

Overall growth in the world economy was 4.3% but there was considerable variation in the major players: 9% in China but 3.5% in the USA and 2.8% in Japan while the EU managed only 1.6%.

In 2005, the number of active participants in the private pension system reached 672,696 while the number of contracts reached 714,146.

The impact of a series of natural disasters was felt not just by the insurance industry but by the global economy as a whole. A succession of hurricanes in the Americas, forest fires and floods in Europe, and earthquakes and typhoons that struck Asia hit all sectors hard and thus the world economy as well.

Four years of stable growth and development in our own country continued without interruption in 2005. International investors seeking investment alternatives continued to take an interest in Turkey, whose star has been growing brighter year after year as the country advances towards becoming the world's investment capital.

Economic growth in the national economy was 5.3% in the first quarter of 2005, 3.4% in the second, and 7.3% in the third. As of end-2005, the rate of growth stood at 7.6%, more than two and a half points higher than the government's 5% target.

The downward trend in inflation also continued in 2005. Consumer price inflation last year was 7.7% while the rise in producers prices contracted further to 2.7%. The Turkish lira appreciated 13% against the euro and closed the year at EUR 1.00 = TRY 1.5904 while it remained almost flat (though still gaining 0.07%) against the US dollar and ending the year at USD 1.00 = TRY 1.3430.

Private Pension System's second year

Turkey's private pension system (PPS) completed its second full year of operation in 2005. The system, in which 11 companies are actively participating, registered growth in excess of targets last year. Total contributions

directed into investment amounted to TRY 1,079 million, more than TRY 200 million above the TRY 800 million target that had been set. The number of active participants in the system reached 672,696 while the number of contracts reached 714,146.

These numbers, achieved in just the first two years of the system's life, are indications of what the system is capable of doing in the future. While filling in a serious gap in Turkey's social security system, PPS will also contribute substantially to the national economy through the savings that it generates and the employment that it creates.

Some changes were made in PPS in 2005 to make the system sounder, stronger, and more effective. What is a very important development from the standpoint of increasing the system's appeal as an investment alternative, PPS accounts were exempted from the 15% tax withholding requirement introduced last year for all other investment instruments.

The importance of corporate participation

Another matter that is of vital importance for the private pension system is to attract more corporate participants. Other countries' experience with private pension systems shows that an increase in the number of group private pension plans to which the employer contributes is the real driving force.

In that respect, 2005 was a rather good year from the standpoint of group contracts, which nearly trebled in number from their 62,568 level in 2004 and reached 176,970 in 2005, an overall increase of 183%. In 2004,

General Manager's Message

group contracts accounted for an 18.7% share of the total; in 2005, that ratio reached 25%. This heightened interest in the private pension system on the part of employers is a most encouraging development. The goal is to increase that ratio to 50% in the medium term.

Anadolu Hayat Emeklilik's Private Pension System performance

Paralleling general developments in the system, Anadolu Hayat Emeklilik continued to grow as well in 2005 and further strengthened its position in the market. At year-end the company ranked second in terms of the number of participants in its portfolio and third from the standpoint of the volume of contributions directed into investment.

In 2005 Anadolu Hayat Emeklilik reached 99,757 private pension accounts for 98,178 participants, and reached to TRY 155.2 million in contributions, and invested a total of TRY 152.4 million.

The undisputed leader in life insurance

Anadolu Hayat Emeklilik closed its books in 2005 as the leader of the country's life insurance industry. I take pride in saying that leadership of the sector comes naturally for our company.

There were 26 firms active in the life branch in 2005. There was a net decline in the total number of life insurance policies due primarily to conversions of endowment policies to private pension contracts. This decline was mitigated by a rise in life insurance policies associated

with a strong increase in long-term lending by banks, which make them a requirement for such loans.

The right to convert life policies to private pensions will cease in October 2006, which will put an end to the attrition in policy numbers for that reason. We believe that renewed growth in the life branch can be achieved by making people aware that life insurance policies and private pensions are investment instruments that serve very different purposes.

Our new business partners

An important development in 2005 was the signing of an agency and cooperation agreement with Türk Ekonomi Bankası (TEB). Under this agreement, TEB branches join the ranks of those of İşbank and HSBC as agents of Anadolu Hayat Emeklilik.

Our strategic cooperation with TEB is not limited to using the bank as a sales channel however. The "New Life Pension Plan" that incorporates products that we have developed together with the bank is now being offered to TEB customers.

I believe that this cooperation with TEB will lead to successful results for our company as well as for the bank.

Our company ranked second in the sector in terms of the number of participants in its portfolio and third from the standpoint of the volume of contributions directed into investment.

Our financial performance

Anadolu Hayat Emeklilik's financial performance was especially strong in 2005.

Our company booked a net profit of TRY 36,017,509 in 2005. At the year's general meeting, shareholders voted to pay out gross dividends amounting to TRY 15,000,000, of which TRY 5,000,000 is in cash and TRY 10,000,000 in new shares of stock. The gross dividend paid per share of stock was TRY 0.001.

Our mathematical reserves and retained dividends, which are an expression of our policyholders' savings, reached TRY 1,400 million. This corresponds to a year-on rise of 8%. These results mean that Anadolu Hayat Emeklilik controls a 32,3 % share of the industry's total mathematical reserves.

The picture of success achieved through the dedicated efforts of the Anadolu Hayat Emeklilik team is detailed in full in the independent auditors' report at the end of this annual report.

For the future

I believe that economic stability will again prevail in our country in 2006 and that foreign investors' interest will remain strong. A strong and stable economy will increase people's buying power and make it easier for individuals to invest in their futures.

With the addition of vesting to the legal framework, private pension companies will be in a position to derive even greater benefit from economic affluence. In that respect, the futures of both the life branch and the private pension system are bright.

Anadolu Hayat Emeklilik for its part will continue to promote the private pension system, foster its growth, and develop and offer products and services in line with its customers' needs. As always, our goals will be to maintain the position as leader of the life branch that Anadolu Hayat Emeklilik has held since it was founded while also becoming the enduring leader of the private pension system as well. With its infrastructure, human resources, and knowledge and experience, Anadolu Hayat Emeklilik has the strength it needs to accomplish this.

In closing I extend my thanks on behalf of our company and the Board of Directors to our customers for entrusting their futures to us, to my colleagues for their exemplary performance, to our agents for successfully representing our company, to İşbank for providing us with the full strength of its guidance as our principal shareholder, and to all our investors for supporting us.

Yours sincerely,

Mustafa Su
General Manager

The Global and Turkish Economies in 2005

The Turkish economy remained on its four-year course of stable development and grew 7.6% in 2005.

The world economy

Although it lost some of its momentum, the world economy is thought to have grown 4.3% in 2005. Despite the obviously adverse impact of a 47.5% rise in oil prices, year-end estimates put global growth at such a relatively high level largely because long-term interest rates stayed low while liquidity conditions remained favorable overall.

In addition to increased demand for oil generated by growth in the global economy, factors that reduced production such as natural disasters and geopolitical risks pushed average oil prices from their USD 38.4/barrel level in 2004 to USD 54.4/barrel in 2005.

Despite improvements in domestic demand paralleling rises in housing prices and improvements in labor markets in 2005, the US economy lost momentum due to a string of costly natural disasters and high oil prices and it grew by only 3.5%. High budget and current account deficits continue to be the US economy's biggest problem.

In the Eurozone, growth is put at a mere 1.3% in 2005 due to weak domestic demand that effectively suppressed the positive impact of higher external demand brought on by the vigor in the global economy. The Japanese did relatively better, growing about 2.8% as higher employment and investment numbers reflected a recovery in domestic demand.

Looking rather weak at the beginning of 2005 due to high current account and budget deficits, the US dollar appreciated against the euro during the year in the face of repeated interest rate hikes by the Federal Reserve, strong signals about the future course of the US economy, and political uncertainties in the EU.

The Turkish economy

The Turkish economy remained on its four-year course of stable development and grew 7.6% in 2005.

A foreign trade deficit that continued to increase despite a slowdown in growth rates resulted in an expansion in the current account deficit, which reached USD 22.9 billion in 2005. The current account deficit was largely financed by portfolio investment and by loans obtained by Turkish banks and companies from international markets though there was also a rise in foreign direct investment in the latter part of the year.

The downward trend in inflation also continued in 2005. Consumer price inflation last year was 7.7% while the rise in producer prices contracted further to 2.7%.

The outlook for 2006

- Turkey's exports will be worth USD 79 billion and imports USD 124.4 billion while the current account deficit will be about USD 22 billion.
- Economic growth will be on the order of 5%.
- The rise in consumer prices will be reduced to 5% with the objective of pulling it down still further to 4% in 2007 and 2008.
- The ratio of the public-sector non-interest surplus to GNP will be 6.5%.

Developments in the Sector

The private pension system, in which 11 companies are actively participating, registered growth in excess of targets last year.

Private Pension System (PPS)

The private pension system, in which 11 companies are actively participating, registered growth in excess of targets last year.

Turkey's private pension system (PPS) completed its second full year of operation in 2005. The system, in which 11 companies are actively participating, registered growth in excess of targets last year.

According to figures published by the Pension Monitoring Center, the number of active participants in the system stood at 672,696 as of 31 December 2005 while the number of contracts was 714,146. Total contributions excluding converted life insurance policies amounted to TRY 918.9 million; with conversions, they totaled TRY 1,117.23 million. These results translate into a 114% year-on rise in the number of participants and a 290% increase in the volume of contributions directed into investment.

Looking at participants broken down by age, people in the 25-34 age group account for the biggest share (41.3%) of participants, followed in turn by the 35-44 age group at 33.3%. 81.3% of participants pay their contributions in Turkish liras and the remaining 18.7% in a foreign currency.

75.2% of the pension contracts in the system were purchased by private individuals while the remaining 24.8% were corporate group-based pension plans. Corporate participation is vitally important to the system's growth and development and the increased interest on the part of corporate customers is encouraging.

The life insurance industry

Ten of the twenty-six insurance companies active in the life branch, are also members of the private pension system.

2005 was a lively year for the life branch in Turkey. With the spread of long-term, low-interest lending by banks to finance housing loans there was a corresponding rise in the demand for long-term life insurance policies associated with such loans as well. This development had a favorable impact on life insurance companies which make use of bancassurance as a sales channel.

When the mortgage system in Turkey does become operational, its likely that the demand in the life branch will grow even more in the future.

According to Association of Insurance and Reinsurance Companies of Turkey figures, the year-on rise in life insurance premium production in 2005 was 1.36% while twenty-six companies generated premiums worth a total of TRY 1,241 million.

Increased participation in the private pension system has brought with it a significant decline in life insurance premium production. Nevertheless economic stability, low inflation, and the banking implementations of arranging life insurance policies to extend housing loans will continue to have a beneficial impact on the sector's performance. The impending introduction of the mortgage system in Turkey will be another factor accelerating growth in life insurance.

Anadolu Hayat Emeklilik: Developments, Standing, and Strategies

Superior human resources, perfect service infrastructure, an outstanding and extensive agency network, and the synergetic collaboration that has been developed with İşbank provide Anadolu Hayat Emeklilik with the energy it needs as it advances towards its goals.

During 2005, Anadolu Hayat Emeklilik:

- continued to increase the number of its life insurance policyholders and private pension participants.
- achieved a year-on 10% rate of growth in its premium and contribution production.
- increased the volume of its collected contributions 255% compared with 2004 to TRY 155 million.
- continued its effective and extensive marketing activities.
- further expanded the scope of its bancassurance activities by adding the branches of TEB and HSBC to its existing nationwide service network of İşbank.
- was the author of many new practices aimed at developing customer relations and service quality.
- made great progress in its restructuring process and continued its intensive training programs aimed at increasing sales and productivity.
- remained faithful to its corporate governance principles and maintained continuous and transparent communication with all its stakeholders.

Anadolu Hayat Emeklilik strives without letup to:

- provide people and their loved ones with the ability to enjoy a secure and comfortable future.
- contribute to the Turkish economy with the long-term funding that it creates.
- be the leader in both of the branches in which it is active.

Superior human resources, perfect service infrastructure, an outstanding and extensive agency network, and the synergetic collaboration that has been developed with İşbank provide Anadolu Hayat Emeklilik with the energy it needs as it advances towards its goals.

Rapid growth in the private pension system

2005 was the second full year of operation for Turkey's private pension system.

One of the founders of our country's private pension system, Anadolu Hayat Emeklilik completed its second year with successful results. In these first two years, which are regarded as a period of the system's introduction and initial development, the company achieved much better results than expected in terms of both number of participants and volume of contributions received.

In 2005 Anadolu Hayat Emeklilik reached to 99,757 private pension accounts for 98,178 participants. During the same period, the volume of contributions directed by the company into investment reached TRY 152.4 million.

In its second full year of operation, Anadolu Hayat Emeklilik controlled a 13.97% share of the sector in terms of the number of contracts, a 14.60% share in terms of the number of participants, and a 14.12% share of the contributions directed into investment.

In 2005 Anadolu Hayat Emeklilik ranked second in terms of the number of contracts, participants, and life insurance policies converted to private pensions and third in terms of the volume of contributions directed into investment.

69.7% of Anadolu Hayat Emeklilik's private pension contracts were with individuals while the remaining 30.3% were group-based. The heightened interest in the private pension system on the part of employers is a most encouraging development. With the anticipated introduction of regulations about vesting implementations in 2006, it is expected that companies will be taking an even greater interest in the system.

A selection of pension funds and plans to suit every customer's needs

Anadolu Hayat Emeklilik has set up fifteen different pension funds on which to base its customers' individual and group pension plans.

Anadolu Hayat Emeklilik conducts all of its activities with the goal of creating the most suitable conditions possible so that its customers may enjoy a comfortable future. The company offers 4 individual and 118 standard group pension plans designed according to the demographic features of its customers.

Continuing its strategy of having its pension funds managed by Turkey's biggest and most experienced asset management companies, Anadolu Hayat Emeklilik has begun working with HSBC Portföy Yönetimi A.Ş. and TEB Portföy Yönetimi A.Ş. in addition to its existing collaboration with İş Portföy Yönetimi A.Ş.

The undisputed leader in life insurance

Founded in 1990 as the first life insurance company, Anadolu Hayat Emeklilik has been the undisputed leader of the life branch in Turkey ever since. The company produced TRY 348,244,075 in premiums in 2005, which corresponds to a 28% share of the sector's total premium production and puts it 15.4 percentage points ahead of its nearest competitor.

In the life branch, Anadolu Hayat Emeklilik offers ten different insurance products that have been carefully designed to meet the needs of different customer targets. At the policyholder's option, a policy may be denominated in Turkish liras or indexed to a foreign currency. In addition to products that accumulate cash value and provide coverage for death and disability risks, there are also annuities.

A growing organization and intensified marketing activities

Anadolu Hayat Emeklilik continued its marketing activities without letup in 2005.

Anadolu Hayat Emeklilik markets its private pension products through its direct marketing team as well as through agents and the branches of İşbank, HSBC, and TEB.

In addition to private pension products, the company's marketing staff also market life insurance products.

Because it requires financial expertise and entails a close and long-term relationship with the customer, the sale of life insurance and private pension products has a knock-on effect by triggering other direct sales.

Taking this as its point of departure, in 2005 Anadolu Hayat Emeklilik continued to expand its sales force for the purpose of developing its sales activities. As of year-end, the company's direct marketing team numbered close to 250 people who were active in 45 provinces.

Anadolu Hayat Emeklilik's private pension funds

Money Market Funds	Growth Funds	Income Funds	Other Funds
<ul style="list-style-type: none"> • AHE Cash Fund 	<ul style="list-style-type: none"> • AHE Equity Fund • AHE International Mixed Fund • AHE Aggressive Fund • AHE Group Equity Fund 	<ul style="list-style-type: none"> • AHE Bond Fund • AHE Bond & Bill Fund • AHE Mixed Borrowing Fund-FX • AHE Eurobond Dollar Fund • AHE Eurobond Euro Fund • AHE Conservative Fund • AHE Group Conservative Fund • AHE Group Bond Fund • AHE Group Eurobond Fund 	<ul style="list-style-type: none"> • AHE Balanced Fund

Anadolu Hayat Emeklilik: Developments, Standing, and Strategies

An approach to service focused on customer satisfaction

An approach to service that focuses on customer satisfaction plays an important role in the way the company's customer relations unit carries out its activities. In 2005 the unit responded to approximately 300,000 telephone calls and 11,000 e-mails. In addition to handling incoming calls, the unit was in continuous contact with policyholders and participants who missed payments, whose coverage had ended, and who made payments by credit card.

Another important function of the customer relations unit is telemarketing. Anadolu Hayat Emeklilik responds to requests received by telephone or via internet and actively turns them into policies through its offer-sale process. Close to 160 life insurance policies and 120 private pensions were sold in this way in 2005. Data entries were made for about 6,000 policyholders who were entitled to emergency assistance insurance. Coverage services were provided with the fee being paid by Anadolu Hayat Emeklilik and cards were sent out.

A growing corporate portfolio

In 2005 we began to reap the benefits of the intensive promotional activities that were conducted the year before to increase corporate sales. Increased public awareness of the private pension system has resulted in a process in which firms focus on modeling and formulating private pension programs in which the employer may or may not be making contributions.

At end-2004, Anadolu Hayat Emeklilik had 5,522 corporate contracts in its portfolio. In the twelve months to end-2005 this increased nearly sixfold and reached 30,236, giving the company a 17% market share in this segment.

While the sector-wide ratio of group contracts to total contracts is about 25%, such contracts account for a 30% share of Anadolu Hayat Emeklilik's portfolio.

As of end-2005, the total volume of group contract contributions directed into investment throughout the sector was TRY 190 million, of which Anadolu Hayat Emeklilik controlled a 12.23% market share worth TRY 23.3 million.

Anadolu Hayat Emeklilik offers a wide range of products and services capable of meeting all the needs and expectations of its corporate customers. Since the day the system became operational, the company has been providing its customers and brokers with corporate support, accurately describing the system and what it can do, and offering companies specially-designed, flexible, and highly advantageous plans. Making it a principle to provide customers with fast, high-quality service, Anadolu Hayat Emeklilik continues its never-ending efforts focused on achieving the highest level of customer satisfaction possible.

Anadolu Hayat Emeklilik continues its efforts to develop and market new products aimed at the corporate segment. Changes in the legal framework that are expected in 2006 to introduce vesting and allow foundations and existing private pension funds to transfer their assets to the private pension system will further increase the interest that corporate customers take in private pensions.

Our traditional and synergetic collaboration with İşbank

The cooperation that Anadolu Hayat Emeklilik has developed with its principal shareholder, İşbank, is one of the most extensive, effective, and successful examples of bancassurance in our country. Each and every one of İşbank's more than 800 branches located all over Turkey acts as an agent for Anadolu Hayat Emeklilik.

Founded in 1990 as the first life insurance company, Anadolu Hayat Emeklilik has been the undisputed leader of the life branch in Turkey ever since.

The cooperation with the bank continued to be effective and to develop in 2005. About 23% of the initial premium production on Anadolu Hayat Emeklilik's endowment life insurance policies and about 65% of its private pension production are made through İşbank branches.

Campaigns were organized to increase employees' motivation and boost sales made through İşbank and awards were given to the most successful branches. Activities to encourage and enhance sales and to promote the company's products were also conducted throughout the year together with İşbank.

With their extensive branch networks, installed technological infrastructure, and alternative sales channels, banks are strategically important for companies engaged in the businesses of private pensions and life insurance from the standpoint of gaining access to potential customers. For this reason, İşbank's service network represents the most important avenue of growth and development for Anadolu Hayat Emeklilik.

Anadolu Hayat Emeklilik's goal is to increase the cooperation it has developed with İşbank and to reach out to and serve increasingly more customers through it as a sales channel.

Agents: Our traditional sales channel

Agents are crucially important to Anadolu Hayat Emeklilik, just as they are for the whole sector.

As of year-end 2005, Anadolu Hayat Emeklilik was working with a total of 359 agents. Twenty new agency relationships were established during the same year.

The number of Individual (Personal) Pension Intermediaries of Anadolu Hayat Emeklilik by the end of the year 2005 are given below according to sales channels:

Number of Individual (Personal) Pension Intermediaries

Personnel	Direct Sales Force	HSBC	İş Bank	Agents	Broker	IFA*	TOTAL
56	228	120	806	370	18	20	1,618

* The term IFA (Independent Financial Adviser) refers to Independent Individual (Personal) Pension Intermediary

Although their initial premium production on endowment life insurance policies was down 17% year-on in 2005, Anadolu Hayat Emeklilik agents retained their importance as a sales channel with an overall 67% share of the total. The decline in premium production on such policies was offset by a greater share of private pension contributions produced by agents, which rose significantly last year and reached 36% of the total.

The chart shows the production shares of the company's agents in private pensions and endowment life insurance policies in 2005.

	Number	Initial premium/contribution
Private pensions	19%	36%
Endowment life insurance policies	67%	73%

Special importance was again given to developing relations with agents in their capacity as representatives of Anadolu Hayat Emeklilik in dealing with customers. The company continued to give its agents incentives and offered intensive training opportunities.

Individual (Personal) Pension Intermediaries Exam

By law, agents and their sales representatives must pass the electronic-format Individual (Personal) Pension Intermediaries Exam in order to act as an intermediary in the private pension system. There are 370 Anadolu Hayat Emeklilik agents and sales representatives who have successfully passed this exam and been certified to act as Individual (Personal) Pension Intermediary. Looking at the company's sales channels, with this number of intermediaries, agents are Anadolu Hayat Emeklilik's second biggest sales channel in the private pension market.

Anadolu Hayat Emeklilik: Developments, Standing, and Strategies

Joint production activities of İşbank and agents

In 2005 we were witness to a most important collaboration between İşbank and Anadolu Hayat Emeklilik's agents. In this joint effort, 50 İşbank branches whose production figures were very low or non-existent and had never been visited by the direct marketing team or had been visited only briefly because of their location were given opportunities to work with Anadolu Hayat Emeklilik agents for periods of two to three weeks.

The initial pilot project began with 15 agents and was so successful that it was expanded to include 28 agents and 277 branches. By the time the project was wound up on 31 December 2005, the agents taking part in it had successfully produced an average of 30.5 new policies per branch.

An approach to service focused on customer satisfaction: The CCT project and other activities

Anadolu Hayat Emeklilik is aware of the fact that sustainable growth is only possible through continuous development and that customer satisfaction depends on service quality and an extensive range of products. Taking this fact as a point of departure, the company continued its research and development activities in 2005 and introduced many innovations.

One of the most important of these was the Customer Centered Transformation (CCT) Project, aiming to improve all the processes involved in customer facing activities in such a way as to increase their productivity, enhance their effectiveness, and create more added value for the company.

Anadolu Hayat Emeklilik made changes and revisions in various aspects of its existing life insurance products and developed new ones. Optional Family Insurance package that was developed was launched last year.

Improvements were made on the company's technological and communications infrastructure in 2005. The existing technological infrastructure was further developed in the light of the demands of customer relations management.

Collaboration with HSBC and TEB

Anadolu Hayat Emeklilik has entered into cooperation agreements with HSBC and TEB.

These agreements govern the sale of private pension and life insurance products through the branches of the two banks under the heading of bancassurance. Sales at HSBC branches began in September 2005.

The second agency and cooperation agreement was signed with Türk Ekonomi Bankası (TEB) in October 2005. Under this agreement a "New Life Pension Plan" was developed and the pension funds that are to be managed by TEB Portföy were set up.

Anadolu Hayat Emeklilik believes that such synergy is an important step taken in the direction of familiarizing the public with the private pension system and that they will make an increasingly greater contribution to overall production.

Anadolu Hayat Emeklilik's unseen heroes

Anadolu Hayat Emeklilik's most precious asset is its human resources. Employees who are experienced, creative, and devoted to their work are unquestionably the most important factors underlying Anadolu Hayat Emeklilik's sustained success. The company continuously invests to enhance its human resources and strengthen them with training and new competencies.

Twenty-two new additions were made to the Anadolu Hayat Emeklilik family in 2005, bringing the total staff (not including the direct marketing team) to 252. Sixty new additions made to the direct marketing team last year brought the total number to 242.

Employees who are experienced, creative, and devoted to their work are unquestionably the most important factors underlying Anadolu Hayat Emeklilik's sustained success.

52.77% of Anadolu Hayat Emeklilik's employees are women. According to year-end 2005 figures, more than half of the company's employees were in the youthful 25-34 age group.

During 2005 the company again continued its training activities without letup. Training, focusing primarily on PPS issues, was provided to 1,662 participants. Total training time during the year amounted to 1,779 hours and the average training time per person was 25 hours.

In 2005 Anadolu Hayat Emeklilik encouraged the employees of all its sales channels (İşbank, Future Planning Specialists, HSBC, and TEB) as well as its own to take the private pension broker qualifying exam. A total of 3,023 people did.

Active Workforce Programs Project

The Active Labor Market Program (ALMP) is a joint undertaking of the European Union, İşKur, and Kadir Has University and is intended to give unemployed university graduates a chance to acquire new professional skills.

Funded largely by the EU, this project is important not only because of the opportunities it creates for its participants but also because of the contributions it makes to employers seeking qualified personnel and to the Turkish economy as a whole.

In addition to training young graduates to be PPS brokers, the project also helps them find employment as well. During 2005, selection interviews were conducted with candidates, who were also given a presentation describing Anadolu Hayat Emeklilik as a company and an employer.

Effective and productive corporate communication

In 2005 Anadolu Hayat Emeklilik concentrated on efforts to refresh the company's image and strengthen the impact of its corporate communication activities. Prospective advertisers were called on to submit new campaign proposals and in April it was decided to select TBWA, one of Turkey's and the world's leading agencies, to provide the company's corporate communication services.

During the first half of 2005 the company accelerated campaigns aimed at women, which it sees as an important target audience.

While advertising and promotional activities were carried out in media conforming to Anadolu Hayat Emeklilik's corporate image and target groups alternative media was also utilized.

In June 2005 the company launched its "15th Year" campaign. Towards the end of the year, it launched its "Investment Instrument" campaign, which addressed questions about the private pension system that market research had identified as being important to existing and potential customers.

The company undertook a number of sponsorship and social responsibility projects compatible with Anadolu Hayat Emeklilik's corporate image and stature. By sponsoring outdoor concerts the company brought the Anadolu Hayat Emeklilik trademark to the attention of youthful audiences in a convivial environment. In the area of social responsibility, the company has begun working with the Society for the Support of Contemporary Life on a joint project. This campaign, to which Anadolu Hayat Emeklilik gives the utmost importance and for which it acts as a sponsor, is intended to encourage and enable more Turkish girls to continue their educations beyond the minimum eight years required by law.

Analysis of Our 2005 Operating Results

Premium and Contribution Production

a) Life insurance premium and private pension contribution production (total)

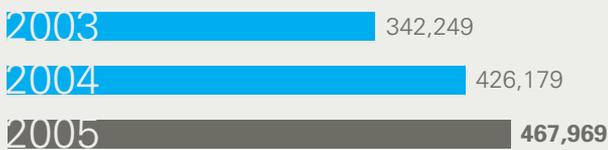
Anadolu Hayat Emeklilik remained the sector's leader in the life branch in 2005 while also ranking in second place in private pensions.

The company's total premium production in 2005 amounted to TRY 468 million which corresponds to a year-on rise of 10%.

Premium and Contribution Production (TRY 1,000)

2003	2004	Change	2005	Change
342,249	426,179	25%	467,969	10%

Premium and Contribution Production (TRY 1,000)



b) Life insurance

Anadolu Hayat Emeklilik's results in the life branch were down year-on in 2005 due to the conversion of many of its endowment life insurance policies into private pensions. Despite this decline however, the company maintained its leadership of the sector with a market share of 27.9%.

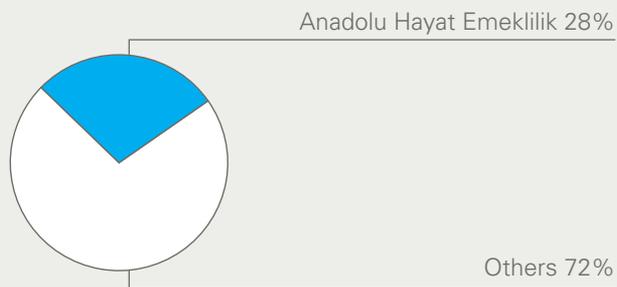
Premium Production (TRY 1,000)

2003	2004	Change	2005	Change
340,598	381,242	12%	348,244	(9%)

c) Private pension system

In 2005 Anadolu Hayat Emeklilik completed its second full year of operation in the private pension system, which went into effect on 27 October 2003. As of year-end the company reached to 99,757 private pension accounts for 98,178 participants and directed a total of TRY 152.4 million worth of contributions into investment.

Market Share Life Segment (%)



Mathematical Reserves and Retained Dividends

The mathematical reserves and retained dividends that represent our customers' savings increased TRY 102,285,000 which corresponds to a year-on rise of 8%.

Mathematical Reserves and Retained Dividends (TRY 1,000)

2003	2004	Change	2005	Change
1,110,529	1,297,865	17%	1,400,150	8%

Income from Mathematical Reserves

In 2005, Anadolu Hayat Emeklilik earned TRY 269,281,000 on the funds entrusted to it by its policyholders. The policy dividends paid by the company last year were 22.99% on Turkish lira policies, 9.29 % on dollar-indexed policies, 7.69% on euro-indexed policies, and 9.28% on sterling-indexed policies.

Policy Maturities and Death Benefits Paid

Information about the compensation payments made by Anadolu Hayat Emeklilik last year is presented in the accompanying charts.

Policy Maturities (TRY 1,000)

2003	2004	Change	2005	Change
207,793	212,762	2%	181,617	(15%)

Death Benefits

8,042	9,816	22%	13,099	33%
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Total

215,835	222,578	3%	194,716	(13%)
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Technical Results

The technical results achieved by Anadolu Hayat Emeklilik in the most recent three years are presented in the accompanying chart.

Life Branch Technical Profitability (TRY 1,000)

2003	2004	Change	2005	Change
50,572	51,408	2%	20,033	-

Private Pension Technical Profitability

(1,200)	(13,266)	-	(14,755)	-
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Total

49,372	38,142	(23%)	5,278	-
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Analysis of Our 2005 Operating Results

Financial Results

Declines in interest rates in 2005 had an adverse impact on the company's income and were the principal reason for its being lower. The financial results achieved by Anadolu Hayat Emeklilik in the most recent three years are presented in the accompanying chart.

Financial Income (TRY 1,000)

2003	2004	Change	2005	Change
75,470	79,961	6%	62,045	(22%)

Pretax Profit

Anadolu Hayat Emeklilik's pretax profits in each of the most recent three years are presented in the accompanying chart.

Pretax Profit (TRY 1,000)

2003	2004	Change	2005	Change
72,883	59,461	(18%)	58,440	(2%)

Shareholders' Equity

Anadolu Hayat Emeklilik's shareholders' equity has been increasing steadily over the years. Developments in the most recent three years are shown in the accompanying chart.

Shareholders' Equity (TRY 1,000)

2003	2004	Change	2005	Change
173,926	223,377	28%	312,252	40%

Total Assets

Developments in Anadolu Hayat Emeklilik's total assets during the most recent three years are shown in the accompanying chart.

Total Assets (TRY 1,000)

2003	2004	Change	2005	Change
1,464,506	1,675,443	14%	2,028,207	21%

Market Share

Information about Anadolu Hayat Emeklilik's market shares of premium and contribution production in the life insurance and private pension branches respectively during the most recent three years is shown in the accompanying chart.

Branch	2003	2004	2005
Life	33%	32%	28%
Private Pension	-	15.16%	13.90%

Turkey's Biggest Privately-Owned Bank

İşbank (Türkiye İş Bankası) was founded in Ankara in 1924 upon a directive by Mustafa Kemal Atatürk, the founder and the first president of the newly-born Republic of Turkey. İşbank was Turkey's first privately owned bank. Its first general manager was Celal Bayar, who later became the country's third president.

Originally created to assist the national economy in its development and to provide resources for investments in industry, İşbank today serves customers all over Turkey with a service network consisting of 870 branches, 2,659 ATMs, 881 Netmatiks*, and 104 Kasamatiks**. The bank also has an extensive international network consisting of 9 foreign branches. İşbank has a total of nine foreign branches, seven in the Turkish Republic of Northern Cyprus, and the other two in London and Bahrain. Also, İşbank GmbH, whose headquarters are in Germany, is an İşbank institution that operates with 16 branches in several European countries.

For 81 years, İşbank has been an expression of confidence, honesty, high-quality service, and innovation for Turkey. Today it ranks among the biggest banks of the world's developing markets. According to The Banker magazine's 2004 "Top 1000 World Banks" survey, İşbank the biggest bank in terms of its tier 1 capital in an extensive region that includes Turkey, Russia, Eastern Europe, and the Middle East.

İşbank's superior performance in corporate governance was acknowledged by the corporate governance rating of 9 (out of a possible 10) given to it by CoreRatings DNV in 2005. 30.37% of the bank's shares are traded on the

İstanbul and London stock exchanges. With a market capitalization of TRY 23,104,965,000 by the end of 2005, İşbank is the most valuable publicly traded company in Turkey.

With total shareholders' equity amounting to TRY 9,677 million by the end of 2005, İşbank is not just the biggest in Turkey but has also become the leader of its geographical region. In 2005 İşbank once again stood out as Turkey's privately-owned bank with the highest gross profit.

In 2005, İşbank's fundamental competitive advantages once again were a strong brand and unchallenged position in the national market, a strong corporate culture and deep-rooted business experience that are shared throughout the bank, a huge customer base, extensive physical and virtual service sales channels, an all-inclusive line of products and services, a large deposit base, a well-established identity as a financial supermarket, and more than 17,000 employees that enabled it to continue to grow soundly in all lines of business.

Since the day it was founded, İşbank has made tremendous contributions to the growth and development of industry in Turkey as well as financial services and the creation and development of many new branches of business. With its immutable, deep-rooted values, İşbank will continue to be Turkey's bank and a source of pride in a dynamic and rapidly-changing world.

www.isbank.com.tr

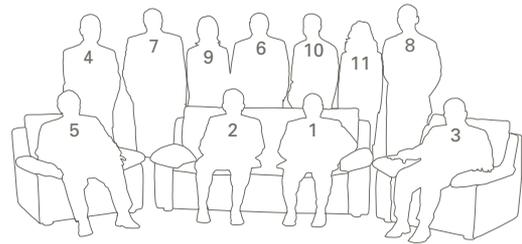
*Netmatik: Device that allows users to perform all the banking transactions that are possible over the internet (that is, other than withdrawing and depositing cash) to be performed with just an ATM or credit card and without the need to have entered into an interactive banking agreement with the Bank.

**Kasamatik: Device that accepts cash and allows the user to deposit money and perform other transactions such as paying credit card and other bills.

Board of Directors



- 1/ M. Sırrı ERKAN Chairman
- 2/ Ahmet YAVUZ Vice Chairman
- 3/ Mustafa Ali SU Director and General Manager
- 4/ Burhanettin KANTAR Director
- 5/ Onur ÖZBİLEŒ Director
- 6/ Aydın Süha ÖNDER Director
- 7/ Murat VULKAN Director
- 8/ F. Güliz AYKAN Director (until 27.07.2005)
- 8/ Yalçın SEZEN Director (since 27.07.2005)
- 9/ Bayram ÖZTÜRK Director
- 9/ İzlem ERDEM Auditor
- 10/ Emre DURANLI Auditor
- 11/ Tümay OSKAY Secretary to the Board



Senior Management



Mustafa Ali SU
General Manager



M. Afşin OĞUZ
Assistant General Manager



M. Uğur ERKAN
Assistant General Manager



E. Murat YÜKSEL
Assistant General Manager



Şükrü MUSLU
Coordinator



Orhan BOZKURT
Head of Internal Audit Committee



Anadolu Hayat Emeklilik A.Ş.

Corporate Governance Principles Compliance Report

1. Statement of compliance with corporate governance principles

Our company believes that compliance with corporate governance principles is at least as important as its financial performance and that such compliance is of great benefit from the standpoints both of the development of national and international capital markets and of the advancement of our own company's interests.

Our company seeks to achieve maximum compliance with these principles and engages in activities to do so.

At present our company's articles of incorporation contain no provisions governing:

- Requests to have a special auditor appointed being granted as an individual right
- The payment of advances on dividends
- The participation of stakeholders in company management
- Use of the cumulative voting system in the election of company directors
- Decisions of a highly important nature such as changes in shares or demergers that make significant modifications in the company's capital or management structures or assets; buying, selling, leasing, renting, donating, or contributing substantial amounts of assets and property; providing guarantees, surety, mortgages, and the like to third parties being taken at a general assembly of shareholders.

Minority interests are not represented on our Board of Directors.

Although there have never been any conflicts of interest among stakeholders over the limited number of corporate governance principles that have so far not been implemented, the company desires to have them implemented within the framework of a plan in the least amount of time possible.

A determination and assessment of the level of our company's compliance with corporate governance principles and opinions concerning the development of the level of compliance in terms of scope and nature are presented below.

2. Shareholder Relations Unit

A Shareholder Relations Unit has been set up at our company.

The personnel employed in this unit and their contact information are presented below.

Name	Telephone	E-mail
Şükrü Muslu	0212 317 70 50	smuslu@anadoluhayat.com.tr
N. Cem Özcan	0212 317 71 04	cemozcan@anadoluhayat.com.tr
Alper Eşsizoglu	0212 317 71 06	aessizoglu@anadoluhayat.com.tr

The head of the unit is Şükrü Muslu, who reports directly to the head of the Corporate Governance Committee.

The Shareholder Relations Unit is responsible for managing the exercise of shareholders' rights and for maintaining communication between shareholders and the Board of Directors.

The unit is to begin reporting its activities directly to the Board of Directors in the very near future.

The basic functions and duties of the Shareholder Relations Unit are the following:

- Ensure that records pertaining to shareholders are maintained in a reliable, secure, and up-to-date manner.
- Respond to shareholders' written requests for all information about the company except that which has not been publicly disclosed or is confidential and/or in the nature of a trade secret.
- Ensure that general assemblies of shareholders are conducted in accordance with the requirements of current laws and regulations and of the company's articles of incorporation and other bylaws.
- Prepare documents for the use of shareholders at general assemblies of shareholders.
- Record the results of voting at general assemblies of shareholders and ensure that such results are reported to shareholders.
- Supervise and follow up on all issues related to public disclosures as required by law and the company's public disclosure policy.

The unit received no written requests during the reporting period.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

All of the verbal requests for information during the reporting period were responded to.

The infrastructure needed to monitor data pertaining to requests for information has been installed. The specific numbers of requests and responses will be included in future compliance reports.

3. Shareholders' exercise of their right to obtain information

All information requested by shareholders is provided except that which is in the nature of a trade secret or has not been publicly disclosed.

Shareholders' requests for information are dealt with by employees of the Shareholder Relations Unit and responded to within the framework of the company's public disclosure policy.

Information about development that might affect shareholders' exercise of their rights is published on the company's corporate website at www.anadoluhayat.com.tr.

In accordance with legal regulations, minority shareholding interests do not have the right to demand that a general assembly of shareholders appoint a special auditor to examine specific concrete issues. No request was made of a general assembly by shareholders for the appointment of a special auditor in 2005.

A request to have a special auditor appointed is not an individual right provided for under the company's articles of incorporation. In view of the fact that the appointment of a special auditor at the demand of a general assembly of shareholders is a requirement of law and that a demand to appoint a special auditor is one of the exceptions to the principle of being bound by a general assembly of shareholders agenda and furthermore in view of the practical concerns involved in protecting the confidentiality of information which is in the nature of a trade secret or which has not yet been publicly disclosed, the inclusion of an individual right to demand the appointment of a special auditor in the articles of incorporation is an issue to which consideration will be given in light of future developments.

All information necessary for shareholders to satisfactorily exercise their rights is made available to them through our corporate website, annual reports, and special circumstance announcements as well as by responding to individual requests.

Shareholders' requests for information about the legal and/or commercial relationships between the company and private individuals and/or corporate entities that have a direct or indirect interest in the company's capital, management, or audit are responded to within the framework of our public disclosure policy.

For the purpose of increasing the ability of shareholders to have access to information, all information that may affect the exercise of their shareholder rights is provided in an electronic environment, in an up-to-date manner, and within the framework of the company's Public Disclosure Platform Project.

4. Information about general assemblies of shareholders

One general assembly, the annual general assembly of shareholders for 2004, was held during 2005. It took place on 29 March 2005.

Shareholders controlling TRY 85 million worth of shares corresponding to 85% of our company's TRY 100 million capitalization took part in this assembly.

No minority shareholders or members of the media were present at the general assembly.

Announcements concerning the assembly and indicating its place, date, time, agenda, and specimen proxy statement were published at least two weeks before the assembly date in the Türkiye Ticaret Sicili Gazetesi, the newspapers Radikal and Referans, and in the ISE's bulletin.

Care will be given to ensure that this period of time is at least three weeks in the future.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

Information about the assembly was also sent out by registered mail to holders of registered shares within the same time frame.

All shareholders are also able to directly access information about general assemblies on our company's corporate website at www.anadoluhayat.com.tr.

Entries in the shareholders' register are made by Board of Directors resolution. No period of time is stipulated during which such entries must be made in order to ensure that registered shareholders are able to attend general assemblies.

As of the date on which the announcement of the invitation to a general assembly of shareholders is made, copies of the annual report, financial statements and reports, dividend payment proposal, the agenda, other documents pertaining to the items on the agenda, the current text of the articles of incorporation, and, if the articles of incorporation are to be amended, the texts and justifications of the amendments are all made available for the inspection of shareholders at the company's headquarters and regional offices.

Since 2005, such information and documents have also been accessible on our corporate website at www.anadoluhayat.com.tr.

At the one ordinary general assembly of shareholders held in 2005, no shareholders exercised their right to ask questions.

At the assembly the shareholders unanimously passed motions to:

- Form the presiding committee
- Forego reading the annual report out loud on the grounds that it had previously been made available for the inspection of shareholders
- Read the statutory auditors' report in full and the independent auditors' report in summary
- Read the balance sheet and profit/loss statement in main outline
- Accept the Board of Directors' proposal concerning the distribution of profits as stipulated in the annual report
- Elect members to the Board of Directors
- Approve the selection of a director made by the board to fill a vacancy resulting from the resignation of a member during the year
- Elect the statutory auditors
- Determine the salaries to be paid to the company's directors and statutory auditors.

According to the company's articles of incorporation, the Board of Directors is authorized to make decisions involving:

- The acquisition and disposal of subsidiaries and partnerships
- Matters of a highly important nature such as the acquisition, sale, and/or construction of real estate properties on the company's behalf.

The company's articles of incorporation contain no provisions requiring that decisions of a highly important nature such as demergers or share swaps that cause substantial changes in the company's capital, management structure, or property assets or buying, selling, leasing, renting, donating, or contributing substantial amounts of tangible/non-tangible assets or providing guarantees such as surety, mortgages, etc on behalf of outside parties be taken at a general assembly of shareholders.

The absence of such provisions in the articles of incorporation is thought to be justified on the grounds that their inclusion would reduce the effectiveness of management and seriously hamper the company's competitive strength and cause important opportunities to be missed and would therefore give rise to consequences that would not be in the best interests of the company or its stakeholders.

Maximum attention is given to strictly complying with at least the minimum requirements of law so as to facilitate participation in general assembly of shareholders. It is thought that company shareholders encounter no difficulties in participating in general assemblies and to date no complaint on this issue has ever been received from a shareholder.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

In general assembly of shareholders announcements care is given to clearly state:

- The date and time
- The location
- The agenda
- Pertinent information about the items on the agenda
- If the agenda includes amendments to the articles of incorporation, the old and new texts of the amended articles that have been approved by authorities
- Who is summoning the assembly
- If another general assembly of shareholders is being called because a previous one was postponed for any reason, the reason for the postponement and the quorum that will be required at the new assembly
- If the announcement is for an annual assembly, where the annual report, financial statements, and other assembly-related documents are available for examination.

Before a general assembly of shareholders is held about changes in management or organizational activities that took place in the most recent fiscal year or are planned in future ones, information about such changes together with their justifications will be provided to shareholders.

At such meetings, the following information and documents will be made available for the examination of shareholders:

- Explanations concerning changes in the company's organizational structure and their justifications
- If one exists, a consultancy's report on the matter; otherwise a report on the subject prepared by the company itself
- If organizational changes are to be made in subsidiaries or affiliates, the annual reports, financial statements, and pro forma balance sheets for the three most recent fiscal years of all the companies affected by the organizational changes.

When preparing agendas for general assembly of shareholders, care is given to presenting each item to be voted on under a separate heading; to make the headings as clear and explicit as possible so as not to be interpreted in any other way; to refrain from including such legally prohibited items as "Other" or "Miscellaneous".

Specimen proxy statements for shareholders that wish to have themselves represented at meetings are published along with assembly announcements and are also made available for the information of shareholders in electronic format.

The principles and procedures that govern voting at the company's general assemblies of shareholders are presented below in main outline:

- Each share of stock is entitled to one vote.
- If a share of stock has more than one owner, only one of those owners or a proxy will cast the share's vote on behalf of them all.
- Shareholders may participate in general assemblies personally or may have themselves represented by a proxy.
- Voting at general assembly of shareholders is by an open show of hands. Recourse may be had to secret ballots upon the demand of shareholders representing at least one tenth of the capital present and voting.

The principles and procedures that govern voting at general assemblies of shareholders are also read out at the beginning of the assembly.

Issues that shareholders have told the Shareholder Relations Unit they wish to have included on assembly agendas will be given consideration by the Board of Directors when it prepares an assembly's agenda.

As required by law and our articles of incorporation, annual general assemblies of shareholders are held as soon as possible and within three months after the close of a fiscal year.

As required by our articles of incorporation, general assemblies of shareholders are held in the same locality as the company's headquarters and in such a way as to make it possible for all shareholders to attend.

The total number of votes and the special voting rights that may be exercised at a general assembly of shareholders are classified on the basis of shareholders and indicated in the attendance roster at the start of the assembly for the information of all shareholders.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

News and analyses pertaining to disputed issues appearing in the media concerning the company are presented for the information of shareholders at general assemblies.

Questions that shareholders ask of company directors or statutory auditors are responded to provided that the answers are pertinent to the exercise of shareholder rights and do not fall within the scope of trade secrets.

The president of a general assembly of shareholders conducts the assembly effectively in such a way as to ensure that shareholders are able to exercise their rights.

In situations where a question raised by a shareholder at a general assembly cannot be addressed directly, is unrelated to the agenda, or is too complex to be responded to immediately, every effort will be made to provide a written response within one week's time at the latest.

The members of the Board of Directors, the company officers responsible for preparing the financial statements, and the statutory auditors as well as other involved parties take pains to be present at general assemblies of shareholders in order to provide information about issues of a special nature that are on the agenda.

Each item on the agenda of a general assembly of shareholders is voted on individually. To forestall any doubts about the results of voting, votes are counted and the results of the voting are announced to all shareholders before the assembly is adjourned.

The minutes of general assemblies of shareholders are always accessible in written or electronic format on our corporate website at www.anadoluhayat.com.tr.

5. Voting rights and minority rights

According to our articles of incorporation, each share of stock is entitled to one vote.

Our company's capital is divided into Class A and Class B shares.

As of this writing, our company's paid-in capital amounts to TRY 150,000,000 consisting of 100,000,000 Class A shares worth a total of TRY 1,000,000 and 14,900,000,000 Class B registered shares worth a total of TRY 149,000,000.

As required by our articles of incorporation, six of the members of the Board of Directors are chosen from candidates put up by Class A shareholders and three are chosen from candidates put up by Class B shareholders.

According to our articles of incorporation, new Class A shares are not issued when share capital increases take place.

No shareholder is involved in a cross-shareholding relationship with the company.

In line with the wishes of our general assembly, there is no representation of minority shareholding interests on the Board of Directors.

The articles of incorporation contain no provisions governing the cumulative voting method.

There is no upper limit on the number of votes a shareholder may cast at a general assembly.

Voting rights are acquired the moment the shares on which they are contingent are acquired. There are no rules stipulating that voting rights may be exercised only after a specific period of time has passed after shares are acquired.

Our articles of incorporation contain no provisions preventing non-shareholders from acting as proxies for shareholders. Shareholders may exercise their voting rights personally at general assemblies and may do so through any other party irrespective of the shareholder status of that party.

A non-corporate shareholder may only be represented by a single proxy at general assemblies. If a corporate shareholder is represented by more than one individual at an assembly, only one of them may cast votes. The proxy statement must identify the individual who is authorized to cast votes.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

6. Dividend payment policy and timing

According to our articles of incorporation, a portion of the company's distributable profit is paid out as a first dividend at rates and in amounts determined by the Capital Markets Board.

For 2005, authorities have specified that at least 30% of net income subject to profit must be paid out as a first dividend and that this first dividend may be paid in cash and/or as shares of stock at the option of the general assembly of shareholders.

The dividend payment proposals that the Board of Directors submits to the general assembly of shareholders are prepared according to a policy that

- a) avoids upsetting the delicate balance between shareholders' expectations and the company's need to grow and
- b) takes the company's profitability into account.

The Board of Directors has adopted a dividend payment policy that is based on proposing to the general assembly of shareholders that at least 30% of net income subject to profit be paid out as free shares of stock or in cash.

There are no preferred stocks in the company's profit distribution.

There are no founder's shares nor is it a company practice to give shares of profits to members of the Board of Directors.

As required by our articles of incorporation, a maximum of 3% of the total amount remaining after the first dividend has been set aside is paid out to our employees as their share of the profits, subject to a cap of three monthly salaries.

The company's dividends are paid within the legally prescribed periods of time.

The articles of incorporation contain no provisions governing the payment of advances on dividends.

There are no significant donations or grants in aid that the company made during the year or had planned to make as of year-end.

7. Transfer of shares

In our articles of incorporation there are no clauses that restrict transfer of shares.

All shareholders, including minority shareholding interests and foreign nationals are treated equally.

8. Company disclosure policy

General issues

Our company's disclosure policies are governed by the Turkish Commercial Code, Insurance Law, Private Pension Law, Capital Market Law, and the rules and regulations of the İstanbul Stock Exchange where its shares are traded. All financial information and other public statements and disclosures are also made in light of generally accepting accounting principles and corporate governance principles.

The basic objective of the company's disclosure policy is to ensure that all essential information and statements that are not in the nature of trade secrets are made available to shareholders, investors, employees, customers, and other interested parties in an equitable manner and in a way that is timely truthful, complete, intelligible, convenient and economical.

Our company takes a proactive approach on the subject of adopting and abiding by corporate governance principles and it makes a maximum effort to comply with the requirements of law and to adhere to best international practices on issues related to public disclosures and reporting. The Anadolu Hayat Emeklilik disclosure policy that was prepared within this framework has been approved and put into effect by the Board of Directors.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

Authorities and responsibilities

The Board of Directors is responsible for formulating and developing the company's disclosure policy. Public disclosure policies are announced at meetings of the general assembly of shareholders and implemented by the Shareholder Relations Unit.

Company disclosure policies are implemented within a framework of continuous and close cooperation among the Board of Directors, managers responsible for financial management and reporting, and the employees of the Shareholder Relations Unit.

Public disclosure activities and the methods and vehicles used

The methods and vehicles used to make public disclosures within the framework of the Turkish Commercial Code, Insurance Law, Private Pension Law, Capital Market Law, and other laws, regulations, and administrative provisions are presented below:

- At three-month intervals, financial statements together with their footnotes and explanations that have been prepared in accordance with the rules laid down by the Undersecretariat of Treasury and by the Capital Markets Board (CMB) and the independent auditors report associated with them are submitted to the İstanbul Stock Exchange (ISE) and published on our company's corporate website within the legally prescribed period of time. Reporting to the Undersecretariat of Treasury and to the Association of Insurance and Reinsurance Companies of Turkey takes place at three-month intervals and is submitted in electronic format.
- At mid-year and year-end, financial statements together with their footnotes and explanations that have been prepared in accordance with international financial reporting standards and the independent auditors report associated with them are published on our company's corporate website.
- Special circumstance announcements that must be made in accordance with CMB regulations are sent to ISE and CMB in due time. While special circumstance announcements are in principle signed by managers responsible for financial reporting, in exceptional cases, they may also be signed by the managers responsible for the units concerned before being sent to authorities.
- In situations such as amendments to the articles of incorporation, general assemblies of shareholders, and share capital increases, announcements are made in the commercial registry gazette and in daily newspapers.
- An annual report incorporating all essential information is prepared in Turkish and English every year and made available for shareholders to examine and published on our website (www.anadoluhayat.com.tr) before the general assembly of shareholders for the year is held. An electronic version of the annual report on CD may also be obtained from the Shareholder Relations Unit.
- The company does not hold press conferences etc on a regular basis. When need be or if it appears necessary to respond to requests from the press, public statements are made in writing and through the visual media. Written and visual media public statements may only be made by the company chairman, the general manager or the deputies or by other company officers designated by them.
- Information is supplied to shareholders and other interested parties through teleconferences that are held from time to time. These teleconferences are coordinated by the Shareholder Relations Unit.
- Information is supplied to shareholders and other interested parties through investor meetings and visits (road-shows) conducted in Turkey and abroad. To the degree possible, these road-shows are conducted by the Shareholder Relations Unit and they are taken part in by the general manager, by company officers responsible for financial management and reporting, and by employees of the Shareholder Relations Unit. In situations where it is deemed to be necessary, these contact teams may be further augmented.
- The Shareholder Relations Unit responds to e-mail requests for financial statements and other pertinent information made by shareholders, rating agencies, and organizations preparing research reports about the company.
- In the "Investor Relations" section of our website (www.anadoluhayat.com.tr) there is detailed information and data about our company's corporate profile. The corporate website is managed and kept up to date by the Shareholder Relations Unit. All questions directed to the company by shareholders and other interested parties by e-mail, letter, telephone, etc are responded to as quickly as possible under the coordination of the Shareholder Relations Unit.

Other disclosures

Disclosures other than the ones indicated above are made under the signature of company officers within the designated limits of their individual authorities.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

The Anadolu Hayat Emeklilik corporate website (www.anadoluhayat.com.tr)

Our company makes active and intensive use of its corporate website in public disclosures and announcements. This website contains all the information and data required by corporate governance principles and regulatory authorities. The website also contains information about the company's shareholder structure, subsidiaries and affiliates, corporate structure, statement of compliance with corporate governance principles, agendas of general assemblies of shareholders, general assembly attendance rosters, and information and forms concerning participation in general assemblies. Also available on the website are the company's public disclosure policy, rules of ethics, and published special circumstance announcements. Care is continuously given to keep the corporate website up to date.

9. Special circumstance announcements

The company made 43 special circumstance announcements during 2005 as required by CMB regulations.

There were no special circumstance announcements that were not made in due time or for which either CMB or ISE demanded additional information.

N. Cem Özcan, an officer of the Shareholder Relations Unit, is responsible for overseeing and following up on all issues related to public disclosure. Investors, financial analysts, media representatives, etc in need of information about the company are directed to the Shareholder Relations Unit.

In addition the public is continuously kept informed and up to date:

- in line with the principle of transparency and in keeping with the accounting principles to which we adhere and with the truthful reporting of financial results
- on developments that might have an impact on the value of the company's capital market vehicles, without delay and within the periods of time prescribed by law
- on all essential information subject to the reservations provided for by laws and regulations in situations where a significant change takes place in the company's financial standing and/or its activities or where such a change is expected in the near future,
- on any changes or developments subsequently emerging with respect to public announcements that the company has already made.

10. Disclosure of ultimate non-corporate controlling shareholders

There are no ultimate non-corporate controlling shareholders in our company.

The current shareholder structure of our company is shown below.

Shareholder	TRY	%
Türkiye İş Bankası A.Ş.	93,000,000	62%
Anadolu Anonim Türk Sigorta Şti	30,000,000	20%
Türkiye Şişe ve Cam Fabrikaları A.Ş.	1,500,000	1%
Milli Reasürans T.A.Ş.	1,500,000	1%
Fortis Bank A.Ş.	1,500,000	1%
Others	22,500,000	15%
Total	150,000,000	100%

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

11. Public disclosure of those who may have access to insider information

Every precaution has been taken to prevent the misuse of insider information. The managers and other individuals and organizations which provide us with service that might have access to information that could affect the value of our company's capital market vehicles are given below.

Employer	Name	Position
Türkiye İş Bankası A.Ş.	M. Sırrı Erkan	Chairman
Retired	Ahmet Yavuz	Deputy Chairman
Anadolu Hayat Emeklilik A.Ş.	Mustafa Su (until 31 January 2006)	Managing Director
Anadolu Hayat Emeklilik A.Ş.	Mete Uğurlu (since 31 January 2006)	Managing Director
Retired	Onur Özbilen (until 27 March 2006)	Director
Türkiye İş Bankası A.Ş.	Burhanettin Kantar (until 27 March 2006)	Director
Retired	Onur Ökten (since 27 March 2006)	Director
Türkiye İş Bankası A.Ş.	Emre Duranlı (since 27 March 2006)	Director
Türkiye İş Bankası A.Ş.	Murat Vulkan (since 29 March 2006)	Director
Türkiye İş Bankası A.Ş.	Aydın Süha Önder (since 29 March 2006)	Director
Türkiye İş Bankası A.Ş.	Yalçın Sezen (since 27 July 2005)	Director
Türkiye İş Bankası A.Ş.	Erdal İnceler (since 30 January 2006)	Director
Türkiye İş Bankası A.Ş.	Bayram Öztürk (29 March 2005 to 30 January 2006)	Director
Türkiye İş Bankası A.Ş.	F. Güliz Aykan (29 March 2005 to 27 July 2005)	Director
Türkiye İş Bankası A.Ş.	İzlem Erdem	Statutory Auditor
Türkiye İş Bankası A.Ş.	Emre Duranlı (until 27 March 2006)	Statutory Auditor
Türkiye İş Bankası A.Ş.	Hüray Böke (since 27 March 2006)	Statutory Auditor
Anadolu Hayat Emeklilik A.Ş.	M. Afşin Oğuz	Assistant General Manager
Anadolu Hayat Emeklilik A.Ş.	M. Uğur Erkan	Assistant General Manager
Anadolu Hayat Emeklilik A.Ş.	E. Murat Yüksel	Assistant General Manager
Anadolu Hayat Emeklilik A.Ş.	Şükrü Muslu	Coordinator
Anadolu Hayat Emeklilik A.Ş.	Orhan Bozkurt	Head of Internal Audit Committee
Anadolu Hayat Emeklilik A.Ş.	Uğur Erdoğan (*)	Agencies Manager
Anadolu Hayat Emeklilik A.Ş.	Harun R. Alpözgen	Actuarial and Risk Management Manager
Anadolu Hayat Emeklilik A.Ş.	Nilgün Kılıçuzar	R&D Assistant Manager
Anadolu Hayat Emeklilik A.Ş.	F. Nur Bağcılar	IT Manager
Anadolu Hayat Emeklilik A.Ş.	Tuna Uğun	Private Pensions Assistant Manager
Anadolu Hayat Emeklilik A.Ş.	Yaşar Kaval	Assistant Individual Life Insurance Manager
Anadolu Hayat Emeklilik A.Ş.	Mine Kumcuoğlu	Assistant Funds Management Manager
Anadolu Hayat Emeklilik A.Ş.	A. Neyir Can	Group Life Insurance and Reinsurance Manager
Anadolu Hayat Emeklilik A.Ş.	Cengiz Aytekin	Legal Consultant
Anadolu Hayat Emeklilik A.Ş.	Seval Akarçay	Corporate Marketing Manager
Anadolu Hayat Emeklilik A.Ş.	Betül Çiğir	Communications Consultant
Anadolu Hayat Emeklilik A.Ş.	Ufuk Seydi İşli	Assistant Human Resources and Training Manager
Anadolu Hayat Emeklilik A.Ş.	Oktay Eke	Accounting Manager
Anadolu Hayat Emeklilik A.Ş.	Yeşim Gönülden	Assistant Legal Consultant
Anadolu Hayat Emeklilik A.Ş.	Özlem Işık	Assistant Individual Marketing Manager
Anadolu Hayat Emeklilik A.Ş.	M. Ender Işık (**)	Assistant Maturity Payments Manager
DRT Denetim Revizyon Tasdik Yeminli Mali Müşavirlik A.Ş.		Independent Auditors
DRT Denetim Revizyon Tasdik Yeminli Mali Müşavirlik A.Ş.		Tax Audit and Full Certification

* Uğur Erdoğan: Assistant Maturity Payments Manager (since 1 April 2006)

** Ender Işık: Agencies Manager (since 1 April 2006)

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

12. Keeping stakeholders informed

Care is given to keeping stakeholders—those who have an interest in our company and include shareholders, employees, creditors, customers, suppliers, a non-governmental organizations, the government, and potential investors in our company—informed on issues concerning our company that are of interest to them as much as possible in writing. Insofar as is possible, the company's relationships with stakeholders are governed by written agreements.

In situations where the rights of stakeholders are not governed by law or contract, the company safeguards them within the framework of the rules of good faith, to the degree possible, and mindful of the company's own reputation.

13. Stakeholder participation in management

Our company's articles of incorporation contain no provisions governing stakeholder participation in management.

Regulations governing suggestions made by company employees have been prepared. Employee suggestions for innovations and improvements will be evaluated within the framework of these regulations and put into effect in the company.

The company meets with its agents twice a year at which time they are informed about the company's activities, their suggestions are heard, and successful agents are rewarded.

14. Human resources policy

The principles of the human resources policy adopted by our company are set out below.

Job descriptions and assignments and performance criteria are determined by management and announced to employees.

When hiring, it is a principle that individuals are to be given equal opportunity under identical conditions. Hiring criteria are set forth in writing for each job position and are strictly complied with in practice. When making training, assignment, and promotion decisions, particular care is given to making use of objective criteria and to protecting the company's best interests.

Training plans are developed and implemented so as to enable our employees to improve their knowledge and skills.

Our company's employees are members of the Union of Bank and Insurance Workers.

Our employees are provided with a secure work environment and safe working conditions. Work is currently in progress to further improve these conditions in line with social and technological requirements.

Employees are kept informed about all company decisions and developments that may be of concern to them.

Measures are taken to prevent discrimination among employees on the basis of race, religion, language, or sex; to ensure respect for human rights; and to protect employees against physical, mental, or emotional abuse in the workplace.

No representative has been appointed to conduct company-employee relations.

15. Relations with customers and suppliers

Our company's quality policy is a commitment to offer and ensure the continuity of high-quality products and services by deploying a staff of specialized and experienced people, strong technological and financial infrastructures, an approach that focuses on continuous development and improvement, and an experienced and extensive agency network.

Our company is mindful of the continuity of service quality and standards in all stages of life insurance and private pension products and services. Customers' wishes are quickly satisfied and customers are kept informed whenever delays may occur.

Care is given to protecting the integrity of customers' and suppliers' confidential information of which the company becomes aware.

16. Social responsibility

Mindful of the country's interests and in its awareness of its social responsibility, Anadolu Hayat Emeklilik has worked for the benefit of the life insurance industry and the private pension system in Turkey ever since the day the company was founded.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

17. Structure and formation of the Board of Directors; non-executive directors

The Board of Directors consists of non-executive members except general manager.

The positions of general manager and company chairman are held by different people.

As there are no ultimate non-corporate controlling shareholders in our company, it is thought that all the members of the Board of Directors are naturally able to act with complete independence and have the advantage of acting impartially in their decisions by holding the interests of the company and its stakeholders above everything else.

Information about the company's directors and general manager is presented below.

Name	Title	Educational background	Current employment status	Position	Years of professional experience
M. Sırrı Erkan	Chairman	Ankara University Faculty of Political Science/ International Economy	Türkiye İş Bankası A.Ş.	Assistant General Manager	26
Ahmet Yavuz	Deputy Chairman	Istanbul University Academy of Economic and Administrative Sciences	Retired	-	35
Mustafa Su (until 31 January 2006)	Managing Director	Middle East Technical University Faculty of Administrative Sciences/ Business Administration	Anadolu Hayat Emeklilik A.Ş.	General Manager	29
Mete Uğurlu (since 31 January 2006)	Director/ General Manager	Middle East Technical University Faculty of Administrative Sciences/Business Administration	Anadolu Hayat Emeklilik A.Ş.	General Manager	28
Onur Özbilen (until 27 March 2006)	Director	Ankara University Faculty of Political Science/Public Finance and Economics	Retired	-	32
Burhanettin Kantar (until 27 March 2006)	Director	Middle East Technical University Faculty of Administrative Sciences/ Public Administration	Türkiye İş Bankası A.Ş.	Section Manager	18
Murat Vulkan (since 29 March 2005)	Director	Hacettepe University Faculty of Social and Administrative Sciences/ English Language & Literature	Türkiye İş Bankası A.Ş.	Regional Manager	26
Aydın Süha Önder (since 29 March 2005)	Director	Middle East Technical University Faculty of Administrative Sciences/ Public Administration	Türkiye İş Bankası A.Ş.	Section Manager	20
Yalçın Sezen (Since 27 July 2005)	Director	Middle East Technical University Faculty of Administrative Sciences/ Public Administration	Türkiye İş Bankası A.Ş.	Section Manager	20
Bayram Öztürk (29 March 2005 to 30 January 2006)	Director	Marmara University Faculty of Economic and Administrative Sciences/ Business Administration	Türkiye İş Bankası A.Ş.	Branch Manager	20
F. Güliz Aykan (29 March 2005 to 30 January 2006)	Director	Middle East Technical University Faculty of Economic and Administrative Sciences/ International Relations	Türkiye İş Bankası A.Ş.	Group Manager	16
Erdal Inceler (since 30 January 2006)	Director	Middle East Technical University Faculty of Administrative Sciences/Economics	Türkiye İş Bankası A.Ş.	Group Manager	15
Onur Ökten (since 27 March 2006)	Director	Istanbul University Faculty of Economics	Retired	-	35
Emre Duranlı (since 27 March 2006)	Director	Hacettepe University Faculty of Social and Administrative Sciences/Business Administration	Türkiye İş Bankası A.Ş.	Assistant Manager	10

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

In the fulfillment of its decision-making functions, the Board of Directors' fundamental concerns are to:

- Maximize the company's market value
- Ensure that the company's activities are conducted in such a way as to secure long-term, stable gains for its shareholders
- Maintain the delicate balance between shareholders' expectations and the company's need to grow.

When choosing new members to fill vacancies on the board attention is given to the following matters.

- Candidates are required to be present at general assemblies of shareholders at which board elections are to be held.
- Shareholders are provided with complete information about candidates.
- Shareholders have the right to put questions to candidates.
- Candidates are required to inform shareholders about what, if any, seats they hold on the boards of other companies and state whether or not they will comply with company regulations about such matters.

Attention is given to the conduct of regular board meetings, which are held at least once a month.

Because they are the representatives of corporate shareholders, the law does not require the members of the Board of Directors to be shareholders in the company themselves.

For the same reason, the usual requirement of directors to entrust shares of stock to the company as guarantees are fulfilled by the corporate entities that boardmembers represent.

No company director owns stock in the company.

Our company's articles of incorporation contain no provisions governing the use of the cumulative voting system in the election of members of the Board of Directors.

18. Qualifications of company directors

Because their qualifications are stipulated by law, our company's articles of incorporation contain no other provisions governing the minimum qualifications required to be elected to a seat on the board.

By law, the general managers of insurance companies must have at least four years of university education and at least ten years of experience in one or more of the disciplines of insurance, banking, economics, business administration, accounting, law, public finance, mathematics, statistics, or engineering. More than half of the directors of an insurance company must have at least four years of university education and have knowledge and experience in at least one of the same disciplines.

All of the members of our company's board of directors have at least the following qualifications:

- A satisfactory level of knowledge and experience in banking and/or insurance
- Financial statement and report reading and analysis skills
- Basic knowledge about the legal framework governing our company and about the conditions of its market
- The willingness and ability to regularly take part in board meetings during their elected term of office.

Our board consists of nine members and this number makes it possible for the board's activities to be organized effectively.

A newly-elected member of the board takes part in an orientation program that includes:

- Becoming acquainted with company managers and visiting company units
- Reviewing company managers' backgrounds and performance evaluations
- Being familiarized with the company's strategic goals, current standing, and problems
- Examining the company's market share, financial structure, and performance indicators.

While there are no specific rules concerning boardmembers' undertaking other duties outside the company, no company director has any duties other than the ones naturally incumbent upon them in the corporate entities they represent and in the organizations belonging to the corporate entities they represent.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

19. Mission, vision, and strategic goals of the company

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 eliminate people's doubts about the future and enhance the quality of their lives; and 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 that are of concern to the future of Turkey and the Turkish people.

Our strategic goals are determined by management taking into account competitive conditions, the overall economic situation, general expectations in national and international financial markets, and the company's medium and long-term objectives and presented to the Board of Directors for its approval.

These strategies and goals are debated thoroughly and comprehensively by the board.

Performance with respect to approved strategies and goals is regularly reviewed at monthly board meetings at which the company's activities, financial structure, and related issues are assessed and evaluated.

In order to effectively and continuously carry out its supervision and control functions, the Board of Directors in principle meets every month. At such meetings, consideration is given to the company's activities, the degree to which the approved annual budget and business targets are being achieved, the position of the company in its sector, its financial structure and performance standing, and the compliance of its reporting and activities comply with international standards.

20. Risk management and internal control mechanisms

Our company has an internal audit committee and a risk management committee that report directly to the Board of Directors.

As part of a project to restructure the company's risk management system and processes, the name of the Actuarial Department was change to "Actuarial and Risk Management Department". In addition, a risk catalogue showing the risks to which the company is exposed on account of its practices, procedures, and work flows has been composed and risk policies have been approved by the Board of Directors and put into effect. Work is currently in progress on risk quantification and assessment.

21. Authorities and responsibilities of company directors and executives

The authorities of the Board of Directors are set forth in the company's articles of incorporation, according to which the board is responsible, among other things, for:

- Entering into and terminating agency, branch, and representative agreements and determining their conditions
- Entering into proxy, coinsurance, representative, and agency agreements with other insurance and reinsurance companies
- Determining the dates on which the company will begin and cease to be active in private pensions and in different insurance branches
- Determining the terms of pension, insurance, and reinsurance contracts
- Entering into and terminating pension, insurance, and reinsurance contracts
- Establishing companies involved in private pensions and insurance; acquire stakes in existing companies or in companies that are to be set up
- Establishing private pension funds
- Entering into reconciliation, quittance, and arbitration agreements.
- To achieve the companies' aims and increase the value of its capital and reserves, buying, selling, constructing properties of any kind; borrowing against mortgages on the company's real estate properties and establishing and terminating any and all real rights over them.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

The Board of Directors exercises its authorities fully cognizant of all information needed to fulfill its duties, prudently, and within the framework of the rules of good faith.

As stipulated in our articles of incorporation, the general manager is responsible for the day-to-day conduct of the company's business within the framework of the principles and limits set by the Board of Directors.

Authorities concerning the conduct of the company's business are delegated to executive organs within the framework of the company's published powers of signature.

The sanctions that are to be imposed in the event of illegal or irregular acts on the part of employees are set forth in the collective bargaining agreement and in the personnel regulations approved and put into effect by the board.

The members of the board devote a sufficient amount of their time to the company's business.

The board has taken necessary precautions to ensure that information about the company that is not to be publicly disclosed or is in the nature of trade secrets is not divulged outside the company.

Periodic financial statements and the company's annual report are published with the board's approval.

In addition to its basic functions, the Board of Directors also takes the opinions and recommendations of executive organs and committees into account in the fulfillment of its responsibilities such as:

- Approving the company's annual budget and business plans
- Having the company's annual report prepared and finalizing it for presentation to the general assembly of shareholders
- Ensuring that general assemblies of shareholders are held in accordance with the requirements of law and the company's articles of incorporation
- Carrying out the decisions made at general assemblies of shareholders
- Checking significant expenditures that amount to more than 10% of the company's most recent balance sheet
- Approving manager career plans and reward programs
- Determining policies related to shareholders, stakeholders, and public relations
- Determining the company's public disclosure policy
- Determining company and employee rules of ethics
- Determining the working principles of committees and ensuring that committees are effective and productive in their work
- Taking measures to ensure that the company's organizational structure is able to respond to current needs
- Examining the activities of predecessor boards of directors.

22. Operating principles of the Board of Directors

A draft of the agenda for a board meeting is prepared by the general manager and finalized in line with the recommendations of the chairman and other directors.

The company's board convened thirteen times during 2005.

Special care is given to setting meeting dates that will allow all boardmembers to attend. Meetings are regularly held with all members in attendance except in unforeseen exceptional cases.

As a rule, at each regular meeting of the board, the date of the next scheduled meeting is set and members are subsequently reminded of this in writing.

A secretariat has been set up that is responsible for keeping the company's directors and statutory auditors informed and for communicating with them.

Dissenting votes at board meetings and the justifications for them are entered into the meeting's minutes and the statutory auditors are notified of this situation as well. No company director cast a dissenting vote at any board meeting in 2005.

Anadolu Hayat Emeklilik A.Ş. Corporate Governance Principles Compliance Report

All members of the Board of Directors take particular care to be present at meetings dealing with important issues related to the company's activities such as:

- Determining businesses that the company is to engage in and approving business and financial plans
- Summoning ordinary and extraordinary general assemblies of shareholders and taking care of matters related to their organization
- Finalizing the annual report that is to be submitted at a general assembly of shareholders
- Electing the chairman and deputy chairman and appointing new members
- Creating and terminating administrative units
- Appointing and dismissing general managers
- Setting up committees
- Approving mergers, demergers, and restructurings; selling all or any more than 10% of the company's non-current assets or undertaking investments amounting to more than 10% of them; approving expenditures amounting to more than 10% of the company's total assets
- Determining the company's dividend payment policy and how much of current profit is to be paid out as a dividend
- Increasing or reducing the company's capitalization.

A board's first meeting is preferably held on the same day that it is elected into office.

At this first meeting, the chairman and deputy chairman are elected, duties are assigned, and committees are formed.

In principle, boardmembers take part in all meetings.

The board meets regularly at least once a month as previously scheduled and occasionally as circumstances seem to warrant.

Information and documents pertaining to items on the board's agenda are normally sent out to members for them to examine at least one week before the meeting date. In situations where this is not possible, every effort is made to ensure that all members are equally informed about the matters involved.

Each boardmember is entitled to a single vote. All directors' votes carry equal weight and no director has a positive or negative veto power.

As stipulated in our articles of incorporation, the board convenes with a simple majority of its membership and decisions are passed by a simple majority of those present.

23. Prohibition on doing business or competing with the company

Company directors engage in no activities which would be subject to any prohibition on doing business or competing with the company and which would therefore require them to obtain the prior permission of the shareholders at a general assembly.

24. Rules of ethics and the principles of their implementation

Anadolu Hayat Emeklilik is a publicly-traded joint-stock company that is active in life insurance and private pensions. In achieving its productivity, profitability, and continuous growth targets, the company abides by all current laws and regulations and its actions are governed by a framework created from the corporate culture and business principles of the group of which it is a member and from the rules of ethics set forth below. Every company employee at every level is charged with abiding by these rules of ethics and complying with them in whatever new business or organizational structures may be developed. In general the company's activities are to be conducted in a manner that is in compliance with the law, honest, impartial, trustworthy, transparent, and socially responsible.

Anadolu Hayat Emeklilik A.Ş.

Corporate Governance Principles Compliance Report

Compliance with laws

In all of the activities undertaken by company employees, full compliance with the legal framework by which the company is governed as well as with the company's own regulations is a requirement.

Social and corporate interests

Company employees are charged with being financially, physically, and intellectually mindful of the interests and reputation of the country, society, the sector, the corporate group, and the company at every stage and with giving maximum attention and care to take all necessary precautions to avoid harming social and corporate interests or to have such precautions taken.

Scope of the rules of ethics

Company employees are charged with abiding by the rules of ethics and with ensuring that they are abided by without exception. Neither the company nor any of its employees may breach these rules in any decision or action.

Maintenance of records and documents

In the maintenance of the company's financial and operational records and in its internal and external reporting, there is to be full compliance with the requirements of law and with the principles of accountability, certitude, and reconcilability.

Relations with shareholders, employees, business partners, and suppliers

1. The company is obliged to provide all of its shareholders with all of the rights and benefits set forth in the company's articles of incorporation in the most correct, fastest, and most transparent way possible irrespective of the dimensions of shareholding interests.
2. The company is obliged to display an attitude that is fair, trustworthy, prudent, and responsible in its dealings with its policyholders, private pension holders, suppliers, competitors, and employees.
3. The company is respectful of its employees' personal rights and freedoms and recognizes that the individual talents and abilities of its employees are the key to its own success. For this reason, all employees are provided with full professional and technical training opportunities to advance themselves.
4. The company is obliged to take all possible measures to ensure that its employees are able to fulfill their duties and responsibilities with the highest commitment to service and in a workplace that is safe and healthy.
5. The company is obliged to take all necessary measures to prevent confidential information from being divulged illegitimately and to take all necessary action within the framework of these rules of ethics against those who do otherwise.
6. Neither the company nor its employees may divulge any confidential information about its shareholders, business partners, suppliers, employees, or customers unless required by law to do so nor may they make use of such information in such a way as to gain any advantage for themselves.
7. The company's employees are aware that in order to maximize their productivity, they must be mindful of harmonious workplace relations must develop their technical and professional skills, and must act within a framework of mutual respect, courtesy, and conscientiousness.
8. No company employee may accept any gift from any policyholder, private pension holder, supplier, or sales organization. The company's senior management is responsible for the identification and enforcement of guidelines governing the giving of gifts that are transparent and straightforward and also mindful of the company's interests.
9. The company's employees carefully examine complaints received from policyholders, private pension holders, agents, and other individuals and organizations and they deal with them as quickly as possible within the framework of the company's public disclosure policy.
10. The company's employees refrain from saying or doing anything that would create an unfavorable opinion about other companies in the sector and their employees.

Anadolu Hayat Emeklilik A.Ş.

Corporate Governance Principles Compliance Report

Corporate communication policy

1. The company's internal and external corporate communication policy is governed by and implemented within the framework of its rules of ethics.
2. The company acts out of an awareness of its social responsibilities in its sponsorships. Environmental awareness and social benefit are basic elements of the company's corporate communication policy.
3. The company never employs statements in its advertising or other corporate communications that are disparaging of other companies in the sector or of their products or services.

25. Number, structure, and independence of committees established by the Board of Directors

Our company has set up a committee responsible for audit and a committee responsible for corporate governance. Each committee consists of two non-executive directors. It is a principle that directors may not concurrently serve on more than one committee.

Work is currently in progress on developing written principles governing the activities of existing committees and on setting up a strategic planning committee, a reconciliation committee, a human resources and merit award committee, and an ethics committee.

As there are no ultimate non-corporate controlling shareholders in our company, it is thought that all the members of the Board of Directors are naturally able to act with complete independence and have the advantage of acting impartially in their decisions by holding the interests of the company and its stakeholders above everything else.

26. Financial benefits provided to the Board of Directors

Company directors receive no financial benefits other than the honorarium that is paid to them.

The amount to be paid as an honorarium is determined by shareholders at a general assembly.

No company director is or has ever been the direct or indirect recipient of any cash loan or non-cash credit extended by the company.

Anadolu Hayat Emeklilik A.Ş. Statutory Auditors' Report

Name of Partnership	Anadolu Hayat Emeklilik A.Ş.
Headquarters	İstanbul
Registered Capital	TRY 175,000,000
Paid-in capital	TRY 150,000,000
Principal Business Activity	Insurance
Names and terms of office of Statutory Auditors, their relation to the Company (employed/partners or not)	İzlem Erdem Emre Duranlı 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 that	The cash counts made on a quarterly basis and resolved 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 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 Emeklilik A.Ş. for the year ending December 31, 2005 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 2005.

Statutory Auditor
Emre Duranlı

Statutory Auditor
İzlem Erdem

Anadolu Hayat Emeklilik A.Ş. Information for Shareholders

Stock exchange

Anadolu Hayat Emeklilik A.Ş. stocks are traded on the İstanbul Stock Exchange (ISE) in the national market under the symbol ANHYT. Information about the Company's stocks is published on the economics pages of daily newspapers and on the internet portals of brokerage houses.

Investor relations

Copies of Anadolu Hayat Emeklilik A.Ş.'s annual reports and other information about the Company may be obtained from the following address as well as from the corporate website located at www.anadoluhayat.com.tr

Anadolu Hayat Emeklilik A.Ş.
İş Kuleleri 2 Kat: 19 Levent İstanbul
Turkey

General Assembly of Shareholders

Anadolu Hayat Emeklilik A.Ş.'s General Assembly of Shareholders was held on 27 March 2006 at 14:00 hours at the address of İş Kuleleri, Kule 2 34330 Levent İstanbul.

Independent Auditor

DRT Denetim Revizyon Tasdik
Yeminli Mali Müşavirlik A.Ş.
Büyükdere Cad. Yapı Kredi Plaza
B Blok Kat: 6 34330 Levent İstanbul

Tax Certification

DRT Denetim Revizyon Tasdik
Yeminli Mali Müşavirlik A.Ş.
Büyükdere Cad. Yapı Kredi Plaza
B Blok Kat: 6 34330 Levent İstanbul

Anadolu Hayat Emeklilik share performance in 2005

According to its year-end balance sheet, Anadolu Hayat Emeklilik's capital amounts to TRY 150,000,000, which is divided into 15,000,000,000 shares. 15% of the Company's shares are publicly held.

The lowest price per share during the year was TRY 1.38 and the highest was TRY 4.17. The average trading price for the whole year was TRY 2.08. Share price quarterly lows and highs are presented below.

TRY	HIGHEST PRICE	LOWEST PRICE
01.01.2005-31.03.2005	2,38	1,91
01.04.2005-30.06.2005	2,18	1,38
01.07.2005-30.09.2005	2,16	1,59
01.10.2005-31.12.2005	4,17	1,79

Anadolu Hayat Emeklilik A.Ş.

Independent Auditors' Report For The Year Ended 31 December 2005

Translated into English from the Original Turkish Report

Deloitte.

Denetim Serbest
Mali Müşavirlik A.Ş.
Büyükdere Caddesi
Yapı Kredi Plaza
B Blok Kat: 5
Levent 34330 İstanbul
Türkiye

ANADOLU HAYAT EMEKLİLİK A.Ş.

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD 1 JANUARY 2005 - 31 DECEMBER 2005

Tel: (212) 317 64 00 (Pbx)
Fax: (212) 317 64 64
www.deloitte.com.tr

To the Board of Directors of
Anadolu Hayat Emeklilik A.Ş.
İstanbul

1. We have audited the accompanying financial statements of Anadolu Hayat Emeklilik A.Ş. (the "Company") as of 31 December 2005. These financial statements are the responsibility of the Company's management. As an independent auditor, our responsibility is to express an opinion on these financial statements based on our audits.

2. According to article 50(a) of the 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 accompanying financial statements have been prepared according to the prevailing Turkish Insurance Auditing Law No. 7397 applicable to Insurance and Reinsurance companies and Individual Retirement, Saving and Investment System Law No. 4632 and principles stated in Note 11.

3. We conducted our audit in accordance with the Law No. 7397 of the Turkish Insurance Auditing, the Law No. 4632 of Individual Retirement, Saving and Investment System and Independent Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. As explained in Notes 11 and 25, the equity shares, that are recorded in equity participations as at 31 December 2005, and which are publicly traded are valued at the market price; whereas, the unlisted shares are accounted at cost. TRY 2,973,085 of impairment is provided in the accompanying financial statements for the unlisted equity shares which have recent independent valuation reports. An indication of a permanent impairment is not identified, for the other unlisted equity shares which do not have any recent independent valuation report; therefore, no impairment is provided for them in the accompanying financial statements as at the balance sheet date.

5. In our opinion, except for such adjustments as may be necessary in respect with the matter set out in paragraph 4 above, the financial statements referred to above present fairly, the financial position of Anadolu Hayat Emeklilik A.Ş. as of 31 December 2005, and the result of its operations in accordance with the accounting principles and standards set out in regulations with the Law No. 7397 of Turkish Insurance Auditing and the Law No. 4632 of Individual Retirement, Saving and Investment System.

6. Without further qualifying our opinion, we draw attention to the following matter:

Since, the principles stated in Note 11 have been applied after 1 January 2005, the accompanying financial statements have not been presented comparatively.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU



Zeki Kurtçu
Partner
İstanbul, 7 March 2006

Anadolu Hayat Emeklilik A.Ş.

Detailed Balance Sheet

ASSETS		TRY
I- Current Assets	Note	Current Period (31/12/2005)
A- Cash and Cash Equivalents		62,944,260
1- Cash		3,038
2- Cheques Received		-
3- Banks	35	47,657,704
4- Cheques Given and Payment Orders (-)		-
5- Other Cash and Cash Equivalents		15,283,518
B- Financial Assets and Investments with Risks on Policy Holders		1,627,285,607
1- Securities Available for Sale	25	119,522,397
2- Securities Held to Maturity		-
3- Securities Held for Trading	25	89,171,682
4- Loans		-
5- Provision for Loans (-)		-
6- Investments with Risks on Policy Holders	25	1,418,591,528
7- Equity Shares		-
8- Diminution in Value of Financial Securities (-)		-
C- Receivables Arising from Operations		191,309,838
1- Receivables Arising from Insurance Operations	10	15,512,045
2- Provision for Receivables from Insurance Operations (-)		(898,767)
3- Receivables from Reinsurance Operations		-
4- Provision for Receivables from Reinsurance Operations (-)		-
5- Cash Deposited For Insurance & Reinsurance Companies		-
6- Loans to Policyholders		2,082,495
7- Provision for Loans to Policyholders (-)		-
8- Receivables from Pension Operation	23	174,614,065
9- Doubtful Receivables from Main Operations	30	81,800
10- Provisions for Doubtful Receivables from Main Operations (-)	30	(81,800)
D- Due from Related Parties		102,702
1- Due from Shareholders		-
2- Due from Affiliates		-
3- Due from Subsidiaries		-
4- Due from Enterprises Subject to Joint Management		-
5- Due from Personnel		102,702
6- Due from Other Related Parties		-
7- Discount on Receivables Due from Related Parties (-)		-
8- Doubtful Receivables Due from Related Parties		-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-
E- Other Receivables		23,210,132
1- Leasing Receivables		-
2- Unearned Leasing Interest Income (-)		-
3- Guarantees Given		25,670
4- Other Receivables	27	23,184,462
5- Discount on Other Receivables (-)		-
6- Other Doubtful Receivables		-
7- Provisions for Other Doubtful Receivables (-)		-
F- Prepaid Expenses and Income Accruals		89,220
1- Prepaid Expenses		9,005
2- Accrued Interest and Rent Income		-
3- Income Accruals		80,215
G- Other Current Assets		179,184
1- Inventories		41,148
2- Prepaid Taxes and Funds		135,326
3- Deferred Tax Assets		-
4- Business Advances		-
5- Advances Given to Personnel		2,710
6- Stock Count Differences		-
7- Other Current Assets		-
8- Provision for Other Current Assets (-)		-
I- Total Current Assets		1,905,120,943

Anadolu Hayat Emeklilik A.Ş.

Detailed Balance Sheet

ASSETS		Current Period
II- Non Current Assets	Note	(31/12/2005)
A- Receivables Arising from Operations		-
1- Receivables from Insurance Operations		-
2- Provision for Receivables from Insurance Operations (-)		-
3- Receivables from Reinsurance Operations		-
4- Provision for Receivables from Reinsurance Operations (-)		-
5- Cash Deposited for Insurance & Reinsurance Companies		-
6- Loans to Policyholders		-
7- Provision for Loans to Policyholders (-)		-
8- Receivables from Pension Operations		-
B- Due from Related Parties		-
1- Due from Shareholders		-
2- Due from Affiliates		-
3- Due from Subsidiaries		-
4- Due from Enterprises Subject to Joint Management		-
5- Due from Personnel		-
6- Due from Other Related Parties		-
7- Discount on Receivables Due from Related Parties (-)		-
8- Doubtful Receivables Due from Related Parties		-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-
C- Other Receivables		-
1- Leasing Receivables		-
2- Unearned Leasing Interest Income (-)		-
3- Guarantees Given		-
4- Other Receivables		-
5- Discount on Other Receivables (-)		-
6- Other Doubtful Receivables		-
7- Provisions for Other Doubtful Receivables (-)		-
D- Financial Assets		99,643,806
1- Investments In Associates	25, 31	77,550,702
2- Affiliates	25, 31	25,066,189
3- Capital Commitments to Affiliates (-)		-
4- Subsidiaries		-
5- Capital Commitments to Subsidiaries (-)		-
6- Enterprises Subject to Joint Management		-
7- Capital Commitments to Enterprises Subject to Joint Management (-)		-
8- Financial Assets and Investments with Risks on Policy Holders		-
9- Diminution in Value of Financial Assets (-)	25, 31	(2,973,085)
E- Tangible Fixed Assets	16	22,431,559
1- Investment Properties		26,132,924
2- Diminution in Value for Investment Properties (-)		(782,202)
3- Owner Occupied Property		1,535,699
4- Machinery and Equipments		2,647,758
5- Furnitures and Fixtures	8	1,117,277
6- Vehicles	8	844,420
7- Other Tangible Assets (Including Leasehold Improvements)		593,801
8- Leased Tangible Fixed Assets		1,222,831
9- Accumulated Depreciation (-)		(10,880,949)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-
F- Intangible Fixed Assets		1,010,391
1- Rights		1,918,704
2- Goodwill		-
3- Establishment Costs		120,569
4- Research and Development Expenses		-
6- Other Intangible Assets		-
7- Accumulated Amortizations (-)		(1,028,882)
8- Advances Regarding Intangible Assets		-
G- Prepaid Expenses and Income Accruals		-
1- Prepaid Expenses		-
2- Income Accruals		-
3- Other Prepaid Expenses and Income Accruals		-
H- Other Non Current Assets		-
1- Inventories		-
2- Prepaid Taxes and Funds		-
3- Deferred Tax Assets		-
4- Other Non-current Assets		-
5- Other Non-current Assets Amortization (-)		-
6- Provision for Other Non-current Assets (-)		-
II- Total Non Current Assets		123,085,756

Anadolu Hayat Emeklilik A.Ş.

Detailed Balance Sheet

LIABILITIES	Note	Current Period (31/12/2005)
III- Short Term Liabilities		
A- Borrowings		163,873
1- Loans to Financial Institutions		-
2- Leasing Payables		176,435
3- Deferred Leasing Costs (-)		(12,562)
4- Current Portion of Long Term Debts		-
5- Principal Installments and Interests on Issued Bonds		-
6- Other Financial Assets Issued		-
7- Value Differences of Financial Assets Issued (-)		-
B- Payables from Main Operations		184,927,203
1- Payables Due to Insurance Operations		781,064
2- Payables Due to Reinsurance Operations		-
3- Cash Deposited by Insurance & Reinsurance Companies		350,606
4- Payables Due to Pension Operations		183,795,533
5- Payables from Other Operations		-
C- Due to Related Parties		3,457,341
1- Due to Shareholders		3,560
2- Due to Affiliates		-
3- Due to Subsidiaries		-
4- Due to Enterprises Subject to Joint Management		-
5- Due to Personnel		391
6- Due to Other Related Parties	27	3,453,390
D- Other Payables		28,837,118
1- Guarantees and Deposits Received		80,742
2- Other Payables	27	28,756,376
3- Discount on Other Payables (-)		-
E- Insurance Technical Provisions		1,487,974,343
1- Provisions for Unearned Premiums - Net		4,545,510
2- Unexpired Risk Reserves - Net		-
3- Life Mathematical Provisions - Net		1,443,180,083
4- Provision for Outstanding Claims - Net		40,248,750
5- Provision for Bonus and Discounts - Net		-
6- Provision for Policies Investment Risk of Which Belongs to Life Insurance Policyholders - Net		-
7- Other Technical Provisions - Net		-
F- Taxes and Other Liabilities and Relevant Provisions		5,331,312
1- Taxes and Dues Payable		898,150
2- Social Security Premiums Payable		215,143
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-
4- Other Taxes and Liabilities		-
5- Corporate Tax Payable		17,408,899
6- Prepaid Taxes and Other Liabilities Regarding Period Profit (-)		(13,190,880)
7- Provisions for Other Taxes and Liabilities		-
G- Provisions for Other Risks		-
1- Provision for Retirement Pay		-
2- Provisions for Costs		-
H- Deferred Income and Expense Accruals		1,370,467
1- Deferred Income		1,073,766
2- Expense Accruals		296,701
3- Other Deferred Income and Expense Accruals		-
I- Other Short Term Liabilities		-
1- Deferred Tax Liability		-
2- Inventory Count Differences		-
3- Other Short Term Liabilities		-
III - Total Short Term Liabilities		1,712,061,657

Anadolu Hayat Emeklilik A.Ş.

Detailed Balance Sheet

LIABILITIES		Current Period
IV- Long Term Liabilities	Note	(31/12/2005)
A- Borrowings		-
1- Loans to Financial Institutions		-
2- Leasing Payables		-
3- Deferred Leasing Costs (-)		-
4- Bonds Issued		-
5- Other Financial Assets Issued		-
6- Value Differences of Financial Assets Issued(-)		-
7- Other Financial Liabilities		-
B- Payables from Main Operations		-
1- Payables Due to Insurance Operations		-
2- Payables Due to Reinsurance Operations		-
3- Cash Deposited by Insurance & Reinsurance Companies		-
4- Payables Due to Pension Operations		-
5- Payables from Other Operations		-
C- Due to Related Parties		-
1- Due to Shareholders		-
2- Due to Affiliates		-
3- Due to Subsidiaries		-
4- Due to Enterprises Subject to Joint Management		-
5- Due to Personnel		-
6- Due to Other Related Parties		-
D- Other Payables		-
1- Guarantees and Deposits Received		-
2- Other Payables		-
3- Discount on Other Payables (-)		-
E- Insurance Technical Provisions		-
1- Provisions for Unearned Premiums - Net		-
2- Unexpired Risk Reserves - Net		-
3- Life Mathematical Provisions - Net		-
4- Provision for Outstanding Claims - Net		-
5- Provision for Bonus and Discounts - Net		-
6- Provision for Policies Investment Risk of Which Belongs to Life Insurance Policyholders - Net		-
7- Other Technical Provisions - Net		-
F- Tax and Other Liabilities to be Paid and Relevant Provisions		-
1- Taxes and Dues Payable		-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-
3- Other Liabilities and Expense Accruals		-
G- Provisions for Other Risks		3,893,083
1- Provision for Retirement Pay	11-i	3,893,083
2- Provisions for Employee Pension Fund Deficits		-
H- Deferred Income and Expense Accruals		-
1- Deferred Income		-
2- Expense Accruals		-
3- Other Deferred Income and Expense Accruals		-
I- Other Short Term Liabilities		-
1- Deferred Tax Liability		-
3- Other Long Term Liabilities		-
IV- Total Long Term Liabilities		3,893,083

Anadolu Hayat Emeklilik A.Ş.

Detailed Balance Sheet

SHAREHOLDERS' EQUITY		Current Period
V- Shareholders' Equity	Note	(31/12/2005)
A- Paid In Capital		155,559,582
1- (Nominal) Capital	2	150,000,000
2- Unpaid Capital (-)		-
3- Positive Inflation Adjustment on Capital		5,559,582
4- Negative Inflation Adjustment on Capital (-)		-
B- Capital Reserves		1,716,457
1- Equity Share Premiums		-
2- Cancellation Profits of Equity Shares		-
3- Profit on Sale to be Transferred to Capital		1,716,457
4- Translation Reserves		-
5- Other Capital Reserves		-
C- Profit Reserves		118,958,411
1- Legal Reserves		32,895,425
2- Statutory Reserves		6,353,968
3- Extraordinary Reserves		38,901,721
4- Special Funds (Reserves)		-
5- Revaluation of Financial Assets	34	40,807,297
6- Other Profit Reserves		-
D- Previous Years' Profits		-
1- Previous Years' Profits		-
E- Previous Years' Losses (-)		(5,013,899)
1- Previous Years' Losses	11-a	(5,013,899)
F- Net Profit of the Period		41,031,408
1- Net Profit of the Period		41,031,408
2- Net Loss of the Period		-
Total Shareholders' Equity		312,251,959

Anadolu Hayat Emeklilik A.Ş.

Detailed Income Statement

	TRY
I-TECHNICAL DIVISION	Current Period (31/12/2005)
A- Non-Life Technical Income	236,301
1- Premiums (Net of Reinsurer Share)	236,189
1.1- Premiums	217,013
1.2- Change in Unearned Premium Provisions (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	19,176
1.3- Changes in Unexpired Risk Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	0
2- Investment Income Transferred from Non-Technical Divisions	112
3- Other Technical Income (Net of Reinsurer Share)	0
B- Non-Life Technical Expense	(59,816)
1- Claims Paid (Net of Reinsurer Share)	(43,577)
1.1- Claims Paid (Net of Reinsurer Share)	(47,944)
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	4,367
2- Changes in Bonus and Discount Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	0
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	0
4- Operating Expenses (-)	(16,239)
C- Non-Life Technical Profit (A - B)	176,485
D- Life Technical Income	616,886,016
1- Premiums (Net of Reinsurer Share)	345,834,202
1.1- Premiums	346,018,287
1.2- Change in Unearned Premium Provisions (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(184,085)
1.3- Changes in Unexpired Risk Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	0
2- Life Branch Investment Income	269,281,207
3- Accrued (Unrealized) Income from Investments	0
4- Other Technical Income (Net of Reinsurer Share)	1,770,607
E- Life Technical Expense	(596,853,335)
1- Claims Paid (Net of Reinsurer Share)	(445,547,035)
1.1-Claims Paid (Deducted from Reinsurer)	(448,273,126)
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	2,726,091
2- Changes in Bonus and Discount Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	0
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(106,653,487)
4- Changes in Reserves for Life Insurance Policies Including Investment Risk (Net of Reinsurer Share and Reserves Carried Forward) (+/-)*	0
5- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	0
6- Operating Expenses (-)	(44,652,813)
7- Discount on Receivables Due from Related Parties (-)	0
8- Accrued (Unrealized) Losses from Investments (-)	0
9- Investment Income Transferred to Non-Technical Divisions (-)	0
F- Life Technical Profit (D - E)	20,032,681
G- Individual Retirement Technical Income	5,853,977
1- Fund Management Fee	2,486,873
2- Management Fee Deduction	2,534,344
3- Initial Contribution Fee	781,873
4- Management Fee Deduction in the Case of a Break (-)	0
5-Deduction from the Private Service Expense	0
6- Increase in Value of Allocated Capital Advances	37,954
7- Other Technical Income	12,933
H- Individual Retirement Technical Expense	(20,608,666)
1- Fund Management Expenses (-)	(596,843)
2- Decrease in Market Value of Capital Commitment Advances (-)	(25,080)
3- Operating Expenses (-)	(19,517,015)
4- Other Technical Expense (-)	(469,728)
I- Individual Retirement Technical Profit (G - H)	(14,754,689)

Anadolu Hayat Emeklilik A.Ş.

Detailed Income Statement

		TRY
II- NON TECHNICAL DIVISION	Note	Current Period (31/12/2005)
C- Non-Life Technical Profit		176,485
F- Life Technical Profit		20,032,681
I - Individual Retirement Technical Profit		(14,754,689)
J- Total Technical Profit (C + F + I)		5,454,477
K- Investment Income		62,044,641
1- Income from Financial Investment		5,634,817
2- Income from Sale of Financial Assets		35,580,270
3- Revaluation of Financial Assets		17,160,286
4- Foreign Exchange Gains		430,253
5- Dividend Income from Participations		651,386
6- Income from Affiliated Companies		0
7- Real Estate Income		2,116,582
8- Income from Derivative Products		197,053
9- Other Investments		273,572
10- Investment Income Transferred from Life Technical Division		422
L- Investment Expenses (-)		(6,472,214)
1- Investment Management Expenses (including interest) (-)		(1,836,429)
2- Valuation Allowance of Investments (-)		(825,142)
3- Losses On Sales of Investments (-)		(967,627)
4- Investment Income Transferred to Life Technical Division (-)		0
5- Losses from Derivative Products (-)		0
6- Foreign Exchange Losses (-)		(1,179,589)
7- Discount on Receivables Due from Related Parties (-)	1	(1,663,427)
8- Other Investment Expenses (-)		0
M- Other Income and Expenses (+/-)		(2,586,597)
1- Reserves (Provisions) Account (+/-)	2	(2,519,819)
2- Rediscount Account (+/-)		0
3- Mandatory Earthquake Insurance Account (+/-)		0
4- Monetary Gains Losses Account (+/-)		0
5- Deferred Tax Asset Accounts (+/-)		0
5- Discount on Other Receivables (-)		0
7- Other Income and Revenues		452,726
8- Other Expense and Losses (-)		(519,504)
9- Prior Period Income		0
10- Prior Period Losses (-)		0
N- Net Profit / (Loss)		41,031,408
1- Profit /(Loss) Before Tax		58,440,307
2- Tax Provision (-)	2	(17,408,899)
3- Net Profit (Loss) After Tax		41,031,408
4- Inflation Adjustment Account		0

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

1. OPERATIONS OF THE COMPANY

The operations of Anadolu Hayat Emeklilik A.Ş. (the "Company") involve providing individual and group insurance and reinsurance services relating to group life, individual life, retirement and sickness benefit branches, establishing retirement funds, developing internal rules and regulations related to these funds, carrying out retirement, annual income insurance, portfolio management and custody contracts for the assets of the funds held in custody.

As of the balance sheet date, there are 15 Individual Retirement Investment Funds which were established by the Company.

2. SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE

The nominal capital of the Company is TRY 150,000,000 at 31 December 2005 and consists of fully covered 15,000,000,000 shares with a value of YKR 1 each. The distribution of capital among shareholders is as follows:

	31 December 2005 Share Amount (TRY)	Share Rate %
Türkiye İş Bankası A.Ş.	93.000.000	62
Anadolu Anonim Türk Sigorta Şti.	30.000.000	20
Other	27.000.000	18
	150.000.000	100

%15 of the shares is quoted in the stock exchange as of 31 December 2005.

3. PREFERENCE SHARES

The total of 150.000.000.000 shares that represents TRY 15.000.000 of share capital consists of 100.000.000 shares of (A) Group and 14.900.000.000 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 Directors. Additional (A) Group shares cannot be issued during any capital increases.

4. REGISTERED CAPITAL LIMIT

The Company accepted the registered capital system under the Law 2499 and on 15 June 2000, changed its system with the permission of the Capital Markets Board numbered 67/1039. As of the balance sheet date, TRY 175.000.000 of registered capital of the Company has been divided into 17.500.000.000 shares each with a nominal value of YKr 1.

5. CAPITAL INCREASES DURING YEAR AND THE RESOURCES

The resolution of the board of directors dated 14 March 2005, numbered 352/2, indicates the capital increase from TRY 100.000.000 to TRY 150.000.000. The capital increase is registered in 23.06.2005. TRY 43.054.731 of this increase is transferred from the inflation adjustments to capital, TRY 1.207.822 is from the income on sale of affiliates, TRY 88.317 is from the inflation adjustment to income from sale of affiliates, TRY 627.296 is from income on sale of immovables, TRY 21.834 is from the inflation adjustment on income on sale of immovables and TRY 5.000.000 is from the dividend payables from 2004 year profit.

6. MARKETABLE SECURITIES OTHER THAN ISSUED SHARES DURING THE YEAR

There are no marketable securities other than shares issued during the current year.

7. ISSUED MARKETABLE SECURITIES REPRESENTING MATURED DEBT

There are no debt securities matured during year.

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

8. MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR

a) Cost of purchased or acquired fixed assets:	687,696
b) Cost of fixed assets sold:	3,196,037
c) Revaluation of tangible fixed assets during the period:	-
d) The quality, total amount, beginning, ending dates and completeness degree of construction in progress:	-

9. CURRENT AND FUTURE INVESTMENT ALLOWANCES DEDUCTIBLE FROM THE TAX BASE

As of the balance sheet date, no investment allowances used or to be used for the future period.

10. BALANCES WITH SHAREHOLDERS, EQUITY PARTICIPATIONS AND SUBSIDIARIES

The details of the Company's trade payables and receivables with shareholders, equity participations and subsidiaries in payables and receivables from operations are as follows:

31 December 2005

	Receivables (TRY)		Payables (TRY)	
	Trade	Non-trade	Trade	Non-trade
Shareholders	-	-	3,560	-
Affiliates	212	-	-	-

11. DEPRECIATION AND VALUATION METHODS FOR INVENTORY AND OTHER BALANCE SHEET ITEMS, CHANGES IN THESE AND OTHER ACCOUNTING PRINCIPLES, MONETARY EFFECTS ON THESE CHANGES AND POSSIBLE MATTERS THAT CAN CHANGE THE ASSUMPTION ON GOING CONCERN AND ACCRUAL BASIS ACCOUNTING OF THE COMPANY AND REASONS FOR THESE

Accounting Principles

Article 50 (a) of the Capital Market Law (VII.) states that insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision, accounting and financial reporting. Therefore, the financial statements of the Company are prepared in accordance with the principles set out by the Turkish Treasury for Insurance and Reinsurance companies.

It is declared by the Turkish Treasury that insurance companies are subject to inflation accounting part of the Capital Markets Board (the "CMB") Communiqué No: 25 of Series XI, "Communiqué on The Accounting Standards in the Capital Market" published in the Official Gazette dated 25290 on 15 November 2003 with the articles dated 28 January 2004 and numbered 4787 and 4 April 2005 and numbered 19387; beginning from 1 January 2005.

a. Preparation of Financial Statements in Hyperinflationary Periods

With respect to the declaration of the Turkish Treasury with the article dated 4 April 2005 and numbered 19387; financial statements as of 31 December 2004 are adjusted for the opening balances of 2005 in accordance with the inflation accounting part of the Capital Markets Board (the "CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated 15 November 2003 and numbered 25290. Inflation accounting is no longer applied in the year 2005, in accordance with the same declaration of the Turkish Treasury.

Restatement adjustments as of 31 December 2004 have been made according to the wholesale price index published by the State Institute of Statistics ("WPI").

The restatement adjustments are reflected to the financial statements as of 31 December 2004 by the use of following methods:

- All balance sheet amounts not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general price index (the WPI). In addition to this, the corresponding figures for the previous periods are represented by applying the general price index in order to obtain a similar monetary unit.

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

- Monetary assets and liabilities are not restated because they are already expressed in terms of the measuring unit current at the balance sheet date. Monetary items are money held and items to be received or paid in money.
- As of 31 December 2004 non-monetary assets and liabilities were restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is calculated at their restated amounts. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.
- According to the circular published by the Turkish Treasury through the Association of the Insurance and Reinsurance Companies of Turkey dated 22 April 2005 and numbered 23847, provision for unearned premiums are taken as non monetary item and restated considering the dates of relevant policies.

Comparative Information and Prior Year Financial Statement Corrections

A correction amounting to TRY 5.013.899 is made on the prior year loss as a result of the high inflation circulars of the law no. XI 25 of the Capital Markets Board.

The New Turkish Lira:

A new law number 5083 on the Monetary Unit of the Republic of Turkey was enacted with the effect from 1 January 2005, which deletes six zeroes from the former currency of the Turkish republic, the Turkish Lira ("TL"), to form a new currency the New Turkish Lira ("TRY"). Thus 1 TRY = 1,000,000 TL. The New Turkish Lira is divided into 100 New Turkish cents ("YKr"). As per the CMB decision MSD-10/832-43399 dated 1 December 2004, the financial statements to be publicly announced in 2005 should be prepared in TRY monetary unit including comparatives. Accordingly, the accompanying financial statements are presented in TRY.

b. Financial Instruments

According to the declaration of the Turkish Treasury dated 3 March 2005 and numbered B.02.1.HM.0.SGM.0.3.1/15, the valuation and accounting of the assets and liabilities of the insurance companies should be performed in conjunction with the Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" of the CMB declared in the Official Gazette dated 15 November 2003 and numbered 25290 until a new regulation is made by the Turkish Treasury. Furthermore, without creating any possible oppositions against the rights and benefits of the policyholders, each of the financial instruments risk of which belongs to the policyholders should be classified as held to maturity investments, available for sale investments and held for trading investments and should be valued in accordance with the obligations of the CMB mentioned in the relevant communiqué.

It is also declared that, while recording the available for sale investments that belong to the policyholders, only the Company portion of any gains or losses result from the difference in the valuation methods between the market value and the internal rate of return should be recorded to equity.

Financial instruments, which consist of treasury bills, government bonds, equity shares, Eurobonds, private sector bonds, time deposits, investment funds and retirement funds are subject to a classification as available for sale, held to maturity, and held for sale financial instruments in accordance with the decisions of the Capital Markets Board (the "CMB") Communiqué No: 25 of Series XI, as of 31 December, 2005. In accordance with the 266th article of the same Communiqué, in determining the fair value of held for sale and available for sale financial instruments, the best purchase order is used.

Financial instruments held for trading:

Financial instruments held for trading are those acquired principally for the purpose of generating profit from short-term fluctuations in their price or dealer's margin. Subsequent to initial recognition, held for trading securities are valued at their fair values if reliably measured. Gains or losses on held for trading financial instruments are included in net profit or loss for the period in which they arise.

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

Financial instruments held to maturity:

Held-to-maturity financial instruments are securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity financial instruments are measured at amortised cost using the effective interest rate method and valuation difference is recognised in the income statement.

Financial instruments available for sale:

Available-for-sale financial instruments are those that are not (a) held-to-maturity, or (b) held for trading financial instruments. Subsequent to acquisition, available for sale financial instruments are valued at their fair values if reliably measured. Otherwise, they are accounted for at amortised cost using the effective interest rate method.

Financial Instruments of which risks are attributable to life insurance policy holders:

These assets are classified as available for sale, held for trading and held to maturity financial instruments. Assets classified as available for sale are carried at their fair value, and 5% of the difference between the fair value and the discounted value is recognised under equity and 95% of which belongs to the insurees is recognised under Insurance Technical Provisions - Life Mathematical Provision account. Assets that do not have fair values are carried at their discounted values using the effective interest rate method.

The Company has applied the above mentioned valuation methods for financial instruments as of 1 January, 2005.

c. Equity Participations and Affiliates

Listed shares at İstanbul Stock Exchange ("ISE") which are followed up in the Equity Participations and Affiliates accounts are valued at their fair values and the difference between the indexed value and the fair value is recognized in equity.

Unlisted shares at ISE in the Equity Participations and Affiliates accounts are followed up with their inflation adjusted carrying amounts as of 31 December, 2004. Companies with recent independent valuation work are carried at their inflation adjusted carrying amounts as of 31 December, 2004 less any allowance for impairment.

d. Technical Provisions

Provision for unearned premiums, life mathematical provision, outstanding claims provision, the re-insurer's share of these provisions and are included in the financial statements in accordance with the principles mentioned below:

The provision for unearned premiums represents the amount of net premiums underwritten in the current period but corresponds to the period subsequent to the balance sheet date. The premiums subject to unearned premium provision are adjusted in accordance with the inflation accounting part of the Capital Markets Board (the "CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in the Capital Market" declared in the Official Gazette dated 15 November 2003 and numbered 25290 and the provision for unearned premiums are provided on a daily basis.

Provision for outstanding claims are provided for the claims reported at period end but not paid yet. Any difference regarding to the claim paid and provision provided is reflected to the records at the date that the payment done. Re-insurer share of these provisions are shown separately.

Regulation regarding the regulation related with the changes in the Foundation and Operation Principles of Insurance and Reinsurance Companies became operative after published in the Official Gazette dated 27 January 2004 numbered 25359. According to the first article of the regulation, insurance and reinsurance companies should provide provision for the claims accrued and determined but not yet paid in the previous or the current periods. If the Company was not able to determine this claim provision amount, the outstanding claim provision should be provided based on the estimated values of the incurred but not reported claims. By the last declaration of Turkish Treasury dated 18 January 2005 and numbered B.02.1.HM.0.SGM.0.3.1.1-03821, it is stated that incurred but not reported claims included in the financial statements as of the balance sheet date will be followed as a sub-account under outstanding claim provisions. The same declaration states that, this provision is calculated over the last 3 years' data as of 31 December 2004 (the last four years for 2005 and last five and more years for 2006 and following years) and calculations will be made over net conservation amount

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

and on insurance branch basis after subtracting the proceeds such as recovery and residual value. It is stated that while calculating the incurred but not reported claims, weighted averages of previous years' premium productions and relevant incurred but not reported claim amounts will be taken into consideration and the current year incurred but not reported claims will be found by multiplying the calculated weighted average and current year premium production.

The Company's incurred but not reported claims, included in the outstanding claim provisions in the accompanying financial statements and calculated according to the methods mentioned above, amounts to TRY 1.725.782.

Mathematical reserves which are calculated over life insurance policies for the compensations that the Company commits to pay in the future are calculated according to the generally accepted actuarial calculations approved by the under secretariat of the Treasury. Net revenue generated from those provisions by the investment activities are provided as life profit share provision to be distributed to the policyholders.

e. Premium Income and Damages

Premium income represents premiums on policies written during the year and the current year portion of the installments of the accumulating life insurance policies that are written in the previous years, deducted by the reinsurers' shares.

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

Accrued premium in elementary branches is collected either fully or 20% in advance and the remaining balance is collected in 5 installments of equal amounts.

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; however, agent commission provision is not accrued in the non-life branches, in life branch policy-basis commission amount, that needs to be paid if uncollected receivables are collected, is calculated.

Claims are expensed as they are reported. Outstanding claims provision is provided for the claims that are reported at the period end but not yet paid and for the claims incurred but not yet reported. The reinsure shares of claims paid and outstanding claims provision are presented separately.

f. Receivables from Policyholders and Agents

According to the 27th article of the Foundation and Operation Regulations for Insurance and Reinsurance Companies which was published in the Official Gazette dated 26 December 1994 and numbered 22153 by the order of the Turkish Treasury and become effective since 1 January 1995; insurance companies should provide provisions for due premiums which can not be collected in two months period.

The Company used to allocate allowance for the receivables that are more than 2 months. As of 31 December 2004 health insurance portfolio is transferred to Anadolu Anonim Türk Sigorta Şirketi; therefore, no allowance is allocated anymore.

Furthermore, the Company has provided provision for the doubtful receivables under legal and management follow up, but not included in the premium provision mentioned above, in accordance with the 323rd article of the tax legislation. The amount of the doubtful receivables under legal and management follow up as of 31 December 2005 amounts to TRY 81.800 and it is fully provisioned.

Unlike the prior year, the Company calculates its receivables and payables by netting off.

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

g. Tangible Fixed Assets

Property, plant and equipment used by the Company are carried at indexed historical cost. Property, plant and equipment are depreciated principally on a straight-line basis using the following rates, which amortize the assets over their expected useful lives:

	(%)
Buildings	2
Vehicles	20
Furniture, Fixtures & Equipment	6-20
Machinery & Equipment	6-33
Intangible Fixed Assets	6-20

h. Assets and Liabilities in Foreign Currency

The Company values its assets with the Central Bank of Turkey foreign exchange bid rate and its liabilities with the Central Bank of Turkey foreign exchange ask rate as at the balance sheet date. The exchange difference from these transactions is included in the income statement. The Company revalues its premium receivables within the exchange rate on the policy beginning date and reflects the exchange rate difference to the financial statement when collection is made.

i. Retirement Pay Provision

Retirement pay provision is accounted in the accompanying financial statements for the potential future payments to be made to employees entitled in accordance with the regulations of the CMB.

The amount of the retirement pay provision at the balance sheet date is TRY 3.893.083. Total employee termination expense for the year 2005 is TRY 713.242.

j. Taxation

The Company is subject to corporate tax in Turkey.

The corporate tax rate is declared as 30% which is effective from 1 January 2005. Companies file their tax returns till April 15th of the following year and pay until the end of the related months as a single installment. According to the Tax Legislation, advance tax is calculated and paid on a quarterly basis and relevant amount is net off from the year end tax calculated over the period net income.

Until 2003, corporate tax was calculated over unadjusted tax base. As of 1 January 2004, it is started to be calculated over restated financial statements. Therefore, previous' year profit due from the first application of inflationary accounting on 31 December 2003 financial statements will not be subject to tax, and likely previous years' losses will not be accepted as loss that are exempt from tax. Also unreduced financial losses over the previous years due from 2003 and previous years

will be considered with their statutory amounts in the following periods. Accompanying financial statements include the above mentioned tax calculation and TRY 17.408.899 provision is allocated.

12. SUBSEQUENT EVENTS

In compliance with the Capital Market Law no.2499, the Company has increased its registered capital from TRY 175.000.000 to TRY 300.000.000, with the Board of Directors' Decision dated 30 January 2006.

13. CONTINGENT ASSETS AND LIABILITIES

As of the balance sheet date, the amount of the court action taken towards the Company is TRY 528.725, a court case filed towards the third parties by the Company amounts to TRY 13.377.472. There is no collusive action taken after the 31 December 2005. 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 insurees, which were deducted by the Central Bank or Ziraat Bankası, and were transferred to the Tax Office.

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

14. MATERIAL CHANGES IN ACCOUNTING ESTIMATES ABOUT COMPANY'S GROSS PROFIT AND MONETARY EFFECTS OF THESE CHANGES

None.

15. GUARANTEES AND MORTGAGES ON ASSETS

Based on the Foundation and Operation Regulations of Insurance and Reinsurance Companies, total guarantee allocated in favor of the Turkish Treasury for the purpose of commitments due to insurance policies is TRY 1.412.103.703 and total guarantee liability is TRY 1.225.116.401.

16. INSURANCE ON ASSETS

31 December 2005 (TRY)

Type of Assets	Net Book Value	Insurance Coverage	Coverage Rate %
Tangible Fixed Assets	TRY 22.431.559	TRY 22.887.519	98

Insurance values of tangible fixed assets comprise the value of building on properties other than the land share and the fair value of the other real estates.

17. GUARANTEES AND MORTGAGES RECEIVED

Details of the guarantees and mortgages received are shown below:

Type of Guarantee	31 December 2005 TRY
Letters of Guarantee	505.026
Sureties	240.130
Real-estate Mortgage	11.400
Total	756.556

18. COMMITMENTS & CONTINGENT LIABILITIES

Commitment Type	Commitment Amount
Guarantees and Sureties	228.025

19. GUARANTEES FOUNDED AND THAT MUST BE FOUNDED FOR LIFE AND NON-LIFE INSURANCES BY THE COMPANY

The amount of the guarantee that the Company has to establish and established in the past regarding the insurance branches.

Branch	Required Blockage TRY	Current Blockage TRY
Life	1.225.068.624	1.411.996.592
Non-Life	47.777	107.111
TOTAL	1.225.116.401	1.412.103.703

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

20. COMPANY'S NUMBER OF LIFE INSURANCE POLICIES, ADDITIONS AND DISPOSALS DURING THE YEAR AND THE RELATED MATHEMATICAL RESERVES

	Number	Mathematical Reserves TRY
31 December 2004	609.725	1.293.531.261
Additions	351.005	470.562.733
Disposals	(335.210)	(363.944.216)
31 December 2005	625.520	1.400.149.778

Reversed number of life insurance policies and the related mathematical reserves are included in the above mentioned table.

21. GUARANTEE AMOUNTS GIVEN TO NON-LIFE INSURANCES ACCORDING TO BRANCHES

31 December 2005

	Branch Amount TRY
Guarantee for decease	665.463.309
Guarantee for disabled	666.199.309
Total	1.331.662.618

22. PENSION FUNDS AND UNIT PRICES ESTABLISHED BY COMPANY

	Name of the Fund Unit Price TRY
AH1 Bond Fund	0,018766
AH2 Liquid Fund	0,014542
AH3 Eurobond Dollar Fund	0,012331
AH4 Eurobond Euro Fund	0,011993
AH5 Equity Fund	0,029235
AH6 International Mixed Fund	0,011234
AH8 Conservative Fund	0,016678
AH9 Balanced Fund	0,019314
AH0 Aggressive Fund	0,022405
AG1 Bond Fund	0,015093
AG2 Eurobond Fund	0,010947
AG3 Equity Fund	0,017483
AG4 Flexible Fund	0,014149
HS1 Bill & Bond Fund	0,011488
HS2 Mixed Fund (FC)	0,009836

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

23. PARTICIPATION CERTIFICATES IN PORTFOLIO AND IN CIRCULATION

Participation Certificates in Portfolio	Number	Amount TRY
AG2 Eurobond Fund	5.417.807,416	59.308,74
HS1 Bill & Bond Fund	2.448.441,212	28.127,69
HS2 Mixed Fund (FC)	17.985.687,597	176.907,22

Participation Certificates in Circulation	Number	Amount TRY
AH1 Bond Fund	5.755.830.135,752	108.013.908,33
AH2 Liquid Fund	359.041.400,961	5.221.180,05
AH3 Eurobond Dollar Fund	193.515.815,623	2.386.243,52
AH4 Eurobond Euro Fund	240.303.797,224	2.881.963,44
AH5 Equity Fund	398.785.957,476	11.658.507,47
AH6 International Mixed Fund	101.564.136,001	1.140.971,50
AH8 Conservative Fund	348.255.355,256	5.808.202,81
AH9 Balanced Fund	1.169.389.611,478	22.585.590,96
AH0 Aggressive Fund	339.603.552,235	7.608.817,59
AG1 Bond Fund	208.927.109,163	3.153.336,86
AG2 Eurobond Fund	1.350.929,082	14.789,03
AG3 Equity Fund	6.437.031,732	112.538,63
AG4 Flexible Fund	277.153.814,733	3.921.449,32
HS1 Bill & Bond Fund	7.551.558,788	86.752,31
HS2 Mixed Fund (FC)	2.014.312,403	19.812,78

24. NUMBER AND PORTFOLIO AMOUNTS OF INCOMING, DIVERGENT, CANCELLED AND EXISTING INDIVIDUAL AND GROUP RETIREMENT PROVISIONS IN THE CURRENT PERIOD

31 December 2005 Individual	Number	Portfolio Amount TRY
Additions	61.949	67.012.573
Disposals	2.776	3.924.790
Cancellations	-	-
31 December 2005 Closing	91.044	153.144.432

31 December 2005 Group	Number	Portfolio Amount TRY
Additions	9.209	8.353.500
Disposals	414	579.052
Cancellations	-	-
31 December 2005 Closing	14.735	21.468.783

Additions: The sum of the new contracts added in the period and their registered cumulative values as of the period end (31.12.2005) in addition with the number of the contract begins and finishes in the same period.

Disposals: The number of the finalized contracts during the period and their values at their disbursement dates.

Closing: The number of standing contracts and their values as of the period end.

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

As a result of the changes that are subjected to alteration about the insurances of the individuals and groups, some osmosises caused and observations continued from the portfolio values. Besides, in the case where these insurance contracts, which were in effect as of the previous balance sheet date, became passive as a result of a reversal of collection arose during the period, number and portfolio amounts are net off at the end of the period. Number and portfolio amounts of the group and individual retirement provisions as stated in note 24 reflect the current position as of the period-end.

25. COMPARISON OF BOOK VALUE – MARKET VALUE – COST OF MARKETABLE SECURITIES

EQUITY PARTICIPATIONS:

Listed:	Cost Value TRY	Market Value TRY	Book Value TRY
Yatırım Fin. Yat. Ort. A.Ş.	881.509	1.092.000	1.092.000
Total	881.509	1.092.000	1.092.000

Unlisted:	Cost Value TRY	Book Value TRY
TSKB Menk. Değ. A.Ş.	479.142	479.142
Kastamonu Holding A.Ş.	70.149	70.149
Bayek Ted. Sağ. Hizm. ve İşl. A.Ş.	8.387.733	8.387.733
İş Net E.B.Ü.D.T. ve İ. Hiz. A.Ş.	557.817	557.817
Trakya Yat. Hold. A.Ş.	3.592	3.592
İş Portföy Yönetimi A.Ş.	1.762.193	1.762.193
Emeklilik Göz. Merk. A.Ş.	263.224	263.224
Avea İletişim Hizmetleri A.Ş.	4.341.721	1.368.636
Camış Menkul Değerler A.Ş.	2.457	2.457
Çayırova Cam Sanayi A.Ş.	5.769	5.769
Çelikort A.Ş.	322.828	322.828
Çuk. Mak. İmalat A.Ş.	684	684
Çuk. İnş. Mak. A.Ş.	11.631	11.631
Paşabahçe Cam San. A.Ş.	57.116	57.116
Vatan Konserve San. Ve Tic. A.Ş.	1.245	1.245
Türk Ytong San. A.Ş.	138.604	138.604
Merkez Pazarlama A.Ş.	68.284	68.284
İş Koray Tur. Orm. Maden. İnş. Taah. Tic. A.Ş.	7.500.000	7.500.000
Total	23.974.189	21.001.104

25. COMPARISON OF BOOK VALUE – MARKET VALUE – COST OF MARKETABLE SECURITIES (cont'd)

LONG TERM SECURITIES

Listed:	Cost Value TRY	Market Value TRY	Book Value TRY
TSKB Yatr. Ort. A.Ş.	155.771	391.200	391.200
İş Gayr. Yat. Ort. A.Ş.	37.226.563	68.958.520	68.958.520
Soda Sanayi A.Ş.	37.352	41.474	41.474
T. Sınai Kalkınma Bankası A.Ş.	6.100.512	8.159.508	8.159.508
Total	43.520.198	77.550.702	77.550.702

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

MARKETABLE SECURITIES

FINANCIAL INSTRUMENTS OF WHICH RISKS ARE ATTRIBUTABLE TO LIFE INSURANCE POLICY HOLDERS:

	Cost Value TRY	Market Value TRY	Book Value TRY
Trading			
Investment Funds	43.410.271	61.782.173	61.782.173
Available for Sale			
Government Bonds	1.065.397.788	1.165.917.752	1.165.917.752
Eurobond	86.035.007	83.641.593	83.641.593
Private sector Bonds	1.387.345	1.325.285	1.325.285
Held to maturity			
Government Bonds	97.955.859	114.477.241	105.924.725
Total	1.294.186.270	1.427.144.044	1.418.591.528

ELEMENTARY PORTFOLIO:

	Cost Value TRY	Market Value TRY	Book Value TRY
Listed:			
Available for Sale			
Government Bonds	33.962.428	41.181.423	41.181.423
Total Elementary Portfolio	33.962.428	41.181.423	41.181.423

FREE PORTFOLIO:

	Cost Value TRY	Market Value TRY	Book Value TRY
Listed:			
Trading			
Treasury Bills	860.920	875.328	875.328
Government Bonds	64.357.645	71.404.765	71.404.765
Reverse Repo	1.881.680	1.883.278	1.883.278
Shares	10.857.380	12.792.717	12.792.717
Individual retirement fund	270.126	264.345	264.345
Investment fund	1.949.970	1.951.249	1.951.249
Total	80.177.721	89.171.682	89.171.682

	Cost Value TRY	Market Value TRY	Book Value TRY
Listed:			
Available for Sale			
Government Bonds	64.626.518	75.863.385	75.863.385
Shares	1.644.832	2.477.589	2.477.589
Total	66.271.350	78.340.974	78.340.974

Total Free Portfolio	146.449.071	167.512.656	167.512.656
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Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

26. SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES RECORDED IN MARKETABLE SECURITIES OR LONG TERM SECURITIES

As the date of balance sheet, there are no securities issued by shareholders, affiliates and subsidiaries, which are recorded in marketable securities or long term securities.

27. 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 2005
	TRY
Current Receivables- Other Receivables	
Disputed income tax of insured persons	22.041.802
Other	1.142.660
Total	23.184.462

	31 December 2005
	TRY
Short Term Liabilities- Payables to Other Group Companies	
Payables Current Account	3.453.390
Other	-
Total	3.453.390

	31 December 2005
	TRY
Short Term Liabilities – Other Liabilities	
Disputed income tax of insured persons.	22.041.802
Other	6.714.574
Total	28.756.376

28. RECEIVABLE FROM AND PAYABLE TO PERSONNEL EXCEEDING 1% OF TOTAL ASSETS 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.

29. DOUBTFUL RECEIVABLES FROM SHAREHOLDERS, AFFILIATES OR SUBSIDIARIES

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

30. DOUBTFUL RECEIVABLES FOR MATURED AND UNMATURED RECEIVABLES

Company provides doubtful receivable provision for receivables that are under legal follow-up. As of the balance sheet date, the Company, after netting off guarantees received, provided provision amounting to TRY 81.800.

The Company recorded no provision for premium receivables aged more than two months.

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

31. EQUITY INVESTMENTS

Equity Participations:

	Book Value TRY	Equity Share %	Financial Statement Date	Period Profit/ (Loss) before tax (TRY)	Net Period Profit/ (Loss) (TRY)	Financial Statement Standard	Independent Auditor's Opinion
TSKB Menkul Değerler A.Ş. Yatırım Finansman	479.142	6,56	31/12/2005	1.393.390	1.069.997	UFRS	Unqualified
Yatırım Ortaklığı A.Ş.	1.092.000	12,00	31/12/2005	1.588.992	1.588.992	UFRS	Unqualified
Bayek Tedavi Sağlık Hizm. ve İşl. A.Ş.	8.387.733	9,94	30/09/2005	(3.480.216)	(3.480.216)	TTK	*
Trakya Yatırım Holding A.Ş.	3.592	0,0007	31/12/2005	186.960	130.766	TTK	*
Emeklilik Gözetim Merkezi A.Ş.	263.224	9,09	31/12/2005	380.759	302.860	TTK	*
İş Portföy Yönetimi A.Ş.	1.762.193	20,00	31/12/2005	7.188.096	5.092.366	SPK XI-25	Unqualified
AVEA İletişim Hizmetleri A.Ş.	1.368.636	0,03	**	**	**	**	**
İş Net E. B. Ü.D. T. ve İ. Hiz. A.Ş.	557.817	2,00	30/09/2005	(2.426.122)	(2.426.122)	TTK	*
İş Koray Turizm Ormancılık Madencilik İnş. Taah. ve Tic. A.Ş.	7.500.000	18,01	30/09/2005	(7.831.227)	(7.831.227)	TTK	–
Other	678.767						
Total	22.093.104						

(*) Unaudited.

(**) Financial statements dated 31.12.2005 can not be obtained.

Long Term Securities

	Book Value TRY	Equity Share %	Financial Statement Date	Period Profit/ (Loss) before tax (TRY)	Net Period Profit/ (Loss) (TRY)	Financial Statement Standard	Independent Auditor's Opinion
İş Gayrimenkul Yat. Ort. A.Ş.	68.958.520	7,11	31/12/2005	34.105.056	34.094.657	UFRS	Unqualified
TSKB Yatırım Ortaklığı A.Ş.	391.200	2,00	31/12/2005	5.294.291	5.294.291	UFRS	Unqualified
T. Sınai Kalkınma Bankası A.Ş.	8.159.508	0,89	31/12/2005	125.515.000	100.025.000	BDDK	Unqualified
Soda Sanayi A.Ş.	41.474	0,01	30/09/2005	7.591.554	6.420.931	UFRS	*
Total	77.550.702						

(*): Unaudited as of 30.09.2005.

Anadolu Hayat Emeklilik A.Ş. Notes to the Balance Sheet for the Year Ended 31 December 2005

32. BONUS SHARES OBTAINED FROM AFFILIATES AND SUBSIDIARIES DUE TO CAPITAL INCREASE FROM THEIR OWN RESOURCES

The number of free charged shares because of the capital increase in the current year.

İş Portföy Yönetimi A.Ş.	1.400.000
TSKB A.Ş.	512.196
TSKB Yat. Ort. A.Ş.	30.000
Çelikort A.Ş.	6.324
	1.948.520

33. NON-CASH RIGHTS ON IMMOVABLES

There are no non-cash rights on immovable.

34. INCREASE IN VALUE OF FINANCIAL ASSETS DURING THE LAST THREE YEARS

Financial assets available for sale are classified and presented in the accounts after 1 January 2005. The increase in value for the related assets is TRY 40.807.297 and is presented under equity.

35. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

31 December 2005

Foreign Currency Receivables	FC Amount	Rate (CB Effective Bid)	
		31 December 2005	Amount (TRY) Banks (FC)
USD	472.982	1,34180	634.647
CHF	85.463	1,01880	87.070
EUR	901.497	1,58750	1.431.126
GBP	217.159	2,31210	502.093
Total			2.654.936

Foreign Currency Payables

None.

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

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

37. AVERAGE PERSONNEL NUMBER THROUGH THE YEAR

	31 December 2005
	Number
Senior Managers	6
Managers	54
Officers	165
Contractual Personnel	6
Other	21
Total	252

Anadolu Hayat Emeklilik A.Ş.

Notes to the Balance Sheet

for the Year Ended 31 December 2005

38. VALUATION METHOD USED TO CALCULATE SHARE OF PROFIT FOR LIFE INSURANCES WITH SHARE OF PROFIT

Financial instruments are classified as ready for sale instruments, held to maturities and buying selling instruments.

These instruments are valued according to the 11th footnote written above. According to these financial basis, valuation differences that are written under the balance sheet and the income statement are considered under the valuation difference accounts.

39. REASON FOR CONTRACTING LONG-TERM AND SHORT-TERM BORROWING

There are no long-term and short-term borrowings in the current period.

40. OTHER SIGNIFICANT MATTERS MATERIALLY AFFECTING THE FINANCIAL STATEMENTS

a) In accordance with the decision of the board of directors meeting held on 29 March 2005, the Company decided to net-off TRY 71.473.181 of previous years' losses arised due to the inflation adjustments as of 2003 year end, with the inflation adjustment on share capital.

b) Confirmations of reinsurer accounts can be completed in 2-3 months for quarter terms due to reinsurer transactions process in insurance sector. The confirmation of Company's reinsurer accounts has been completed for the term of the third quarter of year and no significant discrepancy has been determined. Therefore, reinsurer confirmation realized during the fourth quarter of the year ended 31 December 2005 will be completed after reconciliation with the third parties.

c) Since the insurance technical provisions can not be decomposed according to their maturities, for precautionary reasons they are classified as short term liabilities.

41. RECOURSE RECEIVABLES FOLLOWED IN OFF BALANCE-SHEET ITEMS

None.

Anadolu Hayat Emeklilik A.Ş. Notes to the Income Statement for the Year Ended 31 December 2005

1. All depreciation and amortization expenses of the period are TRY 1.663.427.

	31 December 2005 TRY
a) Depreciation Expenses:	
i. Normal depreciation expenses	1.399.273
ii. Depreciation expenses due to revaluation	-
b) Amortization Expenses	264.154

2. Accrual and provision expenses for the year:

	31 December 2005 TRY
Provision for diminution in value of participations	2.973.085
Provision reversed	(1.032.949)
Retirement pay provision	579.683
Total provisions	2.519.819

	31 December 2005 YTL
Tax provision expense	17.408.899
Provisions for unearned premiums	5.028.104
Provisions for outstanding claims	2.516.135
Life mathematical provisions	1.400.149.778
Total	1.425.102.916

3. Financing costs of the period:

None.

4. No portion of period's financing costs is related with shareholders, affiliates and subsidiaries.

5. Transactions with shareholders, affiliates and subsidiaries in the current period:

	Premiums Received TRY	Premiums Paid TRY
Shareholders		
İş Net E.B.Ü.D. Tic. ve İlet. Hizm. A.Ş.	46.654	-
Anadolu Anonim Türk Sig. Şti.	10.423	-
Türkiye Sınai ve Kalkınma Bankası A.Ş.	66.464	-
	123.541	-

6. Rent, interest and similar other income or expense in the current period relating the shareholders, affiliates or subsidiaries:

The Company paid a total commission amounting to TRY 8.063.875 of which comprises the commission expenses paid for banking services amounting to TRY 2.710.880 and for production of policies amounting to TRY 5.352.995 to T. İş Bankası A.Ş., one of the shareholders.

TRY 1.725.168 of total rent payment is made for the period to İş Gayrimenkul Yatırım Ortaklığı A.Ş., one of the affiliates and TRY 1.194.503 of commission payment is made to İş Portföy Yönetimi A.Ş., one of the equity participants.

Anadolu Hayat Emeklilik A.Ş.

Notes to the Income Statement

for the Year Ended 31 December 2005

7. The total of salary and fringe benefits provided during the year for the executives is TRY 1.646.070.

8. Depreciations are calculated according to the partial method for all monetary and non monetary items over the restated values of all monetary items.

9. Criteria for the distribution of operational expenses:

The general administration, research and development, marketing, sales advertisement expenses are allocated to related branches, if practical. If the Company cannot determine the allocation of the expenses, they are allocated according to their quantity of life insurances and the quantity of individual retirement accounts.

10. Profit and loss & income and expenses in the previous period:

None.

11. Earnings per share as of the report date is as follows:

	31 December 2005 TRY
Period Profit	58.440.307
Corporate Tax Provision (-)	(17.408.899)
Profit After Tax	41.031.408
Earnings Per Share	0,27

There are no privileges to A and B group shares in the profit distribution.

12. Distribution of new individual retirement participants and gross & net participation shares for individual and corporate clients in the current period:

	Units	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	61.949	69.540.163	68.380.806
Corporate	9.209	8.091.024	8.031.978
Total	71.158	77.631.187	76.412.784

The units of new agreements made in the current period, the agreements that has started and ended in the current period and the participation shares paid in the current period for those agreements and the portion of these participation shares that are used in investing activities are stated. The amounts that are collected by credit cards and which are not yet used in investing activities are also included.

13. Distribution of new individual retirement participants and gross & net participation shares for individual and corporate clients that came from another insurance company in the current period:

	Units	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	336	1.064.486	1.254.375
Corporate	126	428.260	427.800
Total	462	1.492.746	1.682.175

Anadolu Hayat Emeklilik A.Ş. Notes to the Income Statement for the Year Ended 31 December 2005

14. Distribution of new individual retirement participants and gross & net participation shares for individual and corporate clients that were transferred from life insurance portfolio in the current period:

	Units	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	3.640	36.300.909	36.300.826
Corporate	34	342.448	342.359
Total	3.674	36.643.357	36.643.185

15. Distribution of individual retirement participants and gross & net participation shares for individual and corporate clients that were left the Company or transferred to another insurance company in the current period:

Divergents	Units	Participation Share (Gross) TRY	Participation Share (Net) TRY
Individual	2.776	3.924.329	2.826.713
Corporate	414	563.187	428.458
Total	3.190	4.487.516	3.255.171

Units: Units of participants that left the Company between 01.01.2005-31.12.2005.

Participation Share (Gross): Sales of the funds amount after the divergence.

Participation Share (Net): The remaining amount paid to the participant after certain features (entrance fee and withholding) are deducted from the Gross Amount.

16. Distribution of new life insurance policyholders in terms of numbers and gross & net premium as individual or group in the current period:

	Units	Net Premium TRY
Individual	303.473	27.538.510
Group	47.532	3.435.408
Total	351.005	30.973.918

17. Distribution of mathematical reserves for life insurance policyholders which left the Company as individual or group in the current period:

	Units	Mathematical Reserves TRY
Individual	323.662	359.008.235
Group	11.548	4.935.981
Total	335.210	363.944.216

18. Share profit distribution rate for life insurance policyholders is as follows in the current period:

	Share Profit Distribution Rate (%)
TRY (Life Insurance)	22,99
TRY (Income Policies)	20,13
USD	9,29
EUR	7,69

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