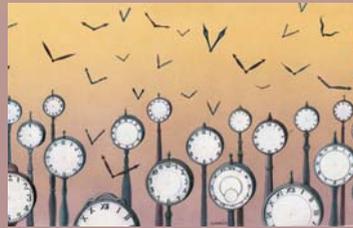


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The Sector Leader in Life Insurance and  
Private Pensions

**TRY 2,931 Million**

Life and Pension Funds

**TRY 3,400 Million**

Total Assets

**TRY 350 Million**

Shareholders' Equity

**376,330**

Private Pension System Participants

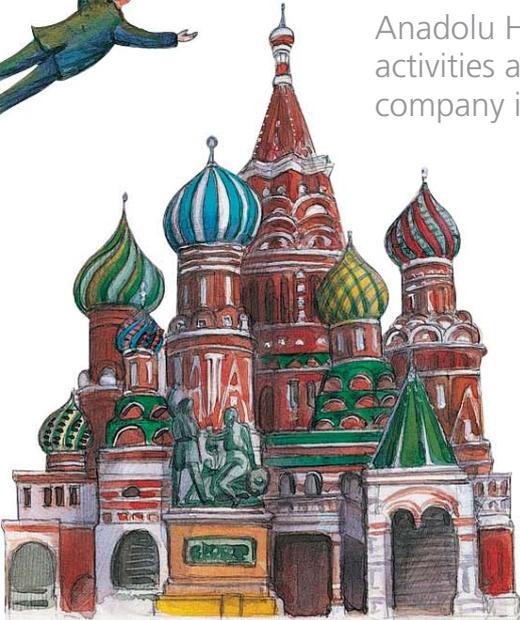
**743,781**

Life Insurance Customers



# The Most Preferred Company

Anadolu Hayat Emeklilik pursues activities as the most preferred company in the industry.



## “Service first” since 1990 to date

Founded as Turkey's first life insurance company in 1990, Anadolu Hayat Sigorta was transformed into a private pension company in 2003 and started operating under the company name Anadolu Hayat Emeklilik A.Ş. thereafter.

Among the leading companies in the sector in private pension and life insurance fields, Anadolu Hayat Emeklilik offers value added products and customer-focused service via its headquarters in İstanbul and widespread distribution network.

A subsidiary of Türkiye İş Bankası A.Ş. (İşbank), Anadolu Hayat Emeklilik shares are quoted on the İstanbul Stock Exchange (ISE) National Market under the symbol ANHYT.

## Our Vision, Mission, and Corporate Strategy

### 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 mission

To develop and to nurture in people an awareness of the need to safeguard their own futures and the futures of their loved ones; to offer financial solutions that ease 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 corporate strategy

- Contribute to the stable growth of the industry by developing and maintaining a diverse range of products capable of satisfying customers' needs and demands in terms of Life Insurance and Private Pensions.
- Increase our market share by combining our success in offering innovative products and creating value through an extensive service network.
- Provide our 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.

# Value-added

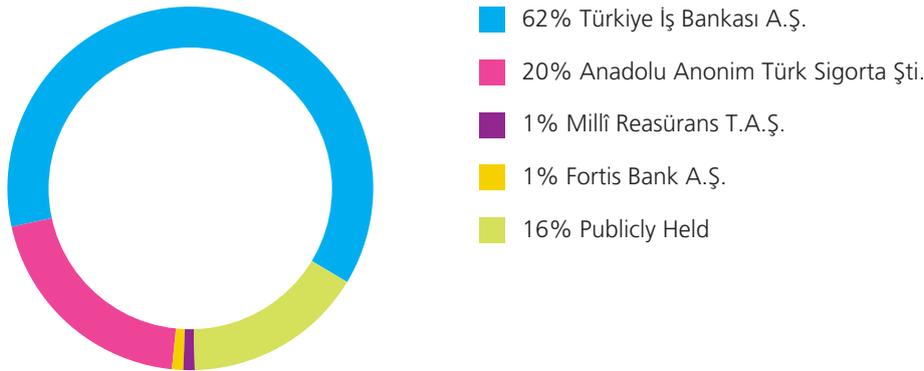
Anadolu Hayat Emeklilik offers value added products and customer-focused service.



## Milestones

- 1990 • Anadolu Hayat Sigorta A.Ş. was founded as Turkey's first life insurance company taking over the life insurance activities carried out by Anadolu Anonim Türk Sigorta Şirketi.
- 1991 • Regional branches were opened in Ankara, Bursa, Adana and Izmir.
- 1992 • Comprehensive Health Insurance policies were started to be issued.
- 1995 • First pay-outs on maturity were made in the "Insurance of the Future".
- 1998 • Ankara Branch Office was renamed to Central Anatolia Regional Office.
- 1999 • Lefkoşa Branch was set up in the Turkish Republic of Northern Cyprus to conduct life insurance activities. Sirkeci and Kadıköy branches were opened.
- 2000 • Anadolu Hayat Sigorta A.Ş. became the first and only life insurance company whose shares are publicly traded. The company was relocated to İş Towers in December which also houses İşbank subsidiaries.
- 2001 • "Life for everyone" policy, Turkey's first-ever insurance coverage without any age limitation and without requiring any health conditions was introduced.
  - Bursa, Adana, Izmir and İstanbul branches were reorganized as Marmara, South Anatolia, Aegean, İstanbul 1st and İstanbul 2nd regional offices.
- 2002 • Upon publication of the "Private Pension Savings and Investment System Law", an application was filed to be transformed into a private pension company in order to operate in this field.
- 2003 • Upon the transformation permission from the Republic of Turkey Prime Ministry Undersecretariat of Treasury, the company received the license and started to operate under the name Anadolu Hayat Emeklilik A.Ş.
  - The first private pension contract was issued on October 27.
- 2004 • Undersigning yet another first, Anadolu Hayat Emeklilik introduced the "Pension Plan for Housewives" that provides income for housewives without social security and supplementary income in older ages.
  - According to legislation the company's health insurance portfolio and activities were transferred to Anadolu Anonim Türk Sigorta Şirketi.
  - Online payment of private pension contributions and life insurance premiums via internet was enabled.
- 2005 • Bancassurance activities carried out with the parent company İşbank were expanded by agency agreements with Türk Ekonomi Bankası A.Ş. (TEB) and HSBC Bank A.Ş. (HSBC).
- 2006 • With the support of the Ministry of National Education, the company initiated the social responsibility project "Girls, the Insurance of our Future" in cooperation with the Association for Supporting Contemporary Living (ÇYDD) planned to last 8 years.
  - Bancassurance activities were expanded through agency agreements with Anadolubank A.Ş. and TSKB A.Ş.
- 2007 • First pensioners of the Private Pension System were entitled to pension benefits.
  - The company website was renovated enabling online transactions for private pension accounts.
  - An agency agreement was signed with Bank Pozitif A.Ş.
  - A photography contest titled "Shots from Life as Seen by Women" was organized.
- 2008 • BES+ packages were started to be sold covering either one of "Life Insurance with Serious Illness Cover", "Annual Life Insurance" or "Life for Everyone Insurance" products in addition to the Private Pension Plan.
  - Mobile signature implementation was put into life, making Anadolu Hayat Emeklilik the first and only insurance and pension company enabling customers to get a private pension plan using the Internet or their cell phones.
  - A new variant was added to life insurance policies issued in connection with loans, and Loan Support Insurance incorporating unemployment cover was added to its product range.
  - Anadolu Hayat Emeklilik became the first pension company to hit the 300,000 participants mark under the Private Pension System.
  - The company exceeded TRY 1 billion in total funds.
  - The competition "Young Ideas by Owner" was launched, thereby enabling university students' idea conception related to the industry.

## Anadolu Hayat Emeklilik by numbers



### Shareholding structure

The company's paid-in capital as of 31 December 2008 is TRY 250,000,000, consisting of fully-paid 25,000,000,000 shares each with a value of Ykr 1.

Breakdown of capital on the basis of shareholders is presented below:

	Share Amount TRY	Share Portion %
Türkiye İş Bankası A.Ş.	155,000,000	62
Anadolu Anonim Türk Sigorta Şti.	50,000,000	20
Millî Reasürans T.A.Ş.	2,500,000	1
Fortis Bank A.Ş.	2,500,000	1
Publicly Held	40,000,000	16
<b>Total</b>	<b>250,000,000</b>	<b>100</b>

Of the 25,000,000,000 shares representing the capital in the amount of TRY 250,000,000; 100,000,000 consist of Class A shares and the remaining 24,900,000,000 consist of Class B shares. As of the date of the balance sheet, all of Class A shares are held by Türkiye İş Bankası A.Ş. (İşbank), the company's shareholder.

Holders of Class A shares are not granted any privileges save for the election of the members of the Board of Directors. Six of the Board members are elected from amongst candidates nominated by Class A and three from amongst those nominated by Class B shareholders. Holders of Class A shares are not granted any privileges save for the election of the members of the Board of Directors. The company's articles of association do not allow creation of new Class A shares in capital increases.

During 2008, the paid-in capital was raised by TRY 75,000,000 resulting in a change in the company's share capital. The said change did not lead to any difference in the shareholding structure.

By the Board of Directors decision dated 6 March 2008 and no. 448/3, it was resolved to increase the issued capital from TRY 175,000,000 to TRY 250,000,000. In line with this increase, an application was filed with the Capital Markets Board of Turkey (CMB) for the registration of the share certificates to be issued. The registration process was completed by the CMB as of 10 June 2008 and the capital increase was promulgated in the Turkish Trade Registry Gazette on 13 June 2008.

### Shares held in the company by the chairman and members of the Board of Directors, general manager and assistant general managers

Shares held in the company by the chairman and members of the Board of Directors, general manager and assistant general managers are negligible.

### Modifications in the articles of association during the fiscal year

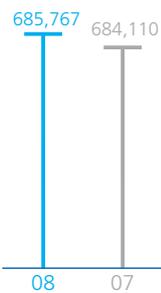
No modifications were made to the company's articles of association during the fiscal year.

## Financial Highlights

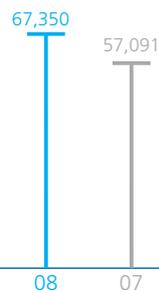
TRY thousand

	2008	2007
Total Premium and Contribution Production	685,767	684,110
Mathematical Reserves and Dividend Reserves	1,608,158	1,453,067
Pension Funds	1,322,590	910,158
General Technical Profit	18,296	7,958
Total Assets	3,399,914	2,825,117
Paid-in Capital	250,000	175,000
Shareholders' Equity	349,940	344,312
Financial Income	58,964	58,027
Pretax Profit	67,350	57,091
Net Profit	52,945	45,481
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>
Pretax Profit /Shareholders' Equity	19	17
Total Premium and Contribution Production/Total Assets	20	24
Shareholders' Equity/Total Assets	10	12

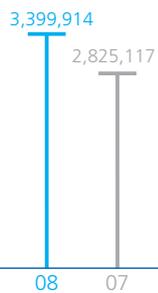
Total Premium and Contribution Production (TRY 1,000)



Pretax Profit (TRY 1,000)



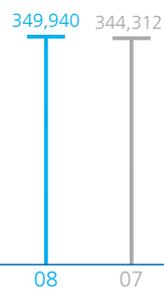
Total Assets (TRY 1,000)



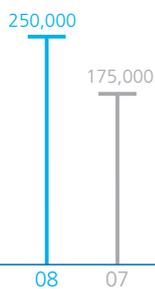
General Technical Profit (TRY 1,000)



Shareholders' Equity (TRY 1,000)



Paid-in Capital (TRY 1,000)



## Chairman's Assessment of 2008



Esteemed shareholders,

Anadolu Hayat Emeklilik attained new accomplishments and once again verified its position as a leading company in the private pension and life insurance industries, despite all the challenging conditions in 2008 that will be remembered as the year of the global crisis.

I would like to share with you the impact the crisis had upon the world economies and Turkey, its reflection on the industry, and my assessments on our company's position.

### The global crisis goes on, expanding even further.

After the severe hardships the US economy was faced with from the last quarter of 2007, the amplified impact of the issues resulting from the mortgage system, and the bankruptcy news of strong financial institutions and companies of the USA as of September 2008, the financial crisis took hold of the world.

It is projected that in the first half of 2009, the economic activity will continue to weaken, but global economy will start recovering towards the end of the year. Resolution of problems in the financial markets, termination of the chaos in the US housing sector and the descent in commodity prices are expected to be influential on the recovery of the global economy.

## Anadolu Hayat Emeklilik attained new accomplishments and once again verified its position as a leading company in the private pension and life insurance industries, despite all the challenging conditions in 2008 that will be remembered as the year of the global crisis.

The inflation is expected to take a downturn particularly in developed countries and across the world, paralleling the economic slowdown and the stabilization of commodity prices.

The impact global crisis will have on developing countries will materialize in the form of decreased capital flow, difficulties in securing funding, reduced export revenues, and continued and accelerating economic contraction.

### Turkey just started to experience the effects of the crisis.

Turkey was faced with the crisis at a point where her financial system was relatively more resilient against shocks and she was en route to stable growth. As much as these characteristics protected the national economy against the sudden impact of the crisis, it is impossible to avoid the effects of the contraction in global loans and demand.

On the basis of key economic indicators;

- 2008 CPI rate stood at 10.06%, remaining below the revised estimation of 11.1% on the basis of full year, a result in which the declining rate of increase in food prices coupled with the sharp downturn in oil prices were instrumental.
- As the downfall in manufacturing gained speed, the industrial output index for December declined by 17.6% compared with December 2007. The rate of growth plummeted down to 0.5% as of the third quarter of 2008.

- Severe deceleration is observed particularly in the recent months in the growth rates of exports and imports, a result of the crisis that spread to all economies and increased its depth.
- Direct investments and portfolio investments take gradually lessening share in the financing of current deficit, which will bring about hardships in current deficit financing due to contracted loans. However, the threat facing the current deficit might be mitigated by factors such as continued decrease in domestic and foreign demand, and in oil prices.
- Fiscal discipline is maintained in public financing, and results in line with the budget targets are being achieved.

Within the scope of measures to be adopted by Turkey against the crisis, primary contributors to economic activity are considered as remaining relatively limited on the expenditure side and refraining from leading to fiscal loosening; supporting the active operation of the lending mechanism, and giving weight to actions to enhance trust.

### The situation in the Private Pension System and insurance industry

The younger structure of the Turkish insurance industry versus those of developed countries is indicative of a high potential.

There was nearly 7.7% nominal growth on annual basis in the premiums written by the industry according to the data for the year 2008; however, net of inflation, there was no real growth.

## Chairman's Assessment of 2008

On the basis of premium production, life insurance branch captured a nominal growth of 18.3% and real growth by 8.2% year-over-year. In life insurance, products offered in connection with loans are expected to display a course that parallels the shrinkage in the demand for loans. Yet, there is no such prediction for products aimed at savings.

On the Private Pension System front, the number of participants grew 19.5% in 2008, while total funds expanded 38.5%. We are confident that the growth in the Private Pension System will continue which has turned its fifth year in 2008 and exhibited a strong growth in keeping with the expectations. In view of the fact that individuals are more careful about their spendings and tend to save up money particularly at times of crisis, the loss of speed in the development pace of the system will be limited. With the enforcement of the new legislation in private pension branch, the growth trend will be positively affected also by the expectation that revival in the corporate market and minimization of adverse effects resulting from the crisis will be supported by provisions allowing the accumulations with associations, foundations and retirement funds to be transferred to the Private Pension System, as well as by the regulations governing vesting.

### We are hopeful for the future

Turkey presents a huge potential in the Private Pension System and Life Insurance branches for various reasons including the country's demographic structure and very low penetration levels. Foreigners show an intense interest in this potential. The competition will increase with the entry of new actors into the industry in the period coming, in return, possibly bringing about new opportunities for our country, our industry and our people.

Ensuring stability in economy is directly related with securing long-term funding. In Turkey, the ratio of using financial instruments is low and the terms of investments are short. However, life insurance and pension mutual funds providing long-term funding are amongst the strongest saving instruments of developed countries. Therefore, it is important both for the individuals' own accumulations and for the country's welfare that they brace their investment preferences with awareness of long term savings in the coming period.

Joint actions to be taken by the entire industry aimed toward creating enhanced awareness and consciousness in the public with respect to life insurance and pension products would be highly beneficial for tapping the potential in the industry.

Anadolu Hayat Emeklilik is the strongest company in its sector in terms of assets and shareholders' equity. We are working incessantly hand in hand with our professional and competent team to translate this strength into performance.

**We are further strengthening our position every year.**

Anadolu Hayat Emeklilik further solidified its strong position in the market in both of its business lines as evidenced by the performance results achieved in 2008.

Our leadership in life branch was sustained also in the year under review. We are pleased to gain the highest number of new participants for the system once again and be the top choice of customers in the fifth year of the Private Pension System.

Drawing on its corporate and financial superiorities, Anadolu Hayat Emeklilik firmly secured itself a place among the leading companies of the industry.

The collaboration with our parent company İşbank does not only serve to render our operations more effective; the shared thinking and ethical business conduct arising from our corporate cultures also further leverage our achievements in respective industries.

Anadolu Hayat Emeklilik is the strongest company in its sector in terms of assets and shareholders' equity. We are working incessantly hand in hand with our professional and competent team to translate this strength into performance. We place the principle of efficiency in the focal point of our activities and target to balance our efforts for securing continued profitable and consistent growth, observing efficiency in all aspects in the face of the current crisis atmosphere.

The audience we address is expanded every day by virtue of our high quality service and our reliability before customers. This is a fact we take pride in, and also the foundation of our committed hard work.

I would like to thank our devoted employees who share the same vision and commitment for making these successful results possible, and to our shareholders and policyholders for their unyielding support.

Yours sincerely,



**M. Sırrı Erkan**  
Chairman

## General Manager's Assessment of 2008



Esteemed shareholders, customers and employees,

We joined our forces to make the best of 2008 that will be recalled as the year of the global crisis. We focused on sustainable success, and stepped into 2009 as the industry's leading and fastest growing company despite the stagnation that infected also the insurance sector and in spite of increasingly tougher conditions. Our efforts as a team made it possible to improve our market shares in every segment. We are proud of not only the numbers, but also our brand equity we attained being the most preferred life and private pension company.

On the part of Anadolu Hayat Emeklilik, 2008 was a year in which leadership in life insurance was claimed once again and "the most preferred company" title was maintained by the highest number of participants gained in the Private Pension System.

With a view to furthering its corporate and financial strength, Anadolu Hayat Emeklilik successfully reflects the right strategies in its practices at the right time. Working to offer customer-centric and innovative products so as to build a better future for the people, our company strictly adheres to the principles of ensuring profitability and productivity in its activities, and creating increasing added value for its shareholders.

On the part of Anadolu Hayat Emeklilik, 2008 was a year in which leadership in life insurance was claimed once again and “the most preferred company” title was maintained by the highest number of participants gained in the Private Pension System.

#### We are maintaining our leadership in the life segment.

Based on year-end 2008 data, our company maintained its leadership with a market share of 21.90% in life branch, registering TRY 345 million in premium production.

TRY 1.575 million attained in premium production by 23 life insurance and private pension companies in the industry represents a growth of 18.3% year-on. While risk products continue to be the key drivers of growth in the life branch, policy sales will decrease in parallel with reduced consumer loans to be extended in the upcoming period due to the crisis. The primary reason hindering the expected increase in premium production in endowment life policies is the fact that long-term investments are mostly channeled into the Private Pension System.

#### The growth we achieved in the Private Pension System outdid the industrial average.

The Private Pension System completed its fifth year. Set up to complement the public social security system, the system is promising for the future with the number of participants and the cumulative value of funds reached. At the end of 2008, total number of participants arrived at 1.7 million, and total funds amounted to TRY 6,323 million.

As one of the founding companies of the Private Pension System, Anadolu Hayat Emeklilik is delighted to take the lead in bringing about the rapid expansion of the system as well.

According to the figures from the Pension Monitoring Center (PMC) as of 26 December 2008, our company:

- remains the market leader with 376,330 participants and 21.6% share,
- ranks first with 405,699 contracts, and
- reached 20.7% market share with a production of TRY 1,314 million in funds.

Anadolu Hayat Emeklilik outdid the sectoral average in growth and achieved 26.4% increase in the number of participants, 44.3% expansion in funds and 44.3% growth in invested amount. The sector's growth rates for the same criteria were 19.5%, 38.5% and 38.8% respectively.

#### We started generating technical profit in the Private Pension System.

Anadolu Hayat Emeklilik is the industry's strongest company in terms of asset size and shareholders' equity. The company rises on rock-solid financial foundations with its total assets amounting to TRY 3.400 million, in addition to its robust shareholding structure and shareholders' equity of TRY 350 million.

Remaining a profitable company in 2008, Anadolu Hayat Emeklilik generated a financial income of TRY 58.9 million, posting TRY 67.3 million in profit before tax and TRY 52.9 million in net profit.

Sustaining its profitability in life branch activities, the company wrote a technical profit of TRY 11.2 million and started generating technical profit in private pension branch activities in 2008.

#### Our distribution channels take place among our most valuable assets.

Private pension and life insurance branches, that have a big growth potential, call for a strong sales network, the strength of which arises as the key factor for accelerating this potential. Anadolu Hayat Emeklilik, also in this aspect, stands out with its agencies, competent direct sales team and effective bancassurance activities.

Another competitive edge that determines the company's positive performance and solid position in the industry is the sales and distribution network composed of the bancassurance network with more than 1,700 branches of six partner banks, over 300 private agencies, and direct sales team of 250 people.

## General Manager's Assessment of 2008

The fact that we represent the most successful and widespread example of bancassurance implementations, which are of indisputable importance particularly with respect to the future, revenues and market efficiency of our company, is one of the main reasons why we are assertive with our claims and the targets we set.

### We need an innovative approach more than ever before.

For 18 years we have been trying to get people ready for the future. While we fulfill customer expectations with our innovative and pioneering approach, we sometimes perceive our customers' needs even before they do and turn them into products and services.

Based on its commitment to manifest this outstanding capability it enjoys even at a greater extent in 2008 that was characterized by economic turbulence and in the period that follows, our company introduced new products:

- Our company authored yet another first in the industry with the "Mobile Signature" implementation that enables our customers to purchase our private pension products by simply visiting our website or using their cell phones.
- The "BES+My Life", "BES+Critical Illness", "BES+My Family" packages under which private pension and life products are combined include either one of the "Life Insurance with Serious Illness Cover", "Annual Life Insurance" or "Life for Everyone" products.
- Our new product under risk life insurance policies issued in connection with loans, "Loan Support Insurance" incorporating unemployment cover aims to minimize the effect of problems that may be encountered due to unemployment during the crisis period upon individuals.

It is a fact to be witnessed by us all that life insurance and private pension embodying big growth potentials are products that gain even higher prominence at times of crises. At such a time where the trust in the industry must not be hurt in any way, the duty that falls upon us is to develop innovative products, undertake effective publicity, and realize high quality sales. There are two proper remarks we should repeat everywhere, at every opportunity: "Everyone might need insurance some day" and "Private pension is the best individual investment instrument".

### We need to believe in the importance of corporate participation.

Enforced in August 2008, the "Regulation on the Private Pension System" and the "Regulation on Transfer from Associations, Foundations, Retirement Funds and Other Similar Institutions to the Private Pension System and Annuity Contracts" signify remarkable developments that will increase corporate participations to the Private Pension System.

In Turkey, where corporate participation in the Private Pension System has not yet reached the desired level, the corporate market is expected to awaken with the new legislation in effect. In view of the regulations within this context relating to vesting in group pension contracts and transfer of retirement commitments of associations, foundations and other similar institutions to the Private Pension System, Anadolu Hayat Emeklilik also gave momentum to efforts aiming to inform the institutions and in particular, associations, foundations and retirement funds, while placing emphasis on corporate marketing efforts.

### We continue to stand by our women.

Like every other organization having a vision, Anadolu Hayat Emeklilik does not regard numeric data as the sole criteria of success. To us, the success of social responsibility projects we conduct is as important as

## Possessing a customer-focused service approach and acting with a profound awareness of its social responsibilities, Anadolu Hayat Emeklilik will continue to create value for all of its stakeholders in accordance with corporate governance principles guided by transparency and accuracy.

that of numeric achievements. Our company tries to focus all of its social and cultural projects on women, because we firmly believe that we will develop as a country only if the Turkish woman grows stronger and becomes independent. In this frame, we contribute through scholarships to the education of hundreds of young Turkish girls studying insurance across Turkey under the project "Girls, the Insurance of our Future". In addition to our social and cultural projects, we are working to support the futures of our women by the "Pension Plan for Housewives" introduced for ladies.

### Enhancing customer satisfaction

Our company focuses its strategy and implementations on increasing customer satisfaction at a time when gaining new customers has become a particularly difficult task, as well as on further enhancing the quality of our customer portfolio in terms of loyalty, productivity, and working more effectively and efficiently in every aspect.

As addressed also by the implementations we have been realizing within the scope of our Customer Centric Transformation (in Turkish: MOD, Pusula) project, the key priorities of our company still include presenting proposals that satisfy customers' needs with our diverse range of products in both segments, actively reaching our customers using our extensive distribution channels, and further enhancing customer satisfaction through our high quality service standards and investment performance.

### The success belongs to us all...

It is our aim to further raise the market shares we command in life insurance and private pension in the years to come. Our ultimate goal is to be Turkey's leading company in our industry, and to upgrade our

strength to world-class scale and standards. We possess the necessary infrastructure in terms of human resource, distribution channels and technological development to achieve these goals.

Possessing a customer-focused service approach and acting with a profound awareness of its social responsibilities, Anadolu Hayat Emeklilik will continue to create value for all of its stakeholders in accordance with corporate governance principles guided by transparency and accuracy.

I look at the future confidently and believe from the bottom of my heart that we will achieve the better altogether, with the power we derive from our customers, employees, business partners and all our shareholders and particularly from İşbank. We will keep moving ahead feeling the confidence of being a powerful team and building on our philosophy to share achievements.

I would like to thank all our employees and business partners for the attention they paid to secure customer satisfaction and their valuable contributions to the stellar results attained by our company in 2008.

Yours sincerely,



**Mete Uğurlu**  
General Manager

## Developments in the World and Turkish Economies, and Sectoral Outlook in 2008

### The World Economy

Having started in 2007 due to the non-performing loans in the subprime mortgage market in the USA, the global crisis continued in the form of volatilities until September 2008 and gained depth and turned into a credit crisis with the bankruptcy of Lehman Brothers on 15 September, combined with the acceleration of mergers and acquisitions involving other financial institutions posting losses. Although the markets were supported by the interest rate cuts and liquidity injections of central banks, as well as by the rescue plans for financial sectors governments raced to announce, continued volatility indicates that a permanent recovery will take a long time. In this conjuncture, the global economy grew 3.4% in 2008.

Household consumption outlays were positively affected by the tax incentives enacted by the beginning of 2008 in the USA, with a view to preventing the loss of pace in economic activity with recession concerns. However, the deceleration in the US consumption outlays is expected to gain speed in parallel with the decreased effect of these tax incentives in the coming period and with the continued value loss of household assets. As a matter of fact, business and consumer confidence data point out that the expectations are as negative as those in the recession of 2001. In this frame, the US economy attained a mere 1.1% growth in 2008.

The Euro Zone economy presents a weak outlook with the effect of the global credit crisis. The presence of leverage derivative products in the banking industry might lead to further weakening of economic activity in parallel with tighter lending conditions in the region in the period coming. The Euro Zone economy is expected to keep decelerating in the forthcoming period, and to register a relative recovery only from the second half of

2009. Accordingly, the real growth attained in 2008 by the Euro Zone economy was a low 1%.

The financial services sector in Japan sustained less damage by the global credit crisis as a result of this country's banking system that incorporated a smaller extent of derivative products versus developed countries. On another wing, the slackened foreign demand led to a reduction in export income, thus bearing a negative impact on the growth performance. The Japanese economy shrank 0.3% in 2008.

The effects of the global credit crisis are clearly felt also in emerging countries as they are in developed countries. Yet, the economic activity in emerging countries is not expected to contract as opposed to the 1998 and 2001 periods of global economic shrinkage. In general terms, the weakening in export revenues and loss of pace in domestic demand are expected to continue in these countries. On the other hand, economic deceleration will potentially be more pronounced in countries supplying products such as food and energy, and their funding from other countries.

The dollar lost value against euro until end April, due to sustained high interest rates in the Euro Zone despite the interest reductions in the USA in the first months of 2008. In this period, the euro/dollar parity increased as high as to 1.60, which was 1.46 at year-end 2007. After remaining relatively flat until July, euro lost value against dollar in parallel with the data showing that the credit crisis that originated in the USA had started to dominate the Euro Zone, as well. Following the FED meeting of 16 December where the interest rates were reduced to 0-0.25% basis points range, euro gained value once again, bringing the euro/dollar parity to over 1.40.

**In the first quarter of 2008, the Turkish economy chalked up 6.7% growth, followed by growth rates of 2.3% and 0.5% in the second and third quarters respectively.**

### The Turkish Economy

In the first quarter of 2008, the Turkish economy chalked up 6.7% growth, followed by growth rates of 2.3% and 0.5% in the second and third quarters respectively. In this way, the growth in the first nine months of the year stood at 3%. The loss of pace in the construction and manufacturing industries played a major role in the deceleration of growth. Volatilities and stagnation in overseas markets led to a slump in the increase in total consumption outlays, combined with shrinkage in investment outlays. The domestic and foreign demand indicators point out that the fast growth process is coming to an end. In this frame, it is estimated that the growth in the Turkish economy in 2008 will be in the region of 1.5%.

During 2008, the foreign trade deficit maintained its high level. The key drivers behind the high level of imports were the rapid increase in energy prices led by oil. However, it is believed that the recent decline in commodity prices will brake the increase in imports. On the exports wing, the deceleration of exports particularly to the EU countries in the recent months in connection with the global credit crisis verifies the adverse impact of the weak foreign demand on Turkey's exports.

As the loss of risk appetite continued in keeping with the volatilities in the global financial services markets, current deficit is considered as the primary risk element with respect to Turkey. Paralleling the sustained expansion in the foreign trade deficit, the current deficit expanded 8.4% YoY and stood at USD 41.4 billion. From the standpoint of the financing of the deficit, direct investments and portfolio investments

remained well below than their level of the previous year, whereas the other investments item composed of commercial and cash loans and savings deposits took the highest share in the financing of the deficit. The downward trend adopted by oil prices with growing concerns about global recession is regarded as an element that might slow down the expansion in current deficit. This development might also be supported by the deceleration trend to be espoused by growth in the country in parallel with the decline in domestic and foreign demand. However, the high level of current deficit will continue to be an element of fragility on the part of the Turkish economy.

The budget deficit and primary surplus for 2008 remained below the year-end targets. In this period, budget expenses went up 10.7%. The increase in outlays resulted from non-interest expenses. In the same period, interest expenses registered a relatively limited increase, while there was 9.7% increase in budget revenues. Although significant increase was attained in tax revenues in the first eleven months of the year, the slowing down in the expansion of tax revenues attests to the loss of pace in economic growth. The global credit crisis created volatilities and uncertainties in the financial services markets in all countries. Therefore, compromising sustained fiscal discipline that presents crucial importance in the period coming might increase the economic risks in the global crisis environment.

Throughout 2008, the upward pressure created on inflation by the price increases in food, energy and other commodities has been ongoing. While leading to marked increases in fuel oil prices, high oil prices

## Premium production in life insurance reached TRY 1,575 million in 2008. In the Private Pension System, total funds under management reached TRY 6,323million, while total contributions in the sector amounted to TRY 5,439 million.

also exerted pressure on electricity and gas prices. In addition, the inflation rate reflected an increase resulting from the effects of exchange rate in the second quarter of the year. Continued weakening in recent demand conditions, coupled with the decrease in global commodity prices indicates that the consumer prices might readopt a downturn. Yet, fluctuations in the exchange rate give rise to uncertainty about the outlook of inflation. Annual increases were 10.06% in CPI and 8.11% in PPI.

In the first quarter of 2008, the Central Bank of Turkey (TCMB) sustained the interest rate reductions, which were commenced in September 2007. 15.75% at the end of 2007, overnight borrowing rate was cut by a total of 50 base points and curbed to 15.25% in January and February. However, interest rates started to be raised once again starting from May depending on the lagging effects of exchange rate movements and the pressure created on inflation by energy and processed food prices. With increases effected in three successive months, overnight borrowing rate was brought up to 16.75%. TCMB maintained the interest rates fixed from July to November. Overnight borrowing rate was reduced to 16.25% in November and to 15% in December.

Standing around 17% at the beginning of 2008, the compound interest on benchmark government borrowing instruments followed an upward course in general, driven by volatilities in international markets and political uncertainties in the country. Having somewhat dropped with the elimination of political uncertainty by the end of July, benchmark interest rates increased once again, reaching 24%, with the in-depth growth of the global credit crisis. However, influenced also by the recent decline in overnight

interest rates, compound interest on benchmark government borrowing instruments fell below 18%.

During 2008, political uncertainties, global credit crisis and developments relating to inflation and current deficit have been influential on the course of exchange rates. Having fallen down particularly in the summer with the elimination of political uncertainties and continued inflow of foreign funds, exchange rates rose also in Turkey, as was the case in other emerging countries, as a result of the deepened global credit crisis in the recent period.

### Developments in Life Insurance and Private Pension System in 2008

In 2008, 23 life insurance and pension companies operated in life insurance sector in Turkey. Eleven of those companies were also active in the Private Pension System.

Premium production in life insurance reached TRY 1,575 million in 2008, with a year-on rise by 18%. The top ten companies in the sector were accountable for 87% of this production that corresponds to 13.4% of total premium production by the insurance industry. Matching the growing impact of the Private Pension System, premium production in endowment life insurance declines.

As of 26 December 2008, the total number of participants exceeded 1.7 million in the Private Pension System which has completed its fifth year in October 2008. In the same period, total funds under management reached TRY 6,323million, while total contributions in the sector amounted to TRY 5,439 million.

### New regulations will trigger the development in the Private Pension System.

Published in the Official Gazette Issue No: 26842, dated 9 April 2008 and covering significant comprehensive alterations to the Private Pension System, the "Private Pension Regulation" went into effect in August 2008.

Incorporating provisions aimed at satisfying the needs that arose in the industry since the inception of the system, the Regulation sets forth provisions relating to the structure and definition of private pension contracts, the parties thereto, principles concerning its enforcement, keeping participants informed, processes after entitlement to retirement, vesting period and limitations in relation to contributory group pension contracts, and limits subject to attachment of accumulations in pension accounts.

Circulars were issued covering complementary explanations regarding the operation principles in matters governed by the regulation. All these regulations caused pension companies to revise their system infrastructures and sales/operation processes.

Another development that closely concerned the industry in 2008 was the "Regulation on Transfer from Associations, Foundations, Retirement Funds and Other Similar Institutions to the Private Pension System and Annuity Contracts" that went into effect on 9 April 2008.

The regulation set out the principles regarding the transfer of the accumulations within the retirement commitment plan of active members, who have not yet retired, to the Private Pension System, and those of passive members, who have retired, to annuity contracts. Accumulations of passive members can also

be transferred to the Private Pension System, provided that the relevant decision is adopted by the authorized bodies of the organization concerned and the member consents to the transaction.

### The insurance industry achieves higher compliance with international standards.

After the "Insurance Law" that was of great importance for aligning the national financial markets with global markets went into force in 2007, work on legal infrastructure continued with secondary legislation that kept being published in 2008. All these legal efforts are crucial in harmonizing the insurance industry with the European Union and international standards. In general, the changes introduced by the revised legislation are of a nature to enhance the reliability of existing or future companies active in the industry, as well as to protect the policyholders. These include implementations for the legislation on providing information in life insurance that was enforced during 2008. The set of secondary legislation published based on the new law establishes the detailed legal regulations and operating principles the industry needs.

Incorporated in the new law, the "Executive Committee of Insurance Agents" and the "Executive Committee of Insurance Surveyors" were formed before the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

Another structure addressed by the law, "Insurance Arbitration Committee" was set up before the Association of the Insurance and Reinsurance Companies of Turkey (TSRŞB). The arbitration establishment, which will enable quick resolution of conflicts between insurance companies and consumers without referring the dispute to a court of law, is expected to start operating by the end of the year.

## Goals and Policies of Anadolu Hayat Emeklilik

Turkey's first and still the only publicly-floated pension company, and adopting a customer-focused approach to service, Anadolu Hayat Emeklilik acts with a keen eye on its social responsibilities, while strictly adhering to the corporate culture and code of ethics of İşbank.

Anadolu Hayat Emeklilik sets its main targets and policies based on the vision of being the leading company in the industry in life insurance and private pension branches.

Carrying out its activities in a sense of power, confidence and responsibility derived from being one of the leading companies of the industry and the national economy, Anadolu Hayat Emeklilik is committed to sustaining its achievements on the axes of productivity, profitability and growth, making optimum use of its know-how, experience and capital accumulation.

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Sculpted on the basis of these key policies, Anadolu Hayat Emeklilik spells out its primary objectives as follows:

- The priority goal of Anadolu Hayat Emeklilik is to sustain the longstanding leadership in the life insurance branch and to secure the first place attained in the number of participants also in total funds, so as to recapture the top position in both aspects, and to further increase the market share.

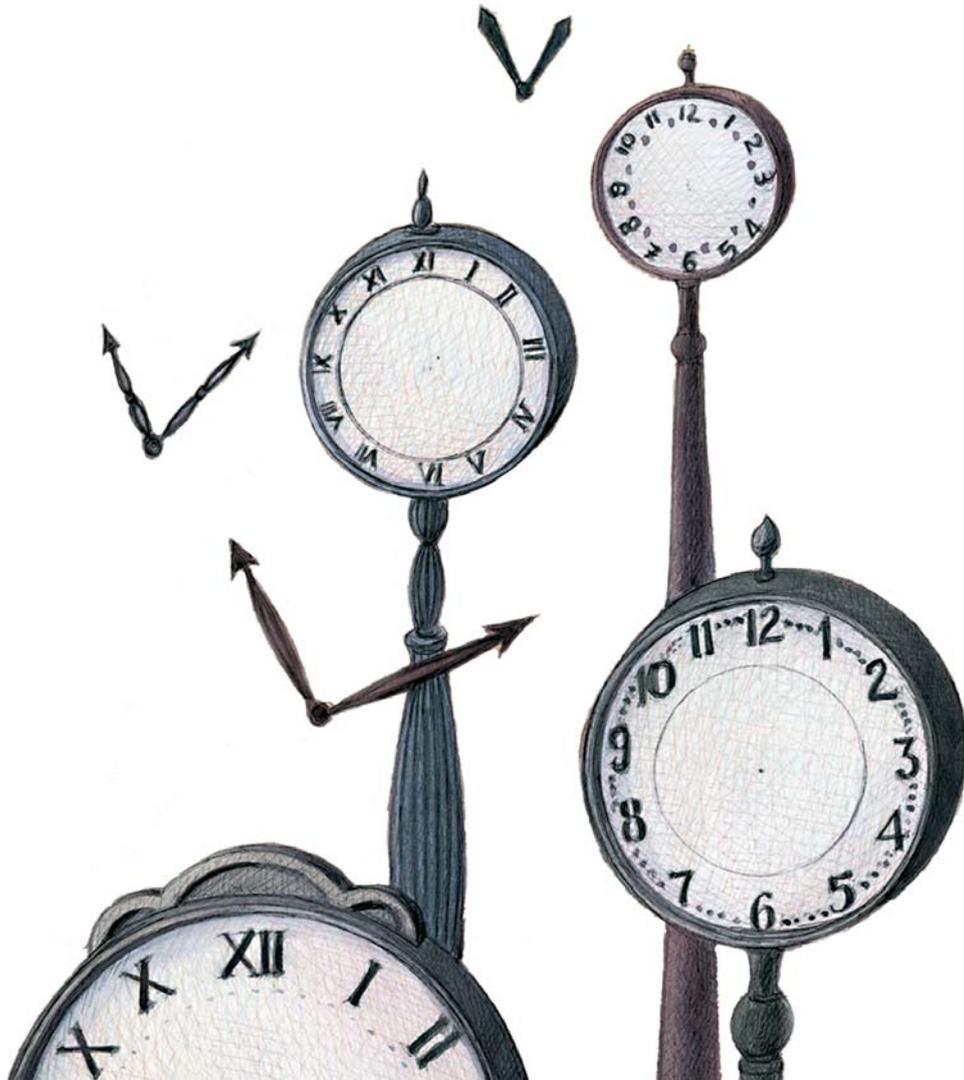
- The new legislation that went into effect in 2008 introduced new regulations on vesting in group pension contracts, as well as transfer of commitments in relation to retirement before associations, foundations, retirement funds and other institutions to the Private Pension System. In the context of these developments that will support corporate participation and transfer of funds of substantial magnitude to private pension, Anadolu Hayat Emeklilik will carry on and speed up its efforts aiming to inform particularly associations, foundations, retirement funds and businesses, while continuing to work on the infrastructure.
- Priority objectives include improving the strong marketing and sales organization consisting of the bancassurance network which bestows upon the company a significant competitive edge, and of direct sales force, and increasing the cooperation, coordination and efficacy of these distribution channels.
- Efforts will be augmented for achieving increased customer awareness and widespread use of the Call Center and the website, which make up important parts of the marketing and sales network and have increasing effectiveness.

- Safeguarding the company's reputation and retaining the existing customer base has become even more important in the face of the economic contraction in the world and in our country accompanying the global crisis. Therefore, efforts will be ongoing for carefully monitoring the cancellation and conversion ratios on the basis of sales channels, and for maximizing the sales of the right products that respond to customers' needs.
- The company aims to maintain and further increase its financial and technical profitability and productivity.
- Launched in 2006 with a view to creating customer and quality-focused business strategies and to enhancing efficiency and productivity in all processes to render the company's development continual, project activities that will lead Customer Centric Transformation (in Turkish: MOD, Pusula) are intended to be continued on two main axes: "Management/Customer" and "Organization/Process". The targets also include keeping the employees constantly informed, while providing them with necessary training and guidance in parallel with the new practices.
- Having achieved growth that outdid the sector's average in 2008 in Private Pension branch on the basis of number of participants, total funds and invested funds, Anadolu Hayat Emeklilik will set its strategies and practices along the line of effectively sustaining growth.
- Also ongoing will be close follow-up of the practices in life insurance and private pension segments, and development of new products that will be needed. In this context, activities will be persevered for developing package products offering a combination of private pension and life insurance products and their distribution to the customers through appropriate channels. Several examples of such packages are "BES+My Life", "BES+Critical Illness", "BES+My Family", and the "Loan Support Insurance" incorporating unemployment cover that were introduced in 2008.



# Innovative and Creative

Anadolu Hayat Emeklilik constantly updates its product range with innovative and creative ideas, with a keen eye on economic conditions and customers' demands.



## An Overview of 2008 Activities and the Company's Position in the Industry

In 2008, Anadolu Hayat Emeklilik further endorsed its leadership in the number of participants in the Private Pension System with a market share of 21.6%. The company maintained its leadership by a large margin with 21.9% share in the life insurance industry's total premium production.

Since its inception in 1990 to date, Anadolu Hayat Emeklilik has been offering high quality service to its customers for the purpose of:

- engaging in individual or group private pension activities, setting up pension funds, creating fund bylaws in relation to the funds to be set up, and carrying out pension contracts, annuity contracts, and custody agreements with the custodian for the assets of the funds held in custody,
- providing insurance and reinsurance services relating to individual or group life or death insurance and accident insurance in connection therewith, as well as individual or group sickness insurance limited to the period of time allowed by the private pension legislation, and all kinds of life insurance.

Anadolu Hayat Emeklilik successfully brought to completion its activities in private pension and life insurance businesses in 2008, which are carried out based on the objectives of;

- providing individuals and their loved ones with a future that is secure and prosperous,
- contributing to the national economy through the long-term resources it creates, and
- be the industry's leader in both of the insurance branches it provides service in.

In 2008, Anadolu Hayat Emeklilik;

- offered differentiated life insurance and private pension products to an expanded customer base.
- retained its leadership in the number of participants in the Private Pension System, registering 26.4% growth in the number of participants and 44.3% in assets under its management.
- sustained its leading position in premium production in the life branch with a market share of 21.9%.
- posted TRY 52.9 million in disposable profit and also started generating technical profit in the Private Pension System starting this year.
- increased its efficiency by separately organizing its marketing and sales units.

- continued to make effective use of bancassurance via the nationwide networks of İşbank, TEB, HSBC, Anadolubank, TSKB and BankPozitif.
- kept working towards upgrading its quality in service and customer relations.
- gave momentum to its projects to restructure itself into an even more customer-focused company, and started putting emphasis on efforts aimed at increasing effectiveness and productivity.
- pursued a policy of transparent communication with all of its shareholders and adhered strictly to corporate governance principles.

### The most preferred company in private pension and life insurance segments

One of the founders of the Private Pension System, Anadolu Hayat Emeklilik further reinforced its leadership in the number of participants at the end of its fifth year of operation in this branch.

Having outgrown the sectoral average, Anadolu Hayat Emeklilik's portfolio reached more than 376,000 participants in the Private Pension System as of 26 December 2008. While this figure represents 21.6% of the industry's total, the company's total invested amount reached TRY 1,064 million, while the participants' total funds amounted to TRY 1,314 million.

The leader of life insurance branch in Turkey ever since its inception, Anadolu Hayat Emeklilik generated premiums in the amount of TRY 345 million in 2008, and maintained its leadership by a large margin with 21.9% share in the life insurance industry's total premium production.

### Pension plans and mutual funds structured to suit different segments

Anadolu Hayat Emeklilik has a wide range of products for its individual and corporate customers. The company offers 17 different pension funds with different content

## An Overview of 2008 Activities and the Company's Position in the Industry

and fees under 8 individual and 159 group pension plans.

At Anadolu Hayat Emeklilik, participants have the flexibility to specify their individual preferences according to their own investment experience and risk versus return expectations.

The pension funds of Anadolu Hayat Emeklilik are managed by Turkey's three leading and most experienced asset management companies, İş Asset Management, HSBC Asset Management and TEB Asset Management.

### Products that best meet our customers' needs

Anadolu Hayat Emeklilik constantly upgrades its product range with innovative and creative ideas with a keen eye on changing economic conditions, and accordingly varying customer demands. For this purpose, the company launched two new products in 2008: "Loan Support Insurance" incorporating also unemployment cover in order to provide assurance to cash consumer loans received by İşbank customers, and advantageous individual pension plans specifically designed for the members of the Turkish Pharmacists Association (TEB) and the Turkish Armed Forces (TSK).

## Anadolu Hayat Emeklilik Pension Funds

Name	Asset Management Company
<b>Money-Market Fund</b>	
AHE Liquid Fund	İş Asset Management
<b>Growth Funds</b>	
AHE Equity Fund	İş Asset Management
AHE White Equity Fund	HSBC Asset Management
AHE International Mixed Fund	İş Asset Management
AHE Aggressive Fund	İş Asset Management
AHE Group Equity Fund	İş Asset Management
<b>Income Funds</b>	
AHE Bond Fund	İş Asset Management
AHE Bond & Bill Fund	HSBC Asset Management
AHE Orange Bond & Bill Fund	TEB Asset Management
AHE Eurobond Dollar Fund	İş Asset Management
AHE Eurobond Euro Fund	İş Asset Management
AHE Conservative Fund	İş Asset Management
AHE Group Conservative Fund	İş Asset Management
AHE Group Bond Fund	İş Asset Management
AHE Group Eurobond Fund	İş Asset Management
<b>Other Funds</b>	
AHE Balanced Fund	İş Asset Management
AHE Orange Balanced Fund	TEB Asset Management



## Anadolu Hayat Emeklilik constantly upgrades its product range with innovative and creative ideas with a keen eye on changing economic conditions, and accordingly varying customer demands.

Exhibiting the innovative competence Anadolu Hayat Emeklilik developed and introduced "BES+My Family", "BES+Critical Illness", "BES+My Life" in 2008 which offer a combination of private pension and life insurance products.

### Reorganization in sales and marketing

During 2008, Anadolu Hayat Emeklilik separated sales and marketing units in order to ensure more effective management of these processes parallel to customer-centric transformation activities. The reorganization makes marketing activities more dynamic so that they conform better to evolving marketing conditions.

As the first step of incorporating this alteration in processes and practices, momentum has been given to activities aimed at further enhancing quality in customer services, restructuring of the product portfolio, and increasing the productivity of distribution channels.

Within the scope of this reorganization, efforts are in progress to strengthen the distribution channels consisting of agents, banks and direct sales team, and to further the alignment amongst them.

### Efficient service via extensive distribution network

Anadolu Hayat Emeklilik brings its products to the customers through regional offices in Istanbul (2), Ankara, Adana, Bursa and Izmir, a branch in the Turkish Republic of Northern Cyprus, bank branches, its direct marketing team and agents.

### The most successful practitioner of bancassurance in Turkey

Anadolu Hayat Emeklilik is the service provider executing the most extensive and effective implementation of bancassurance in its industry within the scope of the cooperation established with İşbank, HSBC Bank, TEB, Anadolubank, TSKB and BankPozitif.

Via the branches of these banks which number over 1,700, Anadolu Hayat Emeklilik is able to offer its private pension and life insurance products to a vast customer base. This channel is responsible for 90% of the company's 2008 production in private pensions.

### Our most important competitive advantage: the synergy created with İşbank

The deeply-rooted cooperation between Anadolu Hayat Emeklilik and its parent company İşbank represents one of the most outstanding examples of bancassurance in Turkey.

Skillful utilization of İşbank's extensive branch network, advanced technological infrastructure, and strong alternative distribution channels as an effective service delivery platform additionally provides Anadolu Hayat Emeklilik with a great competitive advantage.

Each one serving as a natural Anadolu Hayat Emeklilik agent, İşbank branches constitute the primary distribution channel component increasing the company's access to customers countrywide and ensuring continuity in service.

### Direct Sales Team increasing its share in sales

Located in İşbank's branches in 38 cities, the company's direct sales force possesses great significance within the distribution channels. Having realized 46% of new private pension plan sales in 2008, the direct sales team consisting of 250 members is in charge of the marketing and sales activities of both private pension and life insurance products.

### Agencies' competence reflected in sales

Anadolu Hayat Emeklilik agencies, close to 300 in number, generated sales of significant amounts both in endowment life insurance and private pension policies.

## An Overview of 2008 Activities and the Company's Position in the Industry

Agencies were responsible for 60% of initial premium production in endowment life policies, and for 28% of private pension contributions inclusive of premiums on policies sold jointly with banks.

### We gain more strength with our campaigns.

During 2008, Anadolu Hayat Emeklilik organized campaigns in private pension and life insurance in order to fortify the cooperation among sales channels, to increase its sales, and most importantly, to enhance customer satisfaction. Conducted via agencies, banks and direct sales team, the campaigns yielded highly successful results.

### Alternative distribution channels make up an indispensable part of effective service.

Use of the call center and the internet gain increasing strategic importance in marketing, sales and customer relations processes. In proportion with the use of these channels, Anadolu Hayat Emeklilik made important progress in making its marketing, pre- and after-sales services faster, more efficient and of higher quality, resulting in further upgrading sustainable customer satisfaction.

Within the scope of alternative distribution channels activities carried out in 2008, the Customer Relations and Operations Department;

- responded to about 317,000 incoming calls and 56,296 emails, and made 83,000 outgoing calls;
- duly handled purchase demands for life insurance and private pension products received by telephone and internet.

As a key development with respect to alternative distribution channels in the reporting period, Anadolu Hayat Emeklilik website was redesigned in content, appearance and structure, and relaunched in a more customer-friendly format.

### Our activity in the corporate market takes a new dimension.

While the new legislation enacted on 9 August 2008 clarified a number of topics relating to the Private Pension System, it also served to reinforce the participants' confidence in the system.

The corporate market is expected to be revived owing particularly to the regulations enabling transfer of members' and/or employees' accumulations for retirement within the associations, foundations and retirement funds, to the Private Pension System, and the terms about vesting. These provisions will certainly trigger many organizations waiting for these regulations.

Recognizing the great importance borne by corporate participants for the development and future of the system, Anadolu Hayat Emeklilik sustains its activities targeting corporations.

In order to increase the ratio of corporate participants in the portfolio, the company;

- conducts marketing campaigns;
- carries out marketing activities and collaborates with business partners to gain customers that will transfer their retirement accumulations at associations, foundations and retirements funds to the Private Pension System and/or to annuity contracts;
- supports activities for enhancing the awareness of employers and employees about private pension system, and growing the corporate market with the objective of capturing leadership in corporate participation, as is the case in the total number of participants.

The greatest power behind the achievements of Anadolu Hayat Emeklilik is its experienced, creative and dynamic human resource espousing the corporate culture and guided by common sense in their actions.

#### Customer Centric Transformation activities continue at full swing.

Work on Customer Centric Transformation (in Turkish: MOD, Pusula) was carried on at a high speed also in 2008, and projects, that will lead Customer Centric Transformation in Management/Customer and Operation/Process axes, were devised in view of the benefit to be derived from customer and quality-focused strategies.

Targeting to engage all company employees and all sales channels in customer and quality-focused strategies, Anadolu Hayat Emeklilik aims to deploy the change in all units.

#### New members joined our family after taking the Electronic Private Pension Intermediaries Exam.

As per applicable legislation, agencies and sales representatives wishing to offer service as intermediaries in the Private Pension System are required to successfully pass the e-BEA (Electronic Private Pension Intermediaries) exam. Anadolu Hayat Emeklilik made sure that all of its service delivery employees took the e-BEA exam during the reporting period.

Consequently, the number of Anadolu Hayat Emeklilik private pension intermediaries (Future Planning Specialists) registered 219 in 2008, whereas the number of total private pension intermediaries was 2,899 as of December 31, 2008.

#### The key to success: Our competent team

The greatest power behind the achievements of Anadolu Hayat Emeklilik is its experienced, creative and dynamic human resource espousing the corporate culture and guided by common sense in their actions.

Providing all kinds of training and career opportunities to its employees, Anadolu Hayat Emeklilik is a preferred employer in the industry by virtue of the human policy adopted.

At the end of 2008, Anadolu Hayat Emeklilik had 566 people on its payroll. Included in this figure and serving under the title Marketing and Sales Staff, the company's direct sales team consists of nearly 250 people and represents the company's muscle in marketing.

Anadolu Hayat Emeklilik offers its services with a team 63% of which consists of employees in the 25-34 age interval. Average age of employees at the company is 32. This puts Anadolu Hayat Emeklilik among the pension companies with the youngest team in the industry. During 2008, Anadolu Hayat Emeklilik provided a total of 2,996 hours of training to its employees.

In this scope 2,399 people received training primarily in the Private Pension System, professional and personal development. Average training time per person was 21 hours.

#### Social responsibility projects

Firmly believing that social and economic development of women is an important factor that contributes to the furtherance of the country, Anadolu Hayat Emeklilik exercises positive discrimination in favor of women, a quality which is explicitly manifested in the company's social responsibility projects.

## An Overview of 2008 Activities and the Company's Position in the Industry

Firmly believing that social and economic development of women is an important factor that contributes to the furtherance of the country, Anadolu Hayat Emeklilik exercises positive discrimination in favor of women, a quality which is explicitly manifested in the company's social responsibility projects.

### “Girls: the Insurance of our Future” Project

Launched in conjunction with ÇYDD (The Association to Support Contemporary Living) and dedicated to the aim of benefiting 500 girls who are unable for financial reasons to continue their schooling, the project entered its fourth year.

Girl students continue their education on scholarship from Anadolu Hayat Emeklilik at the Vocation School of Banking and Insurance in the insurance departments opened in 14 provinces by the Ministry of National Education in regular Trade Vocational High Schools, as well as those offering the curriculum in a foreign language. The project is carried out in 20 schools in the provinces of Ankara, Antalya, Balıkesir, Denizli, Diyarbakır, Isparta, İstanbul, İzmir, Kocaeli, Kütahya, Siirt, Sinop, Trabzon and Urfa.

During 2008, female employees of Anadolu Hayat Emeklilik started mentoring our “Girls, the Insurance of Our Future”, under a new initiative named “Life Volunteers”. In this way, the students are given the chance to have a better idea about their future professions, and make use of their mentors' suggestions any time they need.



### Young Ideas by Owner

Anadolu Hayat Emeklilik authored another first in 2008 and organized a competition named “Young Ideas by Owner” so as to contribute to the development of private pension and life insurance segments in Turkey, while also supporting young ideas and facilitating the unveiling of creative projects. Open for participation by students attending insurance, banking and insurance, actuary, actuarial sciences, insurance and risk management departments of all universities, the competition covers feasible projects in private pension and life insurance fields.

The competition is held under three categories: “Private Pension for University Students”, “Private Pension for Housewives” and “Methods for Disseminating an Awareness of Life Insurance”. The aim is to get young insurance professionals accustomed to their professions starting from their university years, while exhibiting the trust held in them.

### Shots from Life as Seen by Employees

In an effort to promote an approach that sees and shares among its employees', and to promote intra-company communication, Anadolu Hayat Emeklilik introduced in 2008 the contest “Shots from Life as Seen by Employees”. A total of 182 photographs by company employees were presented for the competition.

### “Shots from Life as Seen by Women” Photography Contest

Its first edition held in 2007, the “Shots from Life as Seen by Women” contest was organized for the second time in 2008, with the theme “Mother and Child”. A total of 1,096 photographs of more than 280 contestants were assessed; 42 photographs deemed worthy of exhibition were collected in a catalogue and found themselves a permanent and valuable place in



the company archives. The photographs were also exhibited at Tepe Nautilus Shopping Center for two weeks.

Anadolu Hayat Emeklilik also continued to extend support to projects led by the TEMA Foundation (the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) to help protect the natural habitats and to maintain a green environment.

#### Communication endeavors

In 2008, Anadolu Hayat Emeklilik continued its advertising and public relations activities aimed at strengthening its image and prestige, and offering an introduction to the Private Pension System by the leader in the sector. Along this line, the company took on innovative activities employing diverse approaches and attracted the attention of the target audience.

- As the only company undersigning projects observing positive discrimination in favor of women and offering a product uniquely designed for housewives, Anadolu Hayat Emeklilik stands close to this target audience also with other various activities. Within this framework, the company carried out various campaigns on special days such as Valentine's Day, and Mother's Day.
- The company sponsored a two-page Q&A about the Private Pension System published in a leading industrial journal for nine months.
- 11,000 subscribers of a magazine addressing the target audience was reached by the "Letter from the Future" initiative, which was awarded Kristal Elma (Crystal Apple) achievement certificate in direct marketing category at the advertising awards competition.
- Two different commercials developed for cinema won the second place in the Kristal Elma cinema category.

- Based on the idea of combining promotion with the arts, the company participated in the ShoeArt project organized in Istanbul with three different versions of the graphic designs by Gürbüz Doğan Ekşioğlu. In addition, 12 illustrations by the same artist were placed on the exterior of the subway trains.
- TV shows addressing the target audience were sponsored.
- Advertising and promotion endeavors continued on different media such as TV, radio, press, the internet, shopping centers, etc.



## R&D for New Services and Activities

Within the scope of R&D activities, planning and execution processes of new projects were coordinated, and work was carried out on new product and service implementations during 2008. The efforts of teams consisting of members from every unit of the company were structured according to project management principles.

Anadolu Hayat Emeklilik's priority expectation from R&D is construction of new products and services that will give the company a competitive edge. Anadolu Hayat Emeklilik built its corporate strategy upon:

- contributing to the steady growth of the industry through a diverse range of products that respond to customers' needs and demands,
- offering innovative products, and
- supporting its activities by an extensive service network.

In order to render the company's growth and development continual, the organizational and technological restructuring process is in progress, which aims to increase efficiency and productivity in all processes through the formulation of customer- and quality-focused business strategies. 2008 activities in this scope were as follows:

- Set up to ensure fast and efficient handling of customer demands, Customer Relations and Operations Department redesigned work processes, and customer demands are started to be followed-up via Sinerji Yazışma Hizmetleri (correspondence services).
- Services offered to customers were reorganized on the basis of functions; units that will perform these functions were identified, and customer demands received by relevant units were included in the task list again via Sinerji Yazışma Hizmetleri (correspondence services). In this way, daily workloads and performances of related units became measurable. Customer demands that are brought to finalization are electronically archived by Sinerji Doküman Hizmetleri (document services).

Just like the previous year, 2008 was also an intense year in terms of modifications to legislation with respect to companies active in life insurance and private pension sectors. The year was characterized by activities aimed towards bringing the life insurance and private pension contracts into compliance with the revised legislation, and practices and business processes were updated in accord with the revisions.



## Turkey's Bank: İşbank

The leader of the banking sector and Turkey's biggest privately-owned bank, İşbank today serves more than ten million customers in the corporate, commercial, retail, and private banking segments.

Founded in Ankara in 1924, İşbank has continuously contributed to the Turkish economy at an ever-increasing pace in the 84 years since its inception. As the author of numerous "firsts", İşbank is the acknowledged founder and symbol of modern banking in Turkey. Undertaking key roles at every stage of the cycle of economic and commercial activity, İşbank embraces every segment of society in keeping with its mission summed up in the expression "Turkey's Bank" and by doing so, it has become the bank of every customer group.

The leader of the banking sector and Turkey's biggest privately-owned bank, İşbank today serves more than ten million customers in the corporate, commercial, retail, and private banking segments.

İşbank:

- took the 371st place in the Forbes magazine's annual "Global 2000" list, thus taking the first place among Turkish companies. (\*)
- was named among the top 100 of The Banker magazine's list of "The World's Top 1000 Banks" and ranked 86th. (\*\*)
- numbered 84th based on the results of the Brandfinance research "The World's 500 Most Valuable Financial Brands", climbing up 106 places compared to the previous year.

İşbank's service delivery network consists of:

- 20,924 employees,
- 1,028 domestic and 11 international branches,
- 3,375 Bankamatiks,
- 1,008 Kiosks,
- 88 CRSs.

This extensive reach is what defines the bank's superior scale and gives İşbank the ability to provide perfect service. İşbank is a bank that is able to respond to every financial product or service need without exception.

The bank's financial services subsidiaries, which are active in everything from investment banking to portfolio management and from leasing to private pensions, make the bank's ability to supply banking products and services unchallenged.

In addition to having contributed to the growth and development of the industrial sector in addition to the financial services sector in Turkey ever since it was founded, İşbank has also pioneered the way in the establishment and growth of many new industries in the country. İşbank today controls a portfolio of equity stakes in leading companies that are active in a wide range of endeavors led by glass.

30.37% of İşbank's shares are publicly traded. The bank's stock is traded on the Istanbul Stock Exchange. It is also traded as American depository receipts (ADR-144 A) issued by the Bank of New York and on the London Stock Exchange as global depository receipts (GDR-REG S).

(\*) Based on the annual rankings among publicly-floated companies.

(\*\*) Based on tier-1 capitals of banks as reported in their 2007 consolidated financial statements.

## Independent Auditors' Compliance Opinion on Annual Report

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

We have audited the accuracy and compliance of financial information provided in the accompanying annual activity report of Anadolu Hayat Emeklilik A.Ş. ("the Company") with the audit report issued as of December 31, 2008. The Board of Directors of the Company is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Insurance Law No: 5684 and Individual Retirement Saving and Investment System Law No: 4632. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of Anadolu Hayat Emeklilik A.Ş. as of December 31, 2008 in accordance with the prevailing accounting principles and standards set out in the Insurance Law No: 5684 and Individual Retirement Saving and Investment System Law No: 4632. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of DELOITTE TOUCHE TOHMATSU



Ömer Tanrıöver  
Partner  
İstanbul, 9 March 2009

## Information on Management and Corporate Governance Practices

## Board of Directors and Statutory Auditors



### M. Sırrı Erkan (1)

**Chairman of the Board of Directors**  
1955, Siirt. He received his degree in international relations from Ankara University, Faculty of Political Sciences. He joined İşbank in 1981 where he started his career as an Assistant Inspector at the Board of Inspectors and subsequently served in various posts in the Accounting Department. He was appointed as a Deputy Chief Executive Officer in 2001. Mr. Erkan functioned as the Chairman of the Board of Directors of Yatırım Finansman Menkul Değerler between 2001-2003; held memberships on the Boards of Directors of Türkiye Şişe ve Cam Fabrikaları between 2001-2005, and of İş Merkezleri Yönetim ve İşletim between 2000-2001; he was the Vice Chairman of Destek Reasürans between 1994-2000; and Vice Chairman of the Board of Directors of Anadolu Hayat Emeklilik between 2000-2001. Mr. Erkan was appointed as the Chairman of the Board of Directors of Anadolu Hayat Emeklilik on 9 June 2003, a position he still holds.

### Süleyman Kalkan (2)

**Vice Chairman of the Board of Directors**  
1956, Ankara. He got his degree in international relations from Ankara University, Faculty of Political Sciences. He started his career as an Assistant Inspector at İşbank in 1983, where he was appointed as Assistant Manager responsible for retail loans in 1993, and Regional Manager for I. Loans Department in 1995. He worked as Non-performing Loans Manager from 1997 until 2003. Having served as the Manager of Levent Branch until July 2006, Mr. Kalkan currently works as the Manager of Balmumcu Branch. Mr. Kalkan also functioned as an Auditor at Anadolu Hayat Emeklilik between 1994-1995, and held memberships on the Boards of Directors of İş Factoring between 1996-1998, of Antgıda between 1998-2004 and of İş-Koray between 2004-2007. He has been serving as a Board Director at Anadolu Hayat Emeklilik since 28 March 2007.

### Mete Uğurlu (3)

**Director and General Manager**  
1955, Ankara. He received his degree in business administration from the Middle East Technical University, Faculty of Administrative Sciences. He joined İşbank in 1978 as an Assistant Specialist where he worked at various levels in the Organization Department and Information Technology Department, and was appointed as an Assistant General Manager in 2002. He held a membership on the Board of Directors of Anadolu Sigorta between 1991-2002; functioned as the Chairman of the Board of Directors of İş Kültür Yayınları between 2002-2003 and of İş Girişim Sermayesi between 2003-2006. He was appointed as the General Manager of Anadolu Hayat Emeklilik on 31 January 2006.

**Dr. A. Yavuz Ege (4)****Director**

1947, Gemlik. He graduated from the Department of Finance and Economics of the Faculty of Political Sciences at Ankara University. He received his master and Ph.D. degrees from the Department of Economics at the University of Kent in the United Kingdom. He served for a long time at the State Planning Organization as a Specialist, Advisor, Head of Annual Programs Department, Head of Economical Planning, and Deputy Undersecretary. He served as a member of the Turkish Competition Authority and as the Undersecretary of Foreign Trade between 1997-1999. He served as the Chairman at the boards of Eximbank, Export Promotion Center and Güven Sigorta (Insurance). Between 2000-2001 he administrated GAP (Southeast Anatolia Project) (2002-2010) Development Plan as Project Director. He taught "Economic Policy and Planning" and "Monetary Theory and Policy" at the Faculty of Political Sciences at Ankara University. He served as a Board Director of İşbank between 2003-2008 İşbank's Board of Directors first on 27 March 2003 and second on 31 March 2005. Dr. Ege has been a Board Director at Anadolu Hayat Emeklilik since 30 April 2008.

**Salih Kurtuluş (5)****Director**

1947, Kalkandelen (Macedonia). He graduated from Istanbul Private School of Journalism. He started his professional career at İşbank's Ayaspaşa/Istanbul Branch in 1974 as a Trainee Officer and became Assistant Chief in 1977 at the same Branch. He was appointed to İşbank's Şişli Branch as a Chief in 1981, where he subsequently functioned as the II. Manager and Assistant Manager. He was appointed as the Manager of Kartal Branch in 1991. Later, he worked as the Manager of Zincirlikuyu, Sefaköy, S.Hamam, R. Kadıköy and Yenicami branches, in chronological order. He has been elected a Board Director at İşbank on 31 March 2005, a position he held until 25 August 2008 when he was assigned as an Advisor to the Board of the bank, in which position he currently serves. Mr. Kurtuluş represented İşbank as a Board Director at Anadolu Hayat Emeklilik (2001-2005), Anadolu Sigorta (30 March 2005-25 April 2005), Derya Dış Ticaret (1992-1994), Paşabahçe Cam Sanayi (1995-2001), and Ülkü Kırtasiye (06 February 1992-13 April 1992). Salih Kurtuluş was reelected as a Board Director at Anadolu Hayat Emeklilik on 24 October 2008.

**Emre Duranlı (6)****Director**

1972, Düsseldorf, Germany. He got his degree in business administration in English from Hacettepe University, Faculty of Economics and Administrative Sciences. He started his career at İşbank as an Assistant Inspector at the Board of Inspectors in 1996, where he

was appointed as an Assistant Manager to the Subsidiaries and Affiliates Department in 2004. Currently the Capital Market Unit Manager in the Equity Participations Department at İşbank, Mr. Duranlı served as a Member on the Audit Committee of Anadolu Hayat Emeklilik between 2005-2006, and was elected as a Board Director on 27 March 2006. Functioning as the Head of Risk Committee, the Committee Member responsible for audit, and a member of the Corporate Governance Committee, Emre Duranlı is the Board Director responsible for internal systems at Anadolu Sigorta, and he also serves as a Board Director responsible for risk management at Milli Re, İş Yatırım, İş Portföy Yönetimi, as a Board Director at Yatırım Finansman, and as an Auditor at Avea.

**A. Erdal Aral (7)****Director**

1967, İstanbul. He received his degree from the Department of Economics (English) from the Faculty of Economic and Administrative Sciences at Marmara University. Having started his career at İşbank in 1989 as an Assistant Inspector on the Board of Inspectors, he served in the Organization Department from 1995 through 1996. He was appointed to the Treasury Department in 1997 as an Assistant Manager. He pursued master's studies in international banking at the Loughborough University of Technology in the UK in 1997 and 1998. Assigned to the Treasury Department as a Group Manager in 2000, Aral became a Manager in the same department in 2002. He has been serving as the Manager of Kozyatağı Corporate Branch since 30 April 2008, and as the Board Director at Anadolu Hayat Emeklilik since 25 July 2008.

**Yalçın Sezen (8)****Director**

1965, Kemalpaşa/İzmir. He holds a degree in public administration from the Middle East Technical University. He started his business life at İşbank as an Assistant Inspector at the Board of Inspectors in 1987. He functioned as an Assistant Manager at the Deposits and Banking Services Department of that bank between 1998-2001, where he was appointed as Group Head at the same department in 2001. He was the Group Head at the Retail Banking Marketing and Deposits Department between 2001-2003 and at the Corporate Marketing Department between 2003-2005. He was appointed as Manager to the Retail Banking Marketing Department in 2005. He functioned as an Auditor at Anadolu Sigorta between 1998-2001, and held memberships on the Boards of Directors of Gempport between 2001-2005 and of İş Kültür Yayınları between March-July 2005. Mr. Sezen has been a Board Director at Anadolu Hayat Emeklilik since 27 July 2005.

**Kemal Saç (9)****Director**

1968, Ordu. He got his degree in business administration from the Faculty of Economic and Administrative Sciences at the Middle East Technical University. He worked as a Cost Control Coordinator at MNG Holding between 1992-1993. He joined İşbank in 1993 as an Assistant Inspector on the Board of Inspectors. He was appointed to the Financial Operations Department as an Assistant Manager in 2001 and then as group Manager in 2005. Assigned as the Financial Operations Manager in 2008, Kemal Saç currently functions as the Division Manager of the Management Reporting and Internal Accounting Division. Kemal Saç was an Auditor at Anadolu Sigorta from 2006 through 2008 and has been elected as a Board Director of Anadolu Hayat Emeklilik on 24 October 2008.

**Hüray Böke (10)****Statutory Auditor**

1960, Ordu. She holds a degree in business administration from the Middle East Technical University, Faculty of Administrative Sciences. After working as a Specialist and Manager at various enterprises, she joined İşbank as an Assistant Specialist at the Training Department in 1986. Following her positions as a Specialist, Assistant Manager at the Accounting Department, and Manager of Yıldız/Ankara and Mithatpaşa/İzmir branches of the bank, she was appointed as a Group Head at the Card-based Payment Systems Department in 2005. She has been functioning as a Statutory Auditor at Anadolu Hayat Emeklilik since 27 March 2006.

**Gürkan Öztoprak (11)****Statutory Auditor****Statutory Auditor**

1961, Ankara. He holds a degree in petroleum engineering from the Middle East Technical University. He got his master's degree from the same university in computer simulations via digital modeling. He worked as an Engineer at the Research Center of Türkiye Petrolleri A.O. between 1984-1988. He joined İşbank as a software Specialist in 1988 where he currently functions as a Unit Manager at the IT Solution Development Department. Mr. Öztoprak served as an Auditor at Onur Petrol between 2001-2005 and at İş Yatırım between 2005-2007. He has been serving as a Statutory Auditor at Anadolu Hayat Emeklilik since 28 March 2007.

**Tümay Oskay (12)****Secretary of the Board****Information on Board of Directors Meetings**

During 2008, the company held 12 Board of Directors meetings, five of which were convened with full participation of the members. In seven other meetings, full participation could not be achieved due to justified excuses of our Board directors.

Of the seven meetings that were held without full participation, three were convened in the absence of one director, two were convened in the absence of two directors, one was convened in the absence of three directors, and one was convened in the absence of four directors.

## Executive Board



### Mustafa Afşin Oğuz

#### Assistant General Manager

1953, Malatya. He holds a degree in economics from Istanbul University. He completed the master's program in business management at the Institute of Business Economy of the same university in 1977. He started working at the Life Insurance Department of Anadolu Sigorta in 1979. Appointed as Coordinator in 2000, Mr. Oğuz has become an Assistant General Manager at Anadolu Hayat Emeklilik on 24 January 2002, a position he still holds.



### Mehmet Uğur Erkan

#### Assistant General Manager

1964, Ankara. He holds a degree in economics from the Middle East Technical University, Faculty of Economic and Administrative Sciences. He started his business life as an Assistant Inspector at the Board of Inspectors of İşbank in 1986. He has been serving as an Assistant General Manager at Anadolu Hayat Emeklilik since 14 July 2003.



### Engin Murat Yüksel

#### Assistant General Manager

1954, Ankara. He holds a degree in business administration from the Middle East Technical University, Faculty of Economic and Administrative Sciences. He started working as a software Specialist at the Organization Department of İşbank in 1978. He has been serving as an Assistant General Manager at Anadolu Hayat Emeklilik since 1 June 2005.



### Oğuz Haluk Solak

#### Assistant General Manager

1963, Balıkesir. He holds a degree in business administration from the Middle East Technical University, Faculty of Economic and Administrative Sciences. He started his career as an Assistant Inspector at the Board of Inspectors of İşbank in 1986. He has been appointed as an Assistant General Manager at Anadolu Hayat Emeklilik on 18 November 2006, a position he still holds.



### Orhan Bozkurt

#### Assistant General Manager

1956, Rize. He is a graduate of Galatasaray School of Economics and Business Administration of Istanbul Academy of Economic and Commercial Sciences. He started working as an Assistant Inspector at Anadolu Sigorta in 1982. He has been serving as the company's Assistant General Manager since 12 June 2007.

## Managers Responsible from Internal Systems

### Mehmet Selahattin Bayraktarođlu

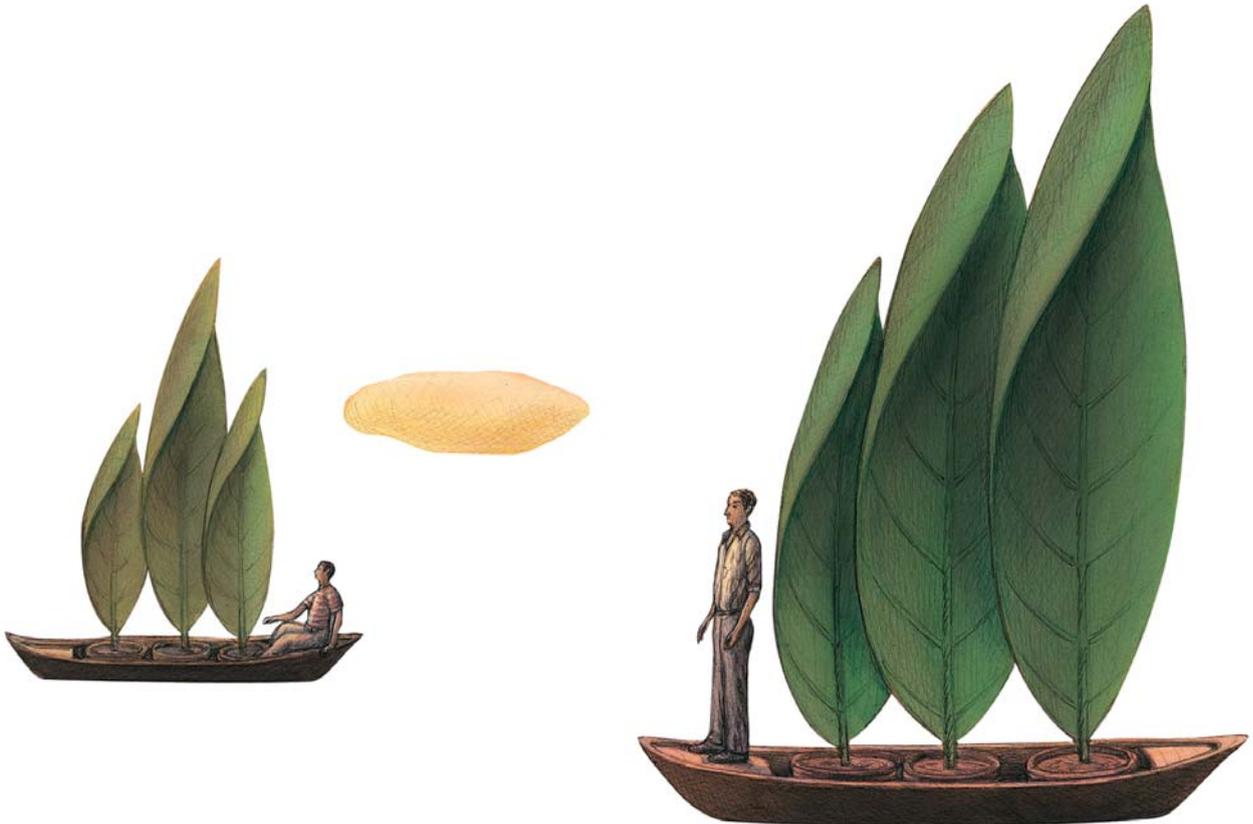
#### Head of the Board of Inspectors

M. Selahattin Bayraktarođlu was born in 1969 in Artvin. He holds a degree in public administration from the Middle East Technical University, Faculty of Economic and Administrative Sciences. He started working as an Assistant Inspector at Anadolu Hayat Sigorta in 1994. At the Istanbul 2. Regional Directorate, he functioned as an Assistant Manager between 2001-2006, and then as a Manager from 2006 onwards. He was appointed as the Head of the Board of Inspectors on 12 June 2007, a position he still holds.

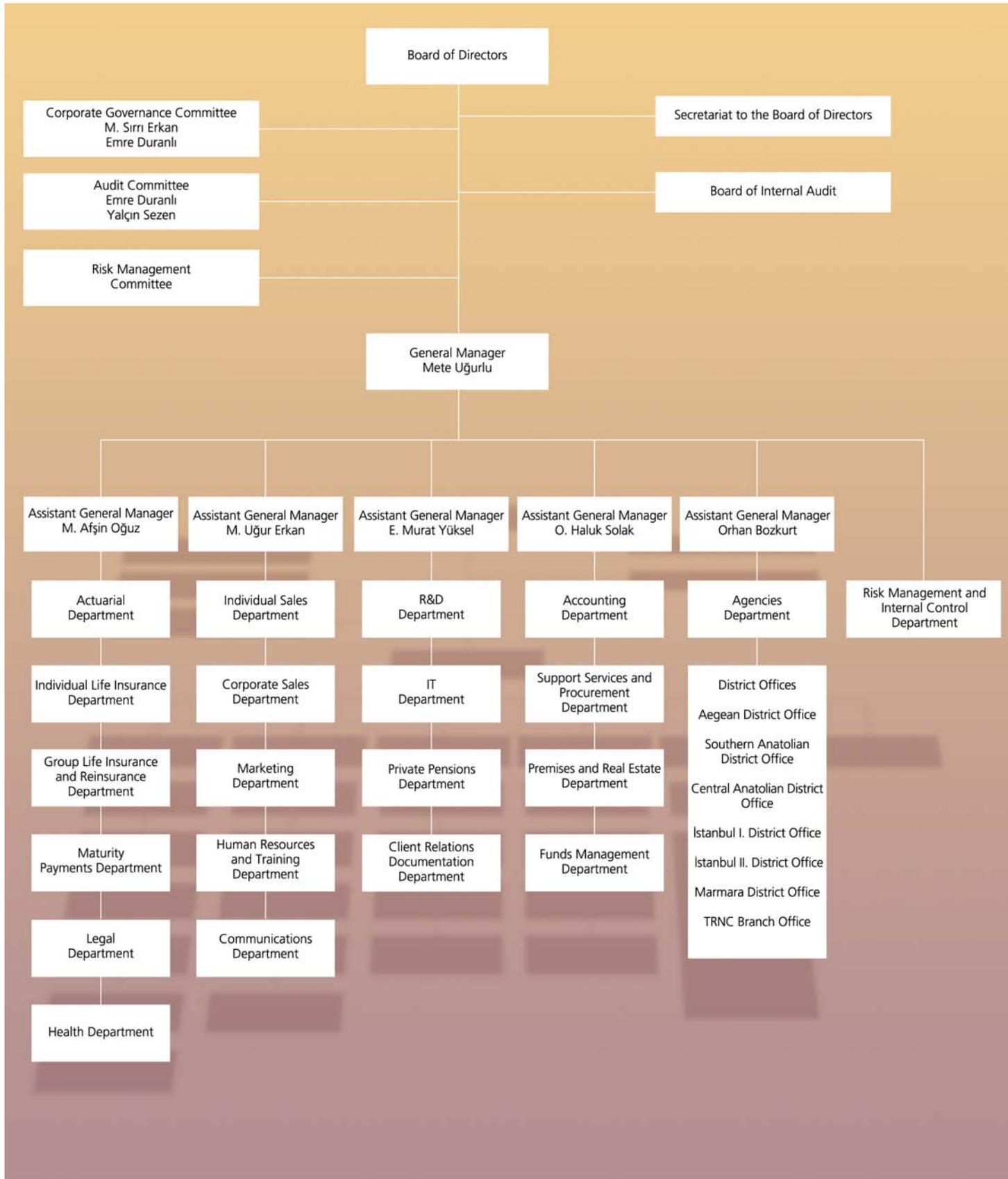
### Mehmet Tolga Oskay

#### Risk Management and Internal Control Department

1971, Ankara. He holds a degree in public finance from the Faculty of Political Sciences at Ankara University. He joined Anadolu Hayat Sigorta in 2000 as an Assistant Inspector. He has been functioning as an Acting Assistant Manager at the Risk Management and Internal Control Department since 2008.



## Organization Chart



## Anadolu Hayat Emeklilik A.Ş. Corporate Governance Committee's Assessment of the Members of the Board of Directors

All of the members of the Board of Directors other than the one who is company general manager are non-executive directors.

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

Inasmuch as our company has no ultimate non-corporate controlling shareholders, it is believed that the members of the board are naturally able to act with complete independence and have the advantage of being able to act impartially in their decisions by holding the interests of the company and of its stakeholders above everything else.

The Board of Directors meets regularly as scheduled in advance and at least once a month. It may also convene at any time that circumstances may warrant without being bound by its schedule. The Board of Directors met twelve times during 2008. It is an accepted principle that company directors will attend every meeting.

Before the conclusion of a regular board meeting, the date of the next meeting is set. Written notifications of upcoming meetings are also sent out to members. Meeting dates are planned so as to make it possible for all members to be in attendance and board directors are generally held with all members in attendance unless exceptional circumstances dictate otherwise.

Board meeting agendas are drafted by the general manager and finalized in line with the suggestions of the chairman and other members.

Information and documents pertaining to the issues on a board meeting's agenda are made available for members to study at least seven days in advance of the meeting date. In situations where this is not possible, every effort is made to ensure that each member has equal access to the same information.

Each member of the board has a single vote. No member has a preferential voting right or the power to force a decision or cast a veto of any kind.

As specified in the company's articles of incorporation, the Board of Directors convenes with a simple majority of its membership and decisions are passed by a simple majority of those present.

Under the company's articles of incorporation the Board of Directors is empowered to:

- Establish and revoke agencies, branches, and representatives and determine the conditions thereof; act as a proxy, lead insurer, representative, or agency of other insurance and reinsurance companies; determine the working conditions of private pension intermediaries;
- Appoint and dismiss company general managers and other senior officers; appoint and dismiss pension fund boards and auditors within the framework of currently applicable laws and regulations;
- Determine the dates on which the company will begin or cease to engage in the business of private pensions and other insurance branches;
- Determine the principles of pension contracts, annuity contracts, portfolio management contracts, custodianship contracts, mutual fund bylaws, and insurance and reinsurance contracts;
- Enter into and terminate any and all manner of reinsurance agreements;
- With respect to the businesses of private pensions and insurance: establish companies and join companies that have been or will be established for such purposes;

## Anadolu Hayat Emeklilik A.Ş. Corporate Governance Committee's Assessment of the Members of the Board of Directors

- For the purpose of achieving the company's objectives and putting its capital and reserves to work: buy and sell any and all manner of stocks, bonds, and Treasury bills (except that this shall not be in the nature of portfolio management);
- For the purpose of achieving the company's objectives and putting its capital and reserves to work: buy, sell, and rent movable and immovable properties, have them built, establish and release pledges, mortgages, and any and all manner of real rights over them;
- Have recourse to settlements, acquittals, and arbitrations;
- Set up private pension funds.

In addition to these primary functions, taking the opinions and suggestions of executive organs and committees the Board of Directors is also empowered to fulfill such responsibilities as:

- Approving the company's annual budget and business plans;
- Having the company's annual reports prepared and finalizing them for submission to a general meeting;
- Ensuring that general meetings are held in accordance with the requirements of laws and regulations and of the company's articles of incorporation;
- Carrying out the decisions of general meetings;
- Approving managers' career plans and reward schemes;
- Specifying policies concerning relations with company shareholders, stakeholders, and the public at large;
- Specifying policies concerning public disclosures by the company;
- Specifying rules of ethics for the company and its employees;
- Specifying the working principles of company committees and ensure that committees function effectively and productively;
- Taking measures to ensure that the company's organizational structure is capable of responding to the conditions of the day;
- Examining the activities of any predecessor Board of Directors.

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

Because they represent corporate entity shareholders, members of the Board of Directors are not required by law to be shareholders in the company on account of their duties as company directors.

The requirement of directors to entrust shares of stock to the company is fulfilled by the corporate entity shareholders that the directors represent.

The amount of company shares held by the board directors is negligible.

While there are no specific rules governing directors' undertaking duties outside the company, no board directors at this time have any duties outside the company other than the ones that are naturally incumbent upon them in the organizations that they represent on the board.

In the conduct of their decision-making duties, members of the Board of Directors are guided by the fundamental principles of:

- Increasing the market value of the company as much as possible

## Anadolu Hayat Emeklilik A.Ş. Corporate Governance Committee's Assessment of the Members of the Board of Directors

- Ensuring that the company's activities are carried out in such a way as to secure long-term, steady gains for our shareholders
- Maintaining a careful balance between Shareholders' interests and the company's need to grow.

In the formation of the Board of Directors, particular attention is given to the following matters:

- Candidates should be present at the general meetings at which elections are to be held to fill seats on the board.
- Shareholders are provided with pertinent information about candidates.
- Shareholders are allowed to put questions to candidates.
- At general meetings, shareholders are informed about what duties candidates for seats on the board undertake on the boards of directors of other companies and whether or not the conduct of such duties on their part complies with our own company's own rules and regulations.

Newly-elected members of the Board of Directors are given an orientation program that includes at least the following:

- Visits to company units and a chance to meet with management personnel
- A chance to review the career backgrounds and performance evaluations of management personnel
- Details about the company's strategic goals and current standing and problems
- Information about the company's market share, financial structure, and performance indicators.

As required by laws and regulations, a company general manager must hold at least a bachelor's degree and have at least ten years' of experience in insurance or business administration.

At least a simple majority of the board's membership must possess the same qualifications required of general managers save for that of length of professional experience.

In addition to these qualifications, company directors must also possess:

- A satisfactory level of knowledge and skill on the subject of banking and insurance
- Skill in reading and analyzing financial statements and reports
- At least basic knowledge about the legal framework by which the company is governed as well as general market conditions
- The ability and the willingness to attend board meetings regularly during the term of office to which they are elected.

Company directors devote a sufficient amount of their time to our company's affairs and they exercise their authorities prudently and within the framework of the rules of good faith and they are fully possessed of all the knowledge needed to ensure they are able to completely fulfill their duties.

The Board of Directors has taken measures as necessary to prevent confidential information about our company and/or information that is in the nature of a trade secret from being divulged outside the company.



M. Sirri Erkan  
Chairman of the Board of Directors and  
Head of the Corporate Governance Committee

## Anadolu Hayat Emeklilik A.Ş. Active Committees

### Corporate Governance Committee

#### Objectives

To monitor the company's compliance with corporate governance principles and to engage in activities and make recommendations to the Board of Directors to improve such compliance.

#### Members

M. Sırrı Erkan	Chairman of the Board of Directors (Head)
Emre Duranlı	Director (Member)

#### Structure

The Corporate Governance Committee is formed by the Board of Directors within the framework of corporate governance principles, with priority given to members selected from within its own body. When deemed to be necessary, individuals who are not company directors but who have expertise in particular matters may be given duties on the committee. No general manager may be a member of this committee.

The Corporate Governance Committee must consist of at least two members. Committee members must be non-executive directors.

In principal, the term of office of the Corporate Governance Committee is coeval with that of the Board of Directors except that if any changes take place in the latter, the committee remains constituted until the completion of its existing term.

Insofar as is possible, the committee convenes in parallel with the Board of Directors. Committee decisions are taken by a majority vote. The head of the committee keeps the board of directors informed about the committee's activities.

#### Activities

The principal activities of the Corporate Governance Committee consist of the following:

- Determines whether or not corporate governance principles are being complied with at the company and, if they are not being complied with, identifies the reasons why and also any conflicts of interest arising from less than full compliance; makes recommendations to the Board of Directors to improve corporate governance practices.
- Coordinates the activities of the Investor Relations Unit in its dealings with shareholders.
- Engages in activities to formulate a transparent system for the identification, evaluation, and training of suitable candidates for seats on the Board of Directors and determines policies and strategies related to such matters.
- Develops recommendations concerning the number of Board Directors and managers there should be (general managers, assistant general managers, managers, assistant managers; personnel such as consultants and others who are directly responsible to the chairman or general manager).
- Identifies approaches, principles, and practices on issues related to the performance evaluation, career planning, and rewarding of company directors and managers and monitors compliance with them.

### Audit Committee

#### Objectives

To monitor the operation and effectiveness of the company's accounting system, public disclosure of financial information, and independent auditing.

## Anadolu Hayat Emeklilik A.Ş. Active Committees

### Members

Emre Duranlı	Director
Yalçın Sezen	Director

### Structure

The Audit Committee is formed by the Board of Directors within the framework of corporate governance principles from among members of its own body.

The Audit Committee must consist of at least two non-executive directors. Two company officers designated by the Board of Directors are responsible for coordinating activities between the committee and the company.

The term of office of the Corporate Governance Committee is coeval with that of the Board of Directors. The committee meets at least once every three months. Committee decisions are taken by a majority vote.

The Board of Directors is kept regularly informed about the committee's activities.

### Activities

The principal activities of the Audit Committee consist of the following:

- Checks periodic financial reports that are to be publicly disclosed for their compliance with the requirements of applicable laws and regulations and with international accounting standards and reports its findings to the Board of Directors along with the opinions of the independent auditor.
- Takes measures as necessary to ensure that all internal and external auditing is conducted adequately and transparently.
- Monitors the functioning and effectiveness of the company's accounting system, of the public disclosure of financial information, of independent auditing, and of the company's internal control system; monitors the selection of an independent auditor, the preparation of independent auditing agreements, the initiation of the independent auditing process, and all aspects of the activities of the independent auditor.
- After having determined that there is no issue impairing the independence of a potential independent auditor and so stated in a report, gives its preliminary approval for the selection of independent auditors and for the services to be obtained by the company from them and submits this recommendation and report to the Board of Directors.
- Examines and finalizes any complaints made to the company concerning its accounts, its internal control system, or its independent auditing; ensures that company employees examine such complaints within the framework of the principle of confidentiality.
- Monitors compliance with company policies and regulations governing conflicts of interest on the part of company directors, managers, and other employees and the abuse of insider information.

### Risk Management Committee

#### Objectives

To formulate and oversee a risk measurement, monitoring, assessment, and control system so as to ensure that the level of risk that the company is willing to accept in order to maintain its asset quality and achieve specific gains in return is in compliance with the limits specified by insurance laws and regulations and with the company's own risk tolerance. To monitor the company's risk exposure and report on it to senior management and to the Board of Directors independently of all executive functions.

## Anadolu Hayat Emeklilik A.Ş. Active Committees

### Members

Emre Duranlı	Director (Head)
Harun Reşit Alpözgen	Actuarial and Risk Management Department (Member)
N. Cem Özcan	Accounting Department (Member)
Mine Kumcuoğlu	Funds Management Department (Member)
M. Ender Işık	Agencies Department (Member)
A. Neyir Can	Group Life and Reinsurance Department (Member)
M. Tolga Oskay	Actuarial and Risk Management Department (Member/Secretary)

### Structure

This committee reports directly to the Board of Directors through its head, who is a board director. The Actuarial and Risk Management Department provides the committee's secretarial functions.

### Members

- A member of the Board of Directors (Committee Head)
- Actuarial and Risk Management Department Head
- Accounting Department Head
- Funds Management Department Head
- Agencies Department Head
- Group Life Insurance and Reinsurance Department Head

The head of the committee is a board director. The Risk Management Committee meets regularly and may convene at any time that circumstances warrant.

### Activities

The principal activities of the Risk Management Committee consist of the following:

- Formulates the risk management strategies and policies to which the company will adhere, submits them to the Board of Directors for its approval, and monitors compliance.
- Submits its views to the Board of Directors on updating risk policies in line with changes in business conditions and with the particulars of newly developed products and services.
- Monitors the process of identifying, defining, measuring, assessing, and managing risk.
- Monitors the validity and reliability of risk measurement methods and results.
- Checks all of the company's rules, work flows, and practices for compliance with Risk Management Policies approved by the Board of Directors and reports any disparities to the Board.
- Monitors actual compliance with the authority and risk limits assigned to executive units by the Board of Directors and reports any violations to the Board.
- Within the framework of the authorities and limits granted to it by the Board of Directors, authorizes exceptional limit overruns in extraordinary circumstances when there are deemed to be opportunities to take advantage of favorable market conditions and such conditions make it essential to act quickly without complying with normal limit change procedures.
- Within the framework of the authorities and limits granted to it by the Board of Directors, takes measures to undo limit overruns in situations where executive units have exceeded their limits.
- Monitors and reports on compliance with limits arising from the requirements of laws and regulations.
- Carefully assesses and monitors all the risk factors that apply to the company; examines and reports on the probable course of events in light of different scenarios.

## Anadolu Hayat Emeklilik A.Ş. Assessment of the Operations of the Independent Auditor during the 2008 Reporting Year

Periodic financial reports are prepared within the framework of current laws and regulations and insurance accounting standards in such a way as to show the company's true financial standing. Such reports are independently audited and publicly disclosed as prescribed by law.

The company's independent auditor is rotated at regular intervals. In this respect, the company abides by the provisions of the "Regulation on Independent Auditing in Insurance, Reinsurance and Pension Companies" dated 12 July 2008 and numbered 26934.

External audits at our company are performed on an entirely independent basis and its external auditors operate completely within the framework of truthfulness, professional honesty, and candor and without any involvement in a conflict of interest whatsoever. Our company's external auditors act with complete intellectual independence and are prohibited from engaging in any activities that might cause third parties to doubt their independence.

No payments are made to any independent auditor in our employ other than such fees as are reasonable in light of existing market conditions.

The factors that strengthen the independence of firms from which we obtain independent auditing services are: the existence of an Audit Committee, the possession of an effective accounting and internal audit system, and adherence to rules of ethics that give importance to truthful public disclosure of company-related matters.

The conduct of independent external audits at our company documents the truthfulness and honesty of our financial statements for the public at large and is perceived by our shareholders as a guarantee of their own interests. The independent opinion expressed by our external auditor increases the trustworthiness of our financial statements while also strengthening our company's corporate image. In line with its ethical values, our company adheres to the principle of keeping the public informed and achieving transparency in matters related to itself. By giving importance to the independence of its external auditors, the company earns the confidence of its investors and in this way seeks to be of service to the growth and development of the national economy by attracting new investors.



Yalçın Sezen  
Director and Statutory Auditor



Emre Duranlı  
Director and Statutory Auditor

## Anadolu Hayat Emeklilik A.Ş. Summary Report of the Board of Directors for the General Assembly of Shareholders

Dear Shareholders,

It is espoused as the basic philosophy of our company to offer customer-focused service achieving excellence in every aspect before its shareholders, investors and customers drawing on its structure encompassing the best practices of modern private pension and life insurance businesses; on its history, capitalization, transparent organization, and its corporate values giving the foreground to customer satisfaction, innovation and creativity; the ability to put its resources and new technologies to use towards increasing productivity; maximum involvement in social activities by a strict commitment to its social responsibilities in its activities and actions, and belief in and support to entrepreneurial team spirit. Our company has also defined it as its primary goal to carry its leadership in life insurance to the private pension segment regarded as a crucial part of the social security system capitalizing on the know-how and capital accumulation gained in the life insurance segment, and on the strength lent to it by the İ?bank group, to which we belong, in line with the corporate culture and objectives of the group. It is also a key objective of the company to maintain its leadership in life insurance in the years to come and to render market leadership in private pension segment permanent by fortifying its position among the leading financial services companies of the capital market as the only publicly-floated company in the system.

- Our company's activities in 2008 were concluded successfully.
- Premium production in life insurance totaled TRY 345 million in 2008.
- Getting nearly 21.9% share in life insurance premium production, our company sustained its leadership in the industry by a large margin.
- Our company generated TRY 58.9 million financial income in 2008.
- Our company derived TRY 11.2 million and TRY 6.9 million technical profit on its activities in life branch and private pension branch, respectively, in 2008.
- Under the activities in the private pension segment commenced on 27 October 2003, 405,699 private pension contracts were issued for 376,330 participants and TRY 1,096 million were collected in contributions according to the Pension Monitoring Center data dated 26 December 2008.
- Outperforming the sectoral averages in the number of participants, contributions, funds and invested amounts, our company increased its market share in 2008.
- The number of private pension contracts, which stood at 405,699 as of 26 December 2008, is expected to reach 485,000 at the end of 2009.
- 2008 saw the continuation of our projects that will lead the Customer Centric Transformation (in Turkish: MOD) launched in 2006 in keeping with the principle of reorganizing our company, all our sales channels, and our service delivery into a customer-focused structure. To further increase the effectiveness of our organization structure, our efforts will be ongoing this year to bring operational activities particularly at the headquarters units together under a single umbrella.

## Anadolu Hayat Emeklilik A.Ş. Summary Report of the Board of Directors for the General Assembly of Shareholders

- The diversity and penetration of our sales channels consisting of agents, bancassurance and direct sales force represents a key superiority of our company. Therefore, maintaining this structure, maximizing the harmony among distribution channels, and strengthening and increasing the effectiveness of each sales channel will continue to take place among our priority activities as always.
- Under this heading, efforts were continued in 2008 to improve our direct sales organization, aimed at life insurance and private pension marketing efforts.
- On the bancassurance activities front, our collaboration continued positively and was further improved with HSBC, TEB and Anadolubank, with which agreements were signed concerning the sales of our Private Pension and Life Insurance products via their branches, as well as with Bank Pozitif A.Ş. with which an agency agreement was concluded.
- Call Center and internet represent crucial marketing, sales and customer relations channels on which we place great strategic importance today and for the future. Special significance will be accorded to quickly and effectively fulfill our needs that will arise in the growth and development of these channels, which we believe will have even higher-profile presence in marketing, pre-sales and after-sales services, as well as in the perception of service quality.
- During 2008, Actuarial and Risk Management Department continued to issue quarterly "Risk Assessment Reports" and to undertake "Market Risk Assessment Activities" on a daily basis within the scope of actuarial and risk management efforts.
- Launched in 2006 within the scope of our social responsibility projects and conducted in conjunction with the Association for Supporting Contemporary Living (ÇYDD), the "AHE-Student Scholarships" were continued in 2008.

Our Corporate Governance Principles Compliance Report and the financial statements for 2008 are presented on the following pages for your information and approval.

We would like to take this opportunity to express our gratitude to our founder İşbank and our other shareholders, our private pension and life insurance policyholders, and our agents, all our production sources and all our employees for their contributions that made the results achieved possible.

Board of Directors

## Anadolu Hayat Emeklilik A.Ş. Human Resources Policy

Our company defines and conducts its human resources policy in light of our country's social, cultural, and economic conditions and with the following objectives:

- a) Ensure that personnel are selected and assigned according to the nature of the work to be done and provide work opportunities to individuals who are innovative, creative, and capable of being team players and who can keep pace with the highly competitive nature of the insurance business.
- b) Encourage employee success; provide training opportunities that increase employee knowledge and skills; reward successful performance.
- c) Employ only objective criteria in all training, appointment, and promotion decisions; provide personnel with development and progression opportunities according to their abilities.
- d) Provide personnel with working conditions that are safe and appropriate to the task at hand; provide a working environment that enhances employees' desire to work and is conducive to social interaction.
- e) Be mindful of and protect the rights of personnel; take measures to prevent discrimination among employees based on race, religion, language, or sex; create a working environment that is respectful of human rights; and prevent all physical, mental, and emotional abuse within the company.
- f) Maintain a human capital that is sophisticated in outlook, successful, happy, continuously learning, developing, and committed to both job and company.
- g) Establish effective talent development and succession systems and maintain employee satisfaction at the highest possible level in line with the company's goals so as to be the life insurance and private pension company that the qualified human resources most want to work for in the sector.

### Hiring practices

The general principles and criteria adhered to by Anadolu Hayat Emeklilik in all its hiring practices are summarized below. To be hired by the company, a person must:

- a) Be a citizen of Turkey.
- b) Be at least 18 and not more than 30 years of age (age will not be a consideration when hiring specialized employees such as architects, engineers and physicians, or when hiring employees possessing expertise and experience in such departments as Actuary, Funds Management, Financial Advisory, Advertising and Public Relations).
- c) Have completed any active military service obligations if applicable or have obtained a deferment
- d) Not have been deprived of their civil rights.
- e) Never have been convicted of any of the offenses specified in insurance and private pension system law, whether or not officially pardoned.
- f) Be healthy enough to work and travel anywhere in Turkey.
- g) For service positions, hold at least a high-school diploma. For white collar positions, be a graduate of at least a two-year vocational school as defined in the applicable legislation.
- h) Be under no service obligation to any government agency or private concern.
- i) Successfully pass the qualifying examination and/or interview for the position being hired into.

## Anadolu Hayat Emeklilik A.Ş. Human Resources Policy

### Job applications

Since the day it was founded, it has been a fundamental tenet of Anadolu Hayat Emeklilik's human resources policy as a company to fill vacancies in management positions from within its own ranks. Because of this, the company only recruits personnel from outside for entry-level positions. Whenever openings in such positions are available, they are announced on the company's internet website and in newspapers. Applications for such positions may be submitted by mail, by fax, in person, and from the website. All applications that are received are placed in a single pool. The company's Human Resources and Training Department is responsible for receiving all job applications, conducting written and/or oral exams, announcing exam results, and all other recruitment-related matters.

### Progression

Advancement to positions in our company's organizational structure (manager, assistant manager, II. manager, service chief, assistant service chief, clerk, specialist, assistant specialist, inspector, and assistant inspector) is governed by the company's related bylaws. The following general principles apply to all advancements.

To be promoted to a higher position:

- an employee must have served for the minimum periods of time specified by headquarters in his current position;
- the employee must have a good record capable of supporting his promotion;
- there must be a vacancy to which the employee can be promoted.
- the employee must have successfully completed whatever course, examination, thesis, project, or similar qualifying requirements that the company requires for the position.

### Performance management

Performance appraisal system is in place at the company in order to measure the individual contribution of each employee in supporting the company towards achievement of its corporate objectives. In this frame, all company employees are evaluated once a year.

The performance appraisal system aims to establish objective criteria for the employees' career progressions and to determine their training needs.

### Job security

Job security for our employees is provided under a collective bargaining agreement between the company and BASİSEN (Banking and Insurance Employees' Union).

### Compensation policy

Employees' salaries are adjusted annually in accordance with current conditions and as specified in a collective bargaining agreement that is renewed every other year. Salaries are paid in advance at the beginning of the month. In addition to their regular monthly salaries, employees receive an annual bonus equal to four monthly salaries and also receive an additional half-pay on religious holidays. In addition to salary and bonuses, personnel are entitled to a broad range of fringe benefits such as health insurance coverage, health care assistance, employer's contributions to their Private Pension accounts, personal life insurance, and company-provided transportation and lunchtime meals.

## Anadolu Hayat Emeklilik A.Ş. Human Resources Policy

### Training

#### AHE Academy

The company set up the AHE Academy in order to systematize and standardize the training and development activities directed towards our employees, by incorporating the cultural aspect as well.

Through the AHE Academy, the company invests in its human capital and aims to make the customer-focused culture permanent.

Anadolu Hayat Emeklilik supports its employees' professional and personal development, offers various activities that are aligned with their career paths, and aim to equip its employees so as to enable them to look from different perspectives.

#### Training Programs

Company employees are provided with in-house and extramural training opportunities to foster their professional and personal development. National and international resources are made use of for these training programs.

As a company that fills management position vacancies from within its own ranks, special attention and importance are given to employee training.

When personnel are first hired, they are put through an orientation program and given training in basic insurance and private pension system issues. After this and for the rest of their careers, training is provided so that they have all the knowledge and skills they may need for whatever position they may be filling.

#### Motivation

Each year, the company administers an Employee Satisfaction Survey of which aim is to increase employees' job motivation. The results of the survey are carefully analyzed. The goal of this project is to increase company personnel productivity by maximizing employee motivation.

The event held regularly each year once again took place in 2007 with employees from our headquarters and regional and branch units in attendance. All employees are invited to this event, of which aim is to develop in-house communication and to inculcate a strong sense of team spirit.

## Anadolu Hayat Emeklilik A.Ş. Transactions Executed with the Risk Group in Which the Company is Included

01 January -31 December 2008 (TRY)

### Services Purchased from Related Parties

Türkiye İş Bankası A.Ş. (Policy Production Commission)	10,776,792
Türkiye İş Bankası A.Ş. (Premium Collection and Banking Service Commission)	1,419,846
Anadolu Anonim Türk Sigorta Şirketi (Premiums Paid)	610,898
İş Portföy Yönetimi A.Ş. (Portfolio Management Fee)	5,085,311
Millî Reasürans T.A.Ş. (Premium Transfer)	532,643

### Rental Fees Paid to Related Parties

Anadolu Anonim Türk Sigorta Şirketi	156,385
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	2,228,103

### Services Sold to Related Parties

İş Portföy Yönetimi A.Ş. (Private Pension Group Plan)	29,610
Millî Reasürans T.A.Ş. (Commissions Received)	175,976

## 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.

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 such principles 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

Within the frame of achieving compliance with the corporate governance principles, a Shareholder Relations Unit has been set up at our company.

The employees assigned to this unit and their contact information are presented below:

Name	Telephone	E-mail
Oğuz Haluk Solak	(+90 212) 317 64 02	yatirimciiliskileri@anadoluhayat.com.tr
N. Cem Özcan	(+90 212) 317 71 04	yatirimciiliskileri@anadoluhayat.com.tr
Alper Eşizoğlu	(+90 212) 317 71 06	yatirimciiliskileri@anadoluhayat.com.tr

The head of the unit is Oğuz Haluk Solak, 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.

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

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 and all of the verbal requests for information were responded to.

### 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 developments that might affect shareholders' exercise of their rights is published on the company's corporate website at [www.anadoluhayat.com.tr](http://www.anadoluhayat.com.tr).

In accordance with legal regulations, minority shareholding interests 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 2008.

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 or interim reports, and material event disclosures as well as by responding to individual requests.

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

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 to have access to information, all information that may affect the exercise of their rights is provided to our shareholders in an electronic environment, in an up-to-date manner, and within the framework of the Public Disclosure Platform Project.

### 4. Information about general assemblies of shareholders

Our company's ordinary general meeting for 2007 was held on 27 March 2008. Shareholders controlling TRY 149 million worth of shares corresponding to 85% of our company's TRY 175 million capitalization took part in this assembly.

No members of the media attended the general meeting.

Announcements concerning the assembly and indicating its place, date, time, agenda, and specimen proxy statement were published three weeks before the assembly date in the Turkish Trade Registry Gazette, the newspapers Dünya and Referans, and in the ISE's bulletin.

Care is given to ensure that this period of time is three weeks.

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](http://www.anadoluhayat.com.tr). Revamped by early 2009, the company's website now offers online services in a more efficient and effective manner.

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](http://www.anadoluhayat.com.tr).

No shareholders exercised their right to ask questions at the ordinary general meeting held in 2008.

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

Shareholders at the ordinary general meeting 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 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.

The shareholders passed by the majority of votes the motion to read the statutory auditors' report in full and the independent auditors' report in summary

According to the company's articles of incorporation, the Board of Directors is authorized to make material 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
- Specimen proxy statement
- Blockage Letter request
- 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 reports, 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 company'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 reports, 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 meeting, 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, such votes may be cast only by a proxy representing 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.

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

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.

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 Board Directors, the company officers responsible for preparing the financial reports, and the statutory auditors as well as other involved parties participate in 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](http://www.anadoluhayat.com.tr).

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

### 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 31 December 2008, our company's issued capital amounts to TRY 250 million consisting of 100,000,000 Class A shares worth a total of TRY 1,000,000 and 24,900,000,000 Class B registered shares worth a total of TRY 249 million.

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 cannot be 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.

### 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 which are no less than those determined by the Capital Markets Board.

For 2007 and thereafter, the Capital Markets Board has specified that at least 20% 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;

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

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

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 System Law, Capital Market Law, and the rules and regulations of the Istanbul 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.

#### 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.

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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 System 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 Republic of Turkey Prime Ministry Undersecretariat of Treasury and by the Capital Markets Board (CMB) and the independent auditors report associated with them are submitted to the Istanbul Stock Exchange (ISE) and published on our company's corporate website within the legally prescribed period of time.
- Reporting to the Republic of Turkey Prime Ministry 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.
- Financial reports 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.
- Material event disclosures that must be made in accordance with CMB regulations are sent to ISE in due time. While material event disclosures 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 the 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](http://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 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](http://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.

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### 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.

### The Anadolu Hayat Emeklilik corporate website ([www.anadoluhayat.com.tr](http://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 material event disclosures. Care is continuously given to keep the corporate website up to date.

### 9. Disclosure of material events

The company made twenty-five material event disclosures during 2008 as required by CMB regulations.

There were no material event disclosures 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.

Shareholders	Share Amount (TRY)	Share Portion (%)
Türkiye İş Bankası A.Ş.	155,000,000	62
Anadolu Anonim Türk Sigorta Şti.	50,000,000	20
Millî Reasürans T.A.Ş.	2,500,000	1
Fortis Bank A.Ş.	2,500,000	1
Publicly Held	40,000,000	16
<b>Total</b>	<b>250,000,000</b>	<b>100</b>

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### 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
Türkiye İş Bankası A.Ş.	Süleyman Kalkan	Deputy Chairman
Anadolu Hayat Emeklilik A.Ş.	Mete Uğurlu	Director and General Manager
-	Dr. A. Yavuz Ege	Director
Türkiye İş Bankası A.Ş.	Yalçın Sezen	Director
Türkiye İş Bankası A.Ş.	Salih Kurtuluş	Director
Türkiye İş Bankası A.Ş.	A. Erdal Aral	Director
Türkiye İş Bankası A.Ş.	Emre Duranlı	Director
Türkiye İş Bankası A.Ş.	Kemal Saç	Director
Türkiye İş Bankası A.Ş.	Hüray Böke	Statutory Auditor
Türkiye İş Bankası A.Ş.	Y. Gürkan Öztoprak	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.	Oğuz Haluk Solak	Assistant General Manager
Anadolu Hayat Emeklilik A.Ş.	Orhan Bozkurt	Assistant General Manager
Anadolu Hayat Emeklilik A.Ş.	M. Selahattin Bayraktaroğlu	Head of the Board of Inspectors
Anadolu Hayat Emeklilik A.Ş.	M. Ender Işık	Agencies Manager
Anadolu Hayat Emeklilik A.Ş.	Harun Reşit Alpözgen	Actuarial Manager
Anadolu Hayat Emeklilik A.Ş.	Nilgün Kılıçuzar	R&D Manager
Anadolu Hayat Emeklilik A.Ş.	Saadettin Yıldız	Assistant IT Manager
Anadolu Hayat Emeklilik A.Ş.	Özgül Çevikalp	Assistant Private Pension Manager
Anadolu Hayat Emeklilik A.Ş.	Yaşar Kaval	Individual Life Insurance Manager
Anadolu Hayat Emeklilik A.Ş.	Özlem Işık	Retail Sales Manager
Anadolu Hayat Emeklilik A.Ş.	Şeref Çevikalp	Assistant Support Services and Procurements Manager
Anadolu Hayat Emeklilik A.Ş.	Mine Kumcuoğlu	Fund Management Manager
Anadolu Hayat Emeklilik A.Ş.	A. Neyir Can	Group Life Insurances and Reinsurance Manager
Anadolu Hayat Emeklilik A.Ş.	Cengiz Aytekin	Legal Consultant
Anadolu Hayat Emeklilik A.Ş.	Betül Çığır	Communications Consultant
Anadolu Hayat Emeklilik A.Ş.	Ufuk Seydi İşli	Human Resources and Training Manager
Anadolu Hayat Emeklilik A.Ş.	Mustafa Parlayan	Assistant Construction and Real Estate Consultant
Anadolu Hayat Emeklilik A.Ş.	Seval Akarçay	Corporate Sales Manager
Anadolu Hayat Emeklilik A.Ş.	N. Cem Özcan	Accounting Manager
Anadolu Hayat Emeklilik A.Ş.	İ. Hakkı Altay	Assistant Client Relations and Operations Manager
Anadolu Hayat Emeklilik A.Ş.	Tuna Uğun	Marketing Manager
Anadolu Hayat Emeklilik A.Ş.	M. Tolga Oskay	Deputy Assistant Risk Management and Internal Control Manager
Anadolu Hayat Emeklilik A.Ş.	Dr. Hayati Bıyık	Health Consultant
Anadolu Hayat Emeklilik A.Ş.	Uğur Erdoğan	Maturity Payments Manager

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Employer	Name	Position
Anadolu Hayat Emeklilik A.Ş.	Mustafa Tugay	Aegean Regional Manager
Anadolu Hayat Emeklilik A.Ş.	Alpar Dinçer	South Anatolia Regional Manager
Anadolu Hayat Emeklilik A.Ş.	M. Metin Sağsöz	Central Anatolia Regional Manager
Anadolu Hayat Emeklilik A.Ş.	Hamza Ekinci	İstanbul 1st District Manager
Anadolu Hayat Emeklilik A.Ş.	Ömer Nakış	İstanbul 2nd District Manager
Anadolu Hayat Emeklilik A.Ş.	Ömer Madencioğlu	Marmara Regional Manager
Anadolu Hayat Emeklilik A.Ş.	Murat Çora	TRNC Branch Manager
DRT Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.		Tax Audit and Full Certification
DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.		Independent Audit

### 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 in writing. 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.

The Suggesting System Regulation targeting the company employees has been introduced as of 01 May 2006. Suggestions for innovations and improvements are evaluated within the framework of this regulation and put into effect in the company.

The company meets with its sales organization twice a year at which time they are informed about the company's activities, their suggestions are heard, and successful intermediaries 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 have been 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.

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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.

A secure work environment and safe working conditions are provided by our company. Work is currently in progress to further improve these conditions in line with social and technological requirements.

Our employees are kept informed about any company decisions that are made and about 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.

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

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

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

Inasmuch as our company has no ultimate non-corporate controlling shareholders, all of the Board Directors are naturally able to act with independence and have the advantage of being able to act impartially in their decisions by holding the interests of the company and of its stakeholders above everything else.

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

Name	Title	Educational background		Current employment status		
		University	Faculty & department	Company	Position	Years of professional experience
M. Sırrı Erkan	Chairman	Ankara University	Faculty of Political Science / International Relations	Türkiye İş Bankası A.Ş.	Deputy Chief Executive Officer	29
Süleyman Kalkan	Vice Chairman	Ankara University	Faculty of Political Science / International Relations	Türkiye İş Bankası A.Ş.	Branch Manager	26
Mete Uğurlu	Director-General Manager	Middle East Technical University	Faculty of Administrative Sciences / Business Administration	Anadolu Hayat Emeklilik A.Ş.	General Manager	31
Dr. A. Yavuz Ege	Director	Ankara University	Faculty of Administrative Sciences / Public Finance and Economics			38
Yalçın Sezen	Director	Middle East Technical University	Faculty of Economic and Administrative Sciences / Public Administration	Türkiye İş Bankası A.Ş.	Division Manager	21
Emre Duranlı	Director	Hacettepe University	Faculty of Economics and Administrative Sciences / Business Administration (English)	Türkiye İş Bankası A.Ş.	Unit Manager	13
Salih Kurtuluş	Director	Istanbul Private School of Journalism		Türkiye İş Bankası A.Ş.	Consultant	35
A. Erdal Aral	Director	Marmara University	Faculty of Economic and Administrative Sciences / Economics (English)	Türkiye İş Bankası A.Ş.	Branch Manager	20
Kemal Saç	Director	Middle East Technical University	Faculty of Economic and Administrative Sciences / Business Administration	Türkiye İş Bankası A.Ş.	Division Manager	17
Hüray Böke	Statutory Auditor	Middle East Technical University	Faculty of Economic and Administrative Sciences / Business Administration	Türkiye İş Bankası A.Ş.	Unit Manager	23
Y. Gürkan Öztoprak	Statutory Auditor	Middle East Technical University	Faculty of Engineering / Petroleum Engineering	Türkiye İş Bankası A.Ş.	Unit Manager	21

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.

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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 board directors represent.

Amount of company shares held by the Board directors is negligible.

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, economics, business administration, accounting, law, public finance, mathematics, statistics, actuary or engineering. More than half of the Board Directors of an insurance company must have at least four years of university education and must be elected from amongst individuals having minimum three years of experience in one of the same disciplines.

All of the members of the 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.

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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 board directors' 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.

### 19. Mission, Vision, and Strategic Goals of the Company

The company's:

- vision is 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.
- mission is 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 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 a board of inspectors and a risk committee that report directly to the Board of Directors.

Activities for the structuring of risk management system and processes are conducted by the Actuarial and Risk Management Department. The risks to which our company is exposed are reported in a "risk assessment report" that is prepared regularly by the Actuarial and Risk Management Department. Compliance with the market risk limits set by the Board of Directors is monitored on a daily basis by the same department. The Board of Directors is kept informed on the market risk via the Risk Monitoring Report, and the mechanisms to be applied in case of limit overruns have been identified.

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The company's existing Risk Catalogue was renewed during the reporting period, and İşbank Consolidated Risk Policies were approved by the Board of Directors.

Activities were commenced in relation to the arrangements introduced by the "Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 26913, dated 21 June 2008. Accordingly, efforts were completed concerning the organization of internal control and risk management functions under a Department at the company; this department will report directly to the general manager in its activities.

### 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.

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.

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Periodic financial reports 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 twelve times during 2008.

Special care is given to setting meeting dates that will allow all board directors to attend and to hold the meetings with all directors 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 2007 and 2008.

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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, board directors take part in all meetings.

Save for exceptional cases, 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 board director 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.

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### 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.

#### 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.

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

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.

### 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.

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

### 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. Our board directors, as a principle, do not undertake duties in several committees.

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, all of the Members of the Board of Directors serving in committees are naturally able to act with independence and therefore, have the advantage of acting impartially in their decisions.

### 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.

## Assessment on Financial Information and Risk Management

## Anadolu Hayat Emeklilik A.Ş. Statutory Auditors' Report

To the General Meeting of Anadolu Hayat Emeklilik A.Ş.;

Name of Partnership	Anadolu Hayat Emeklilik A.Ş.
Headquarters	İstanbul
Registered Capital	TRY 300,000,000
Issued Capital	TRY 250,000,000
Principal Business Activity	Insurance and Private Pensions
Names and terms of office of Statutory Auditors, their relation to the company (employed/partners or not)	Hüray Böke Gürkan Öztoprak Term of office is 1 year. The auditors are neither shareholders nor employees.
Number of meetings of the Board of Directors and Auditing Board attended	All meetings
Extend, scope and frequency of examinations of the company's records and legal books of account, dates of examination and conclusions reached	There have been advisory consultations made regarding the accounting records on a continuous basis. The records of the year have been controlled in detail and necessary audits and controls were implemented as of the ending year balance sheet and income/loss statements.
Number and results of cash counts performed at the cashiers office pursuant to article 353:1-3 of the Turkish Commercial Code and resolutions	The cash counts made on a quarterly basis and resolved 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 period 01 January 2008-31 December 2008 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 for the period ending 31 December 2008 and income statement for the period 01 January 2008-31 December 2008 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 incorporation.

We hereby submit the financial statements for your approval and recommend that the Board of Directors be released from liability.

  
Statutory Auditor  
Hüray Böke

  
Statutory Auditor  
Gürkan Öztoprak

## Anadolu Hayat Emeklilik A.Ş. Assessment of the Board of Inspectors' Activities in 2008

Article 4, paragraph 1 of the "Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies" enforced upon its publication in the Official Gazette issue 26913 dated 21 June 2008 stipulates that insurance and reinsurance companies must set up, maintain and develop internal systems in their organizations, which are aligned with the scope and nature of their respective activities, and possess the qualities, adequacy and efficiency to respond to changing conditions, so as to monitor and control the risks they are confronted with. It is also stipulated that the internal audit unit will report directly to the Board of Directors and will be organized independently in administrative terms. The Board of Inspectors carries out its activities comprehensively in this frame.

Revised in accordance with the provisions of the said Regulation and slated for enforcement as of 01 December 2008, the Bylaw Concerning the Duties of the Board of Inspectors has been approved by the Board of Directors resolution passed on 27 November 2008 and numbered 465/2.

The Board of Inspectors carries out the onsite auditing of all units at the headquarters, regional departments, branches and liaison offices at least once a year, of all agents at least once in three years, and of agents having an exceptionally high share in total premium production or having unusually low collection ratios at least once a year. These audits are performed in line with the audit program prepared by the Board and approved by the Board of Directors. In addition to these regular inspection functions, the Board of Inspectors is also responsible for conducting investigations and examinations.

During 2008, the Board inspected a total of 26 units (19 headquarters units, and 7 regional departments and branches) and issued 6 investigation reports and 2 examination reports. Agency inspections were also continued during 2008, and 160 agencies were inspected last year.

Reports of the findings of the Board of Inspectors' inspections, investigations, and examinations are submitted by the Board to the Board of Directors. This makes it possible for the Board of Directors to keep close track of the activities of the Board of Inspectors. In 2008 the Board of Inspectors was staffed by 15 inspectors and assistant inspectors. The members of the Board of Auditors received a total of 200 hours of professional training aimed at supporting their professional development and increasing their professional knowledge.

Changes are being made in the inspections performed and the inspection reports subsequently issued as needed to bring them into compliance with "international internal audit standards" and to make them more risk-based and compatible with current conditions.

The Board of Inspectors of Anadolu Hayat Emeklilik is independent from the senior management in its activities and provides impartial assurance; in addition, the board has, since its establishment, made it a goal to contribute value to the company's operations, to ensure that errors and deficiencies are reduced in activities, and to enhance efficiency and productivity. Furthermore, the Board also continues to work in line with its mission to create in the long run the ideal manager pool for the company, through the investments made in its human resource.



M. Sirri Erkan  
Chairman of the Board of Directors

## Anadolu Hayat Emeklilik A.Ş. General Meeting Agenda

2008 ORDINARY GENERAL MEETING OF SHAREHOLDERS  
26 MARCH 2009, THURSDAY, COMPANY HEADQUARTERS, 15:00 hours

### AGENDA:

1. Opening the meeting, electing a presiding committee, and authorizing the presiding committee to sign the minutes of the general meeting.
2. Reading and deliberating the 2008 reports by the Board of Directors, statutory auditors, and independent auditor.
3. Examining and approving the financial statements for 2008.
4. Individually acquitting each of the company's directors and statutory auditors of their fiduciary responsibilities for the company's activities and transactions in 2008.
5. Deliberating and voting on the Board of Directors' proposal concerning manner and date of the distribution of 2008 profits.
6. Approving the appointments made during the year pursuant to article 315 of the Turkish Commercial Code and article 10 of the articles of incorporation to fill vacancies on the Board of Directors.
7. Electing the members of the Board of Directors and determining their terms of office.
8. Electing the statutory auditors.
9. Approving the monthly salaries to be paid to company directors and statutory auditors.
10. Petitions.

## Anadolu Hayat Emeklilik A.Ş. 2008 Profit Distribution Table (TRY)

1- Paid-in/Issued Capital		250,000,000
2- Total Legal Reserves (according to legal records) If there are privileges for distribution of profits according to the Articles of Association, information on such privileges		39,338,458
	<b>Based on CMB</b>	<b>Based on Legal Records</b>
3- Profit for the Period (*)	67,310,238	68,274,187
4- Taxes Payable (-)	-14,405,000	-14,405,000
5- Net Profit for the Period (=)	52,905,238	53,869,187
6- Losses in Prior Years (-)	-	-
7- First Legal Reserves (-)	2,693,459	2,693,459
8- Distributable Profit of the Investments Subject to Consolidation for Which Profit Distribution Decision is not Made (-)	-	-
9- NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	50,211,779	51,175,728
10- Donations during the Year (+)	169,471	-
11- Net Distributable Profit for the Period Including Donations, Based on Which First Dividend will be Computed	50,381,250	-
12- First Dividend to Shareholders	-	-
- Cash	10,076,250	-
- Bonus Shares	-	-
- Total	10,076,250	-
13- Dividends Distributed to Owners of Privileged Shares	-	-
14- Dividends Distributed to Board of Directors Members, Employees, etc.	1,204,066	-
15- Dividends Distributed to Owners of Redeemed Shares	-	-
16- Second Dividend to Shareholders	31,923,750	-
17- Second Legal Reserves	3,070,407	-
18- Statutory Reserves	3,893,146	-
19- Special Reserves	-	-
20- EXTRAORDINARY RESERVES	44,160	-
21- Other Resources to be Distributed	-	-
- Previous Year Profit	-	-
- Extraordinary Reserves	-	-
- Other Distributable Reserves as per the Law and the Articles of Association	-	-

(\*) As per article 5 of the Corporate Tax Law, the amount of TRY 39,495 has been taken into account from the Profit for the Period, which amount arises from 75% of the Revenues on Disposal of Subsidiaries that was set aside for follow-up under a special fund in liability accounts to be injected into the capital.

### INFORMATION ON DIVIDEND RATIO

### INFORMATION ON EARNINGS PER SHARE

	GROUP	TOTAL	DIVIDENDS PER SHARES WITH NOMINAL VALUE OF TRY 1 EACH	
		DIVIDENDS (TRY)	AMOUNT (TRY)	RATIO (%)
GROSS	A	168,000.00	0.168000	16.8000
	B	41,832,000.00	0.168000	16.8000
	<b>TOTAL</b>	<b>42,000,000.00</b>		
NET (*)	A	142,800.00	0.142800	14.2800
	B	35,557,200.00	0.142800	14.2800
	<b>TOTAL</b>	<b>35,700,000.00</b>		

### RATIO OF DIVIDENDS DISTRIBUTED TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS

CASH DIVIDENDS DISTRIBUTED TO SHAREHOLDERS (TRY)	RATIO OF DIVIDENDS DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS (%)
42,000,000.00	83.36

(\*) 15% INCOME TAX DEDUCTION, WHICH IS APPLICABLE FOR FULL-FLEDGED TAXPAYER ENTERPRISES FOR CASH DIVIDEND PAYOUTS, WILL NOT BE APPLIED.

## Anadolu Hayat Emeklilik A.Ş. 2007 Profit Distribution Table (TRY)

1- Paid-in/Issued Capital	175.000.000
2- Total Legal Reserves (according to legal records) If there are privileges for distribution of profits according to the Articles of Association, information on such privileges	36.390.595

	Based on CMB	Based on Legal Records
3- Profit for the Period (*)	57,091,267	55,993,255
4- Taxes Payable (-)	-11,610,055	-11,610,055
5- Net Profit for the Period (=)	45,481,212	44,383,200
6- Losses in Prior Years (-)	-	-
7- First Legal Reserves (-)	2,219,160	2,219,160
8- Distributable Profit of the Investments Subject to Consolidation for Which Profit Distribution Decision is not Made (-)	-	-
9- NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	43,262,052	42,164,040
10- Donations during the Year (+)	210,225	-
11- Net Distributable Profit for the Period Including Donations, Based on Which First Dividend will be Computed	43,472,277	-
12- First Dividend to Shareholders	-	-
- Cash	8,694,455	-
- Bonus Shares	-	-
- Total	8,694,455	-
13- Dividends Distributed to Owners of Privileged Shares	-	-
14- Dividends Distributed to Board of Directors Members, Employees, etc	1,037,028	-
15- Dividends Distributed to Owners of Redeemed Shares	-	-
16- Second Dividend to Shareholders	26,305,545	-
17- Second Legal Reserves	728,703	-
18- Statutory Reserves	3,353,057	-
19- Special Reserves	-	-
20- EXTRAORDINARY RESERVES	3,143,264	-
21- Other Resources to be Distributed	-	-
- Previous Year Profit	-	-
- Extraordinary Reserves	-	-
- Other Distributable Reserves as per the Law and the Articles of Association	-	-

(\*) The term "investment" is used so as to refer to the parent company's associates, subsidiaries and joint ventures.

### INFORMATION ON DIVIDEND RATIO

### INFORMATION ON EARNINGS PER SHARE

	GROUP	TOTAL	DIVIDENDS PER SHARES WITH NOMINAL VALUE OF TRY 1 EACH	
		DIVIDENDS (TRY)	AMOUNT (TRY)	RATIO (%)
GROSS	A	85,714.29	0.085714	8.5714
	B	14,914,285.71	0.085714	8.5714
	TOTAL	15,000,000.00		
NET (*)	A	72,857.14	0.072857	7.2857
	B	12,677,142.86	0.072857	7.2857
	TOTAL	12,750,000.00		

### RATIO OF DIVIDENDS DISTRIBUTED TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS

CASH DIVIDENDS DISTRIBUTED TO SHAREHOLDERS (TRY)	15,000,000.00	RATIO OF DIVIDENDS DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS (%) (**)	34.5
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### INFORMATION ON DIVIDEND RATIO

	GROUP	TOTAL	DIVIDENDS PER SHARES WITH NOMINAL VALUE OF TRY 1 EACH	
		DIVIDENDS (TRY)	AMOUNT (TRY)	RATIO (%)
GROSS	A	114,285.71	0.114285	11.4285
	B	19,885,714.29	0.114285	11.4285
	TOTAL	20,000,000.00		
NET (***)	A	114,285.71	0.114285	11.4285
	B	19,885,714.29	0.114285	11.4285
	TOTAL	20,000,000.00		

### RATIO OF DIVIDENDS DISTRIBUTED TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS

CASH DIVIDENDS DISTRIBUTED TO SHAREHOLDERS (TRY)	20,000,000.00	RATIO OF DIVIDENDS DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS (%) (**)	46.01
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(\*) 15% INCOME TAX DEDUCTION, WHICH IS APPLICABLE FOR FULL-FLEDGED TAXPAYER ENTERPRISES FOR CASH DIVIDEND PAYOUTS, WILL NOT BE APPLIED.

(\*\*) THE RATIO OF TOTAL PROFIT SHARE PAID OUT TO SHAREHOLDERS TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS AND GRANTS IS 80.51% (34.50%+46.01%)

(\*\*\*) NO INCOME TAX DEDUCTION IS APPLIED ON DIVIDENDS DISTRIBUTED AGAINST SHARE CERTIFICATES.

## Anadolu Hayat Emeklilik A.Ş. Independent Auditor's Report

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

We have audited the accompanying financial statements of Anadolu Hayat Emeklilik Anonim Şirketi, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Anadolu Hayat Emeklilik Anonim Şirketi as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations (Note 2).

## Anadolu Hayat Emeklilik A.Ş. Independent Auditor's Report

### Additional paragraph for the English translation:

The effect of the differences between the accounting principles summarized in Note 2 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Company's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

Istanbul, 6 March 2009

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU



Ömer Tanrıöver  
Partner

## Anadolu Hayat Emeklilik A.Ş.

### THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

We assure you that our year-end unconsolidated financial report and the related disclosures and notes prepared in accordance with the requirements set out by the T.R. Prime Ministry Undersecretariat of Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

Istanbul, 6 March 2009



Mete Uğurlu  
Member of Board  
of Directors,  
General Manager



Oğuz Haluk Solak  
Assistant General  
Manager



N. Cem Özcan  
Accounting  
Manager



Hüray Böke  
Statutory  
Auditor



Gürkan Öztoprak  
Statutory  
Auditor



Harun R. Alpözgen  
Actuary

## Anadolu Hayat Emeklilik A.Ş.

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## Anadolu Hayat Emeklilik A.Ş. Detailed Balance Sheet

		TRY
		Audited
ASSETS		Current Period
I- CURRENT ASSETS		(31/12/2008)
	Notes	
<b>A- Cash and Cash Equivalents</b>		<b>75,248,958</b>
1- Cash	Note 14	14,634
2- Cheques Received		-
3- Banks	Note 14	41,720,390
4- Cheques Given and Payment Orders (-)	Note 14	(43,473)
5- Other Cash and Cash Equivalents	Note 14	33,557,407
<b>B- Financial Assets and Investments with Risks on Policy Holders</b>		<b>1,948,984,070</b>
1- Financial Assets Available for Sale	Note 11	285,999,806
2- Financial Assets Held to Maturity		-
3- Financial Assets Held for Trading	Note 11	79,569,547
4- Loans		-
5- Provision for Loans (-)		-
6- Investments with Risks on Policy Holders	Note 11	1,590,423,806
7- Equity Shares		-
8- Diminution in Value of Financial Securities (-)	Note 11	(7,009,089)
<b>C- Receivables from Main Operations</b>		<b>1,330,947,030</b>
1- Receivables from Insurance Operations	Note 2.1.2.c	8,588,108
2- Provision for Receivables from Insurance Operations (-)	Note 12	(230,679)
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	Note 12	1,322,589,601
9- Doubtful Receivables from Main Operations	Note 12	104,297
10- Provisions for Doubtful Receivables from Main Operations (-)	Note 12	(104,297)
<b>D- Due from Related Parties</b>	Note 12	<b>104,680</b>
1- Due from Shareholders		-
2- Due from Affiliates		-
3- Due from Subsidiaries		-
4- Due from Enterprises Subject to Joint Management		-
5- Due from Personnel	Note 12	104,680
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 (-)		-
<b>E- Other Receivables</b>		<b>3,596,867</b>
1- Lease Receivables		-
2- Unearned Lease Interest Income (-)		-
3- Deposits and Guarantees Given		28,658
4- Other Receivables	Note 47.1	3,568,209
5- Discount on Other Receivables (-)		-
6- Other Doubtful Receivables		-
7- Provisions for Other Doubtful Receivables (-)		-
<b>F- Prepaid Expenses and Income Accruals</b>	Note 4.2.	<b>2,796,578</b>
1- Prepaid Expenses		2,673,256
2- Accrued Interest and Rent Income		101,700
3- Income Accruals		21,622
<b>G- Other Current Assets</b>	Note 4.2.	<b>8,123,784</b>
1- Inventories		177,635
2- Prepaid Taxes and Funds		7,944,521
3- Deferred Tax Assets		-
4- Business Advances		-
5- Advances Given to Personnel		1,628
6- Cash Count Differences		-
7- Other Current Assets		-
8- Provision for Other Current Assets (-)		-
<b>I- Total Current Assets</b>		<b>3,369,801,967</b>

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

## Anadolu Hayat Emeklilik A.Ş. Detailed Balance Sheet

		TRY Audited Current Period (31/12/2008)
<b>ASSETS</b>		
<b>II- NON-CURRENT ASSETS</b>	<b>Notes</b>	
<b>A- Receivables from Main Operations</b>		-
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		-
9- Doubtful Receivables from Main Operations		-
10-Provision for Doubtful Receivables from Main Operations		-
<b>B- Due from Related Parties</b>		-
1- Due from Shareholders		-
2- Due from 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 (-)		-
<b>C- Other Receivables</b>		-
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 (-)		-
<b>D- Financial Assets</b>		3,962,193
1- Investments in Associates		-
2- Affiliates	Note 9.45.d	3,962,193
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- Other Financial Assets		-
10- Diminution in Value of Financial Assets (-)		-
<b>E- Tangible Assets</b>		22,775,272
1- Investment Properties	Note 7	25,873,087
2- Diminution in Value for Investment Properties (-)		-
3- Owner Occupied Property		1,749,101
4- Machinery and Equipments	Note 6	3,091,022
5- Furnitures and Fixtures	Note 6	1,659,446
6- Vehicles	Note 6	579,920
7- Other Tangible Assets (Including Leasehold Improvements)	Note 6	1,459,103
8- Leased Tangible Fixed Assets	Note 6	1,339,567
9- Accumulated Depreciation (-)	Note 6	(12,975,974)
10- Advances Paid for Tangible Assets (Including Construction In Progresses)		-
<b>F- Intangible Assets</b>		1,624,290
1- Rights	Note 8	3,912,241
2- Goodwill		-
3- Establishment Costs		-
4- Research and Development Expenses		-
5- Other Intangible Assets		-
6- Accumulated Amortization (-)		(2,287,951)
7- Advances Regarding Intangible Assets		-
<b>G- Prepaid Expenses and Income Accruals</b>	Note 4.2.	13,778
1- Prepaid Expenses		13,778
2- Income Accruals		-
3- Other Prepaid Expenses and Income Accruals		-
<b>H- Other Non-current Assets</b>		1,736,549
1- Effective Foreign Currency Accounts		-
2- Foreign Currency Accounts		-
3- Inventories		-
4- Prepaid Taxes and Funds		-
5- Deferred Tax Assets	Note 21	1,736,549
6- Other Non-current Assets		-
7- Other Non-current Assets Amortization (-)		-
8- Provision for Other Non-current Assets (-)		-
<b>II- Total Non-current Assets</b>		30,112,082
<b>TOTAL ASSETS</b>		3,399,914,049

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

## Anadolu Hayat Emeklilik A.Ş. Detailed Balance Sheet

		TRY Audited
		Current Period (31/12/2008)
<b>LIABILITIES</b>		
<b>III- SHORT-TERM LIABILITIES</b>		
<b>A- Borrowings</b>	Note 43	-
1- Loans to Financial Institutions		-
2- Finance Lease Payables		921
3- Deferred Finance Lease Borrowing Costs (-)		(921)
4- Current Portion of Long Term Borrowings		-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-
6- Other Issued Financial Assets		-
7- Value Differences on Issued Financial Assets (-)		-
8- Other Financial Borrowings (Liabilities)		-
<b>B- Payables from Main Operations</b>	Note 19	1,352,144,991
1- Payables Due to Insurance Operations		237,221
2- Payables Due to Reinsurance Operations		-
3- Cash Deposited by Insurance & Reinsurance Companies		459,160
4- Payables Due to Pension Operations		1,351,448,610
5- Payables from Other Operations		-
6- Discount on Other Payables from Main Operations, Notes Payable (-)		-
<b>C- Due to Related Parties</b>	Note 19	1,664
1- Due to Shareholders		1,664
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		-
<b>D- Other Payables</b>	Note 19	8,078,844
1- Guarantees and Deposits Received		160,323
2- Other Payables	Note 47.1	7,918,521
3- Discount on Other Payables (-)		-
<b>E- Insurance Technical Reserves</b>	Note 4.1.2.4.	1,669,840,334
1- Unearned Premiums Reserve - Net		6,559,973
2- Unexpired Risk Reserves - Net		-
3- Life Mathematical Reserves - Net		1,608,158,447
4- Outstanding Claims Reserve - Net		55,102,808
5- Provision for Bonus and Discounts - Net		-
6- Reserve for Policies Investment Risk, Belonging to Life Insurance Policyholders - Net		-
7- Other Technical Reserves - Net		19,106
<b>F- Taxes and Other Liabilities and Provisions</b>	Note 4.2.	15,250,845
1- Taxes and Dues Payable		3,722,826
2- Social Security Premiums Payable		489,023
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-
4- Other Taxes and Liabilities		51
5- Corporate Tax Liability Provision on Period Profit	Note 35	14,405,000
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	Note 35	(3,366,055)
7- Provisions for Other Taxes and Liabilities		-
<b>G- Provisions for Other Risks</b>		-
1- Provision for Employment Termination Benefits		-
2- Pension Fund Deficit Provision		-
3- Provisions for Costs		-
<b>H- Deferred Income and Expense Accruals</b>	Note 4.2.	1,799,986
1- Deferred Income		886,736
2- Expense Accruals	Note 23	913,250
3- Other Deferred Income and Expense Accruals		-
<b>I- Other Short Term Liabilities</b>		42
1- Deferred Tax Liability		-
2- Inventory Count Differences		42
3- Other Short Term Liabilities		-
<b>III - Total Current Liabilities</b>		<b>3,047,116,706</b>

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

## Anadolu Hayat Emeklilik A.Ş. Detailed Balance Sheet

		TRY Audited Current Period (31/12/2008)
<b>LIABILITIES</b>		
<b>IV- LONG-TERM LIABILITIES</b>		
	Notes	
<b>A- Borrowings</b>		
1- Loans to Financial Institutions		-
2- Finance Lease Payables		-
3- Deferred Finance Lease Borrowing Costs (-)		-
4- Bonds Issued		-
5- Other Issued Financial Assets		-
6- Value Differences on Issued Financial Assets (-)		-
7- Other Financial Borrowings (Liabilities)		-
<b>B- Payables from Main Operations</b>		
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		-
6- Discount on Other Payables from Main Operations (-)		-
<b>C- Due to Related Parties</b>		
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		-
<b>D- Other Payables</b>		
1- Guarantees and Deposits Received		-
2- Other Payables		-
3- Discount on Other Payables (-)		-
<b>E- Insurance Technical Reserves</b>		
1- Unearned Premiums Reserve - Net		-
2- Unexpired Risk Reserves - Net		-
3- Life Mathematical Reserves - Net		-
4- Outstanding Claims Reserve - Net		-
5- Provision for Bonus and Discounts - Net		-
6- Reserve for Policies Investment Risk, Belonging to Life Insurance Policyholders - Net		-
7- Other Technical Reserves - Net		-
<b>F- Other Liabilities and Provisions</b>		
1- Other Liabilities		-
2- Overdue, Deferred or By Installment Other Liabilities		-
3- Other Liabilities and Expense Accruals		-
<b>G- Provisions for Other Risks</b>		
1- Provision for Employment Termination Benefits	Note 22	2,857,469
2- Provisions for Employee Pension Fund Deficits		-
<b>H- Deferred Income and Expense Accruals</b>		
1- Deferred Income		-
2- Expense Accruals		-
3- Other Deferred Income and Expense Accruals		-
<b>I- Other Long Term Liabilities</b>		
1- Deferred Tax Liability		-
3- Other Long Term Liabilities		-
<b>IV- Total Non Current Liabilities</b>		<b>2,857,469</b>

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

## Anadolu Hayat Emeklilik A.Ş. Detailed Balance Sheet

		TRY
		Audited
SHAREHOLDERS' EQUITY		Current Period
V- SHAREHOLDERS' EQUITY		(31/12/2008)
	Notes	
A- Paid in Capital		250,000,000
1- (Nominal) Capital	Note 1.1, 15	250,000,000
2- Unpaid Capital (-)		-
3- Positive Inflation Adjustment on Capital		-
4- Negative Inflation Adjustment on Capital (-)		-
B- Capital Reserves		-
1- Equity Share Premiums		-
2- Cancellation Profits of Equity Shares		-
3- Profit on Sale to be Transferred to Capital		-
4- Translation Reserves		-
5- Other Capital Reserves		-
C- Profit Reserves		41,856,276
1- Legal Reserves	Note 2.13	39,338,458
2- Statutory Reserves		13,890,692
3- Extraordinary Reserves		4,777,123
4- Special Funds (Reserves)		-
5- Revaluation of Financial Assets		(16,149,997)
6- Other Profit Reserves		-
D- Previous Years' Profits		5,138,865
1- Previous Years' Profits	Note 2.1.1.b	5,138,865
E- Previous Years' Losses (-)		-
1- Previous Years' Losses		-
F- Net Profit of the Period		52,944,733
1- Net Profit of the Period		52,944,733
2- Net Loss of the Period		-
Total Shareholders' Equity		349,939,874
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,399,914,049

## Anadolu Hayat Emeklilik A.Ş. Detailed Income Statement

		TRY Audited Current Period (31/12/2008)
<b>I-TECHNICAL PART</b>	<b>Notes</b>	
<b>A- Non-Life Technical Income</b>	<b>Note 5</b>	<b>487,808</b>
1- Earned Premiums (Net of Reinsurer Share)		484,615
1.1 - Premiums (Net of Reinsurer Share)	Note 24	295,964
1.1.1 - Gross Premiums (+)		413,238
1.1.2 - Ceded Premiums to Reinsurers (-)	Note 10.2	(117,274)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(47,314)
1.2.1 - Unearned Premiums Reserve (-)		(72,440)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		25,126
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		235,965
1.3.1 - Unexpired Risks Reserve (-)		235,965
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-
2- Investment Income Transferred from Non-Technical Part		3,193
3- Other Technical Income (Net of Reinsurer Share)		-
3.1 - Gross Other Technical Income (+)		-
3.2 - Reinsurance Share of Other Technical Income (-)		-
<b>B- Non-Life Technical Expense (-)</b>	<b>Note 5</b>	<b>(376,589)</b>
1- Total Claims (Net of Reinsurer Share)	Note 4.1.2.3	38,260
1.1- Claims Paid (Net of Reinsurer Share)		(5,011)
1.1.1 - Gross Claims Paid (-)		(5,011)
1.1.2 - Reinsurance Share of Claims Paid (+)		-
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		43,271
1.2.1 - Outstanding Claims Reserve (-)		43,271
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-
2.1 - Bonus and Discount Reserve (-)		-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(8,362)
4- Operating Expenses (-)	Note 32	(406,487)
<b>C- Non Life Technical Net Profit (A-B)</b>		<b>111,219</b>
<b>D- Life Technical Income</b>	<b>Note 5</b>	<b>629,497,978</b>
1- Earned Premiums (Net of Reinsurer Share)		340,697,708
1.1 - Premiums (Net of Reinsurer Share)	Note 24	342,334,183
1.1.1 - Gross Premiums (+)		344,914,277
1.1.2 - Ceded Premiums to Reinsurers (-)	Note 10.2	(2,580,094)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(1,636,475)
1.2.1 - Unearned Premiums Reserve (-)		(2,218,922)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		582,447
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-
1.3.1 - Unexpired Risks Reserve (-)		-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-
2- Life Branch Investment Income		288,046,090
3- Accrued (Unrealized) Income from Investments		-
4- Other Technical Income (Net of Reinsurer Share)		754,180
<b>E- Life Technical Expense</b>	<b>Note 5</b>	<b>(618,225,507)</b>
1- Total Claims (Net of Reinsurer Share)	Note 4.1.2.3	(388,463,672)
1.1- Claims Paid (Net of Reinsurer Share)		(381,236,617)
1.1.1 - Gross Claims Paid (-)		(381,387,664)
1.1.2 - Reinsurance Share of Claims Paid (+)	Note 10.2	151,047
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(7,227,055)
1.2.1 - Outstanding Claims Reserve (-)		(7,523,352)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		296,297

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

## Anadolu Hayat Emeklilik A.Ş. Detailed Income Statement

		TRY Audited
	Notes	Current Period (31/12/2008)
<b>I-TECHNICAL PART</b>		
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-
2.1 - Bonus and Discount Reserve (-)		
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(181,179,598)
3.1- Life Mathematical Reserves (-)		(181,103,257)
3.2- Reinsurance Share of Mathematical Reserves (+)		(76,341)
4- Changes in Reserves for Life Insurance Policies Including Investment Risk (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-
4.1- Reserves for Life Insurance Policies Including Investment Risk (-)		
4.2- Reinsurance Share of Reserves for Life Insurance Policies Including Investment Risk (+)		
5- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(10,744)
6- Operating Expenses (-)	Note 32	(48,571,493)
7- Discount on Receivables Due from Related Parties (-)		
8- Accrued (Unrealized) Losses from Investments (-)		
9- Investment Income Transferred to Non-Technical Divisions (-)		
<b>F- Life Technical Net Profit (D – E)</b>		<b>11,272,471</b>
<b>G- Individual Retirement Technical Income</b>	Note 25,5	<b>58,533,240</b>
1- Fund Management Fee		26,585,779
2- Management Fee Deduction		16,883,395
3- Initial Contribution Fee		12,433,263
4- Management Fee Deduction in the Case of a Break (-)		2,587,382
5- Deduction from the Private Service Expense		-
6- Increase in Value of Allocated Capital Advances		-
7- Other Technical Income		43,420
<b>H- Individual Retirement Technical Expense</b>	Note 5	<b>(51,620,724)</b>
1- Fund Management Expenses (-)		(5,531,570)
2- Decrease in Market Value of Capital Commitment Advances (-)		-
3- Operating Expenses (-)	Note 32	(45,394,897)
4- Other Technical Expense (-)		(694,257)
<b>I- Individual Retirement Technical Profit (G – H)</b>		<b>6,912,516</b>

## Anadolu Hayat Emeklilik A.Ş. Detailed Income Statement

		TRY Audited Current Period (31/12/2008)
<b>II- NON TECHNICAL PART</b>		
C- Non Life Technical Net Profit (A - B)		111,219
F- Life Technical Net Profit (D - E)		11,272,471
I- Individual Retirement Technical Profit (G - H)		6,912,516
J- Total Technical Profit (C + F + I)		18,296,206
K- Investment Income		58,964,036
1- Income from Financial Investment		20,682,543
2- Income from Sale of Financial Assets		16,805,626
3- Revaluation of Financial Assets		17,082,485
4- Foreign Exchange Gains	Note 36	779,960
5- Dividend Income from Participations	Note 26	177,222
6- Income from Affiliated Companies		-
7- Real Estate Income	Note 7	2,156,663
8- Income from Derivative Products		116,808
9- Other Investments		1,162,729
10- Investment Income Transferred from Life Technical Division		-
L- Investment Expenses (-)		(8,940,872)
1- Investment Management Expenses (including interest) (-)		(1,322,827)
2- Valuation Allowance of Investments (-)		(3,850)
3- Losses On Sales of Investments (-)		(4,651,700)
4- Investment Income Transferred to Life Technical Division (-)		-
5- Losses from Derivative Products (-)		-
6- Foreign Exchange Losses (-)	Note 36	(837,346)
7- Discount on Receivables Due from Related Parties (-)	Note 6	(2,125,149)
8- Other Investment Expenses (-)		-
M- Other Income and Expenses (+/-)		(969,637)
1- Reserves (Provisions) Account (+/-)		(1,148,303)
2- Rediscount Account (+/-)		-
3- Mandatory Earthquake Insurance Account (+/-)		-
4- Monetary Gains Losses Account (+/-)		-
5- Deferred Tax Asset Accounts(+/-)	Note 21	1,099,004
5- Discount on Other Receivables (-)		-
7- Other Income and Revenues		114,783
8- Other Expense and Losses (-)		(1,035,121)
9- Prior Period Income		-
10- Prior Period Losses (-)		-
N- Net Profit/(Loss)	Note 37	52,944,733
1- Profit/(Loss) Before Tax		67,349,733
2- Tax Provision (-)	Note 35	(14,405,000)
3- Net Profit (Loss) After Tax		52,944,733
4- Inflation Adjustment Account		-

## Anadolu Hayat Emeklilik A.Ş. Statement of Changes in Equity (31/12/2008)

AUDITED	Capital	Equity Shares Owned by The Company	Revaluation of Financial Assets	Inflation Adjustment on Capital
<b>CURRENT PERIOD</b>				
I - Closing Balance of Prior Period (31/12/2007)	175,000,000	-	20,268,338	-
II - Effect of changes in accounting policy	-	-	-	-
III - As restated (I+II) (01/01/2008)	175,000,000	-	20,268,338	-
A- Capital increase (A1 + A2)	75,000,000	-	-	-
1- Cash	-	-	-	-
2- Internal Sources	75,000,000	-	-	-
B- Equity shares purchased by the company	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-
D- Revaluation of Financial Assets	-	-	(36,418,335)	-
E- Translation reserves	-	-	-	-
F- Other income/(expenses)	-	-	-	-
G- Inflation adjustment differences	-	-	-	-
H- Period net profit	-	-	-	-
I- Dividends distributed	-	-	-	-
J- Transfer	-	-	-	-
<b>IV - Closing Balance at 31/12/2008</b> <b>(III+A+B+C+D+E+F+G+H+I+J)</b>	<b>250,000,000</b>	<b>-</b>	<b>(16,149,997)</b>	<b>-</b>

## Anadolu Hayat Emeklilik A.Ş. Statement of Changes in Equity (31/12/2008)

Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Period	Previous Years' Profits/(Losses)	Total
-	36,390,595	10,537,635	56,633,859	45,481,212	-	344,311,639
-	-	-	-	-	5,138,865	5,138,865
-	36,390,595	10,537,635	56,633,859	45,481,212	5,138,865	349,450,504
-	-	-	(55,000,000)	(20,000,000)	-	-
-	-	-	(55,000,000)	(20,000,000)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(36,418,335)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	52,944,733	-	52,944,733
-	-	-	-	(16,037,028)	-	(16,037,028)
-	2,947,863	3,353,057	3,143,264	(9,444,184)	-	-
-	39,338,458	13,890,692	4,777,123	52,944,733	5,138,865	349,939,874

## Anadolu Hayat Emeklilik A.Ş. Cash Flow Statement

	TRY AUDITED Current Period (01/01 – 31/12/2008)
	Notes
<b>A. CASH FLOWS FROM THE OPERATING ACTIVITIES</b>	
1. Cash inflows from the insurance operations	728,717,970
2. Cash inflows from the reinsurance operations	306,244
3. Cash inflows from the pension operations	61,242,767
4. Cash outflows due to the insurance operations (-)	(432,364,914)
5. Cash outflows due to the reinsurance operations (-)	-
6. Cash outflows due to the pension operations (-)	(51,219,237)
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)	306,682,830
8. Interest payments (-)	-
9. Income tax payments (-)	(11,188,393)
10. Other cash inflows	27,703,591
11. Other cash outflows (-)	(26,983,190)
12. Net cash generated from the operating activities	296,214,838
<b>B. CASH FLOWS FROM THE INVESTING ACTIVITIES</b>	
1. Sale of tangible assets	611,668
2. Purchase of tangible assets (-)	(1,724,610)
3. Acquisition of financial assets (-)	(317,736,535)
4. Sale of financial assets	-
5. Interest received	54,861,875
6. Dividends received	-
7. Other cash inflows	4,216,161
8. Other cash outflows (-)	(7,356,705)
9. Net cash generated from the investing activities	(267,128,146)
<b>C. CASH FLOWS FROM THE FINANCING ACTIVITIES</b>	
1. Issue of equity shares	-
2. Cash inflows from the loans to policyholders	-
3. Payments of financial leases (-)	(108,758)
4. Dividends paid (-)	(16,037,028)
5. Other cash inflows	-
6. Other cash outflows (-)	-
7. Cash generated from the financing activities	(16,145,786)
<b>D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>	
<b>E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)</b>	<b>12,940,906</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>62,006,616</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	<b>74,947,522</b>
	Note 14

## Anadolu Hayat Emeklilik A.Ş. Statement of Profit Distribution

	TRY AUDITED Current Period (**)
<b>I. DISTRIBUTION OF PERIOD PROFIT</b>	
1.1 PERIOD PROFIT (*)	67,310,238
1.2 TAXES AND DUTIES PAYABLE (-)	(14,405,000)
1.2.1 Corporate tax (Income tax)	-
1.2.2. Income withholding tax	-
1.2.3 Other taxes and duties	-
<b>A. NET PERIOD PROFIT (1.1-1.2)</b>	<b>52,905,238</b>
1.3 PRIOR PERIODS' LOSSES (-)	-
1.4 FIRST LEGAL RESERVES (-)	(2,693,459)
1.5 COMPULSORY LEGAL FUNDS TO BE RETAINED AND INVESTED IN THE COMPANY (-)	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>50,211,779</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	(10,076,250)
1.6.1 To Holders of Ordinary Shares	(10,076,250)
1.6.2 To Holders of Preferred Shares	-
1.6.3 To Holders of Participating Redeemed Shares	-
1.6.4 To Holders of Bonds Participating to Profit	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-
1.7 DIVIDENDS TO PERSONNEL (-)	(1,204,066)
1.8 DIVIDENDS TO SHAREHOLDERS (-)	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS (-)	(31,923,750)
1.10.1 To Holders of Ordinary Shares	(31,923,750)
1.10.2 To Holders of Preferred Shares	-
1.10.3 To Holders of Participating Redeemed Shares	-
1.10.4 To Holders of Bonds Participating to Profit	-
1.10.5 To Holders of Profit and Loss Sharing Certificates	-
1.11 SECOND LEGAL RESERVES (-)	(3,070,407)
1.12. STATUTORY RESERVES (-)	(3,893,146)
1.13. EXTRAORDINARY RESERVES	(44,160)
1.14 OTHER RESERVES	-
1.15 SPECIAL FUNDS	-
<b>II. DISTRIBUTION OF RESERVES</b>	<b>-</b>
2.1 DISTRIBUTED RESERVES	-
2.2 SECOND LEGAL RESERVES (-)	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-
2.3.1 To Holders of Ordinary Shares	-
2.3.2 To Holders of Preferred Shares	-
2.3.3 To Holders of Participating Redeemed Shares	-
2.3.4 To Holders of Bonds Participating to Profit	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-
2.4 DIVIDENDS TO PERSONNEL (-)	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-
<b>III. EARNINGS PER SHARE</b>	<b>-</b>
3.1 TO OWNERS OF ORDINARY SHARES	0.21178
3.2 TO OWNERS OF ORDINARY SHARES (%)	21,178
3.3 TO OWNERS OF PREFERRED SHARES	0.21178
3.4 TO OWNERS OF PREFERRED SHARES (%)	21,178
<b>IV. DIVIDEND PER SHARE</b>	<b>-</b>
4.1 TO OWNERS OF ORDINARY SHARES	0.168
4.2 TO OWNERS OF ORDINARY SHARES (%)	16.80
4.3 TO OWNERS OF PREFERRED SHARES	0.168
4.4 TO OWNERS OF PREFERRED SHARES (%)	16.80

(\*) 75% of the gain on sale of an affiliate amounting to TRY 39,495, has been excluded from period profit in compliance with "Corporate Tax Law" Article No.5.

(\*\*) General Assembly of the Company is authorized in the distribution of current year's profit. As of the report date, the General Assembly Meeting has not been held yet. Board of Directors had a decision on this matter in 6 March 2009.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 1. General Information

##### 1.1 Parent Company and the ultimate owner of the Group

Anadolu Hayat Emeklilik Anonim Şirketi ("the Company") has been operating since 31 May 1990 and its ultimate shareholding structure is detailed as below:

	31 December 2008	
	Shareholding Amount TRY	Shareholding Rate %
Türkiye İş Bankası A.Ş.	155,000,000	62
Anadolu Anonim Türk Sigorta Şti.	50,000,000	20
Millî Reasürans T.A.Ş.	2,500,000	1
Fortis Bank A.Ş.	2,500,000	1
Publicly traded	40,000,000	16
<b>Total</b>	<b>250,000,000</b>	<b>100</b>

##### 1.2 The Company's address and legal structure, address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a corporation, which was established in compliance with the requirements of Turkish Commercial Code, is located at İş Kuleleri Kule 2 Kat: 16, 18- 20 34330, 4. Levent, İstanbul. Principles of operations are determined based on the Insurance Law No: 5684 and Private Pension Saving and Investment System Law No: 4632.

##### 1.3 Main operations of the Company

The operations of 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 17 Individual Retirement Investment Funds which were established by the Company (31 December 2007: 17).

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

In accordance with Article 50(a) in Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting; therefore, the Company performs its operations accordingly.

The principles of the operations of the Company are based on the Private Pension Saving and Investment System Law No: 4632 for individual and group pension plans and Insurance Law No: 5684 for individual accident and life insurances and the policies set out in applicable regulations.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 1.5 Average number of the Company's personnel based on their categories

	31 December 2008 Number
Key management personnel	6
Directors	61
Officers	223
Contracted personnel	7
Marketing and Sales Personnel	237
Other	20
<b>Total</b>	<b>554</b>

#### 1.6 Remuneration and fringe benefits provided to top management

The remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TRY 2,539,794 gross, for the period between 1 January – 31 December 2008.

#### 1.7 Allocation keys used in the allocation of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

The Company allocates its personnel, administrative, research and development, marketing and selling, outsourced benefits and service expenses and other operating expenses to technical accounts to non-life, life and retirement branches in accordance with the Circular on "Principles and Procedures of Distribution Keys Used In Financial Statements Under the Insurance Uniformed Chart of Accounts" issued by the Undersecretariat of Treasury on 4 January 2008. When compared to the Company's former allocation key, new allocation key used under the requirements of the Circular, which has become effective during the current period, has caused TRY 10,669,132 of general expense decrease in the retirement branch. TRY 10,244,140 of the related amount is reflected to the life branch whereas the remaining amount (TRY 424,992) is reflected to the non-life branch.

#### 1.8 Stand-alone or consolidated financial statements

The accompanying financial statements only include financial information of Anadolu Hayat Emeklilik Anonim Şirketi.

#### 1.9 Title and other information of the reporting company and changes to the prior balance sheet date

Title/Trade name : Anadolu Hayat Emeklilik A.Ş.  
 Headquarter address : İş Kuleleri, Kule 2 Kat 16-18/20 34330, Levent/İstanbul  
 Phone : 0212 317 70 70  
 Fax : 0212 317 70 77  
 Web page address : www.anadoluhayat.com.tr  
 E-mail address : hizmet@anadoluhayat.com.tr

There has been no change in the above information as of the prior balance sheet date.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 1.10 Subsequent Events

The Company's financial statements as of 31 December 2008 are approved by the decision of Board of Directors No: 471/1 dated 6 March 2009. Subsequent events are disclosed in Note 46.

## 2. Summary of the Accounting Policies

### 2.1 Basis of Preparation

#### 2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

##### Accounting Standards

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, oversight, accounting and financial reporting. Therefore, the Company's financial statements are prepared in accordance with the prevailing accounting principles and standards for Insurance and Reinsurance Companies and Pension Funds set out by the Undersecretariat of Treasury.

The financial statements of the insurance and reinsurance companies are prepared in accordance with the Decree on "Chart of Accounts and Prospectus of Insurance Companies" issued by the Undersecretariat of Treasury, announced at the Official Gazette No: 25686 on 30 December 2004. The accompanying financial statements are prepared in accordance with the Decree on "Presentation of Publicly Available Financial Statements and Related Notes and Disclosures" issued by the Undersecretariat of Treasury, announced at the Official Gazette No: 26851 on 18 April 2008.

Article 4(1) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" which was published in the Official Gazette No: 26852 on 14 July 2007 and has become effective as of 1 January 2008, requires the preparation of the financial statements in accordance with the Turkish Accounting Standards Board ("TASB"). The financial statements are prepared in the framework of the form and standards declared in respect of the Decree on "Presentation of Publicly Available Financial Statements and Related Notes and Disclosures" published in the Official Gazette No: 26851 on 18 April 2008.

According to the sector announcement related with the pronouncements of the Undersecretariat of Treasury in relation with the financial reporting, dated 18 February 2008, Article 4(1) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" requires the recognition of company operations in accordance with the preparation and presentation of financial statements requirements in this Decree and TASB, except for any decrees issued by the Undersecretariat of the Treasury in relation to the matters specified in 4(2). Article 4(2) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" requires the determination of principles and procedures on insurance contracts, accounting of subsidiaries, associates and entities under common control, consolidated financial statements, publicly available financial statements and the related disclosures and notes in accordance with the decrees issued by the Undersecretariat of the Treasury.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

Within this respect, the below requirements are set out in regards to Article 4(2) of the above mentioned Decree:

1. TFRS 4 (Turkish Financial Reporting Standards 4) "Insurance Contracts" is applicable for the annual periods beginning on or after 31 December 2005. The Standard is effective as of 25 March 2006; however, it is not applicable for the current period since International Accounting Standards Board has not yet completed the second phase of its project. Principles and procedures on the preparation of notes and disclosures in relation to insurance contracts will be set out by a decree that will be issued by the Undersecretariat of Treasury in case of need.
2. Accounting of subsidiaries, entities under common control and associates is prescribed by the circular no: 2007/26 issued by the Undersecretariat of Treasury. In this respect, subsidiaries, entities under common control and associates should be accounted for in accordance with the specific standards issued by the TASB until a related decree is issued by the Undersecretariat of Treasury.
3. A draft decree on the consolidated financial statements will be prepared in 2008 and expected to be applied in 2009. Therefore, TAS 27 will not be applied.
4. The Decree on "Presentation of Publicly Available Financial Statements and Related Notes and Disclosures" issued by the Undersecretariat of Treasury was published and has become effective in the Official Gazette No: 26851 on 18 April 2008. In this respect, TAS 1 will not be applicable.

#### a. Comparative Information and Restatement of Prior Period Financial Statements

Based on the above-mentioned explanations, the Company's previous years' profits/losses account has been restated as below in the opening financial statements as of 31 December 2007 in accordance with the requirements set out in the Decree "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds":

Restated Balance Sheet/Income Statement Item	TRY
Previous Years' Profits/Losses (As Previously Reported)	-
Unused Vacation Provisions	(262,310)
Discount on Retirement Pay Provision	3,663,867
Unexpired Risk Reserves	(235,965)
Deferred Tax	1,973,273
<b>Retained Earnings/Accumulated Losses</b>	<b>5,138,865</b>

Changes in previous years' profits/losses account are presented under "Effect of changes in accounting policy" in the Statement of Shareholders' Equity.

#### b. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury's statement no: 19387 issued on 4 April 2005, the Company's financial statements as of 31 December 2004 are adjusted and its 2005 opening balances are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's ("CMB") Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on 15 November 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Undersecretariat of the Treasury.

The inflation adjustments made for the financial statements of 31 December 2004 are based on the wholesale price index (WPI) which have been declared by the State Institute of Statistics.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 2.1.2 Other related accounting policies for the understanding of financial statements

##### a. Technical Reserves

Unearned premiums reserves, outstanding claims reserve and their reinsurance shares in the financial statements are recognized based on the below principles in accordance with Article (16) of the Insurance Law No: 5684 effective at 14 June 2007, Article (8) of the Individual Retirement, Saving and Investment System Law No. 4632 effective at 28 March 2001 and the requirements set out in the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" issued in the Official Gazette No: 26606 on 7 August 2007.

##### Unearned premiums reserve

The Company is required to fund unearned premium reserves for all insurance agreements except for mathematical reserves funded. Unearned premiums reserve is the carried forward portion of unearned gross premiums written in the current period and is calculated on a daily pro-rata basis. Insurance policies covering possibilities of life and death or both and personal accident, disability by illness and serious illness insurance policies are considered as life insurance policies and their premiums are classified as life insurance premiums. Where premiums of personal accident, disability from illness and serious illnesses are given together with life insurance policies as package policy deals, such premiums are assessed separately from the life insurance policies. Unearned premiums reserve is the carried forward portion of unearned gross premiums written in the current period, without commissions or any other deductions, and is calculated on a daily pro-rata basis. It is the carried forward portion of the written gross premiums less the portion allocated for accumulation for effective annual life policies and for long term life policies with accumulation premiums. Future portion(s) of commissions paid to agencies, commissions received in relation with premiums ceded to reinsurers, production expense shares and amounts paid for non-proportional reinsurance treaty agreements since 1 January 2008 are recognized under the deferred income/loss and other related accounts. Regardless of any classification; incentives, profitability and similar commissions which are not related to insurance policies are not considered in deferred income/loss calculations. Terms of reinsurance treaty agreements are considered in the accounts of reinsurer's share of unearned premium reserves. In the related period, as the financial statements are prepared, the "Carried Forward Unearned Premium Reserves" account should reflect the "Unearned Premium Reserves" account of the prior period's financial statement and "Unearned Premium Reserves" for the period should be recognized as the sum of unearned portion of premiums of policies effective as of balance sheet date, which are calculated on a daily basis.

##### Unexpired Risk Reserves

Unexpired risk reserves are provided in branches, in which there are inconsistencies between the risk level assumed over the insurance period and the premiums earned over time and where the Company's unearned risk reserves are inadequate for its risks assumed and/or costs estimated. The Company should apply an adequacy test covering the last 12 months for each period for the possibility of exceeding claim compensations for the existing insurance contracts against the unearned premium reserves provided for these contracts.

The adequacy test requires the multiplication of the net unearned premium reserves by the estimated net claim premium ratio. Estimated claim premium ratio is calculated by dividing the incurred claims (outstanding claims (net) + claims paid (net) – carried forward outstanding claims (net)) by earned premiums (premiums written (net) + carried forward unearned premiums reserve (net) – unearned premiums reserve (net)). If the estimated claim premium ratio exceeds 95% for insurance branches that will be determined by the Undersecretariat of Treasury, the amount calculated by the multiplication of the exceeding rate by the net unearned premiums reserve will be defined as the unexpired risk reserve of the related branch. The Company is required to take into account the unexpired risk reserves in preparation of tariffs and at the updating stage.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### Outstanding Claim Reserves:

The Company is required to provide outstanding claims reserve for both occurred and calculated but not actually paid claims and, if such claims could not be calculated, not reported but incurred claims carried at estimated amounts in the prior or current period. Last twelve months' balances should be taken into consideration in the calculation of incurred but not reported claims. The claims which incurred before these twelve months but reported during this period are considered as not-reported. The Company should consider the weighted average ratio calculated by dividing the claims incurred prior to the related periods but reported after the related period for the last 5 years or over, after the deduction of subrogation, salvage and other related incomes, to the related periods' premium, in the calculation of incurred but not reported claims. The current period's incurred but not reported claim should be measured by multiplying the weighted average ratio by the total premium production for 12 months prior to the current period. Outstanding claims reserves which are reported during the current period or previous periods but remain outstanding during the current period but reconsidered in the next period are calculated within the incurred but not reported claims for the related branch. While the calculation of outstanding claim reserve, calculated or estimated expert, consultant, court or communication expenses and all other necessary expenses for claims are taken into consideration. Outstanding claim reserve provided for the current period cannot be below the amount calculated by using the actuarial chain method developed by the Undersecretariat of the Treasury. The Company is required to prepare an adequacy table for their outstanding claims reserve at the end of each period using the format designated by the Undersecretariat of the Treasury and such companies are also required to present the tables to the Undersecretariat of the Treasury. The Undersecretariat of the Treasury denotes that an adequacy table should present the outstanding claim adequacy ratio, which is the proportion of outstanding claim reserves provided for the last 5 years to the total of actually paid claims including all expense shares in relation to the related claims. If the average of the last five years' outstanding claim adequacy ratio, except for the current year, is below 95%, in order to calculate the adequacy ratio, the difference is multiplied by the current year's outstanding claim reserve.

The outstanding claims amount of the current year is calculated by adding adequacy rate difference for each branch separately. In the preparation of adequacy table, accrued, calculated, realized but not reported outstanding claims and all expense shares are taken into account in the outstanding claims reserve account. Terms of reinsurance treaty agreements are considered in the reinsurer's share of outstanding claims reserve account. Outstanding claims are updated in each year-end and additional outstanding claim reserve is provided for inadequate balances. Claims related to foreign currency indexed insurance contracts are initially carried at contract rates. If claims are agreed to be paid at the effective rate at the payment date, claims are carried at exchange selling rates prevailing at the Central Bank of Turkish Republic announced in the Official Gazette. For claims under litigation, outstanding claims reserve is initially based on the value determined by the court. If, however, claims except for expense items such as; overdue interest, legal costs and counselor's fee claimed by the policy holders exceed the coverage limit of the insurance policy, companies should deduct the exceeding portion(s) against the outstanding claim portion. Outstanding claims reserve is calculated by the sum of claim amount determined by the expertise report and invoices and expenses, such as; overdue interest and counselor's fee.

#### Mathematical Reserves:

Companies engaged in life and non-life branches provide appropriate actuary mathematical reserves in order to meet their liabilities to policyholders and beneficiaries having life, health and personal accident policies having more than one year of maturity. In addition, for disability from illness, serious illnesses, health and personal accident policies having more than one year of maturity, life insurance mathematical reserves are calculated in a manner that it would include mathematical reserve amount for additional guarantees calculated on an actuarial basis. Mathematical reserves consist of actuarial mathematical reserves and profit share reserves (share of policyholders, determined from the income generated from mathematical reserves directed towards investment), that are calculated separately for each effective policy, in accordance with the technical principles in the tariffs and which are explained in clauses (a) and (b) below.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

a) Actuarial mathematical reserve is the difference between the premiums received for the risks assumed and cash value of liabilities to policy holders and beneficiaries. Actuarial mathematical reserves are funded based on the formulas and elements of the approved technical principles of directions determined for life insurances having more than one year of maturity. Actuarial mathematical reserves are calculated on a prospective method by determining the difference between the cash value of the insurance company's future liabilities and the present value of future premiums of policy holders.

However, the sum of actuarial mathematical reserves calculated either based on the retrospective method (calculation of difference between the final value of premiums paid and the final value of the risks assumed) or based on the generally accepted methods by the Undersecretariat cannot not be less than this amount. When the actuarial mathematical reserves are presented as negative, this value is deemed to be nil. In life insurance policies where accumulated premiums are collected, actuarial mathematical reserve includes the sum of accumulated portion of premiums. Actuarial mathematical reserves can be measured on an accrual or collection basis depending on the technical characteristics of the tariffs.

b) Profit share reserves consist of the income obtained from assets in relation to reserves provided for the obligations for the policyholders and beneficiaries in contracts for which the Company has committed to distribute profit shares; the guaranteed portion (not to exceed the technical interest income calculated based on the profit share distribution system prescribed in the approved technical principles of profit share) and prior years' accumulated profit share reserves.

#### Equalization Reserves:

It is the reserve provided for earthquake and credit guarantees in order to equalize the possible fluctuations in the claims compensation rates and to cover the catastrophic risks in subsequent periods. Amounts paid for non-proportional reinsurance contracts are considered as premiums ceded in the calculation of net premium. The reserve is provided to the extent that reserves reach at 150% of the maximum net premium written in the last five financial periods. In a case of an incurrence of a claim, the amounts corresponding to the reinsurer and the amounts below the exemption limit determined in the contract cannot be deducted from the equalization reserves. The claims paid in relation to guarantees given are to be deducted from the equalization reserves starting from the amounts recognized in the first year, by the first in first out method.

#### b. Premium Income and Claims

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.

Premium amount accrued for personal accident branch is either collected in cash in total or 20% of this amount is collected in cash and the remaining is collected in five equal installments.

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. In non life and life branches policy-basis commission amount, that needs to be paid if uncollected receivables are collected, is calculated.

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims at period-end and incurred but not reported claims. Reinsurer's shares of claims paid and outstanding claims provisions are off-set against these reserves.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### c. Receivables from Insurance Activities

In accordance with Article 27 of the Communiqué on "Establishment and Operating Principles of Insurance and Reinsurance Companies" of the Undersecretariat of Treasury published in the Official Gazette No: 22153 on 26 December 1994 and has become effective as of 1 January 1995, insurance companies were previously required to fund provisions for their premium receivables from insurance agencies and policy holders and this provision amount should be equal to the portion of due premium receivables that are not collectible within two months. However, the funding of premium receivable provisions is ceased in accordance with the requirements of Insurance Law No: 5684, which has become effective as of 14 June 2007. The use of provisions funded for current and prior period(s) is at discretion of insurance companies by the issuance of the T.R. Prime Ministry Undersecretariat of Treasury's Circular on "Compliance of Insurance and Reinsurance Companies' Provisions With The Requirements of Insurance Law No: 5684" on 4 July 2007.

For allowance for doubtful receivables, the Company has provided provision for receivables that are subject to administrative and legal follow-up, considering the nature and extent of such receivables.

The Company has reflected its receivables from and payables to reinsurance and insurance companies in its financial statements for the purpose of offsetting.

#### d. Financial Leasing

##### Finance leases – the Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, in accordance with the Company's general policy on borrowing costs which detailed above.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

#### e. Effect of Exchange Rate

The Company values foreign currency denominated assets by the T.R. Central Bank's buying rate at the balance sheet date, and values foreign currency denominated liabilities by the T.R. Central Bank's selling rate. Gains and losses arising from the related operations are included in the income statement.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### f. Subsequent Events

Subsequent events cover the events between the balance sheet date and issuance date of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information.

The Company adjusts its financial statements in the occurrence of any subsequent events.

#### 2.1.3. Functional currency

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

Results and financial position of the Company are expressed in New Turkish Lira, which is the functional and presentation currency of the Company. In accordance with Law No: 5083 "Monetary Unit of the Turkish Republic" (Law No: 5083), name of the Turkish Republic's monetary unit and its sub-currency unit is changed to the New Turkish Lira ("TRY") and the New Turkish Cent ("Ykr"), respectively. However, in accordance with the additional order of the Council of Ministers in regards to the order on the removal of the phase "New" in the New Turkish Lira and the New Turkish Cent and Its Application Principles, the phase "New" used in the Turkish Republic's monetary unit is removed both from TRY and in Ykr as of January 1, 2009. In this respect, the accompanying financial statements are prepared in New Turkish Lira, the functional currency as at balance sheet date.

#### 2.1.4. Rounding degree used in the financial statements

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

#### 2.1.5. Valuation method(s) used in the presentation of financial statements

Financial statements, except for revaluation of some tangible assets and financial instruments, are prepared based on the historical cost method.

#### 2.1.6. Adoption of New and Revised Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

Standards, revised standards and interpretations to existing standards that are effective in 2008; however not adopted by the Company since not related with operations:

The following standards, amendments and interpretations to published standards should be applicable for accounting periods beginning on or after 1 January 2008, but they are not relevant to the Company's operations:

- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions",
- IFRIC 12 "Service Concession Arrangements",
- IFRIC 14 "IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction",
- Amendments to IAS 39 and IFRS 7 "Reclassification of Financial Instruments"

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

Standards, revised standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

• IFRS 8 "Operating Segments"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 13 "Customer Loyalty Programmes"	Effective for annual periods beginning on or after 1 July 2008
• IFRIC 15 "Agreements For the Construction of Real Estate"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	Effective for annual periods beginning on or after 1 October 2008
• IFRIC 17 "Distributions of Non-Cash Assets To Owners"	Effective for annual periods beginning on or after 1 July 2009.
• IFRIC 18 "Transfers of Assets From Customers"	Effective for annual periods beginning on or after 1 July 2009.
• IFRS 2 "Share-based Payments" Amendment relating to vesting conditions and cancellations"	Effective for annual periods beginning on or after 1 January 2009
• IFRS 1 "First-time Adoption of International Financial Reporting Standards" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
• IFRS 3 "Business Combinations"	Effective for annual periods beginning on or after 1 July 2009
• IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates"	
• IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	
• IAS 23 (Revised) "Borrowing Costs" Comprehensive revision to prohibit immediate expensing	Effective for annual periods beginning on or after 1 January 2009
• IAS 27 "Consolidated and Separate Financial Statements" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
• IAS 1 "Presentation of Financial Statements"	Effective for annual periods beginning on or after 1 January 2009
• IAS 32 "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	
• IAS 1 "Presentation of Financial Statements" Comprehensive revision including requiring a statement of comprehensive income	Effective for annual periods beginning on or after 1 January 2009
• IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items	Effective for annual periods beginning on or after 1 January 2009

The Company's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 2.2 Consolidation

In accordance with the Undersecretariat of Treasury's Circular No: 2007/26 on "Recognition of Subsidiaries, Associates and Entities Under Common Control" issued on 28 December 2007, subsidiaries, associates and entities under common control should be recognized under the related standards of Turkish Accounting Standards Board until a new standard will be issued by the Undersecretariat of Treasury. In addition, Undersecretariat of Treasury announces that IAS 28 "Investments in Associates" will be used in Article 3 of its Sector Announcement no: 2008/33 which is issued in relation to the Insurance and Reinsurance Companies' Application of IASs and IFRSs. On the other hand, IAS 27 "Consolidated and Separate Financial Statements" will not be applied for Article 3 of the Treasury's Sector Announcement no: 2008/9 issued on the preparation of decrees under financial reporting. Moreover, the Treasury's Sector Announcement no: 2008/37 on the "Recognition of Investments in Subsidiaries, Associates and Entities Under Common Control In Separate Financial Statements" which was issued on 12 August 2008 denotes that investments in subsidiaries, associates and entities under common control should be recognized in the financial statements by using the equity method under IAS 28 and, as explained in sector announcement no: 2008/9, although companies are exempt from the requirements of IAS 27, investments in subsidiaries, associates and entities under common control can be recognized by either using the cost method prescribed in paragraph 37 of IAS 27 or IAS 39 Financial Instruments: Recognition and Measurement in the preparation of separate financial statements. Based on the afore-mentioned announcements, the Company has recognized its associate under the cost method as of the balance sheet date.

#### 2.3 Segment Reporting

The Company is engaged in individual or group private pension, life insurance, and related accident branches. The Company has segment reporting due to the diversification of the nature of its products.

#### 2.4 Reserves in Foreign Currencies

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than TRY (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising from exchange rate transactions are recognized in the income statement. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### 2.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and any impairment loss.

Assets held for use in the construction, or leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs.

Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment or, where shorter, the term of the relevant lease.

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

Property, plant and equipment, based on asset type, are depreciated in the stated periods below:

	Useful Life
Buildings	50 years
Machinery and Equipment	3-16 years
Vehicles	5 years
Fixtures and Furniture	4-50 years
Leasehold Improvements	5 years

#### 2.6 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is nil for land, and 50 years for buildings.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use.

#### 2.7 Intangible Assets

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

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3 years).

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

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#### 2.8 Financial Assets

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale (AFS) financial assets" and "loans and receivables".

#### Effective interest method

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

#### Financial assets at fair value through profit and loss (Held-for-trading financial assets)

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

#### Held-to-maturity investments

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

#### Available-for-sale financial assets

Financial assets other than held-to-maturity debt securities and loans and receivables are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair value cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

#### Financial Assets and Investments with Risks on Policy Holders

Financial assets and investments with risks on policy holders are classified as "available for sale" and "held to maturity" financial assets. Assets that are classified as available for sale are carried at fair value; valuation difference arising from amortized cost is recognized in the statement of income, 5% of the fair value and amortized cost difference is recognized

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under equity and 95% of the difference which is attributable to policy holders is recognized under the "Life Mathematical Reserves" account in Insurance Technical Reserves. Assets with no fair value is carried at amortized cost calculated by using the effective interest rate method.

#### Loans and receivables

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

#### 2.9. Impairment of Assets

##### Impairment of Non-financial Assets

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

##### Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Changes in the carrying value of the allowance account are recognized in profit or loss.

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

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

#### 2.10 Derivative Financial Instruments

As of the balance sheet date, the Company has no derivative financial instruments.

#### 2.11 Offsetting

Financial assets and liabilities are offset when the Company has a legally enforceable right to set off the recognized amounts and has an intention to settle or realize the asset on a net basis and settle the liability simultaneously.

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#### 2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

#### 2.13 Share Capital

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of 31 December 2008, the Company's registered capital is TRY 300,000,000.

Upon the BOD's decision no: 448/3 made on 6 March 2008, the Company's issued capital is decided to be increased to TRY 250,000,000 from TRY 175,000,000 by a TRY 75,000,000 increase within the registered capital ceiling. Increased portion of capital consists of TRY 125,910 of participation shares and gain on property sales, TRY 4,019,599 of inflation restatement of extraordinary legal reserves, TRY 50,854,491 of extraordinary legal reserves and TRY 20,000,000 of shares given in consideration of dividend distribution from the 2007's profit.

Profit reserves comprise legal reserves, statutory reserves, extraordinary reserves and valuation of financial assets. Legal reserves are funded in accordance with the requirements of Law where, statutory reserves are funded under the requirements of articles of association of the Company. Extraordinary reserves are funded based on the General Assembly's decision for the use of capital addition, dividend distribution or similar activities. Valuation of financial asset items includes net amount of the difference between the fair value and amortized value of available for sale financial assets, less any deferred tax effects. For available for sale financial assets and investments with risks on policy holders, the corresponding portion of which equals to the 5% of the difference between the fair value and amortized value is taken into account.

#### 2.14 Insurance and Investment Contracts - Classification

##### Insurance Contracts:

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insuree) when any uncertain case affects the insuree. The Company enters into reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included in insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

##### Investment Contracts:

The accumulation component present in life insurance products is measured by the Company on a separate basis. On the other hand, as the accounting policies require the recognition of rights and obligations related with the accumulation component, regardless of the measurement principles, the insurance and investment components are not decomposed.

#### 2.15 Insurance and Investment Contracts With Discretionary Participation Features

Insurance and investment contracts with discretionary participation features are disclosed in Note 17.

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### Notes to the Financial Statements as of 31 December 2008

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#### 2.16 Investment Contracts without Discretionary Participation Features

The Company has no investment contracts.

#### 2.17 Borrowings

The Company has no short-term or long-term borrowings, except finance leasing liabilities.

#### 2.18 Deferred Income Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are offset in the accompanying financial statements.

Deferred tax for the current period, except for those that are associated with items that are directly recognized as receivables or payables in equity (the related deferred tax is also recognized directly in equity), is recognized as profit or loss in the statement of income.

#### 2.19. Employee Benefits

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan in accordance with IAS 19 "Employee Benefits". The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

#### 2.20. Provisions

As of the balance sheet date, 49 cases amounting to TRY 857,439 are filed against the Company. Provision of TRY 1,381,053 is calculated including interests for the cases which are likely to bear the obligation to pay. 18 cases were filed against third parties which amount to TRY 1,077,627. The amount of cases filed and/or expected to be filed against the Company in the subsequent period is TRY 24,000.

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#### 2.21 Revenue Recognition

Premium income consists of installment amounts of accumulated life insurance policies issued in current or prior period(s), less any shares transferred to reinsurers. In life branch, premium income is accrued on a timely basis when the related premiums are due. In elementary branches, premium amount accrued is either collected in cash in total or 20% of this amount is collected in cash and the remaining is collected in five equal installments.

Receivables from individual retirement activities are accounted on a collection basis. Reinsurance commissions are accounted for based on reinsurer agreements.

Dividend income is recognized when shareholders are entitled to receive dividends.

Income related to financial assets other than financial assets classified at fair value through profit and loss is calculated by using the effective interest method as prescribed in IAS 39 "Financial Instruments: Recognition and Measurement". Financial assets at fair value through profit and loss are classified as held for trading financial assets. Gain or loss on held for trading financial assets is measured considering their fair values.

Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale investments and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair value cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Investments with risks on policy holders are classified as available for sale or held to maturity financial assets. Available for sale assets are carried at fair value; valuation difference arising from amortized value is recognized in the statement of income. 5% of the difference between the fair value and amortized cost is recognized under equity and 95% of this amount which is attributable to policy holders is recognized under the Insurance Technical Reserves account. Assets with no fair value are carried at amortized cost using the effective interest method.

An affiliate is an entity that retains at least 10% of voting rights or has significant power over another entity. The difference between carrying value and fair value (to the extent that it is measured reliably) of such assets are recognized in shareholders' equity and assets that have fair value are carried at fair value while the other assets are carried at book value.

#### 2.22 Financial Leasing – The Company as Lessor

The Company has no leasing receivables.

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#### 2.23 Profit Share Distribution

In accordance with the Articles of Association of the Company, first dividend distribution is made from distributable profit based on the rates and amounts set out by the Capital Markets Board. In regards to the profit share distribution policy of the Company, two options are presented to the BOD - 30% of distributable profit at a minimum as bonus shares or 30% of distributable profit at a minimum in cash.

Based on its articles of association, the Company makes at a maximum of 3% of profit share payments to its employees following the appropriation of first profit share, limited to three monthly wages.

Dividend payables are recorded as liability in the financial statements when they are disclosed.

#### 3. Significant Accounting Estimates and Requirements

The Company has no significant accounting estimates or requirements.

#### 4. Insurance and Financial Risk Management

##### 4.1. Insurance Risk

##### 4.1.1. Objective of managing risks arising from insurance contracts and policies used to minimize such risks

Insurance risk is defined as coverage for exposures that exhibit a possibility of financial loss due to applying inappropriate and insufficient insurance techniques. In line with the nature of an insurance contract, as the risk is coincidental, the risk amount cannot be predictable.

Insurance risk represents the possibility of the non coverage of the claims paid by the premiums collected.

As of 31 December 2008, the Company's life insurance claims/premiums ratio stands at 25%. Low claims/premiums ratio, which is calculated by the proportion of claims to risk premiums collected, indicates that the Company makes significant profit. The Company adopts central risk assessment policy. The Company applies this policy to the all marketing channels produced. In its life policy production, the Company has no sales channel with continuous risk exposure. The Company analyzes its claims/premiums ratio periodically in order to identify its insurance risks. As of 31 December 2008, the Company's personal accident insurance claims/premiums ratio is 2%. Since personal accident insurance portfolio has an insignificant share in the Company's general portfolio, this ratio would be low when no compensation is paid and this ratio would be high when compensation is paid.

Claims/Premium ratio of the Company as of the financial statement period is presented below:

	31 March 2008	30 June 2008	30 September 2008	31 December 2008
Life Insurance	18%	23%	22%	25%
Personal Accident	4%	2%	3%	2%

The Company shares its significant risks associated with natural disasters, such as; earthquake, terrorism or large-scale accidents, with reinsurers by entering into catastrophic excess of loss agreements.

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As of 31 December 2008, risk portion transferred to reinsurers in terms of risk guarantee is presented as below:

<u>Death by natural cause</u>	<u>Death by accident</u>	<u>Disability by accident</u>	<u>Disability by illness</u>
6%	15%	21%	20%

4.1.2 Information on insurance risk (before and after risk minimization through reinsurance) including the information on the below:

#### 4.1.2.1. Sensitivity to insurance risk

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, and accurate distribution of the risk incurred.

Reinsurer agreements include claims surplus, excess of loss and quota reinsurances. As a result of these agreements, if the Company's "death by natural cause" risk account exceeds TRY 110,000 or "death by accident" risk account exceeds TRY 350,000 in its individual life branch in 2008, the Company transfers the exceeding claim payments to reinsurers. The Company also transfers the exceeding claim payments to reinsurers if the Company's "death by natural cause" risk account exceeds TRY 120,000 or "death by accident" risk account exceeds TRY 360,000 for its group life policies.

Outstanding claims are reviewed and updated periodically by the experts of the Company's Claims Department.

#### 4.1.2.2. Insurance risk concentrations:

The Company has life and personal accident branch policies. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

<u>Branches</u>	<u>Total Gross Risk Liability</u>	<u>Reinsurer's Share of Risk Liability</u>	<u>The Company's Net Claims Liability</u>
Life Insurance	18,635,652,713	1,844,361,169	16,791,291,544
Personal Accident	1,559,346,688	546,415,299	1,012,931,389
<b>Total</b>	<b>20,194,999,401</b>	<b>2,390,776,468</b>	<b>17,804,222,933</b>

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The Company issues insurance contracts mainly in Turkey. Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on geographical regions are summarized as below:

Total Claims Liability (*) 31 December 2008	Total Gross Claims Liability	Reinsurance Share of Total Claims Liability	Total Net Claims Liability
Marmara Region	19,632,960	211,109	19,421,851
Aegean Region	7,490,819	665	7,490,154
Middle Anatolian Region	9,098,279	158	9,098,121
Mediterranean Region	5,604,110	431	5,603,679
Black Sea Region	4,473,268	152	4,473,116
East Anatolian Region	2,038,836	3	2,038,833
South East Anatolian Region	2,466,898	949	2,465,949
Turkish Republic of Northern Cyprus	711,296	-	711,296
Foreign countries (other)	1,168,532	-	1,168,532
<b>Total</b>	<b>52,684,998</b>	<b>213,467</b>	<b>52,471,531</b>

(\*) Total claims liability includes the actual estimated compensation amounts. IBNR provision is not included in the calculation.

As of the balance sheet date, the Company's outstanding claims reserve consists of TRY and foreign currency denominated policies. 98.93% of such policies are in TRY and the remaining 1.07% of them are denominated in Euro, US\$ and GBP. Calculation is made based on the outstanding claims reserve; IBNR is not included in the calculation.

#### 4.1.2.3. Comparison of incurred claims with past estimations

Outstanding claims reserve adequacy table in terms of branches is presented below. The table shows outstanding claims reserve adequacy rate which is the proportion of total outstanding claims reserve that the Company provided in the last 5 years to total compensation amount actually paid including all expenses related to the claims. When the arithmetical average of the last 5 years of the separately calculated outstanding claims reserve adequacy rate, excluding the current financial year, is below 95%, the amount of adequacy rate difference is calculated by multiplying the difference between the related rate and 95% by the current year's outstanding claims reserve.

As of 31 December 2008, outstanding claims reserve adequacy table is presented as below:

Outstanding claims adequacy rates	Rate %
Life	303%
Personal Accident	245%

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#### 4.1.2.4 Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

Specific changes are made and presented in financial statements as of 31 December 2008 in some of the technical reserve calculations which are effective as of 1 May 2008 in accordance with the Decree on "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds, and Assets Held for Such Provisions" issued on 7 August 2007.

- **Unexpired Risk Reserves**

Unexpired risk reserves are provisions that are funded to cover the last 12 months for each period for the possibility of exceeding claim compensations from existing insurance contracts against the unearned premium reserves provided for these contracts.

The effect on the balance sheet as at 31 December 2008: No unexpired risk reserves are provided since the estimated net claim premium ratios in life and personal accident branches do not exceed 100%.

- **Actuarial Chain-Ladder Method**

Actuarial chain method is a statistical method of estimating provisions for the current period by the claims incurred in the past. If the claim amount which is calculated based on the method exceeds the outstanding claim reserve, an additional provision that amounts to the resulting difference should be provided.

The effect on the balance sheet as at 31 December 2008: No additional reserve is provided since the provision calculated based on the actuarial chain method is below the outstanding claim reserve.

- **Unearned Premium Reserves**

Previously, unearned premium reserve was calculated on the net retained premiums written, net-of-commissions in accordance with the applicable regulation that was effective prior to 1 January 2008. The Company's unearned premium reserve calculated for its life branch in accordance with the prior regulation amounts to TRY 6,183,855.

In accordance with Decree "Technical Provisions of Insurance and Reinsurance Companies and Assets Held For Such Provisions" which has become effective as of 1 January 2008, unearned premium reserve is to be measured based on tariff premiums rather than on risk premiums. For accumulated life insurance policies, investment premium is deducted from the tariff premium.

In addition to the measurement of unearned premium reserves based on the tariff premiums under the new regulation, the new regulation requires the deferral of agency commissions and expense shares which were previously not included to the regulation. As of 31 December 2008, the Company's net unearned premium reserve calculated for life and non-life branches in accordance with the new regulation amounts to TRY 6,559,973.

- **Equalization Reserve**

It is the reserve provided for earthquake and credit guarantees in order to equalize the possible fluctuations in the claims compensation rates and to cover the catastrophic risks in subsequent periods. The Company has provided TRY 19,106 of equalization reserve as of 31 December 2008 for the current period based on the calculation mentioned above.

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#### 4.2 Financial Risk

The Company's aim in capital management is to ensure the Company's permanence as a profitable company, to regard the benefits of individual and corporate shareholders and to obtain the continuity of the most efficient capital structure to reduce the cost of capital.

The Company is subject to market risk (exchange rate risk, interest rate risk, and price risk), liquidity risk and credit risk due to its financial assets and liabilities. The Company's risk management program focuses on minimizing the negative effects of the ambiguities in financial markets on the Company's financial statements. The Company is mostly exposed to interest risk and price risk in relation with financial investments, to credit risk in relation with insurance receivables and exchange rate risk due to policies and assets in foreign currencies.

The risk is managed by a specific department which is in line with the approved policies by the Board of Directors. Several risk policies have been prepared by the Board of Directors in order to manage the exchange risk, interest risk, credit risk, using the derivative and non-derivative financial instruments risks.

The capital adequacy of the Company is calculated in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" in all reporting periods. The Company's recent capital adequacy table prepared as of the report date for December 2008 is summarized below. As of 31 December 2008, the capital adequacy of the Company is TRY 84,088,998 and TRY 43,363,107; respectively based on first and second method. By the table below, it is observed that capital adequacy balances calculated by using first and second methods are less than the Company's capital as of 31 December 2008. The Company's capital calculated based on the regulation as of 31 December 2008 is TRY 349,939,874. Consequently, the Company's capital is adequate.

#### CAPITAL ADEQUACY TABLE

	31 December 2008
1. Method	
Required Capital For Non-Life Branches	37,191
Required Capital For Life Branch	78,870,306
Required Capital For Pension Branch	5,181,501
<b>REQUIRED CAPITAL BASED ON THE FIRST METHOD</b>	<b>84,088,998</b>
2. Method	
Asset Risk	25,354,663
Reinsurance Risk	140,842
Excessive Premium Increase	18,007
Outstanding Claims Risk	186,673
Underwriting Risk	17,131,539
Exchange Rate Risk	531,383
<b>REQUIRED CAPITAL BASED ON THE SECOND METHOD</b>	<b>43,363,107</b>
<b>CAPITAL</b>	<b>349,939,874</b>
<b>REQUIRED CAPITAL AMOUNT FOR THE COMPANY</b>	<b>84,088,998</b>
<b>Limit Gap</b>	<b>265,850,876</b>

The Company has no capital requirement due to external reasons, in the current period.

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### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

The Company's total Value at Risk is TRY 2,321,041 and presented based on the financial asset group in the below table:

Value At Risk	
TRY Transactions	2,094,706
TRY Marketable Securities	2,094,719
Repo and Reverse Repo	49
Effect of Portfolio Diversity	(62)
FC Transactions	55,624
Foreign Currency Position	55,624
Equity Shares	795,511
Held-for-trading Securities	795,511
Effect of Portfolio Diversity	(624,800)
<b>Total</b>	<b>2,321,041</b>

The Company has performed scenario analysis and stress tests in order to identify the effects of potential loss events with remote possibility over the value-at-risk. The Company has assessed its possible economic losses that may result from extraordinary market fluctuations by performing scenario analysis. Based on the Company's estimations, in case of a worst-case scenario situation, the Company's portfolio value loss would be TRY 15,359,584. The effect of value loss to the Company's equity is 4.39% as of 31 December 2008. Therefore, the Company has adequate equity capacity to recover the potential risks that may result from extraordinary market fluctuations. As of 31 December 2008, rates used in the worst-case scenario that may increase the extent of loss in the Company's free portfolio assets are presented below.

Foreign Currency Interest Rates	Euro Rates	USD Rates	TRY Interest Rates	ISE 100 Index
1.09976	1.38336	1.39757	1.37373	0.81000

#### Interest rate risk

Interest rate risk represents the potential for losses in the value of interest sensitive assets or liabilities arising from changes in interest rates. Interest rate risk is managed through the diversification of marketable security portfolio as marketable securities with fixed and variable interest rates.

The Company's sensitive financial assets for interest rate and interest rate position table are presented in the below table:

Interest Rate Position Table (31.12.2008 Market Value)		Current Period
Fixed rate Financial Instruments		1,094,802,785
Financial Assets	Held-for-trading financial assets	63,668,709
	Available-for-sale financial assets	1,031,134,076
Financial Liabilities		921
Variable Rate Financial Instruments		760,715,178
Financial Assets		760,715,178
Financial Liabilities		-

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As of 31 December 2008, if TRY interest rates increase/decrease by 1 and 5 points and all other variables remain constant, net changes in the Company's free portfolio would be as follows:

TRY Interest (1 Point increase)	TRY Interest (1 Point decrease)	TRY Interest (5 points increase)	TRY Interest (5 points decrease)
(2,288,330)	2,331,840	(11,029,985)	12,120,047

Rate sensitivity of debit and credit accounts is as shown below:

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-Interest Bearing	Total
<b>Assets</b>							
Cash and Cash Equivalents	71,454,089	-	-	-	-	3,794,869	75,248,958
<b>Financial Assets and Investments</b>							
with Risks on Policy Holders	5,352,240	1,056,796,235	323,975,518	360,029,064	149,877,860	52,953,153	1,948,984,070
Receivables from Main Activities	-	-	-	-	-	1,330,947,030	1,330,947,030
Receivables from Related Parties	-	-	104,680	-	-	-	104,680
Other Receivables	3,054,912	-	-	-	-	541,955	3,596,867
Prepaid Expenses and Income Accruals	991,152	-	309,953	-	-	1,495,473	2,796,578
Other Current Assets	-	-	-	-	-	8,123,784	8,123,784
Financial Assets	-	-	-	-	-	3,962,193	3,962,193
Tangible Assets	-	-	-	-	-	22,775,272	22,775,272
Intangible Assets	-	-	-	-	-	1,624,290	1,624,290
Prepaid Expenses and Income Accruals	-	-	-	-	-	13,778	13,778
Deferred Tax	-	-	-	-	-	1,736,549	1,736,549
<b>Total Assets</b>	<b>80,852,393</b>	<b>1,056,796,235</b>	<b>324,390,151</b>	<b>360,029,064</b>	<b>149,877,860</b>	<b>1,427,968,346</b>	<b>3,399,914,049</b>
<b>Liabilities</b>							
Financial Liabilities	-	230	537	154	-	(921)	-
Payables from Main Activities	1,940,398	-	459,160	-	-	1,349,745,433	1,352,144,991
Payables to Related Parties	-	1,664	-	-	-	-	1,664
Other Liabilities	1,297,390	-	-	-	-	6,781,454	8,078,844
Insurance Technical Reserves	-	-	-	-	-	1,669,840,334	1,669,840,334
Taxes and Other Liabilities and Provisions	4,211,849	-	-	-	-	11,038,996	15,250,845
Deferred Income and Expense Accruals	913,250	-	-	-	-	886,736	1,799,986
Other Short-Term Liabilities	-	-	-	-	-	42	42
Provisions for Other Risks	-	-	-	-	-	2,857,469	2,857,469
Shareholders' Equity	-	-	-	-	-	349,939,874	349,939,874
<b>Total Liabilities</b>	<b>8,362,887</b>	<b>1,894</b>	<b>459,697</b>	<b>154</b>	<b>-</b>	<b>3,391,089,417</b>	<b>3,399,914,049</b>
<b>Net Position</b>	<b>72,489,506</b>	<b>1,056,794,341</b>	<b>323,930,454</b>	<b>360,028,910</b>	<b>149,877,860</b>	<b>(1,963,121,071)</b>	<b>-</b>

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### Notes to the Financial Statements as of 31 December 2008

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#### Exchange rate risk

Exchange rate risk is defined as the loss risk exposure due to changes from exchange rates based on the differences between the Company's foreign currency denominated assets, liabilities and off-balance sheet liabilities. The details of foreign currency denominated assets and liabilities as of 31 December 2008 are presented below:

#### Foreign Currency Position Table

	Current Period (31 December 2008)					
	(Functional currency unit)	US Dollar	EURO	GBP	Swiss Franc	Japanese Yen
1. Banks	1,828,890	846,718	884,797	91,591	5,784	-
2. Financial Assets and Investments						
With Risks on Policy Holders	176,728,463	120,766,781	52,200,550	3,761,132	-	-
3. Receivables From Insurance Activities	871,916	634,957	223,759	13,200	-	-
4. Receivables From Reinsurer	173,490	-	173,490	-	-	-
5. Deposits Given	21,467	21,467	-	-	-	-
6. Current Assets (1+2+3+4+5)	179,624,226	122,269,923	53,482,596	3,865,923	5,784	-
7. Total Assets	179,624,226	122,269,923	53,482,596	3,865,923	5,784	-
8. Payables to Leasing	921	921	-	-	-	-
9. Payables to Reinsurers	21,071	18,339	-	2,294	210	228
10. Agency Guarantees	141,650	126,283	15,367	-	-	-
11. Technical Reserves	189,615,303	131,524,055	54,284,640	3,561,523	41,926	203,159
12. Short-term Liabilities (8+9+10+11)	189,778,945	131,669,598	54,300,007	3,563,817	42,136	203,387
13. Total Liabilities	189,778,945	131,669,598	54,300,007	3,563,817	42,136	203,387
Net Foreign Currency Position (6-12)	(10,154,719)	(9,399,675)	(817,411)	302,106	(36,352)	(203,387)
Monetary Assets Net Foreign Currency Asset/(Liability) Position (=1+2+3+4-8-9-10-11)	(10,176,186)	(9,421,142)	(817,411)	302,106	(36,352)	(203,387)

The Company is mainly exposed to exchange risk of US Dollars, GBP and Euros. The Company's foreign currency denominated assets and liabilities are presented under Notes 12 and 14.

The following table represents the Company's sensitivity of foreign currency denominated deposits to 10% increase and decrease in exchange rates and amount of changes accounted under either profit-loss or equity.

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Exchange Rate Sensitivity Analysis Table

	Current Period			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
If US \$ decreases/increases by 10% against TRY:				
1- Net US \$ assets/liabilities	105,425	(105,425)	(52,270)	52,270
2- Hedged portion from US \$ risk (-)	-	-	-	-
3- Net effect of US \$ (1+2)	105,425	(105,425)	(52,270)	52,270
If Euro decreases/increases by 10% against TRY:				
4- Net Euro assets/liabilities	411,521	(411,521)	(24,663)	24,663
5- Hedged portion from Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	411,521	(411,521)	(24,663)	24,663
If GBP decreases/increases by 10% against TRY:				
7- Net GBP assets/liabilities	100,059	(100,059)	(3,492)	3,492
8- Hedged portion from GBP risk (-)	-	-	-	-
9- Net effect of GBP (7+8)	100,059	(100,059)	(3,492)	3,492
If CHF decreases/increases by 10% against TRY:				
10- Net CHF assets/liabilities	(3,635)	3,635	-	-
11- Hedged portion from CHF risk (-)	-	-	-	-
12- Net effect of CHF (10+11)	(3,635)	3,635	-	-
If Yen decreases/increases by 10% against TRY:				
13- Net Yen assets/liabilities	(20,339)	20,339	-	-
14- Hedged portion from Yen risk (-)	-	-	-	-
15- Net effect of Yen (13+14)	(20,339)	20,339	-	-
TOTAL (3+6+9+12+15)	593,031	(593,031)	(80,425)	80,425

Market risk

The Company is exposed to equity share price risk arising from share investments.

The Company's share price risks as of the reporting date are identified. As of 31 December 2008, the Company's loss would be TRY 1,255,500, if ISE 100 Stock Market index decreases by 10%.

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### Notes to the Financial Statements as of 31 December 2008

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#### Credit Risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Risk management under this group is maintained by considering the due receivables, doubtful receivables, guarantees received for receivables, technical performances of the debtors and related parties with deposit and partnership relations.

When the Company's field of activity and third party relations are considered, its credit risk is deemed to be relatively minimum. The review of the Company's third party relations are presented below.

**Reinsurers:** The Company works with international reinsurance companies with strong financial status. In this perspective, the level of risk exposure is also considered to be minimum.

**Agencies:** Agencies working with the Company expose it to a limited level of credit risk. Since the Company's products are issued with long-term use, commissions given to agencies are also long term in nature; therefore, the Company has consistent payables to agencies.

**Policy Holders:** Overdue premium receivables are not considered as a significant risk exposure to the Company because if the Company has unpaid premiums, all guarantees related to the insurance will be invalid.

The Company's credit risk exposure in terms of types of financial instruments is presented in the below table. Banks, other cash and cash equivalents are also included in the credit risk.

Current Period	Receivables (*)				Financial Assets	Banks and Other Cash and Cash Equivalent Assets
	Receivables from Insurance Activities		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
<b>Maximum Credit Risk Exposure As of The Reporting Date (A+B+C)</b>	-	8,588,108	104,680	3,701,164	1,948,984,070	75,248,958
- Covered portion of maximum risk by guarantees, provisions, etc.	-	(230,679)	-	104,297	-	-
A. Net book value of undue or non-impaired financial assets	-	1,129,037	104,680	3,701,164	-	75,248,958
B. Net book value of overdue but non-impaired assets	-	-	-	-	-	-
C. Net book value of impaired assets	-	7,228,392	-	-	1,941,974,981	-
- Gross book value	-	7,459,071	-	-	1,948,984,070	-
- Impairment	-	(230,679)	-	-	(7,009,089)	-
- Covered portion of net book value by guarantees, provisions, etc.	-	-	-	-	-	-

(\*) Such receivables are not included in the credit risk table since amounts related to individual pension activities are both followed under assets and liabilities and they are held on behalf of participants by the ISE Settlement and Custody Bank, Inc.

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Aging of the past due but not impaired receivables from insurance activities is presented in the below table:

<u>Current Period</u>	<u>Receivables from Insurance Activities (TRY)</u>
1-30 days overdue	3,003,923
1-3 months overdue	2,886,542
3-12 months overdue	1,450,228
1-5 years overdue	115,029
Overdue more than 5 years	3,349
<b>Total</b>	<b>7,459,071</b>

The Company has no exposure to credit risk because if the Company has unpaid premiums, all guarantees related to the insurance will be invalid. Therefore, the Company does not provide any provisions for overdue premiums.

**Liquidity risk**

Liquidity risk is the possibility of Company's not meeting its net funding liabilities. Cases such as corruptions in markets or decreasing the credit rating which are resulted in decrease in fund resources generate liquidity risk.

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### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

As of 31 December 2008, the Company's asset and liability distribution in terms of remaining maturities is presented in the below table:

	No Maturity	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5 years and over	Unallocated	Total
<b>Assets</b>								
Cash and Cash Equivalents	3,794,869	71,454,089	-	-	-	-	-	75,248,958
<b>Financial Assets and Investments</b>								
with Risks on Policy Holders	59,962,242	5,352,240	296,081,057	323,975,518	1,120,744,242	149,877,860	(7,009,089)	1,948,984,070
Receivables from Main Activities	-	-	-	-	-	-	1,330,947,030	1,330,947,030
Receivables from Related Parties	-	-	-	104,680	-	-	-	104,680
Other Receivables	-	3,054,912	-	-	-	-	541,955	3,596,867
<b>Prepaid Expenses and</b>								
Income Accruals	-	991,152	-	309,953	-	-	1,495,473	2,796,578
Other Current Assets	-	-	-	-	-	-	8,123,784	8,123,784
Financial Assets	-	-	-	-	-	-	3,962,193	3,962,193
Tangible Assets	-	-	-	-	-	-	22,775,272	22,775,272
Intangible Assets	-	-	-	-	-	-	1,624,290	1,624,290
<b>Prepaid Expenses and</b>								
Income Accruals	-	-	-	-	-	-	13,778	13,778
Deferred Tax	-	-	-	-	-	-	1,736,549	1,736,549
<b>Total Assets</b>	<b>63,757,111</b>	<b>80,852,393</b>	<b>296,081,057</b>	<b>324,390,151</b>	<b>1,120,744,242</b>	<b>149,877,860</b>	<b>1,364,211,235</b>	<b>3,399,914,049</b>
<b>Liabilities</b>								
Financial Liabilities	-	-	230	537	154	-	(921)	-
Payables from Main Activities	-	1,940,398	-	459,160	-	-	1,349,745,433	1,352,144,991
Payables to Related Parties	-	-	1,664	-	-	-	-	1,664
Other Liabilities	-	1,297,390	-	-	-	-	6,781,454	8,078,844
Insurance Technical Reserves	-	-	-	-	-	-	1,669,840,334	1,669,840,334
<b>Taxes and Other Liabilities</b>								
and Provisions	11,038,996	4,211,849	-	-	-	-	-	15,250,845
<b>Deferred Income and</b>								
Expense Accruals	-	913,250	-	-	-	-	886,736	1,799,986
Other Short-Term Liabilities	-	-	-	-	-	-	42	42
Provisions for Other Risks	-	-	-	-	-	-	2,857,469	2,857,469
Shareholders' Equity	349,939,874	-	-	-	-	-	-	349,939,874
<b>Total Liabilities</b>	<b>360,978,870</b>	<b>8,362,887</b>	<b>1,894</b>	<b>459,697</b>	<b>154</b>	<b>-</b>	<b>3,030,110,547</b>	<b>3,399,914,049</b>
<b>Net liquid surplus/(deficit)</b>	<b>(297,221,759)</b>	<b>72,489,506</b>	<b>296,079,163</b>	<b>323,930,454</b>	<b>1,120,744,088</b>	<b>149,877,860</b>	<b>(1,665,899,312)</b>	<b>-</b>

In order to meet its current and potential liabilities, the Company holds adequate cash and similar resources and the Company management manages its liquidity risk by allocating its funding resources. The Company's liabilities are settled through its own equity. Except for financial leasing payables, the Company neither has any borrowings nor similar financial payables.

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### Notes to the Financial Statements as of 31 December 2008

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#### Other Risks

Details of financial assets carried at fair value are presented as below:

31 December 2008	Book Value	Fair Value
<b>Financial Assets</b>		
Banks	41,720,390	41,720,390
Other Cash and Cash Equivalents	33,557,407	33,557,407
Available-for-sale Financial Assets	278,990,717*	278,990,717*
Held-for-trading Financial Assets	79,569,547	79,569,547
Financial Assets and Investments With Risks on Policy Holders	1,590,423,806	1,590,423,806
Impairment Loss of Financial Assets (-) (*)	(7,009,089)	(7,009,089)
Receivables from Operations	1,330,947,030	1,330,947,030
Receivables from Related Parties	104,680	104,680
Other Receivables	3,596,867	3,596,867

(\*) TRY 7,009,089 of impairment loss which arises from available-for-sale financial assets is taken into account in the calculation.

#### Fair value of financial assets

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

#### Financial assets

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short term nature and having insignificant potential losses. Market value is taken as a basis in the measurement of fair value of government bonds and equity shares.

#### Financial liabilities

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short term nature.

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#### 5. Segmental Information

Segmental information related with the Company's operations of individual retirement, life insurance and non-life branches are presented below:

Segment Information	Life Insurance	Individual Retirement	Personal Accident	Total
<b>31 December 2008</b>				
<b>Ongoing Activities</b>				
Technical income	629,497,978	58,533,240	487,808	688,519,026
Technical expenses	(618,225,507)	(51,620,724)	(376,589)	(670,222,820)
Other income and expense total	38,624,746	10,016,730	412,051	49,053,527
<b>Segment Profit From Ongoing Operations</b>	<b>49,897,217</b>	<b>16,929,246</b>	<b>523,270</b>	<b>67,349,733</b>
<b>Income before tax</b>	<b>49,897,217</b>	<b>16,929,246</b>	<b>523,270</b>	<b>67,349,733</b>
Taxation				(14,405,000)
<b>Net profit for the period</b>	<b>49,897,217</b>	<b>16,929,246</b>	<b>523,270</b>	<b>52,944,733</b>
Segment assets	1,956,393,520	1,422,739,224	20,781,305	3,399,914,049
<b>Total Segment Assets</b>	<b>1,956,393,520</b>	<b>1,422,739,224</b>	<b>20,781,305</b>	<b>3,399,914,049</b>
Segment Liabilities	(1,610,321,937)	(1,431,289,612)	(358,302,500)	(3,399,914,049)
<b>Total Segment Liabilities</b>	<b>(1,610,321,937)</b>	<b>(1,431,289,612)</b>	<b>(358,302,500)</b>	<b>(3,399,914,049)</b>
<b>Other Elements of Segmentation</b>				
Depreciation and Amortization expenses	(1,673,343)	(433,955)	(17,851)	(2,125,149)

Segmenting of balance sheet and statement of income items is based on the distribution keys prescribed in Circular "Principles and Procedures of Distribution Keys Used in Financial Statements under the Insurance Uniformed Chart of Accounts" issued by the Undersecretariat of Treasury on 4 January 2008.

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6. Tangible Assets

Current Period:

	Land	Buildings	Machinery and Equipments	Vehicles	Furniture and Fixtures (Includes leased assets)	Leasehold Improvements	Total
<b>Cost:</b>							
Opening Balance as of 1 January 2008	2,498,229	25,158,884	2,545,994	897,801	3,238,229	1,228,378	35,567,515
Additions	-	213,402	829,332	282,751	168,400	230,725	1,724,610
Disposals	(248,328)	-	(284,303)	(600,632)	(407,616)	-	(1,540,879)
	<b>2,249,901</b>	<b>25,372,286</b>	<b>3,091,023</b>	<b>579,920</b>	<b>2,999,013</b>	<b>1,459,103</b>	<b>35,751,246</b>
<b>Accumulated Depreciation</b>							
Opening Balance as of 1 January 2008	-	(7,892,513)	(1,819,041)	(714,063)	(1,582,115)	(547,190)	(12,554,922)
Charge for the period	-	(503,621)	(303,365)	(73,402)	(478,126)	(192,786)	(1,551,300)
Disposals	-	-	279,683	523,291	327,274	-	1,130,248
<b>Closing Balance as of 31 December 2008</b>	<b>-</b>	<b>(8,396,134)</b>	<b>(1,842,723)</b>	<b>(264,174)</b>	<b>(1,732,967)</b>	<b>(739,976)</b>	<b>(12,975,974)</b>
<b>Net Book Value as of 31 December 2008</b>	<b>2,249,901</b>	<b>16,976,152</b>	<b>1,248,300</b>	<b>315,746</b>	<b>1,266,046</b>	<b>719,127</b>	<b>22,775,272</b>

There are no pledges on tangible fixed assets.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

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#### 7. Investment Properties

Current Period:

Cost	Land	Buildings	Total
Opening balance as of 1 January 2008	1,660,158	24,461,256	26,121,414
Additions	-	-	-
Disposals	248,327	-	248,327
<b>Closing balance as of 31 December 2008</b>	<b>1,411,831</b>	<b>24,461,256</b>	<b>25,873,087</b>
<b>Accumulated Depreciation</b>			
Opening balance as of 1 January 2008	-	7,754,150	7,754,150
Charge for the period	-	489,225	489,225
<b>Closing balance as of 31 December 2008</b>	<b>-</b>	<b>8,243,375</b>	<b>8,243,375</b>
<b>Net book value as of 31 December 2008</b>	<b>1,411,831</b>	<b>16,217,881</b>	<b>17,629,712</b>

The Company has obtained TRY 2,156,663 of investment property rental income in the current year.

As of 31 December 2008, the Company's total fair value of investment property amounts to TRY 33,747,500. Expert reports on these properties have been prepared by the authorized real estate valuation companies. There are no pledges on these properties.

#### 8. Intangible Assets

Current Period:

Cost	Rights	Total
Opening balance as of 1 January 2008	3,129,214	3,129,214
Additions	783,027	783,027
<b>Closing balance as of 31 December 2008</b>	<b>3,912,241</b>	<b>3,912,241</b>
<b>Accumulated Amortization</b>		
Opening balance as of 1 January 2008	1,714,105	1,714,105
Charge for the period	573,846	573,846
<b>Closing balance as of 31 December 2008</b>	<b>2,287,951</b>	<b>2,287,951</b>
<b>Net book value as of 31 December 2008</b>	<b>1,624,290</b>	<b>1,624,290</b>

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

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#### 9. Investments in Affiliates

As of the balance sheet date, the Company has significant influence over İş Portföy Yönetimi A.Ş.

#### Affiliates

	Share %	31 December 2008 Book Value
İş Portföy Yönetimi A.Ş.	20%	3,962,193

#### 10. Reinsurance Assets

##### 10.1. Amounts accounted in profit or loss as a result of various reinsurance agreements

Details of reinsurance assets that are arising from insurance agreements and accounted as reinsurance assets are presented below:

Reinsurance Assets	Amount
Reinsurance Share of Unearned Premiums Reserve	972,512
Reinsurance Share of Outstanding Claims Reserve	296,297
Reinsurance Share of Life Mathematical Reserve	78,994
Receivables from Reinsurance Operations	124,101
<b>Total</b>	<b>1,471,904</b>

As of 31 December 2008, the details of reinsurance liabilities that are arising from insurance agreements and accounted as liabilities are presented below:

Reinsurance Liabilities	Amount
Cash Deposited by Insurance and Reinsurance Companies	459,160

Amounts accounted in profit or loss as a result of various reinsurance agreements are disclosed in Note 10.2.

##### 10.2. Details of amounts recognized in profit or loss due to the various acquired reinsurance agreements

The details of amounts recognized in profit or loss due to the various acquired reinsurance agreements are presented in the below table:

#### Life Branch

Reinsurance Activities (Life Branch)	1 January-31 December 2008
Premiums Transferred to Reinsurers (-)	(2,580,094)
Commissions Received From Reinsurers (+)	870,820
Reinsurers Share of Claims Paid (+)	151,047

#### Non-Life Branch

Reinsurance Activities (Non-Life Branch)	1 January-31 December 2008
Premiums Transferred to Reinsurers (-)	(117,274)
Commissions Received From Reinsurers (+)	41,227
Reinsurers Share of Claims Paid (+)	-

## Anadolu Hayat Emeklilik A.Ş.

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#### 11. Financial Assets

Financial Assets and Investments With Risks on Policy Holders	31 December 2008
Financial Assets Available-for-sale	285,999,806
Financial Assets Held-for-trading	79,569,547
Financial Assets and Investments With Risks on Policy Holders	1,590,423,806
Impairment loss on Financial Assets (-)	(7,009,089)
<b>Total</b>	<b>1,948,984,070</b>

#### Financial Assets:

##### 31 December 2008

Held-for-trading Financial Assets	Cost Value	Fair Value	Book Value
Government Bonds	59,543,247	64,217,973	64,217,973
Reverse Repos	1,101,943	1,102,296	1,102,296
Equity Shares	11,669,815	9,877,855	9,877,855
Investment Funds, Turkish Derivatives			
Exchange	4,683,492	4,371,423	4,371,423
<b>Total</b>	<b>76,998,497</b>	<b>79,569,547</b>	<b>79,569,547</b>

Available-for-sale Financial Assets	Cost Value	Fair Value	Book Value
Government Bonds	203,927,105	235,915,419	235,915,419
Equity Shares	71,577,296	43,075,298	43,075,298
<b>Total</b>	<b>275,504,401</b>	<b>278,990,717(*)</b>	<b>278,990,717(*)</b>

(\*) Impairment from available-for-sale financial assets amounting to TRY 7,009,089 is considered in the calculation.

#### Financial Assets and Investments with Risks on Policy Holders:

##### 31 December 2008:

Available for sale Financial Assets	Cost Value	Fair Value	Book Value
Government Bonds	1,216,577,640	1,377,553,811	1,377,553,811
Eurobonds	164,720,917	176,728,464	176,728,464

#### Held-to-maturity Financial Assets

Government Bonds	34,600,001	36,702,631	36,141,531
<b>Total</b>	<b>1,415,898,558</b>	<b>1,590,984,906</b>	<b>1,590,423,806</b>

The Company has no securities, other than issued shares in the current period, or any matured debt securities.

The Company has no securities disposed of from the securities or long term securities group by the Company's subsidiaries, affiliates or associates.

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Value increases in financial assets for the last three years:

Financial Asset Type	31 December 2008	31 December 2007(*)	31 December 2006(*)
<b>Current Financial Assets:</b>			
Available-for-sale Financial Assets	3,486,316	17,869,166	20,186,955
Held-for-trading Financial Assets	2,571,050	4,923,601	1,832,224
Financial Assets and Investments With Risks on Policy Holders	174,525,248	102,428,319	119,582,270
<b>Non-Current Financial Assets:</b>			
Long-Term Securities	-	16,336,041	30,466,404
Affiliates	-	(481,671)	(449,509)
<b>Total</b>	<b>180,582,614</b>	<b>141,075,456</b>	<b>171,618,344</b>

(\*) Value increases in 2007 and 2006 are based on the related period's balance sheet classifications.

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

The Company has TRY 7,009,089 of impairment loss arising from its financial assets.

The Company does not apply any hedge accounting.

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

## 12. Receivables and Payables

The details of the Company's receivables are as follows:

	31 December 2008
Receivables from insurance operations	8,588,108
Provisions for receivables from insurance operations	(230,679)
Doubtful receivables from operating and insurance operations	104,297
Provisions for doubtful receivables from operating and insurance operations (-)	(104,297)
Receivables from pension activities	1,322,589,601
Receivables from operations	1,330,947,030
Receivables from Related Parties	104,680
Other Receivables	3,596,867
<b>Total Receivables</b>	<b>1,334,648,577</b>

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### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

The Company has no exposure to credit risk because if the Company has unpaid premiums, all guarantees related to the insurance will be invalid. Therefore, the Company does not provide any provisions for overdue premiums. Aging of the Company's receivables from overdue insurance activities are as follows:

	31 December 2008
Overdue within 1-30 days	3,003,923
Overdue within 1-3 months	2,886,542
Overdue within 3-12 months	1,450,228
Overdue within 1-5 years	115,029
Overdue more than 5 years	3,349
<b>Total</b>	<b>7,459,071</b>

(\*) Balance amounting to TRY 1,129,037 includes undue insurance receivables.

The details of guarantees for the Company's receivables are presented below:

Types of Guarantees	31 December 2008
Letters of Guarantees	729,623
Guarantees and Commitments	566,828
Real Estate Pledges	6,900
<b>Total</b>	<b>1,303,351</b>

Movement of provision for doubtful receivables	1 January- 31 December 2008
Opening balance	104,297
Charge for the period	-
Collections	-
<b>Closing balance</b>	<b>104,297</b>

The Company does not hold any guarantees for its doubtful receivables.

Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company:

	Receivables		Payables	
	Trading	Non-Trading	Trading	Non-Trading
Shareholders	-	41,411,231(*)	1,664	-
Affiliates	-	-	576,507	-

(\*) Non-trading receivables from shareholders consist of bank accounts.

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### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

31 December 2008:

Foreign Currency Assets	Amount	Exchange Rate	Amount (TRY)
Banks (FC)			
US Dollars	559,888	1.5123	846,718
CHF	4,045	1.4300	5,784
Euro	413,302	2.1408	884,797
GBP	41,777	2.1924	91,591
Receivables from reinsurers			
Euro	81,040	2.1408	173,490
Receivables from Policy Holders			
US Dollars	419,862	1.5123	634,957
Euro	104,521	2.1408	223,759
GBP	6,021	2.1924	13,200
Financial Assets and Investments with Risks on Policy Holders			
US Dollars	79,856,365	1.5123	120,766,781
Euro	24,383,665	2.1408	52,200,550
GBP	1,715,532	2.1924	3,761,132
Deposits given			
US Dollars	14,195	1.5123	21,467
<b>Total Foreign Currency Assets</b>			<b>179,624,226</b>

Foreign Currency Liabilities	Amount	Exchange Rate	Amount(TRY)
Leasing			
US Dollars	606	1.5196	921
Reinsurer payables			
US Dollars	12,068	1.5196	18,339
Euro	-	-	-
GBP	1,041	2.2039	2,294
CHF	146	1.4392	210
JPY	13,561	0.0168	228
Agency guarantees			
US Dollars	83,103	1.5196	126,283
Euro	7,144	2.1511	15,367
Technical Reserves*			
US Dollars	86,969,553	1.5123	131,524,055
Euro	25,357,175	2.1408	54,284,640
GBP	1,624,486	2.1924	3,561,523
CHF	29,319	1.4300	41,926
JPY	12,165,188	0.0167	203,159
<b>Total Foreign Currency Liability</b>			<b>(189,778,945)</b>

**Net Foreign Currency Position** **(10,154,719)**

\* Since the Company pays its foreign currency liabilities at exchange buying rates in accordance with the Insurance Law and Company directions approved by the Undersecretariat of Treasury, technical reserves are carried at the exchange buying rates of the Central Bank of Turkish Republic.

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### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 13. Derivative Financial Instruments

The Company has no derivative financial instruments.

#### 14. Cash and Cash Equivalents

Cash and cash equivalents under current assets are as follows:

	31 December 2008
	TRY
Cash	14,634
Cash at banks	41,720,390
Demand deposits – TRY	1,951,345
Demand deposits – Foreign Currency	1,828,890
Time deposits	37,940,155
Other cash and cash equivalents*	33,557,407
Cheques given and payment orders (-)	(43,473)
<b>Total</b>	<b>75,248,958</b>

(\*) Other cash and cash equivalent assets are collectibles from banks in relation to premium payments of policy holders who has paid their premiums by credit cards.

The Company's cash and cash equivalent balances in its current period cash flow statement are presented net of interest and value increase accruals:

	31 December 2008
	TRY
Cash and Cash Equivalents	75,248,958
Interest accruals on cash and cash equivalents (-)	(301,436)
	<b>74,947,522</b>

The Company's foreign currency denominated cash and cash equivalents as of 31 December 2008 are presented below:

#### 31 December 2008:

	Amount (FC)	Exchange Rate	Amount (TRY)
Banks (FC):			
US Dollars	559,888	1.5123	846,718
Swiss Franc	4,045	1.4300	5,784
Euro	413,302	2.1408	884,797
GBP	41,777	2.1924	91,591
<b>Total</b>			<b>1,828,890</b>

As of the balance sheet date, TRY time deposits have a maturity of 1 month and their simple interest rates vary between 17.25% and 20.25%. The Company does not hold any foreign currency denominated time deposits.

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### Notes to the Financial Statements as of 31 December 2008

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#### 15. Share Capital

The Company's shareholder structure as of 31 December 2008 is disclosed in Note 1.1.

The Company's nominal capital as of 31 December 2008 is TRY 250,000,000 and consisted of 25,000,000,000 equity shares having a nominal amount of TRY 0.01 each.

Share capital of the Company is composed of Group A and Group B shares. Group A share is represented by 100,000,000 of equity shares having a nominal amount of TRY 0.01 each. Group B share is represented by 24,900,000,000 shares having a nominal amount of TRY 0.01 each and all shares are owned by one of the partners, Türkiye İş Bankası A.Ş. Group A shareholders have no preference except for the election of Board members. In accordance with the Articles of Association, new Group A shares cannot be issued in capital increases.

Upon the BOD's decision no: 448/3 made on 6 March 2008, the Company's issued capital is decided to be increased to TRY 250,000,000 from TRY 175,000,000 by a TRY 75,000,000 increase within the registered capital ceiling. Increased portion of capital consists of TRY 125,910 of participation shares and gain on property sales, TRY 4,019,599 of inflation restatement of extraordinary legal reserves, TRY 50,854,491 of extraordinary legal reserves and TRY 20,000,000 of shares given in consideration of dividend distribution from the 2007's profit.

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of 31 December 2008, the Company's registered capital is TRY 300,000,000.

There are no equity shares of Anadolu Hayat Emeklilik A.Ş. held by İş Portföy Yönetimi A.Ş.

There are no equity shares held by the Company.

The Company has no share transactions subsequent to the balance sheet date.

#### 16. Other Provisions and Capital Component of Discretionary Participation

Income and expense items that are directly accrued in equity as of the balance sheet date are as follows:

31 December 2008	Amount (TRY)
Temporary differences arising from financial assets	6,678,639
Permanent differences arising from financial assets	(21,492,908)
Deferred Tax effect	(1,335,728)
<b>Net Amount</b>	<b>(16,149,997)</b>

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 17. Insurance Liabilities and Reinsurance Assets

##### 17.1 Guarantees to be provided for life and non-life insurances and guarantees provided for life and non-life insurances based on assets

Branches	31 December 2008	
	Required blockage TRY	Current Blockage TRY
Life	1,480,926,322	1,698,245,111
Non-life	168,661	629,638
<b>Total</b>	<b>1,481,094,983</b>	<b>1,698,874,749</b>

The Company's guarantee amount provided for its life and non-life branches consists of TRY 1,506,061,236 of government bonds and TRY 192,813,513 of Eurobonds.

##### 17.2 Number of life insurance policies, additions, disposals in the current period, and current life policy holders and their mathematical reserves.

31 December 2008	Number	Mathematical Reserves TRY
As of 1 January 2008	878,037	1,420,028,878
Additions	352,822	479,764,997
Disposals	(419,424)	(310,378,345)
<b>As of 31 December 2008</b>	<b>811,435</b>	<b>1,589,415,530</b>

The above table includes 1,603 of reversed number of life insurance policies and their corresponding mathematical reserves.

As explained in Note 2, available for sale financial assets and investments with risks on policy holders are carried at fair value; TRY 7,105,305 of which equals to the 95% of the fair value and amortized cost difference is recognized under the Life Mathematical Reserves account. TRY 11,716,605 of future withholding tax levied to income obtained from investments assets which are classified under the Company's assets as mathematical reserves is also recognized under the Life Mathematical Reserves account. These balances are not included in the above table.

TRY 78,994 of reinsurer's share of life mathematical reserve is not offset against the mathematical reserve account in the above table.

##### 17.3 Insurance Guarantees given to non-life insurances based on branches

	31 December 2008 TRY
Guarantees given to death by accident	779,773,344
Guarantees given to disability by accident	779,573,344
<b>Total</b>	<b>1,559,346,688</b>

**Anadolu Hayat Emeklilik A.Ş.**  
**Notes to the Financial Statements as of 31 December 2008**  
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17.4. Pension investment funds established by the Company and their unit prices as of 31 December 2008

Fund Name	31 December 2008
	Unit Price TRY
AH1 Bond Fund	0.028780
AH2 Liquid Fund	0.022394
AH3 Eurobond Dollar Fund	0.015673
AH4 Eurobond Euro Fund	0.016853
AH5 Equity Fund	0.027188
AH6 International Mixed Fund	0.014724
AH8 Conservative Fund	0.025547
AH9 Balanced Fund	0.026387
AH0 Aggressive Fund	0.034880
AG1 Group Bond Fund	0.024392
AG2 Group Eurobond Fund	0.012797
AG3 Group Equity Fund	0.016309
AG4 Group Conservative Fund	0.022879
HS1 Bond&Bill Fund	0.017960
AHB White Equity Fund	0.008844
ATK Orange Bond&Bill Fund	0.013774
ATE Orange Balanced Fund	0.010705

17.5 Number and amount of participation certificates in portfolio and circulation

Participation Certificates in Circulation (EYF)	Number	Amount
AH1 Bond Fund	22,712,943,150.415	653,678,503.869
AH2 Liquid Fund	2,042,514,383.149	45,740,067.096
AH3 Eurobond Dollar Fund	1,700,662,586.228	26,654,484.714
AH4 Eurobond Euro Fund	1,710,806,181.216	28,832,216.572
AH5 Equity Fund	1,265,321,382.707	34,401,557.753
AH6 International Mixed Fund	267,006,810.788	3,931,408.282
AH8 Conservative Fund	1,711,956,732.699	43,735,358.650
AH9 Balanced Fund	9,515,000,612.186	251,072,321.154
AH0 Aggressive Fund	2,289,027,577.002	79,841,281.886
AG1 Group Bond Fund	1,079,928,498.530	26,341,615.936
AG2 Group Eurobond Fund	105,718,730.024	1,352,882.588
AG3 Group Equity Fund	152,113,059.271	2,480,811.884
AG4 Group Conservative Fund	1,093,124,955.628	25,009,605.860
HS1 Bond&Bill Fund	4,531,650,837.560	81,388,449.043
AHB White Equity Fund	265,919,773.340	2,351,794.475
ATK Orange Bond&Bill Fund	781,782,526.994	10,768,272.527
ATE Orange Balanced Fund	467,909,311.016	5,008,969.174

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 17.6 Numbers and portfolio amounts of additions, disposals, reversals and current individual and group pension participants

	31 December 2008			
	Individual		Group	
	Number	Portfolio Value TRY	Number	Portfolio Value TRY
Additions	98,032	85,942,618	25,496	24,054,386
Disposals	31,335	115,740,584	6,159	20,264,123
Current	320,928	1,081,684,344	84,779	240,083,825

**Additions:** The sum of the new contracts added in the period and their registered cumulative values as of the period end in addition with the number of the contracts that begin and finish in the same period.

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

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

Since there are retirement plan transfers between individual and group retirement plans in the current period, periodical changes should be followed by the total number and portfolio amount of policies. Also, when the contracts effective at the prior balance sheet date become a liability because of collection reversals in the current period or when the contracts effective at the prior balance sheet date become an asset, total numbers and portfolio values of these contracts are net off at the period end. Number and portfolio amount of individual and group policies presented in notes reflect the current position of the Company as of the period-end.

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

The Company's financial assets and investments with risks on policy holders are classified as "available-for-sale" and "held-to-maturity". These assets are valued in accordance with the principles specified in Note 2. Valuation differences calculated based on the principles are taken into account in the profit share calculation.

#### 17.8 Number of additions and their group or individual gross and net share participations in the current period

	1 January 2008 – 31 December 2008		
	Number	Share Participation (Gross) TRY	Share Participation (Net) TRY
Individual	98,032	92,651,981	89,301,983
Group	25,496	24,754,804	24,526,187
<b>Total</b>	<b>123,528</b>	<b>117,406,785</b>	<b>113,828,170</b>

Contracts become effective in the current period and the total contracts become effective and ceased in the same period and contributions collected regarding these contracts and the investment oriented contributions have been specified. The collections made with credit card but not oriented to fund are also added into gross and net contributions.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

	1 January 2008 – 31 December 2008		
	Number(*)	Share Participation (Gross) TRY	Share Participation (Net) TRY
Individual	4,013	21,896,387	21,896,387
Corporate	2,186	10,444,381	10,444,381
<b>Total</b>	<b>6,199</b>	<b>32,340,768</b>	<b>32,340,768</b>

(\*) Indicates the number of individual retirement agreement.

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

The legal duration of the transfer from life portfolio to private pension portfolio expired on 7 October 2006 and there is no transfer transaction in the current and prior year.

17.11 Number of transfers from the Company's individual pension portfolio to other company or not, and together their personal and corporate allocation and gross and net share participations

	1 January 2008 – 31 December 2008		
	Number	Share Participation (Gross) TRY	Share Participation (Net) TRY
<b>Disposals</b>			
Individual	31,335	115,740,079	92,421,386
Group	6,159	20,264,123	16,679,734
<b>Total</b>	<b>37,494</b>	<b>136,004,202</b>	<b>109,101,120</b>

**Number:** Indicates the number of disposals inbetween 1 January 2008 – 31 December

**Share Participation (Gross):** Indicates the fund sales amount as a result of disposal, i.e.; disposal amount.

**Share Participation (Net):** Indicates the remaining amount paid to participant less any deductions (initiation fee and withholding) against the gross amount as a result of disposal.

17.12 Number of additions of life insurances and their group or individual allocation and gross and net premiums

	1 January 2008 – 31 December 2008	
	Number	First Premium Amount TRY
Individual	178,096	155,716,975
Group	173,123	19,664,859
<b>Total (*)</b>	<b>351,219</b>	<b>175,381,834</b>

(\*) 1,603 reversed policies are not included in the current additions account.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

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#### 17.13 Number of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves

	1 January 2008 – 31 December 2008	
	Number	Mathematical Reserves TRY
Individual	305,924	305,250,229
Group	113,500	5,128,116
<b>Total</b>	<b>419,424</b>	<b>310,378,345</b>

#### 17.14 Profit share distribution rate of life insurances in the current period

	Profit Share Distribution Rate (%)
TRY (Life Insurance)	17.43
TRY (Income Insurance)	17.35
USD (Life Insurance)	8.17
USD (Income Insurance)	8.16
Euro (Life Insurance)	6.37
Euro (Income Insurance)	6.36
GBP (Life Insurance)	9.71
GBP (Income Insurance)	9.62

#### 17.15 Amounts from insurance contracts in the financial statements

Factors resulting from individual insurance policies which provide portfolio increase through the change in mathematical reserves for the 1 January 2008- 31 December 2008 period are presented as below.

Portfolio Increase	Mathematical Reserves
New policies	130,498,624
Constitutions from reductions	2,559,110
Constitutions from cancellations	24,697,573
Insurances had capital increase	371,342,104
<b>Total portfolio increase</b>	<b>529,097,411</b>

Factors resulting from individual insurance policies which provide portfolio decrease through the change in mathematical reserves for the 1 January 2008- 31 December 2008 period are presented as below.

Portfolio Decrease	Mathematical Reserves
Terminations and Cancelations (-)	(2,863,525)
Transformed to insurances without charge (-)	(23,874,722)
Insurances had capital decrease (-)	(40,605,836)
Purchases (-)	(144,560,277)
Ceased with risk formed(-)	(2,909,845)
Expirations (-)	(154,973,129)
<b>Total portfolio decrease</b>	<b>(369,787,334)</b>

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### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

Factors resulting from group insurance policies which provide portfolio increase through the change in mathematical reserves for the 1 January 2008- 31 December 2008 period are presented as below.

Portfolio Increase	Mathematical Reserves
New policies	8,226,776
Constitutions from reductions	61,936
Constitutions from cancellations	47,430
Insurances had capital increase	9,916,685
<b>Total portfolio increase</b>	<b>18,252,827</b>

Factors resulting from group insurance policies which provide portfolio decrease through the change in mathematical reserves for the 1 January 2008- 31 December 2008 period are presented as below.

Portfolio Decrease	Mathematical Reserves
Terminations and Cancelations (-)	(27,427)
Transformed to insurances without charge (-)	(173,661)
Insurances had capital decrease (-)	(3,280,938)
Purchases (-)	(4,097,345)
Ceased with risk formed(-)	(127,200)
Expirations (-)	(873,791)
<b>Total portfolio decrease</b>	<b>(8,580,362)</b>

#### 17.16. Gain/Loss recognized in profit/loss due to reinsurance contracts

Disclosed in Note 10.

#### 17.17. Comparison of the incurred claims with past estimates

Disclosed in Note 4.

#### 17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in Note 4.

#### 18. Investment Contract Liabilities

None.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

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

	31 December 2008
Payables from Insurance Operations	237,221
Cash Deposited by Insurance and Reinsurance Companies	459,160
Payables from Pension Activities	1,351,448,610
<b>Other Payables from Main Activities</b>	<b>1,352,144,991</b>
Due to Shareholders	1,664
Payables to Personnel	-
Payables to Other Related Parties	-
<b>Payables to Related Parties</b>	<b>1,664</b>
Guarantees and Deposits Received	160,323
Other Payables	7,918,521
<b>Total Other Payables</b>	<b>8,078,844</b>
<b>Total</b>	<b>1,360,225,499</b>

Transactions and balances between the Company and its shareholders as of the period-end are presented in the "Related Parties" note.

#### 20. Payables

The Company has no financial payables except for its financial leasing liability which amounts to TRY 921.

#### 21. Deferred Income Tax

##### Deferred Tax

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

20% is applied in the calculation of deferred tax asset and liabilities.

<b>Deferred tax assets/(liabilities):</b>	31 December 2008
Economical life differences of tangible fixed assets	(711,606)
Retirement pay provisions	(571,494)
Unused vacation provisions	(85,305)
Equalization reserves	(3,821)
Valuation differences of the financial assets	(364,323)
	<b>(1,736,549)</b>

**Anadolu Hayat Emeklilik A.Ş.**  
**Notes to the Financial Statements as of 31 December 2008**  
(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

Movement of deferred tax assets/liabilities as of 31 December 2008 is given below:

<u>Movement of deferred tax asset/(liability):</u>	<u>1 January- 31 December 2008</u>
Opening balance at 1 January	(1,973,273)
Charge to income	(1,099,004)
Accounted under equity	1,335,728
<b>Closing balance at 31 December</b>	<b>(1,736,549)</b>

## 22. Retirement Benefits

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

The termination benefit to be paid is subject to upper limit of 2,173.19 TRY as of 31 December 2008. (2007: TRY 2,030.19 TRY). The amount payable consists of one month's salary limited to a maximum of TRY 2,260.05 for each period of service as of 31 December 2008 (1 January 2008: 2,087.92).

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2008, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.4% and a discount rate of 12%, resulting in a real discount rate of approximately 6.26% (31 December 2007: 5%, 11% and 5.71%, respectively). The anticipated rate of forfeitures is considered and estimated rate of the Company's retirement pay is also taken into account. As the maximum liability is updated semi annually, the maximum amount of TRY 2,260.05 effective from 31 December 2008 has been taken into consideration in calculation of provision from employment termination benefits.

	<u>1 January-31 December 2008</u>
Provision at 1 January	2,457,714
Service cost	511,739
Interest cost	153,900
Retirement pay paid	(265,884)
<b>Provision at 31 December</b>	<b>2,857,469</b>

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 23. Other Liabilities and Expense Accruals

Expense Accrual	31 December 2008
Sales Premium reserves	600,423
Other	312,827
<b>Total</b>	<b>913,250</b>

#### 24. Net Insurance Premium Revenue

	1 January-31 December 2008
Non-Life	295,964
Life	342,334,183
<b>Total</b>	<b>342,630,147</b>

#### 25. Fee Income

Services revenues obtained in 1 January 2008-31 December 2008 period in accordance with TAS 18 are presented below in terms of individual pension, life and non-life.

##### Individual Pension (1 January – 31 December 2008)

Initiation fee	Administrative Cost Deductions	Fund Management Income	Administrative Cost Deductions in the form of Cessation	Other Technical Income
12,433,263	16,883,395	26,585,779	2,587,382	43,420

##### Individual Retirement (1 October – 31 December 2008)

Initiation fee	Administrative Cost Deductions	Fund Management Income	Administrative Cost Deductions in the form of Cessation	Other Technical Income
3,513,905	4,407,450	7,575,035	55,098	23,843

##### Life/Non-Life (1 January – 31 December 2008)

	Life	Non-Life
Gross Premium Income	344,914,277	413,238

##### Life/Non-Life (1 October – 31 December 2008)

	Life	Non-Life
Gross Premium Income	79,591,442	85,736

**Anadolu Hayat Emeklilik A.Ş.**  
**Notes to the Financial Statements as of 31 December 2008**  
(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

26. Investment Income/Expenses

	1 January- 31 December 2008
Financial assets held-for-trading	
Interest income	17,833,995
Dividend income	264,607
Gain on sale	7,498,842
Financial assets available-for-sale	
Interest income	125,618,680
Dividend income	1,710,101
Gain on sale	9,259,309
Income from Affiliates	177,222
Investment Properties	
Rent income	2,156,663
<b>Total</b>	<b>164,519,419</b>

27. Net Income Accrual on Financial Assets

Net income accrual on financial assets is presented as below:

	1 January – 31 December 2008	1 October – 31 December 2008
Available-for-sale Financial Assets		
Fair value differences recognized in shareholders' equity	(15,188,232)	545,729
Fair value differences recognized in profit and loss	14,817,436	(6,354,404)

28. Assets Held at Fair Value through Profit and Loss

Net gain of assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TRY 25,597,444. Buildings classified as investment property in the accompanying financial statements are valued by using the cost method.

29. Insurance Rights and Claims

None.

30. Investment Agreement Rights

None.

31. Other Expenses

Disclosed in Note 32.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 32. Expense Types

	1 January – 31 December 2008	1 October –31 December 2008
Production commission expenses (-)	(31,640,667)	(7,305,838)
Personnel wages and expenses	(31,965,635)	(8,047,327)
Bank fees	(2,671,487)	(996,801)
Rent expenses	(3,863,749)	(1,044,098)
Administration expenses	(10,623,059)	(2,690,875)
Marketing and sales expenses	(13,895,440)	(3,015,406)
Outsourced benefits and services (-)	(306,852)	(91,935)
Other	594,011	263,156
<b>Total</b>	<b>(94,372,878)</b>	<b>(22,929,124)</b>

#### 33. Employee Benefit Expenses

	1 January – 31 December 2008	1 October –31 December 2008
Retirement Pay Provision	399,755	16,892
Retirement pay paid	265,884	79,877
Personnel wages and expenses	31,965,635	8,047,327
<b>Total</b>	<b>32,631,274</b>	<b>8,144,096</b>

The Company has no share-based payments in the current period.

#### 34. Finance Costs

The Company has no finance cost, except finance lease liabilities. The Company's finance expense which is recognized directly as expense in the current period amounts to TRY 6,391.

#### 35. Income Tax

	31 December 2008
<b>Current tax provision:</b>	
Corporate Tax Liability Provision	14,405,000
Prepaid Taxes and Other Liabilities on Period Profit (-)	(3,366,055)
	<b>11,038,945</b>

#### Tax expense in the income statement

<b>Income tax expense/(income) is formed by the items below:</b>	1 January-31 December 2008
Current tax expense/(income)	14,405,000
Deferred tax expense/(income)	(1,099,004)
<b>Total Tax Expense</b>	<b>13,305,996</b>

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### Tax directly recognized in equity

Deferred Tax	1 January-31 December 2008
Revaluation of available-for-sale financial assets	1,335,728
<b>Total deferred tax directly recognized in equity</b>	<b>1,335,728</b>

#### Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate used in 2008 is 20%.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate used in 2008 is 20%.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003 by the end of 22 July 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

#### Inflation Adjusted Legal Tax Calculation

The Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No: 5024 published in the Official Gazette No: 25332 on 30 December 2003 which requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29, and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as at 31 December 2005, 2006, 2007, and 2008 no further inflation adjustment was made to the Company's statutory financial statements in 2005, 2006, 2007, and 2008.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### Deferred Tax

Reconciliation of period tax with net income for the period is below:

	1 January–31 December 2008
<b>Reconciliation of tax provision</b>	
Income before tax	67,349,733
Tax calculated 20%	(13,469,947)
Effect of additions	(1,885,315)
Effect of allowances	1,133,579
Other	(183,317)
	<b>(14,405,000)</b>

#### 36. Net Income from the Changes in Foreign Exchange Rates

	1 January – 31 December 2008
<b>Recognized in profit/loss</b>	
Foreign exchange rate income	779,960
Foreign exchange rate expense	(837,346)
<b>Total</b>	<b>(57,386)</b>

#### 37. Earnings per Share

The Company has no equity instruments having dilutive characteristics that require a separate diluted earnings per share calculation. The Company's earnings per share calculation is as follows:

For an equity share having TRKr (New Kuruş) 1 of nominal value:

	1 January–31 December 2008
Number of ordinary shares outstanding	25,000,000,000
Net profit for the period	52,944,733
Earnings per share	0.21178

#### 38. Dividends per Share

The Company's dividend distribution in 2008 from the profit of 2007 is presented below:

	Group	Total Cash Dividend Amount	Cash dividend corresponding to an equity share having TRY 1 of nominal value	
			Amount	Rate (%)
Gross	A	85,714	0.085714	8.5714
	B	14,914,286	0.085714	8.5714
	<b>Total</b>	<b>15,000,000</b>		
Net	A	72,857	0.072857	7.2857
	B	12,677,143	0.072857	7.2857
	<b>Total</b>	<b>12,750,000</b>		

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

	Group	Dividend in consideration of all shares	Share dividend corresponding to an equity share having TRY 1 of nominal value	
			Amount	Rate (%)
Gross	A	114,286	0.114285	11.4285
	B	19,885,714	0.114285	11.4285
	<b>Total</b>	<b>20,000,000</b>		
Net	A	114,286	0.114285	11.4285
	B	19,885,714	0.114285	11.4285
	<b>Total</b>	<b>20,000,000</b>		

The Company's General Assembly has the authority in making decisions on the distribution of current year's profit. Since the Company's annual Ordinary General Assembly meeting has not been held as of the issuance date of these financial statements, the Board of Directors has made its decision on the distribution of the current year's profit on 6 March 2009. Based on the Company's assumptions, dividend distribution in 2009 from the net profit of 2008 is expected to be TRY 50,211,779.

#### 39. Cash Generated from the Operations

Statement of cash flow is presented within the financial statements.

#### 40. Equity Share Convertible Bonds

None.

#### 41. Cash Convertible Privileged Equity Shares

None.

#### 42. Risks

Disclosed in Note 2.

#### 43. Commitments

Total amount of commitments that are not included in liabilities:

Commitment Type	31 December 2008
Guarantees and Commitments	226,476

#### Finance Lease Liabilities:

	31 December 2008
Finance lease liabilities	921
Within one year	767
Two to five years	154

#### 44. Business Combinations

The Company has no business combinations in the current period.

#### 45. Related Parties

##### a. Parent company's name and the ultimate owner of the group

The Company's parent is Turkey İş Bankası A.Ş. with a 62% of share.

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### b. In accordance with the Company's activities, items of sub-classifications

Due to the nature of its operations, the Company is engaged in issuing individual and group pension policies; establishing pension funds; and issuing pension, annuity, portfolio management insurance policies and, for the purpose of custody services for fund assets, entering into custody agreements with custodians by identifying internal regulations for such funds. In addition to the above activities, the Company also engages in reinsurance activities in relation to individual and group life and death insurances and all the related accident and life insurances.

#### c. Provision for doubtful receivables is provided for due from shareholders, affiliates and subsidiaries

None.

d. Details of affiliates and subsidiaries having indirect capital and management relations with the Company; names, amounts and rates of participations in the affiliates and subsidiaries account; profit/loss for the period presented in the recent financial statements of such participations; net profit/loss for the period and period covered by the financial statements; information about whether these financial statements are prepared in accordance with the CMB standards; information about whether these financial statements are audited; details of the audit opinion (if the report includes unqualified, adverse or qualified opinion):

	Book Value	Affiliates Percentage	Financial Statement Date	Income Before Tax	Net Income/Loss	Standard for the Preparation of Financial Statements	Independent Auditor's opinion
İş Portföy Yönetimi A.Ş.	3,962,193	20	31.12.2008	10,819,232	8,644,129	SPK XI/29	Unqualified

#### e. Bonus shares acquired due to capital increase through internal resources of subsidiaries and affiliates.

None.

#### f. Liabilities such as guarantees, commitments, bailments, advances and endorsements given in favor of shareholders, affiliates and subsidiaries

None.

#### g. Related Party Disclosures

1 January-31 December 2008

##### Services rendered from Related Parties

Türkiye İş Bankası A.Ş. (Commission of Policy Production)	10,776,792
Türkiye İş Bankası A.Ş. (Commission of Premium Collection and Banking Services)	1,419,846
Anadolu Anonim Türk Sigorta Şirketi (Premium paid)	610,898
İş Portföy Yönetimi A.Ş. (Portfolio Management Fee)	5,085,311
Millî Reasürans T.A.Ş. (Premium Transfer)	532,643

##### Rent Expenses to Related Parties

Anadolu Anonim Türk Sigorta Şirketi	156,385
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	2,228,103

##### Services to Related Parties

İş Portföy Yönetimi A.Ş. (Individual and Group Pension Plans)	29,610
Millî Reasürans T.A.Ş. (Commissions Received)	175,976

## Anadolu Hayat Emeklilik A.Ş.

### Notes to the Financial Statements as of 31 December 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

#### 46. Subsequent Events

Cases filed and/or to be filed against the Company subsequent to 31 December 2008 amount to TRY 24,000.

#### 47. Other

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

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet are disclosed below:

Current Assets (Cash and Cash Equivalent Assets)	31 December 2008 TRY
Cash in transit	33,557,407
<b>Total</b>	<b>33,557,407</b>

Current Assets (Other Receivables)	31 December 2008 TRY
Securities reconciliation account	3,054,912
Other	513,297
<b>Total</b>	<b>3,568,209</b>

Short-term Liabilities (Other Payables)	31 December 2008 TRY
Account Payables	1,297,390
Dividends to be paid	859
Other	384,280
Suspense accounts	5,809,466
Unused vacation accruals	426,526
<b>Total</b>	<b>7,918,521</b>

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

None.

47.3 Subrogation receivables followed under the off-balance sheet accounts

None.

47.4 Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None.

## Anadolu Hayat Emeklilik A.Ş. Information on Financial Structure

With its capital backed by its strong shareholding structure since its foundation and its business philosophy focused on sustainable profitability in the branches in which it is active, Anadolu Hayat Emeklilik always succeeded in taking place among the industry's strongest companies with respect to financial structure.

A key indicator of a strong financial structure, the Capital Adequacy Statement is reported at regular intervals in line with the legal regulations, and as such, it is registered before the public authority that our company possesses a capital in excess of the capital amount necessary to cover its liabilities.

Capital Adequacy Statements for the last three years presented hereinbelow show that the company's shareholders' equity with respect to the relevant fiscal years are above the required shareholders' equity amounts.

### • CAPITAL ADEQUACY

	31 December 2008	31 December 2007	31 December 2006
Required Capital for Non-Life Branches	37,191	41,903	55,170
Required Capital for Life Branches	78,870,306	71,856,085	65,013,132
Required Capital for Pension Branch	5,181,501	4,150,396	2,639,187
<b>TOTAL REQUIRED CAPITAL</b>	<b>84,088,998</b>	<b>76,048,384</b>	<b>67,707,489</b>
<b>CAPITAL</b>	<b>349,939,874</b>	<b>344,311,639</b>	<b>321,640,600</b>
<b>LIMIT GAP</b>	<b>265,850,876</b>	<b>268,263,255</b>	<b>253,933,111</b>

### • AN ASSESSMENT OF THE OPERATIONS OF THE COMPANY'S SEGMENTS

Anadolu Hayat Emeklilik closed 2008 posting technical profit in life insurance and private pension branches in which it is active. In addition to the Life Insurance branch that has been the factor to determine "net profit" since its inception, profit was derived also on Private Pension activities for the first time in 2008, which contributed positively to our financial structure. A branch that is just developing in our country, Private Pension had negative impact on the company's profitability until end-2007, whereas 13% of the company's net profit amounting to almost TRY 53 million as at year-end 2008 was generated with the contributions of the said branch.

The contribution of the Private Pension branch can be seen clearly also with respect to the asset size. Almost 40% of the company's total assets are constituted by Private Pension operations. In view of the fund size reached in the first five years by the Private Pension System, it is predicted that this branch will gradually improve its positive reflection on our balance sheet and income statement in the periods coming.

## Anadolu Hayat Emeklilik A.Ş. Information on Financial Structure

The distribution of balance sheet and income statement items according to branches was based on the distribution key that was set out in the "Circular on the Principles and Procedures for Keys Used in Financial Statements Drawn Up within the Frame of Uniform Chart of Accounts in Insurance" dated 04 January 2008 published by the Undersecretariat of Treasury.

The table below shows the contributions of the branches in which the company is active to our financial structure with respect to profitability and asset sizes.

Segment Information	Life Insurance	Private Pension	Personal Accident	Total
<b>31 December 2008</b>				
<b>Ongoing Activities</b>				
Technical income	629,497,978	58,533,240	487,808	688,519,026
Technical expenses	(618,225,507)	(51,620,724)	(376,589)	(670,222,820)
Other income and expense total	38,624,746	10,016,730	412,051	49,053,527
<b>Segment Profit from Ongoing Operations</b>	<b>49,897,217</b>	<b>16,929,246</b>	<b>523,270</b>	<b>67,349,733</b>
<b>Income before tax</b>	<b>49,897,217</b>	<b>16,929,246</b>	<b>523,270</b>	<b>67,349,733</b>
Taxation				(14,405,000)
<b>Net Profit for the Period</b>	<b>49,897,217</b>	<b>16,929,246</b>	<b>523,270</b>	<b>52,944,733</b>
<b>Segment assets</b>	<b>1,956,393,520</b>	<b>1,422,739,224</b>	<b>20,781,305</b>	<b>3,399,914,049</b>
<b>Total Segment Assets</b>	<b>1,956,393,520</b>	<b>1,422,739,224</b>	<b>20,781,305</b>	<b>3,399,914,049</b>
<b>Segment Liabilities</b>	<b>(1,610,321,937)</b>	<b>(1,431,289,612)</b>	<b>(358,302,500)</b>	<b>(3,399,914,049)</b>
<b>Total Segment Liabilities</b>	<b>(1,610,321,937)</b>	<b>(1,431,289,612)</b>	<b>(358,302,500)</b>	<b>(3,399,914,049)</b>
<b>Other Elements of Segmentation</b>				
Depreciation and Amortization expenses	(1,673,343)	(433,955)	(17,851)	(2,125,149)

### • FINANCIAL ASSETS

Life insurance and private pension funds created before our company are invested within the frame of processes which are defined by the provisions of applicable legislation, and are constantly and strictly monitored by the public authorities. These invested funds are recognized in the balance sheet assets in line with the provisions of the International Accounting Standards which we are obliged to comply with.

Financial assets belonging to our policy holders, Private Pension participants and our company serve as guarantee for our liabilities towards our customers. The types, fair values and book values of financial assets into which investments are channeled are crucial with respect to the analysis of the company's financial structure. Fund management principles at the company have been devised in full compliance with the requirements of efficient cash and asset management. In this frame, our primary goal is to ensure maximization of benefits for our company and for all our shareholders.

## Anadolu Hayat Emeklilik A.Ş. Information on Financial Structure

Financial assets into which the funds that belong to our customers and our company are invested are presented hereinbelow on the basis of the branches in which we are active. The financial assets are classified according to the provisions of International Accounting Standards.

Financial Assets	Cost Value	Fair Value	Book Value
Held-to-Maturity Assets	76,998,497	79,569,547	79,569,547
Available-for-Sale Assets	275,504,401	278,990,717	278,990,717
<b>TOTAL</b>	<b>352,502,898</b>	<b>358,560,264</b>	<b>358,560,264</b>

Financial Assets and Investments with Risks on Policy Holders	Cost Value	Fair Value	Book Value
Available-for-Sale Assets	1,381,298,557	1,554,282,275	1,554,282,275
Held-to-Maturity Assets	34,600,001	36,702,631	36,141,531
<b>TOTAL</b>	<b>1,415,898,558</b>	<b>1,590,984,906</b>	<b>1,590,423,806</b>

Private Pension Funds	Quantity	Amount
AH1 Bond Fund	22,712,943,150.42	653,678,503.87
AH2 Liquid Fund	2,042,514,383.15	45,740,067.10
AH3 Eurobond Dollar Fund	1,700,662,586.23	26,654,484.71
AH4 Eurobond Euro Fund	1,710,806,181.22	28,832,216.57
AH5 Equity Fund	1,265,321,382.71	34,401,557.75
AH6 International Mixed Fund	267,006,810.79	3,931,408.28
AH8 Conservative Fund	1,711,956,732.70	43,735,358.65
AH9 Balanced Fund	9,515,000,612.19	251,072,321.15
AH0 Aggressive Fund	2,289,027,577.00	79,841,281.89

	Quantity	Amount
AG1 Bond Fund	1,079,928,498.53	26,341,615.94
AG2 Eurobond Fund	105,718,730.02	1,352,882.59
AG3 Equity Fund	152,113,059.27	2,480,811.88
AG4 Flexible Fund	1,093,124,955.63	25,009,605.86
HS1 Bond & Bill Fund	4,531,650,837.56	81,388,449.04
AHB White Equity	265,919,773.34	2,351,794.48
ATK Orange Bond Fund	781,782,526.99	10,768,272.53
ATE Orange Balanced Fund	467,909,311.02	5,008,969.17
<b>TOTAL</b>	<b>51,693,387,108.75</b>	<b>1,322,589,601.46</b>

## Anadolu Hayat Emeklilik A.Ş. Assessment of Financial Standing, Profitability and Claims Payment Ability

As was the case in previous years, Anadolu Hayat Emeklilik was once again among the sector's leading companies in 2008 in terms of profitability, shareholders' equity and asset size among all the companies operating in Life Insurance and Private Pension branches.

### ASSETS PERFORMANCE

In 2008, Anadolu Hayat Emeklilik increased its total assets by 20% and reached an asset size of TRY 3,400 million.

Within asset items, financial assets and investments with risks on policyholders take the largest share with TRY 2,000 million, up 14% year-on. Financial investments with risks on policy holders, which make up 82% of the said asset item, grew 10% compared with the previous year. This balance sheet item refers to the amount of financial assets into which the policyholders' funds under the company's management are invested. The increase in this item is expected to be sustained in the coming period, in parallel with our continued leadership in the industry. With TRY 345 million generated in premium production in 2008, the company was responsible for 21.9% of the total premium production in the life insurance segment.

Another significant balance sheet item is receivables from pension operations which has a 38.90% share in the company's total assets. Referring to the total amount of accumulation in Private Pension Funds reached by the contributions deposited by our participants with the company under the Private Pension System, this item grew 45% year-on and increased to TRY 1,323 million from TRY 910 million. In 2008, private pension funds made up 45% of the total assets with a worth of TRY 2,931 million managed by our company.

Taking place among our asset items, FX assets (TRY 179.6 million) constitute 5% of our total assets and cover 95% of our existing FX liabilities.

### LIABILITIES PERFORMANCE

In Anadolu Hayat Emeklilik's balance sheet, liabilities consist of technical provisions by nearly 50%, payables due to pension operations by 39% and shareholders' equity by 10%.

Expressing our liabilities towards our policyholders, life mathematical provisions increased more than 10% year-on and rose from TRY 1.4 million to TRY 1.6 million. Paralleling the increase in production, the 10.67% increase in this amount, which includes the growth in our policyholders' savings amounts and actuarial liabilities towards our policyholders, indicates a successful operating period with respect to the life insurance segment.

Running in reciprocation with the receivables from pension operations in the assets with respect to the private pension portfolio, the payables due to pension operations item registered nearly 45% year-on growth, driven by the performance displayed in the valorization of savings of existing participants as well as in new productions. This item constitutes 39.7% of our total liabilities and 44.3% of our short and long term liabilities.

As of 31 December 2008, the minimum amount of shareholders' equity necessary for the company as calculated on the principles set by the Turkish Treasury was TRY 84 million; the company's shareholders' equity as of the said date stood at TRY 350 million. Carrying on its activities in life insurance and private pension branches as the sectoral leader, our company has maintained its strong shareholders' equity ever since its foundation.

## Anadolu Hayat Emeklilik A.Ş. Assessment of Financial Standing, Profitability and Claims Payment Ability

### ASSESSMENT OF PROFITABILITY

2008 was characterized by numerous legislation changes that were put into implementation in the insurance industry, the heavy competition in the private pension segment, and the global crisis that started to make its severity felt towards the end of the year. With a view to keeping abreast of the sectoral structuring changed by intense competition, sustaining its leadership in life insurance and private pension branches, and guiding and shaping the industry, the company gave weight to internal operation, infrastructural investments, effective sales and marketing techniques, and communication and advertising activities. In the conduct of these activities, the company remains strictly loyal to its two key objectives: long-term and sustainable profitability and productivity. The company's net profit for the period grew 16.41% year-on, and reached TRY 52.9 million. Up 130%, our technical profitability rose to TRY 18 million.

### CLAIMS PAYMENT ABILITY

Claims paid by the company in 2008 totaled TRY 153.4 million. There was 12% decrease in this amount when compared with 2007.

Our claim payments consist of policy maturity and death benefit payments in relation to our life insurance and accumulation-based products from the prior periods, and our production covering both aspects.

The amount paid by the company on accumulating products at the expiration of the insurance period was TRY 141 million, down 14% year-on. High returns secured in insurance funds were influential on our life insurance customers' decisions to extend their policy periods.

In 2008, death benefit payments went up 24% to TRY 13 million compared with 2007.

## Anadolu Hayat Emeklilik A.Ş. Risk Management Policies

### Risk Management Policies Implemented on the Basis of Types of Risks

The company's risk policies and related implementation procedures cover written norms formulated and enforced by the Board of Directors in line with the proposals of the Risk Committee, and then put into implementation by executive management.

Risk Committee is responsible for describing, measuring, analyzing, monitoring risks and reporting them to relevant units. Other responsibilities of the committee include following up the developments in risk management, improving the techniques and methods employed, and submitting reports to the Board of Directors on necessary legal reporting, notification and follow-up activities.

Under the risk policies, the risks that the company may be exposed to are defined as insurance underwriting risk, market risk, credit risk and operational risks. These were enforced with the approval of the Board of Directors. Risk policies are general standards that determine the Risk Committee's place in the existing organization, the scope of its duties and responsibilities, and addresses risk measurement, limit supervision, methods to be followed in case of possible limit violations, and compulsory approvals and confirmations required to be given in various circumstances and cases.

### Insurance Underwriting Risk Policy

Insurance Underwriting Risk means the possibility that the premiums charged will prove insufficient to cover the claims paid.

The basic stages of Insurance Underwriting Risk management and monitoring are as follows:

- Profitability analysis on the basis of products
- Production quantity (quantity of new policies issued)
- Cancellation rates and quantities
- Surrender-death quantities
- Premium increase amounts
- Loss/premium ratios

Monitoring of the Insurance Underwriting Risk is aimed at ensuring compliance of the activities of all executive units to legal regulations, company strategies, policies and implementation principles within the framework of the company's actuarial principles.

The Insurance Underwriting Risk monitoring consists of various stages including keeping the company management and the Board of Directors informed on matters such as;

- effectiveness of the risk management process,
- degree at which the data reflect the actual situation,

as well as bringing proposals with regard to precautions required to be taken and necessary changes in practices.

### Market Risk Policy

The basic and ultimate purpose of the company's activities in money and capital markets is to generate returns. The basis of Market Risk policies is to measure, report and keep under control the risk that the company is exposed to by reason of such activity.

The top priority is to ensure that the Market Risk the company is exposed to is within the limits stipulated by applicable legislation and is in harmony with the company's risk appetite.

## Anadolu Hayat Emeklilik A.Ş. Risk Management Policies

Market Risk refers to the risk of loss consisting of such elements as the "Interest Rate Risk", "Stock Position Risk", "Exchange Rate Risk", "Commodity Risk" and related "Specific Risk" in connection therewith, which might result from the volatilities in interest rates, stock prices and exchange rates in the value of Anadolu Hayat Emeklilik's position in:

- financial instruments representing borrowing whose return is linked to interest rate;
- share certificates,
- other investment securities,
- all FX or FX-indexed assets and liabilities in or off the balance sheet,
- derivative agreements based on the said instruments.

The basic stages of Market Risk management process are as follows:

- Value at Risk (VaR) pertaining to the company's marketable securities (free portfolio) is calculated daily employing internationally accepted statistical methods, the application terms of which are set by the legislation.
- Measurement results are tested in terms of their reliability.
- Scenario analyses and stress tests are performed to examine the course the risk taken will follow in various scenarios.
- Results of measurements and tests are monitored by the Risk Committee and reported to the Board of Directors.
- The Board of Directors evaluates the test results and determines the actions deemed necessary.

In the monitoring of the Market Risk, Liquidity Risk is monitored employing necessary techniques and is reported to the Board of Directors.

The Market Risk monitoring process consists of various stages including keeping the company management and the Board of Directors informed on matters such as;

- the positions held by the company as a result of money and capital market transactions,
  - effectiveness of the risk management process,
  - conformity with limits set,
  - degree at which the data reflect the actual situation,
  - reporting on limit violations,
  - the personnel's compliance with risk policies and execution procedures,
- as well as bringing proposals with regard to precautions required to be taken and necessary changes in practices.

### Credit Risk Policy

Credit Risk refers to the "situation the company is faced with due to the failure of third parties, with which the company transacts with, to fulfill the requirements of the contract made and to their failure to timely satisfy their obligations in part or in whole". Credit Risk is the process which arises from the company's relations with brokers and reinsurers particularly on the basis of distribution channels and which makes up the body of transactions and decisions starting with marketing activities and covering the advertising and sales of the company products, transfer of risks and collections of premiums.

The company handles the Credit Risk management process on the basis of brokers and reinsurer companies based on distribution channels.

### Management of Risks Related to Agents

The company sees to it that all Credit Risks inherent in all of its products and activities are defined, measured and managed. Predetermined performance and risk criteria are applied in the management of credit risk posed by agents that act on behalf of the company and have a major share in the promotion and sales of its products.

## Anadolu Hayat Emeklilik A.Ş. Risk Management Policies

### Management of Risks Related to Reinsurance Companies

The company's policy governing the conduct of reinsurance activities require communication and constructive idea exchange with several reinsurance companies that are stable and financially reliable. The management policy is based on annual assessment of reinsurers.

The following criteria are applied in the selection of reinsurance companies:

- Companies providing reinsurance coverage should be operating out of politically and economically dependable regions; these countries should not be inflicted with such conditions as wars, civil commotion, insurgency, revolt, etc.
- The degree of support (statistical, actuarial, etc.) to be provided to and professionalism to be exercised by the reinsurer with the company in new product development.
- Reinsurer's follow-up of, competence in and approach to industrial practices,
- Reinsurer's capability to cover the reinsurance capacity required by the ceding company,
- Reinsurer's possessing a financial strength that is deemed adequate.

The points taken into consideration are the balance sheets, income statements, and ratings granted by international independent rating agencies with respect to the financial strengths of companies, which certify that the reinsurer is audited by legal audit and control authorities. Reinsurance companies are selected in line with the proposals of the executive unit.

The Risk Committee monitors all credit risks that the company may be exposed to during its activities, whether the third parties with which the company interacts fulfill their contractual obligations, the risk level of their activities, and the Credit Risk-related losses that occur in the company at regular intervals. The Risk Committee periodically reports on the same to the Board of Directors.

The Credit Risk management process is constantly monitored. In addition to the audits performed by executive units, the Board of Inspectors also conducts audits on the basis of third parties entering into a contractual arrangement with the company and agencies by regions. The Board of Directors determines the principles relating to execution of action plans for the conduct of Credit Risk audit performed by the Board of Auditors, the reporting of audit results, and remedy of errors and irregularities identified in the audits, as well as audit programs.

### Operational Risk Policy

Operational risks are defined as risks other than insurance underwriting, credit and market risks, which will cause the company to suffer physical or reputational loss. The basic principle is to measure, analyze, monitor and report on these risks that may occur in the organization, business continuity, technology, human resource, legislation, management, or business environment. The company classified the basic risks it may be faced with in the risk catalogue. The risk catalogue is updated according to undefined risks that the company may be exposed to due to the changes in the business environment and business processes. Operational risks are defined by seeking information from the staff doing the job and also centrally by the Risk Committee.

For management of operational risks, qualified data must be available which are appropriate for analysis. Operational risk management processes combines both qualitative and quantitative approaches in measurement and assessment. The most important part in the identification of operational risks is the description of risks, and determination of risk data necessary for measurement methodology and of the sources from which these data can be obtained. After they are defined and their loss extents are determined in the light of these data, risks are reported to the Board of Directors.

## Anadolu Hayat Emeklilik A.Ş. 5-Year Summary Financial Information Including the Reporting Period

### Financial Highlights and Key Ratios

Financial Highlights (TRY thousand)	2004	2005	2006	2007	2008
Total Premium and Contribution Production*	455,501	468,254	692,597	684,110	811,058 **
Total Technical Profit	31,400	5,454	(3,749)	7,958	18,296
Total Assets	1,675,443	2,028,207	2,267,789	2,825,117	3,399,914
Nominal Capital	100,000	150,000	175,000	175,000	250,000
Shareholders' Equity	223,377	312,252	321,641	344,312	349,940
Financial Income	79,961	62,045	51,471	58,027	58,964
Pretax Profit	59,461	58,440	30,853	57,091	67,350
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Pretax Profit /Shareholders' Equity	27	19	10	17	19
Total Premium and Contribution Production/Total Assets	27	23	31	24	20
Shareholders' Equity/Total Assets	13	15	14	12	10

\*Total premium figures include premiums from personal accident branch.

\*\*As per the data released by the Pension Monitoring Center as of 26 December 2008.

### Premium Production

#### a. Life Insurance Premium and Private Pension Contribution Production (total)

##### Premium and Contribution Production (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
426,184	468,022	10%	692,346	48%	683,808	-1%	685,353	0%

#### b. Private Pension Contribution Production

##### Contribution Production (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
44,942	119,778	167%	351,810	194%	344,916	-2%	340,437	-1%

#### c. Life Insurance

##### Premium Production (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
381,242	348,244	-9%	340,536	-2%	338,892	0%	344,914	2%

### Mathematical Reserves and Dividend Reserves

##### Mathematical Reserves and Dividend Reserves (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
1,293,532	1,443,180	12%	1,319,478	-9%	1,453,067	10%	1,608,158	11%

## Anadolu Hayat Emeklilik A.Ş. 5-Year Summary Financial Information Including the Reporting Period

### Pension Funds

#### Pension Funds (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
47,096	174,614	271%	527,623	202%	910,158	73%	1,322,590	45%

### Policy Maturity and Death Benefit Payments

#### Policy Maturity (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
212,762	181,617	-15%	200,620	10%	163,616	-18%	140,549	-14%

#### Death Benefit Payments (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
9,816	13,099	33%	14,214	9%	10,335	-27%	12,859	24%

#### Total (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
222,578	194,716	-13%	214,834	10%	173,951	-19%	153,408	-12%

### Technical Results

#### Life Insurance (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
17,125	20,033	17%	17,768	-11%	26,341	48%	11,272	-57%

#### Private Pensions (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
(13,266)	(14,755)	-	(21,439)	-	(18,263)	-	6,913	-

#### Total (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
3,859	5,278	36%	(3,671)	-	8,078	-	18,185	125%

### Financial Results

#### Financial Income (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
79,961	62,045	-22%	51,471	-17%	58,027	13%	58,964	2%

## Anadolu Hayat Emeklilik A.Ş. 5-Year Summary Financial Information Including the Reporting Period

### Pretax Profit

#### Pretax Profit (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
59,461	58,440	-2%	30,853	-47%	57,091	85%	67,350	18%

### Shareholders' Equity

#### Shareholders' Equity (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
223,377	312,252	40%	321,641	3%	344,312	7%	349,940	2%

### Total Assets

#### Total Assets (TRY thousand)

2004	2005	Change	2006	Change	2007	Change	2008	Change
1,675,443	2,028,207	21%	2,267,789	12%	2,825,117	25%	3,399,914	20%

### Market Share

#### Market Share (%)

Branches	2004	2005	2006	2007	2008
Life Insurance	32	28	25	24	22
Private Pensions	15	14	19	20	21

## Anadolu Hayat Emeklilik A.Ş. Information for Investors

### 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](http://www.anadoluhayat.com.tr).

### Shareholder Relations Unit

Anadolu Hayat Emeklilik A.Ş.  
İş Kuleleri Kule 2 Kat:19, 34330, Levent İstanbul

### Annual General Meeting

Anadolu Hayat Emeklilik A.Ş.'s Annual General Meeting was held on 26 March 2009 at 15:00 hours at the address of İş Kuleleri, Kule 2, Kat 20, 34330 Levent, İstanbul.

### Independent Auditor

DRT Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
Sun Plaza Dereboyu Sok. No:24  
Maslak 34398 İstanbul

### Tax Certification

DRT Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.  
Sun Plaza Dereboyu Sok. No:24  
Maslak 34398 İstanbul

### Anadolu Hayat Emeklilik Share Performance in 2008

According to its year-end balance sheet, Anadolu Hayat Emeklilik's capital amounts to TRY 250,000,000, consisting of fully-paid 25,000,000,000 shares each with a value of Ykr 1. 16% of the Company's shares are publicly held.

The lowest price per share during the year was TRY 1.10 and the highest was TRY 3.65. The average trading price for the whole year was TRY 2.43. Share price quarterly lows and highs are presented below.

TRY	Highest	Lowest
01.01.2008-31.03.2008	3.65	2.23
01.04.2008-30.06.2008	3.05	1.93
01.07.2008-30.09.2008	3.50	2.24
01.10.2008-31.12.2008	2.40	1.10

## Anadolu Hayat Emeklilik A.Ş. Directory

### Anadolu Hayat Emeklilik A.Ş.

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#### Head Office

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#### İstanbul District Office 1

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Tel : (+90 212) 244 76 00 pbx

Fax : (+90 212) 243 84 40

#### İstanbul District Office 2

Caferağa Mahallesi Neşet Sok. No:4 Kat: 1 34710 Kadıköy-İstanbul

Tel : (+90 216) 330 94 84 pbx

Fax : (+90 216) 330 92 54

#### Central Anatolian District Office

Tunus Caddesi No: 46 06680 Kavaklıdere-Ankara

Tel : (+90 312) 468 62 82 pbx

Fax : (+90 312) 468 30 67

#### Southern Anatolian District Office

Kurtuluş Mahallesi Ziyapaşa Bulvarı, Tevfik Bey Apartmanı, No:37/A Zemin Kat Seyhan-Adana

Tel : (+90 322) 458 30 70 pbx

Fax : (+90 322) 458 70 43

#### Marmara District Office

Fomara Meydanı Mantıcı Cad. No: 21 Aydı Plaza Kat: 1 16030 Bursa

Tel : (+90 224) 223 71 35/223 73 57

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#### Aegean District Office

Atatürk Caddesi No: 92 Kat: 3 35210 Konak-İzmir

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Fax : (+90 232) 441 82 92

#### TRNC Branch Office

Şerif Arzık Sokak No:25 Köşklüçiftlik Lefkoşa-TRNC

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