AKSigorta

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AKSigorta

PRESENTATION

MILESTONES

Founded on April 28, 1960 to serve the needs of the companies in the Sabancı Group, Aksigorta A.Ş., initially had its headquarters located in Adana and its business center located in İstanbul. Aksigorta has since expanded its network by 10 Regional Directorates, 3 Regional Representative Offices, 847 Akbank branches dispersed across the country and 1,445 independent agencies and continuously increased its market share in non-life lines of business and grown to be one of the leading insurance companies today. The following is the summary of the chronological milestones in the history of Aksigorta:

1961 Integrated its management and business centers in its building located on İstiklal Street, .

1970 İzmir Regional Directorate began its operations.

1981 Made a transition into the bank insurance business.

1983 Issued the first insurance policy through online connection.

1985 Established the Ankara Regional Directorate.

1986 Adana Regional Directorate began its operations.

1989 All Regional Directorates launched online operations.

1994 Completed the Initial Public Offering. Currently, approximately 38% of the Company's shares are being traded on the Stock Exchange (ISE).

1995 Moved out of the historical Minerva Han Building into the former Akbank headquarters located at Fındıklı after purchasing and transforming thereof into a contemporary office building. Started in the same year and became a tradition, the annual Painting Contest for elementary school students will celebrate its 15th anniversary this year.

1996 In October 1996, unveiled Turkey's first Fire and Earthquake Training Center, which has only a few precedents in the world and was built fully by Turkish technology. Trabzon Regional Directorate began its operations. Restructuring of regional directorates across the country was initiated. Implemented the Human Resources Project and made the transition into the performance management and career planning system. Made radical changes on the Information Technology infrastructure and renewed all projects. Launched the Company's website.

1998 Began issuing first online insurance policies in Turkey at Akbank branches through the Bankassurance Project. Additionally, set-up online connections with approximately 150 agencies in the same year. Established the quality assurance system modeled after the ISO 9001: 1994 standards and obtained the BS EN 9001:1994 Quality Standard Certificate.

1999 Provided the agencies with modern software enabling them to conduct insurance transactions more efficiently.

2002 Activated the revised and renewed Company website over the Company's systems and enriched the contents thereof with brand new, customer oriented applications. Obtained authorization certificate in the health line of business and began issuing insurance policies. Began providing the consumers and agencies with faster and better quality service 24 hours a day and 7 days a week varying from claim file notice to other insurance procedures through the Aksigorta Service Center, which began operations during the same year.

2003 Established the Bursa Regional Directorate. E-mail system was equipped for the agencies' use.

2004 Established four regional directorates in İstanbul; being 1st, 2nd, 3rd and Corporate Regional Directories, and moved the operations and sales transactions to those directorates. Established the online connection linking all distribution channels to the main computer located at the Company headquarters.

2006 Antalya Representative Office began operating as the Mediterranean Directorate. Transformed the management style from central management into regional management based on revised business and decision making processes, centralized management style has been transformed into district management style. Created a widespread regional organization by strengthening the competency and capacity of the regional directorates as they are the Company's initial contact points with its customers and agencies. Moved the Fire and Earthquake Center (YADEM) into the Şişli Science Center to attract more visitors.

2007 Akemeklilik A.Ş., one of the Aksigorta subsidiaries, and Aviva Hayat ve Emeklilik A.Ş. merged and the company began operations under the name of AvivaSA Emeklilik ve Hayat A.Ş., effective from November 1, 2007. Launched a brand new project called Active07 in order to build an information technologies infrastructure that would be compatible with improving standards of time and that would support the Company's objectives. With the support of an end-to-end transparent, easy to monitor and report infrastructure that is created through this system, responsibility for sharing with the customers, agencies and other third party individuals and companies has been simplified. In September, moved the Aksigorta Service Center into to the Headquarters building.

VISION

To become Turkey's pioneer and leading insurance company that operates in world-class standards.

MISSION

To provide the best quality and widespread service for all of our corporate and individual customers through our agencies by increasing the insurance awareness in the society.

VALUES

- Customer focused
- High service quality
- Transparency
- Ethical Values
- Prevailing in the long run

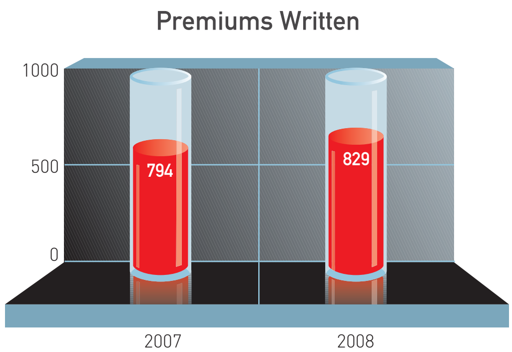
QUALITY POLICY

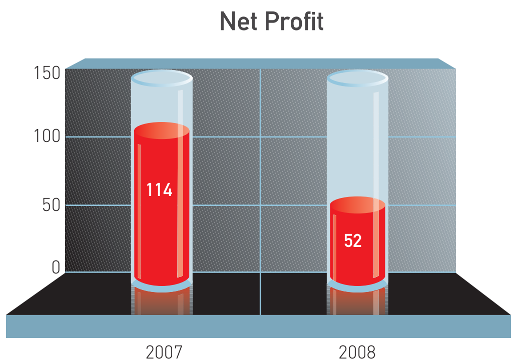
As a robust, respectable and reliable company in the sector, to provide quality service with the emphasis on customer satisfaction and in line with our vision, mission and values, in collaboration with our agencies, employees and suppliers.

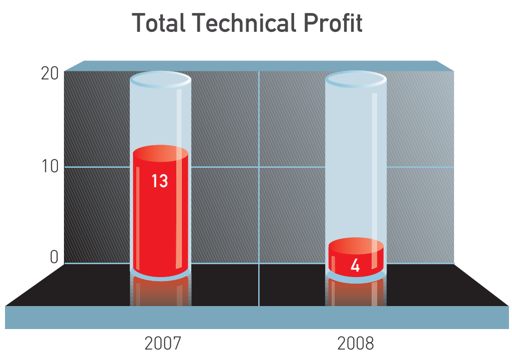
FINANCIAL HIGHLIGHTS

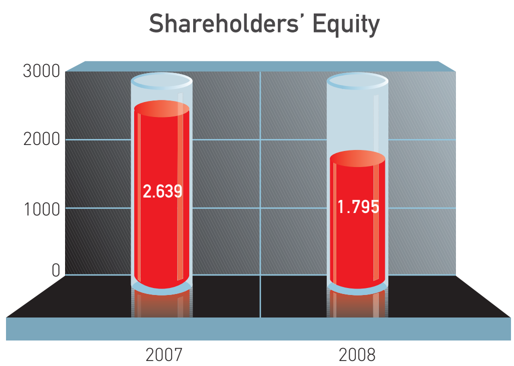
With its shareholders' equity amounting to TRY 1.8 billion and robust financial structure as of the yearend of 2008, Aksigorta is the leading company of the Turkish Insurance Sector. Having maintained its sustainable profitable growth, generated TRY 829 million in premiums and TRY 52 million in net profits, Aksigorta is one of the forthcoming companies in the sector.

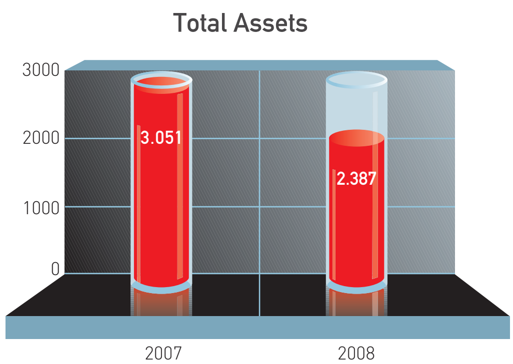
Summary of Financial Indicators (TRY million)



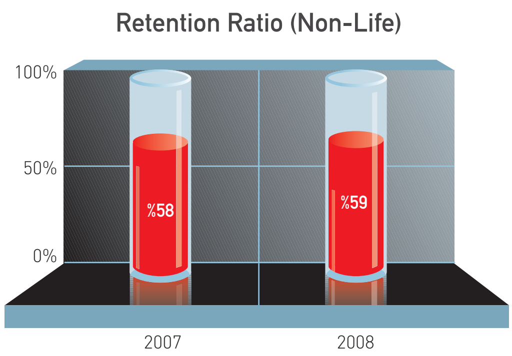


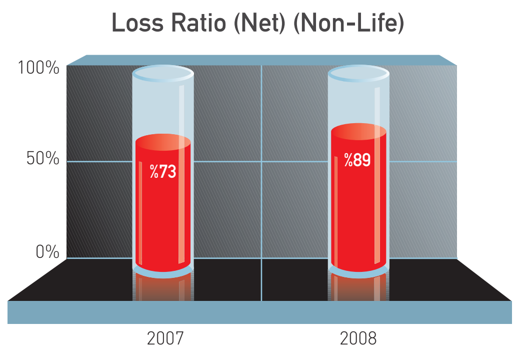


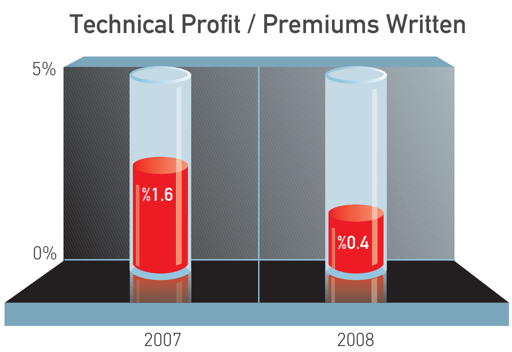


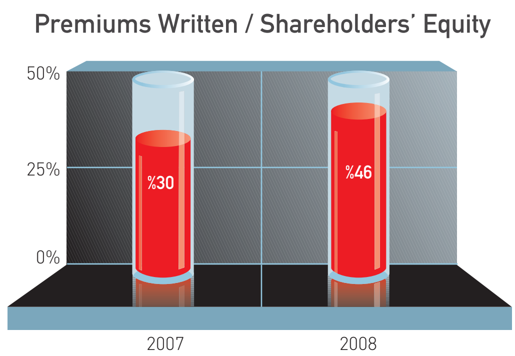


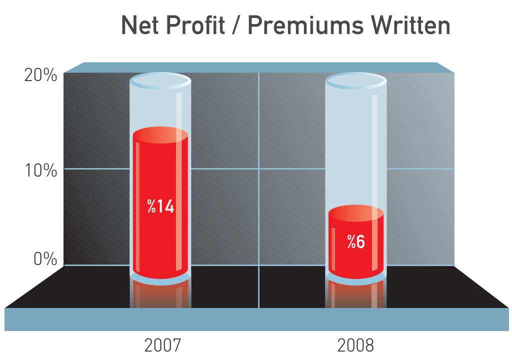
Financial Ratios

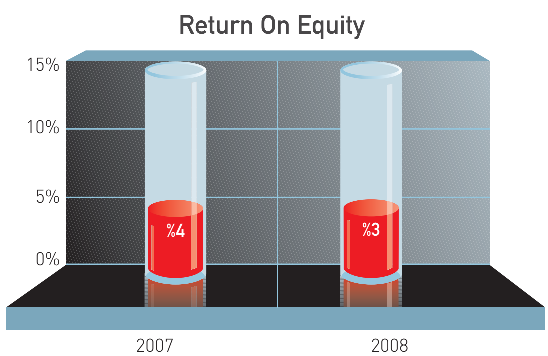












EQUITY SUMMARY

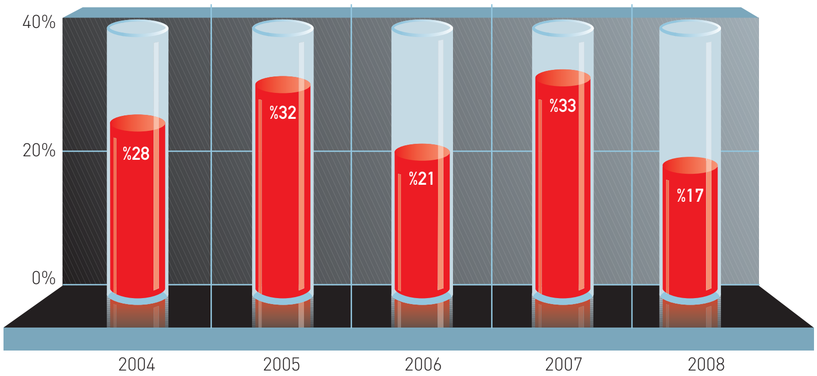
Registered Capital

Having adopted the registered capital system pursuant to the provisions the law numbered 2499 and completed the transition thereto under the Capital Markets Board's permission numbered 301 and dated March 9, 1995, Aksigorta A.Ş., announced, in the Turkish Commercial Registry Gazette edition numbered 6441 and dated November 29, 1995, that it has increased its registered capital to TRY 500 million from TRY 150 million.

Dividend Distribution Ratios

The dividend ratios distributed to shareholders over the last five years are as follows:

Dividend Ratio

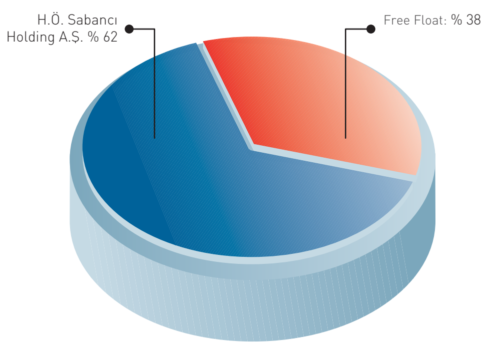


Shareholders holding more than 10% of the Issued Capital

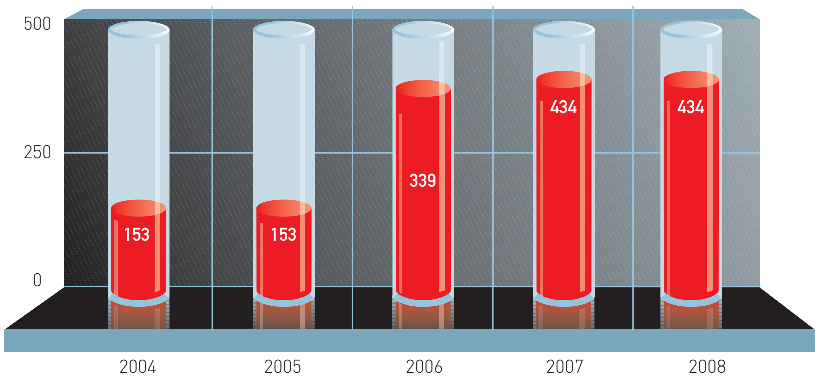
Name of the shareholder holding more than 10 % of the partnership capital, amount of the shares held by it and ratio of its shares to capital are as follows:

Shareholder's Name	Amount of the Shares (TRY)	Shareholding Ratio
H. Ö. Sabancı Holding	18.965.880	% 61,98

Shareholding Structure



Paid in Capital (TRY Million)



Issued Securities

As of December 31, 2007 there are no securities issued by Aksigorta A.Ş.

Equity Structure

There was no change in 2008 on the equity and shareholding structure shown below. There are no non-corporate ultimate shareholders with a controlling interest in the Company. None of board members and executive managers holds Aksigorta A.Ş. shares.

ANNUAL MEETING AGENDA

AKSİGORTA A.Ş.
ANNUAL SHAREHOLDERS' MEETING AGENDA
MARCH 30, 2009
11.00 a.m.

1 Call to order and nominating the Executive Committee,

2 Authorizing the Executive Committee, for signing the minutes of the Board Meeting,

3 Presentation and discussion of the Board of Directors Annual Report and Auditor's Reports,

4 Presentation, discussion and approval of the Balance Sheet and Profit/Loss Statement and approval or rejection of the proposal dividend distribution upon deliberation,

5 Releasing the Board Members and the Auditors,

6 Determination of the salaries and attendance fees of the members of the Board of Directors and Auditors,

7 Election of the members of the Board of Directors and determination of their duty periods.

8 Confirmation of Auditors chosen by the board of directors.

9 Approval of the change made in 4th article of Articles of Association.

10 Authorizing the chairman of the Board and the Board Members to perform transactions set forth in Articles 334 and 335 of the Turkish Commercial Law.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

In 2008, there had been no amendments to the Articles of Association of Aksigorta A.Ş.

The previous and amended forms of article 4 of our Articles of Association to be discussed at the Ordinary General Assembly on March 30, 2009 are provided below. The reason behind this amendment is to bring our Articles of Association in harmony with our practices.

PREVIOUS FORM

Purpose of Incorporation of the Company
Article 4- Purpose of Incorporation of the Company:
a) To engage in all kinds of Insurance and Reassurance transactions in Turkey and abroad.
b) To undertake acting as an agency, acting company and representation of other Insurance and Reassurance companies, to meditate all kinds of insurance and reassurance businesses.
c) To purchase all kinds of stocks and bonds (including State bonds) and treasury bonds, to acquire movable properties and real estate, to give and acquire pledge over movable properties, to transfer and assign acquired real estate and to establish and revoke mortgage and other rights in rem and personal rights on these and on the real estate of others and to lease them out partially or wholly in order to invest the capital and the reserves to achieve the main purpose of the company, provided that they shall not be in the form of security portfolio management and broker operations.

The company may make donations to the universities, educational institutions, foundations, associations for public interest or such persons and establishments, provided that these shall not create the consequences that may be included in the context of the last paragraph of article 15 of the Capital Markets Law and that such donations, including those made during the year, are submitted to the attention of the shareholders at the general assembly and the required particular case announcements are made.
Other than those specified above, bringing in other businesses that shall be deemed to be necessary or beneficiary for the company in future to the purpose of incorporation of the company shall be made by the amendment of the articles of association.
In order to be able to adopt this resolution, the required permission shall be obtained from the Ministry of Industry and Commerce in advance and when required, from the Capital Markets Board.

AMENDED FORM

Purpose of Incorporation of the Company
Article 4- Purpose of Incorporation of the Company:
a) To engage in all kinds of Insurance and Reassurance transactions in Turkey and abroad.
b) To undertake acting as an agency, acting company and representation of other Insurance and Reassurance companies, to meditate all kinds of insurance and reassurance businesses.
c) To purchase all kinds of stocks and bonds (including State bonds) and treasury bonds, to acquire movable properties and real estate, to give and acquire pledge over movable properties, to transfer and assign acquired real estate and to establish and revoke mortgage and other rights in rem and personal rights on these and on the real estate of others and to lease them out partially or wholly in order to invest the capital and the reserves to achieve the main purpose of the company, provided that they shall not be in the form of security portfolio management and broker operations.
d) To participate in companies operating in real estate and other fields.

The company may make donations to the universities, educational institutions, foundations, associations for public interest or such persons and establishments, provided that these shall not create the consequences that may be included in the context of the last paragraph of article 15 of the Capital Markets Law and that such donations, including those made during the year, are submitted to the attention of the shareholders at the general assembly and the required particular case announcements are made.
Other than those specified above, bringing in other businesses that shall be deemed to be necessary or beneficiary for the company in future to the purpose of incorporation of the company shall be made by the amendment of the articles of association.
In order to be able to adopt this resolution, the required permission shall be obtained from the Ministry of Industry and Commerce in advance and when required, from the Capital Markets Board.

MESSAGE FROM THE CHAIRMAN AND THE GENERAL MANAGER

Dear Shareholders,

Current financial turmoil, which has made an indelible mark on 2008, broke out in the US in the beginning of 2008, setting the stage for weakening global demand and liquidity crunch and eventually turning into a global economic downturn gripping the entire world. Bankruptcy filings by giant banking institutions like Lehman Brothers and massive losses suffered by many companies left investors feeling tremendously uneasy. After having hit the financial services industry, financial crisis caught up with the real sector, mainly the automotive industry, in a relatively short time. In the wake of the global economic crisis several nations, mainly the US, unveiled various bailout plans. As the economy slipped into recession, central banks of several nations slashed interest rates below 1% level. Shares of many publicly traded companies of various sizes around the world have also been hit hard. It is predicted that in 2009 global economic developments will keep hurting macroeconomic stability, that especially those companies borrow in foreign currencies will likely to experience hardships and that financing opportunities will be scarce. Also a wave of mergers and acquisitions is anticipated as financially sound companies will acquire weaker firms.

In recent years rapid development and growth are being perceived in all segments of the Turkish finance sector. However this rapid growth, unlike that of developed nations, transpired within the bounds of risk management and corporate governance principals. Accordingly, impact of the current global financial crisis was relatively limited on the financial sector in our country as opposed to their counterparts in abroad. Also, ongoing public investments and spending directed at the municipal elections has somewhat alleviated the impact of the current crisis in our country, however public spending will take on a different course after the elections, depending on the outlook of the global finance sector.

Volumes and profitability in all sectors will deteriorate in tandem with diminishing publicinvestments and spending. With decelerating rate of income increase, efforts directed at operational cost reduction will become even more of an issue. In a best possible scenario, non-life insurance sector is expected to slip into recession on account of slowdown in economic growth. Real growth rate of non-life insurance segment in the world is now cruising below the average level of previous years. This rate is increasing in the developing nations as it is declining in the developed world.

Given that insurance companies' cash flows are tied to premiums, which happen to be more stable than alternative funding methods used by other financial services companies, impact of the current crisis will be kept at bay to some extent. However, under the impact of the financial crisis, operational profitability is expected to shrink in the upcoming period. In the upcoming period, under increased regulations, it is predicted that company audits will be intensified and companies' risk management systems will be revised. The "Solvency II", which happens to be the most important of part of this legislative change introducing a risk based surveillance system, is expected to help insurance companies in strengthening their capital structures and growing more competitive. Following the publication of the longoverdue 'New Insurance Law' in June 2007, regulations prescribed by the Law were issued in 2008 successively. The New Insurance Law and regulations intend to create transparency, more sound financial structure and a secure setting for the insurance sector. With the legal infrastructure constructed as prescribed by the EU Insurance Criteria, our insurance sector is at the head of the EU-ready sectors. Non-life insurance segment grew by 6.1% in nominal terms in 2008 on year-overyear basis and generated TRY 9.8 billion in premiums. Lawsuit filed for closing AKP and rumors about possible early elections left markets jittery beginning in early 2008, and signs of recession in the insurance sector grew even more pronounced with the onset of the financial crisis. While our national economy grew by 1.5% in real terms, non-life insurance segment contracted in real terms (-2%) after a prolonged period of growth.

The insurance sector is not expected to grow in 2009. Instead, profits on balance sheets are expected to take a plunge owing to both melting operational profits induced by competitive pricing, and shrinking financial income levels triggered by low inflation and interest rates. In the absence of growth companies are expected to delve into their own portfolios. Aksigorta continues to proceed with its objective of sustainable profitable growth in the sector. As Turkey's pioneering and leading world-class insurance company, we aim at raising awareness for insurance and provide the best-quality and most widespread service to all of our corporate and individual customers through our agents.

With its owners' equity reaching TRY 1.8 billion as of the end of 2008, Aksigorta, the largest company in the Turkish insurance sector, remains to be one of the major players in the sector by generating TRY 829 million in premiums and TRY 52 million in net profits. With 38% of its shares traded on the Istanbul Stock Exchange, Aksigorta is included in the ISE National -30 index. Approximately 81% of its shares kept by Takas Bank are owned by foreign institutional investors.

In line with our objectives, we receive positive feedback on our operations from various NGO's and consultancy firms. For instance, in accordance with the Turkish Customer Satisfaction Index (TMME) 2007, a quality index conducted by KalDer, Aksigorta scored the first place with 80 points under car insurance and health insurance categories. Furthermore, we were voted "The Most Reliable Insurance Company" by the Consumer Magazine four years in a row. Also, in accordance with annual polls evaluating the companies in the sector, we have very high brand recognition.

Aksigorta provides solutions and develop products fitting the needs of its corporate and individual customers through 1,445 independent agencies affiliated with a robust regional organization consisting of 10 Regional Directorates and 3 Representative Offices, a widespread distribution network consisting of 847 Akbank branches, Service Center available 24/7, providing non-stop service and company website. As a part of our capital optimization efforts, we sold two of our affiliated companies; Akçansa and Çimsa in 2008. Through the spin-off process we have announced to the public, we initiated the process of spinning those affiliated companies off our portfolio by the said public announcement. We are now waiting for the New Commercial Code to proceed with this process. By doing so we intend to uncover the company's real insurance business value and to restructure it to be prepared for possible strategic operations.

Aksigorta constantly revises its business methods and practices in line with its pioneering and innovative role in the sector. We manage corporate and individual insurance businesses as two different business segments. Each business segment manages their own target market, segmentation, business undertakings and risk management.

We have restructured our regional organization in accordance with those business segments.

The entire claim process management is moved into electronic environment, health claim/provision systems are included in the system accordingly. Agency composition is completed and agency activations are expedited through campaigns. We continue to provide our customers with faster and more reliable solutions through our completely renewed technological infrastructure. Our new technology offers faster, more flexible and user friendly service on the operations side while it has more flexible structure to allow all sorts of data mining on the management information systems side.

Aksigorta is committed to being a socially responsible company. YADEM (The Fire and Earthquake Training Center), which was established under the "Investing in the Future Project" by Aksigorta to provide training for protection against disasters such as fire and earthquake and raise awareness directed at primary school children, was moved to Şişli Municipality Science Center in November 2006 to ensure that YADEM is exploited widely. Additionally, the company holds an annual painting contest "Fire and Earthquake" intended for primary school children in a selected city in April. This contest intends to encourage young talents' artistic pursuits and raise their awareness for fire, earthquake and insurance. We will continue our efficient operations also in 2009 to achieve our goals of boosting market share, maintaining profitability and agency and customer satisfaction. We would like to extend our sincere gratitude to all of our valued shareholders, agencies and customers contributed to our achievements for their unwavering support and encouragement. We would like to reiterate that we are fully aware of the responsibilities that fall upon us to sustain this faith and support. We thank all of our colleagues and retired personnel for their dedicated and sincere efforts to the advancement our company, and commemorate our partners and employees who have passed away.

M. Akın Kozanoğlu
Chairman

Ragıp Yergin
General Manager

ECONOMİC AND SECTORAL OUTLOOK

Economic data in 2008 clearly reveals the scale of the economic recession in the world and in Turkey. With financial crisis deepening, strong uptrend in growth in recent years, began to retract in the developed world and rapidly slow down with risk of contraction in the developing economies. Slowdown in global growth and the rapid contraction of the world trade caused a sharp decline in industrial production and capacity utilization.

Such developments have a negative impact on the labor markets as well. Employment data rapidly deteriorated in general around the world and unemployment rates skyrocketed. Inflation, posed a serious concern until the second half of 2008, on the other hand went into a downtrend with the slow down in growth and sharp decrease in energy and commodity prices.

Hit hard by the current financial crisis and following economic slow down, international trade sharply declined. Current account deficits dropped due to sluggish demand in nations running high current account deficit in the pre-crisis period, while current account surpluses deteriorated in the face of plummeting commodity prices.

As inflation concerns eased and economic data deteriorated, central banks were forced to cut interest rates further down and take emergency measures against the credit crunch and economic downturn. It is predicted that financial sector's profit margin and growth rate will deteriorate in 2009 due to the impact of global economic uncertainties on the sectors.

On the domestic front, public investments and spending sustained until the municipal elections may have somewhat minimized the impact of the economic slow down for certain sectors. However the post – election spending will depend on the performance of the global finance sector.

While the negative growth trend is gradually gripping the developed world, developing economies still continue to grow. Turkish economy grew by 0.5% in the third quarter of 2008, based on the officially released data. As public investments and spending diminish, financial sector's profitability will plummet. With increase in income levels decelerating, efforts directed at operational cost reduction will become even more of an issue in the finance sector.

In recent years, the rapid development and growth achieved in all segments of the Turkish finance sector have been quite visible. However this rapid growth, unlike that of developed nations, transpired within the bounds of risk management and corporate governance principals. Accordingly, impact of the current global financial crisis was relatively limited on the financial sector in our country as opposed to their counterparts in abroad.

As of the end of 2007, total global premiums written under the categories of life and non-life reached US$ 4.1 trillion (Source: Sigma 3/2008, Swiss Re's publication medium). Of those, approximately 41% consists of the premiums generated in non-life line of business.

In 2007, total global premiums grew by 3.3% in real terms, falling behind the long term growth trend. Life and non-life lines of business grew by 5.4% and %0.7, respectively.

Having already achieved 88% share in total premiums generated in non-life lines of business, developed nations are seemingly experiencing a stalled growth. Even though developing nations have smaller share in total premiums, they sustain a high growth rate. Per capita non-life insurance premiums in developing nations are still way behind that of the developed world, indicating the potential for growth.

As for aggregate premiums, per capita premium is US$ 608, which consists of life and non-life premiums of US$ 358 and US$ 250, respectively. Per capita premium in developed world stands at (life + non-life) US$ 3,577 as opposed to US$ 73 in developing countries. The ratio of generated premiums to GDP is as follows; 7.5% for the overall sector, 4.4% for life line of business and 3.1% for non-life line of business. The same ratios for aggregate premiums for developed world and developing nations stand at 9.1% and 2.8%, respectively. As the global economic development gets back on track, interest in the developing nations is expected to be revived and to capture its uptrend.

Although data on premiums generated in the world as of the end of 2008 are not released yet, negative growth in developed nations and narrowing growth rates in developing nations will be perceived evidently. The sector, which seemingly slipped into recession, is expected to show negative growth in 2009 as well in tandem with the economic developments.

According to the same source, Turkish Insurance Sector has increased its share in globally generated premiums to 0.2% in 2007 and moved up in the global rankings to 34th place. Turkish Insurance Sector's share in the GDP stands at 1.2%. Premiums generated per capita have increased to US$ 111 from US$ 89. Majority of the premiums generated in the country is in non-life segments and constitutes 1.1% of the GDP and ranks 27th among nonlife premiums generated globally. The data indicates that; with its high growth potential, Turkey, as all other developing countries, tops the list of countries eyed by global companies.

In Turkey, there are 52 insurance companies that are actively generating premiums. Of those, 29 generate premiums in non-life lines of business and 23 generate premiums in life and individual pension plan lines of business.

Of insurance companies offering life insurance and individual pension plans, 15 generate premiums exclusively in life insurance line of business, 1 generates premiums exclusively in individual pension plan line of business, and 9 generate premiums in both life and individual pension plan lines of business. Aggregate owner's equity of the companies operate in the insurance sector is TRY 6.8 billion based on their balance sheets as of September 30, 2008.

Real growth rate of non-life insurance sector is now cruising below the average of previous years. This rate is increasing in developing nations, as it is declining in the developed world. Insurance companies in developed nations are profit oriented. With mergers and acquisitions are on the rise, however, they seem to be more focused on chasing after growth opportunities in emerging markets with high growth potential. This phenomenon has raised interest in our country and many big global players have entered the market in recent years.

Price competition and customer expectations in non-life insurance sector are increasingly on the rise. Claim costs and court expenses are also shooting up. While 2000's are having a negative impact on insurance companies in terms of catastrophic and large claims, the sector performed within the range of general average between 2006 and 2008.

New legislative changes in the insurance sector are on the agenda. The "Solvency II", which happens to be the most important of part of this legislative change introducing a risk based surveillance system, is expected to help insurance companies in strengthening their capital structures and growing more competitive.

In a best possible scenario, non-life insurance sector is expected to slip into recession due to slowdown in economic growth. It is predicted that premiums will decrease in industrialized nations while developing economies will experience a slowdown in growth and plunging profits.

In Turkey, lawsuits filed for closing AKP and rumors about possible early elections left markets jittery beginning in early 2008, which was accompanied by signs of recession in the insurance sector. Those signs grew even more pronounced with the onset of the global crisis.

As of the end of 2008, non-life premiums generated by the insurance sector contracted by 2% in real terms. Perceived impact of the global economic crisis on the markets was more pronounced especially in the last quarter. Annual premiums grew by 6% in nominal terms and reached TRY 9.8 billion. Year-on-year comparison of the sector's performance by the lines of business shows drop in growth rates in all lines of business, except for transportation and DASK (Natural Disasters Insurance Authority). 2008 growth rates by the lines of business in the descending order are as follows; agriculture 31%, transportation 13% and health 11%, fire total (including DASK) 9%, accident total 4%, engineering 2%.

As for portfolio distribution of the lines of business in the sector, accident line of business' total share in the portfoli distribution decreased by 1.2%. Health, transportation and agriculture lines of business gained the accident lines of business' share, boosting their shares by 0.5% and 0.3%, respectively.

Given that prior to 2008, the sector outperformed the real GDP growth by twofold minimum and enjoyed a high growth trend; it appears to have performed poorly in 2008.

The poor performance is attributed mainly to the negative impact induced by dropping automobile sales, as the sector generates 54% of total premiums from traffic and car insurances, and to economic slowdown that hit the commercial insurances hard. It is predicted that prevailing economic conditions will continue to have a big impact on the markets and the sector in the upcoming period.

Increased Claim / Premium ratios raised the Compound Ratios of the sector. Net technical losses are translated into technical profits in auto insurance line of business, which distinctly heightened cost cutting efforts. Conversely, the traffic line of business losses continued to climb due to serious increase in claim ratios.

Relatively small ratio of non-life premiums/GDP, low levels of non-life premiums per capita and low insuring rates indicate that the Turkish insurance sector has rather high growth potential. Our non-life insurance sector, which moves in tandem with economic growth and is propelled by the EU accord efforts, is being adversely affected by the developments in the market. Beginning from the end of 2006, Turkish insurance sector had attracted foreign investments. This trend intensified in 2007 and continued well into 2008 with TEB Insurance's acquisition by Zurich Financial Services. Axa and Allianz groups acquired 100% of the companies by buying out local partner's shares. Again in 2008, finally Groupama acquired Guven Sigorta. Foreign groups aiming to increase operational profitability through mergers and acquisitions; entered the sector initially with low market shares and intensified the competition. Of 35 non-life insurance companies, 29 actively generate premiums and 18 thereof are controlled by foreign capital.

Individual pension system, which largely contributes to both national economies and capital markets in developed nations, increased the total amount of funds collected in Turkey to TRY 6.3 billion as of end of 2007, since its inception in 2003. As of the end of the 2008; 1,741,552 individuals with 1,928,964 contracts joined this system, which promises significantly high growth in terms of both its infrastructure and high growth potential.

Following the publication of the longoverdue 'New Insurance Law' in June 2007, many regulations prescribed by the Law were issued in 2008 intensively. The New Insurance Law and regulations intend to create more sound financial structure, more transparent and well structured secure setting for the insurance sector. With the legal infrastructure constructed as prescribed by the EU Insurance Criteria, our insurance sector is at the head of the EU-ready sectors.

As for distribution channels' anticipated shares in overall performance in the upcoming period, although individual agencies' large presence in generating premiums will continue, it is expected that shares of the banks, brokers and alternative channels (service center, internet and direct sales) in generating premiums to increase. In the upcoming period even though we expect individual and Small to Medium Business (KOBİ) insurances to leap forward, we think that auto insurance will remain to be the leading business segment. We believe that Responsibility (Product, Profession), Mortgage, Agriculture and Health Insurance segments have the highest growth potential.

Vehicle insurance will remain to be the leading business line of business in the sector. With price deregulation for Vehicle damage follow-up and Mandatory Traffic Insurances, competition will be intensified. "Responsibility (product and profession), housing, agriculture and health" are the segments expected to grow faster.

In the upcoming period, under increased regulations, it is predicted that company audits will be intensified and companies' risk management systems will be revised.

AKSİGORTA IN SECTOR

Aksigorta is One of the Leader Companies of the Sector with its Strong Capital Structure, High Premium Generation and Profitability

Aksigorta, being one of the strongest companies of the sector both in terms of financial structure and premium generation, is also heading the list of profitable companies in the sector both in terms of insurance business and the high income it obtains from the investment portfolio. While this robust financial structure and high profitability increase the trust of shareholders and investors in the company, it also gives the honor of being a member of a company of such scale to the employees, agencies and other business partners. The fact that such a strong company like Aksigorta is working with precise customer satisfaction, contributes to increasing consumers' trust toward the sector.

Aksigorta maintains its profitable growth as a reliable, innovative and national trademark with the distinction it has created in the opinion of its customers and agencies. In line with its target of becoming the best preferred insurance trademark, Aksigorta has successfully put into practice many works in 2008 as well.

Aksigorta is all over the Country through its Extensive Regional Structure and Wide Agency Network

As of the yearend of 2008, Aksigorta, having 103 managers and 592 employees in total, provides and markets the highest quality and most widespread service to its corporate and individual customers through 10 regional directorates, 1,445 independent agencies reporting to 3 representative offices and 847 Akbank branches and 25 brokers. This service and sales network spread countrywide is being supported non-stop for 24 hours 7 days through the "Aksigorta Service Center" and the website. "Aksigorta Service Center" and "Aksigorta Website" continue creating distinction and privilege in the sector through the services they provide to their customers and agencies both in the insurance field and in support services.

Main Distribution Channel of Aksigorta is its Independent Agencies

In line with the changing agency composition, number of medium size agencies was increased and as of 2008, the total number of agencies has increased nationwide to 1,445. Aksigorta, one step ahead of its competitors through its "core agency" concept which has created a distinction in the sector, is all over the country with its "core agencies", which are experts in their business, acquainted with their customers, precise in business selection and possess the company culture and values. Independent agencies are divided into four segments depending on their targeted customer groups: Core Agency, Opinion Leaders, Automotive Dealer Agencies and Captive Agency (Corporate Agency). Activities, generations, profitability and efficiency of each segment are being followed up and evaluated separately.

DEVELOPMENTS IN OUR ACTIVITIES AND SERVICES

Aksigorta Continues Listening its Agencies at the "Free Tribunes"

Aksigorta continued its traditional "Regional Agencies' Meetings" in 2008 as well. These meetings, in which the developments encountered in the insurance sector and the strong position of Aksigorta in the changing competition environment are shared with the agencies, continue with the "Free Tribune" section. In the "Free Tribunes", the agencies that get together with the local and central management units express their up-to date problems. This way, Aksigorta receives feedback regarding the existing policies and takes into account the opinions of the agencies in establishing company strategies.

Following the periodical campaigns, we got together with the agencies in various trips in Turkey and abroad in 2008 and gift vouchers were distributed. In addition to the "Automotive Dealer Agencies Meeting" held twice after the segmentation, separate meetings were held in Fethiye each for a week for "Independent Agencies". Following the activities, in the workshops conducted under the management of the technical units, opinions were exchanged with the agencies regarding the improvement of the existing products. In addition, personal development trainings were given by a professional training consulting company for improving communication skills. Through these meetings, the agencies had the chance to get to know each other and the opportunity to increase the group synergy was found in the activities and trips they have attended with the company authorities.

In 2008, we also got together and exchanged views with the Opinion Leader Agencies in May and November in Trabzon and Belek.

Customer representatives commissioned at Aksigorta Regional Directorates have completed a working day with their agencies within the context of "We Are Rolling Up the Shutters with Our Agencies" project they conducted together with the agencies. Authorities of the General Directorate's technical department, Risk Engineers, Regional Directors and their Deputies have also attended these visits and provided information and orientation in their fields of expertise.

Aksigorta, having national experience, regional knowledge and localized solutions and being a widespread Company keeping its flag flying everywhere, continues its activities with the variety of products that would respond to the needs of all individual, commercial and corporate consumers.

Aksigorta secures the consumer against all types of risks

Aksigorta has organized its technical organization structure based on the product groups under the responsibility of product managers, rather than lines of business. In this manner, in the changing competition conditions, the conformity to the market conditions of the technical results, product profitability, and marketing approach of the products sold can be followed-up in detail. Aksigorta, combining its product based works with its high competitiveness and aiming to have the consumers covered under a single policy against all risks, ensures to pay to the insured all claims fully, from the tiniest to the highest, under the package policies it has developed.

Aksigorta gives importance to providing fast and reliable provision services in health insurances and with this consciousness, it has made the required technological investments for further acceleration of the infrastructure and has enabled concurrent provision of services in outpatient treatments at the contracted institutions other than pharmacies, through multi-channeled provision systems such as POS, WEB, SYS and Outpatient Treatment Support Provision Center. The efforts to obtain high customer satisfaction have continued through the Electronic Medicine Provision System operating at nearly one thousand contracted pharmacies which we obtain services from nationwide and through the Provision Center providing 7/24 service in inpatient treatments.

Parallel to the increasing number of the insured over the years, geographical dispersion of the insured was taken into consideration and in line with the defined demands, the contracted institutions network has been increased to a total of 2.033 consisting of 284 Hospitals, 332 Policlinics, 178 Diagnosis Centers, 998 Pharmacies, 45 Physiotherapy and Rehabilitation Centers, 4 Home Care Centers, 192 Specialist Physicians throughout Turkey.

Under the compensation management function, the customs of use are being analyzed in detail at certain intervals during the policy term by using modern information technologies infrastructure and in this manner, it is ensured to produce customized solutions to the insured as well as establishing an effective cost control and added value.

Aksigorta, being a company putting great importance on risk analysis, tries through the Risk Management Directorate, to inform the companies both on the coverage they need as well as on the measures that need to be taken within the context of insurance and thus, enabling the companies to have a more secured firm.

Within the context of Risk Management, effective risk control is ensured by performing financial analysis works for the insured companies. As a result of these efforts, while Aksigorta has introduced many companies to insurance, it has also shown many risks to the companies they were unaware of. In addition, in order to minimize the effects of the risks that influence the sector, Aksigorta carries out numerous works based on scientific methods. With the risk analysis conducted in 2008, works have been carried out to keep the risks at minimum levels during the proposal and coverage stages. In line with the scientific approach, geological formation of the region, soil liquidification, possible damages to the infrastructure and the building, the overall possible damage size are being evaluated and analyzed in accordance with the risk map composed in accordance with the existing portfolio dispersion. In this manner, reassurance protection is obtained at the optimum level and both the income and the profit are maximized. The purpose of this is to carry the technical results to optimum levels.

Risk management works also include the expertise, PML accountings which can be considered as maximum damage calculation, customer analysis and aggregate follow up as well as efficiency analysis. These works provide substantial advantages to Aksigorta and its insured. Throughout the year, the existing insured are being visited within the context of risk management program organized in coordination with the regional directorates.

Aksigorta Continues the Plus (+) Commission Support Provided to its Agencies

Aksigorta rates its agencies based on certain criteria and reward them by plus (+) commissions based on their scores through the "Agency Rating System", which is the first and only in the sector. This periodical evaluation is based on criteria such as realization of premium generation targets, technical profitability, collection, coverage, loyalty etc. Before this practice, agencies mostly focused on sales, whereas after this practice they began to realize the importance of process management and efficiency of other activities of the insurance business. The agencies had the opportunity to increase their income through plus commissions they receive due to successful performances they achieve in all the fields.

Aksigorta Service Center" Continues to Create Distinction and Privilege in the Sector

One of the other significant distinctions of Aksigorta in the sector is "Aksigorta Service Center". "Aksigorta Service Center" continues to provide support to its customers, agencies and service providers on every subject throughout the process, which begins with the proposal stage that is making the initial contact with the customer, and intensifies " as damage occurs and continues non-stop during subsequent processes. In addition to providing 24 hours 7 days non-stop insurance services through this center, Aksigorta continues to create distinction with its services such as Complaint and Demand Management, Claims Management and Satisfaction Calls. In addition to the service structure of "Aksigorta Service Center" ongoing since its establishment, service variety has been increased in 2008 by establishing 2 separate units; one for providing special services to corporate customers and one for conducting the works for renewing the bank insurances. In 2008, the Service Center has received a total of 887.572 calls and has made 136,843 outgoing calls. In the Service Center, 60 phone linesused for answering customer requests are supported by 30 FCT lines.

Within the frame of Service Center's "Demand Management" practice, agencies are introduced to potential customers that request price quotations. With this practice, in 2008, 4,641 potential customers' contact information was passed on to the agencies through the Service Center and the Regional Directorate and policies were arranged for 381 customers. Also within the context of this practice, the nearest agency's information was passed on to 901 customers.

Whereas the "Complaint Management" practice ensures that the complaints received through all the channels are gathered in a single database and monitored effectively. With regard to customer complaints, communication between Aksigorta Service Center/ Aksigorta Regional Directorate / Aksigorta Agency / Aksigorta Head Office was maintained uninterruptedly in 2008 and the target of providing solution in 48 hours is revised for 2009 as 24 hours.

Aksigorta Increases Both Customer Satisfaction and Ensures Effective Claims Management and Control through its Extensively Contracted Service Network

Aksigorta's works on expanding contracted services was completed in 2007 and in 2008 it has continued to improve the service network. With the newly added services, by the yearend of 2008, the number of contracted services has reached 1,403. The rate of use of contracted services was 65% in 2007 and it remained at the same level in 2008. Within the context of OEP project, 328 of our contracted services under Istanbul Regional Directorates and the Regional Directorates of the glass services in Istanbul use the portal system. The utilization of the portal system reduces the claim processes significantly and enables on-line communication with regard to the files.

In 2008, the rate of contracted glass service use was 79% in passenger vehicles and 94% in the other vehicles and cumulatively it was 86%. Improvements were made in the glass supply practice initiated in 2007. In mini repair practice, 12,144 damage repairs were made at the service stations of contracted firms. Radio/Tape recorder contracted service practice continues successfully and the rate of use of radio/tape recorder contracted service was 60%. In spare part supply practice, which was initiated in 2006, services are provided in 40 brands through 178 suppliers in 81 cities, 35 of which are at city centers.

The number of Aksigorta's contracted partners providing services in vehicle damages, has reached 2,203 and various services are provided all over Turkey. Quality of service provision in damage repairs are being controlled and followed up by quality support personnel consisting of 10 people. The quality support team continues its works both within the company and at the fields. In 2008, under the quality support works, support/opinion was provided for 28,000 claim files. In vehicle damages that are considered to be total loss, the practice of providing new vehicle at a discount has been initiated to increase the customer satisfaction and to decrease the costs. The practice has been launched in Istanbul and it is intended to gradually spread it to all thecities.

Aksigorta Continues to Increase Bank's Generation through the Bankassurance Project

Aksigorta, in order to continue its Bankassurance Project it has launched in 1998 in a more systematic, target oriented and strategic approach, started in August to carry out its related distribution channel activities under the Assistant General Manager or Bank Insurance and Alternative Distribution Channels.

In the last five years, the insurance activities of the banks were rapidly growing in Turkey, mainly due to the insurance packages provided in parallel to the loans. Aksigorta, along with Akbank, one of the biggest loan provider banks of Turkey, carries out collective works especially in reducing some parts of the financing risk in vehicle and mortgage loans. In addition to it, intensive Mandatory Earthquake Insurance (DASK) sales were realized in housing policies both at the withdrawal of loan stage and though informing customers after the provision of loan.

10 Aksigorta Regional Directorates provide non-stop service to 20 Akbank Regional Directorates, depending on their geographical dispersion. Bankassurance Business Units of Aksigorta Regional Directorates has been restructured in the same manner in parallel to the General Directorate organization, oriented toward Individual/Retail, Commercial /Corporate segments. In addition to the sales support activities, Aksigorta Regional Directorates also provide periodically required insurance trainings. "Bank Support Center" located in the Service Center supports the bank sales organization in policy renewals, regaining and keeping the customers. In 2008, various campaigns and projects were also realized among Akbank branches in order to increase sales of Aksigorta products. Along with Insurance Product Directorate reporting to Akbank Retail Banking Marketing Department, cross sales activities were realized aiming to complete the deficient insurances of Akbank customers that are insured under the bank's portfolio. Aksigorta has designed new products to meet the requirements of the customers defined by the Akbank Call Center, other than the branch channel. It is planned to start telephone sale of these products from the first quarter of 2009 onwards. The purpose is to address the bank customers that are widespread to an extensive base by insurance products that are formed according to customer needs. Thus, while it is aimed to increase the sales of the existing products, it also targets to expand the Bankassurance portfolio by providing added value to production. Aksigorta's Bankassurance and Alternative Distribution Channels Business Unit has initiated projects based on bank and insurance cooperation models of developed markets in order to create new sales opportunities. In this respect, it is aimed to create new business opportunities for bank distribution channels and to increase its share in the total generation of Aksigorta to 15%. In October 2008, in order to develop Bank Insurance awareness, "1st Aksigorta Bank Insurance Summit" was realized with the participation of Akbank and Aksigorta managements and it was endeavored to contribute to the vision of Bank Insurance by starting off from the existing status and expectations. In 2009, in line with the defined business plan and depending on the existing economic conjuncture, it is planned to achieve high rate of renewals in the insurance policies generated by the bank. In addition, it is aimed to market products and services through Akbank branches independent from loans and to bring the bank to a professional agency identity that can respond to the needs of the customers and realize intensive sales activities.

Under the umbrella of Alternative Distribution Channels, Akbank Call Center sales channel shall be activated by making outgoing calls to bank customers and proposing products to incoming calls.

With continuous and planned trainings, it is aimed to harmonize with the new insurance regulation on one hand and to increase the competency of the bank's sales personnel on the other hand.

Significant Increases in Recourse Yields Continue

Since Aksigorta has started to conduct all the recourse transactions through the General Directorate, the costs have decreased and the recourse yields have increased considerably. In 2008, total recourse yields have increased 19.6% compared to 2007.

The policy of 'collection in settlement' in transactions has continued in 2008 as well and while there had not been much increase in litigation files, positive contribution has been observed in cash entries. Aksigorta shall give importance to "collection in settlement" in 2009 and continue its efforts in this matter increasingly.

Aksigorta Continues to Feel the Pulse of Consumers and Agencies

Aksigorta, in cooperation with TNS-PIAR Company since 2001, evaluates the service quality provided by competitor companies to their agencies and customers within the perspective of various criteria. Aksigorta, measuring the level of satisfaction and expectations of the agencies, individual and corporate customers based on the yearend survey results of TNS-PIAR, aims to improve its service quality in line with the survey results. According to these surveys, it is observed that Aksigorta has achieved significant improvement since 2004 on every subject it gives importance to. Improvements have been made in various areas in line with the expectations of our customers and agencies as have emerged in those surveys. Results of the survey conducted by TNS-PIAR oriented toward agency and customer satisfaction has reached a pleasing level for our Company in 2008, as in the previous year.

Aksigorta Continues to Add Value to its Trademark through Corporate Communication Efforts

The 2008 advertising campaign, which Aksigorta has realized in order to reinforce its strong trademark perception, aimed to emphasize the great power behind Aksigorta agencies that are widespread at all the regions of Turkey. The campaign, which is based on the main theme of "Every agency possesses the power of Aksigorta" plots Aksigorta's expertise and technology reaching the consumers through agencies. In the campaign, TV, radio, press and open air media were used.

The campaign which places Aksigorta advantages in the competitive environment at the center aimed to come to the foreground in the purchasing preferences of the potential and existing customers.

Aksigorta is Pioneering the Sector in Social Responsibility Projects As Well

Every year in April, Aksigorta organizes a painting contest with the subject of "Fire, Earthquake and Insurance" among the elementary school students in a selected city. While this contest encourages the young talents for art, it also raises awareness in them for fire, earthquake and insurance. Financial support is provided to the schools of the students awarded the first three prizes. The 14th annual painting contest which has become a tradition was held in Trabzon in May. In 2009, the 15th painting contest is planned to be hosted at the Sabancı Holding. Aksigorta is awarded "The Most Trusted Insurance Company in Terms of Quality" for the last four years. Aksigorta A.Ş. has once again shown that it is the most trusted and respected institution in the sector by being voted "The Most Trusted Insurance Company in Terms of Quality" for the last four years as a result of the research conducted by Consumer Magazine in the generality of Turkey with the subject of "The Effect of Trademarks on the Consumer". Aksigorta is deemed worthy to receive the "Consumer Quality Award" in 2009, as in the years 2006, 2007 and 2008. The Company emphasizes the importance it ascribes to customer satisfaction at every opportunity, shall receive its award at the ceremony to be held on 15th of March, which is the 'World Consumer Day'. Aksigorta has established the quality assurance system by taking ISO 9001:1994 standards as a model and has received its BS EN 9001:1994 Quality Standard Certificate in 1998 from BVQI (Bureau Veritas Quality International). In July 12, 2001 the certificate was renewed in a manner conforming with ISO 9001:2000 quality management standards and Aksigorta has ensured the continuity of this certificate until 2010. Aksigorta has continued in 2008 its assertion of being the pioneer and leader insurance company of Turkey that operates at world-class standards'. Aksigorta A.Ş. exercises utmost care to provide accurate information on its balance sheet and profit/loss statements, in conformity with its vision of "being the pioneer and leader insurance company of Turkey that operates at worldclass standards." Since 1983, the balance sheet and profit/loss statements of Aksigorta A.Ş. are issued on a quarterly basis and they are announced to the public since 1994 due to the fact that the shares of the Company are being listed in the Istanbul Stock Exchange (ISE). All the accounts and transactions of Aksigorta are being audited by independent and foreign auditing companies of international qualification since 1977. In addition to the audit report prepared by the Independent Auditing Firm, DRT Bağımsız Denetim ve Serbest Mali Müşavirlik Anonim Şirketi (a member of Deloitte Touche Tohmatsu), the report on the yearend balance sheet and profit/loss statements are being published within the Activity Report.

AKSigorta

CORPORATE MANAGEMENT


AKSigorta

BOARD OF DIRECTORS

M. Akın Kozanoğlu
[Appointed on August 09, 2001]
Chairman

Mehmet Akın Kozanoğlu began his career in 1971. Mr. Kozanoğlu has been serving as the Chairman of Aksigorta Board of Directors since 2001. He concurrently serves as the Head of the Financial Services Group of Sabancı Holding. Mr. Kozanoğlu is fully authorized in all the matters pertaining to the Company. Mr. Kozanoğlu graduated from the Middle East Technical University with a B.S. degree in Mechanical Engineering. He also received an M.S. degree in Computer Science from the University of London.

Mevlüt Aydemir
[Appointed on March 31,2008]
Vice Chairman and Board Member

Mevlu.t Aydemir has served at Aksigorta as an Auditor between 2004 to March 2008. Since March 2008, he continues to serve as a Member of the Board of Aksigorta and as the Vice Chairman. He served as a Public Accountant at the Ministry of Finance between 1972 and 1981. Mr. Aydemir has been working at H.Ö. Sabancı Holding since 1981 and currently serves as the Head of Financial Affairs and Finance Department. Mr. Aydemir graduated from Istanbul University with a B.S. degree ain Economics.

Turgay Özbek
[Appointed on March 24, 2003]
Board Member

Turgay Özbek began his career in 1984. Mr. Özbek has been serving as a Board Member of Aksigorta Board of Directors since 2003. Prior to joining Aksigorta, Mr. Özbek worked for several other companies, where he served in various financial executive positions. Mr. Özbek graduated from Cornell University with a B.S. degree in Engineering. He also received an MBA degree from the Cornell University Business School.

Tamer Saka
[Appointed on March 31, 2008]
Board Member

Tamer Saka has been serving as a Board Member of Aksigorta Board of Directors. Tamer Saka has been working at H.Ö. Sabancı Holding since 2004 as the Risk Management Director. Mr. Saka has served as a manager in various companies in the finance field. Tamer Saka graduated from Istanbul University with a B.A. degree in Business Administration.

Ragıp Yergin
[Appointed on August 9, 2001]
Board Member and General Manager

Ragıp Yergin began his career in 1977. Prior to joining Aksigorta, Mr. Yergin worked forseveral other companies, where he served in various executive positions and as a Board Member. Mr.Yergin has been serving as a Board Member of Aksigorta Board of Directors since 2001 and also serving as Aksigorta's General Manager since 2005. Mr. Yergin graduated from the Middle East Technical University with a B.S. degree in Industrial Engineering. He received an MBA degree as well as an M.S. degree in Industrial Engineering from Rennselaer University.

AUDITORS

Cezmi Kurtuluş (Appointed on March 31, 2008) Auditor

Cezmi Kurtuluş has been serving at Aksigorta as an Auditor since 2008. Prior to this assignment, Mr. Kurtuluş worked for several other companies, where he served in executive positions. Mr. Kurtuluş currently serves as the Head of Budget, Accounting and Consolidation Department at Sabancı Holding. Mr. Kurtuluş graduated from Istanbul Technical University with a B.S. degree in Mathematics.

Mehmet Bingöl (Appointed on March 31, 2008) Auditor

Mehmet Bingöl has been serving at Aksigorta as an Auditor since 2008. He served as a Public Accountant at the Ministry of Finance between 1980 and 1987. Mr. Bingöl has been serving at H.Ö. Sabancı Holding since 1987. Mr. Bingöl currently serves as a Director at the Financial Affairs and Finance Department of Sabancı Holding. Mr. Bingöl graduated from Ankara University with a B.S. degree in Economics and Finance.

BOARD MEETINGS

The Board of Directors has convened 97 times in 2008. Among these, 32 meetings were not attended by 1 member and 5 meetings were not attended by 2 members and the members have attended in full to 60 meetings.

COMMITTEES IN THE BOARD

Our company has the Supervision Committee under the Board of Directors. The Supervision Committee consists of two members of the Board of Directors that are not appointed to the execution.

BOARD REPORT SUMMARY

Dear Shareholders,

Before we present for your review and approval, our Company's 2008 balance sheet and profit/loss statement that sum up our company's 49th term operations, we would like to take this opportunity to begin with a brief brush up on unfolding developments in the global economy and insurance sector.

Economic indicators in 2008 clearly show the magnitude of the economic recession in the world and in Turkey. Slowdown in global economic growth and the rapid contraction in world trade caused a sharp decline in industrial production and capacity utilization.

With slowdown in growth and sharp decrease in energy and commodity prices, inflation went into a downtrend. Said developments seem to have a negative impact on the labor markets as well.

We predict that signs of global economic recession triggered by the financial crisis will subsist in the upcoming period. It is presumed that growth rates in the developed world will shrink and likewise, robust growth rates of the developing economies will retract.

Turkey scored a 15.6% year-over-year GDP increase with current prices in the first 9 nine months of 2008, reaching TRY 731.277 million (real growth by 3%). The apparent contraction became more pronounced especially in the last quarter of 2008, signaling even lower annual real growth.

In December 2008, Consumer Price Index and Producer Price Index were up by 10.06% and 8.11% respectively, over the same period of the previous year.

Central Bank's buy rate for the US$/TRY parity started 2008 at 1.1626 level to close at 1.5218 at the year-end, up by 31%. Similarly, Central Bank's buy rate for the EUR/TRY parity started 2008 at 1.7061 level to close at 2.1332 at the year-end, up by 25%. As for performance of the Euro/US$ parity in 2008, the exchange rate slid down to 1.40 from 1.47 level.

According to the data released by Turkish Statistics Authority (TUIK), exports in 2008 were up by 23.1%, on year-over-year basis, reaching US$ 132.003 million, and imports were up by 18.7% reaching US$ 201.823 million. The trade deficit stood at US$ 69.820 million in 2008.

The current account deficit in 2008 stood at TRY 17.069 billion, falling below the target level. While target current account deficit for 2008 was TRY 17.997 billion, actual year-end deficit turned out to be 5.2% below the target.

According to the most up-to-date data on global insurance sector, global aggregate premium growth rate in 2007 lagged behind previous years' results. After 2008, the slowdown is expected to continue at an accelerated pace. In 2007, the sector grew by 3.3% in real terms, as the growth rate of life and non-life branches stood at 5.4% and 0.7% levels respectively.

As for ratio of generated premiums to GDP, the ratio stood at 7.5% for the sector in general, and 4.4% for life and 3.1% for nonlife. Same ratios for aggregate premiums generated by life and non-life lines of businesses in developed and developing countries are 3.6% and 1.3% respectively.

The full impact of the global crisis has noticeably begun to weigh on markets especially in the last quarter. As of the end of 2008, annual premium generation in Turkey grew by 6% in nominal terms reaching TRY 9.8 billion; however, real growth slid by 2%.

In the first nine months of 2008, nonlife insurance companies' technical profit was up by 73%, reaching TRY 374 million and the sector's technical profit / premium ratio stood at 5.1% level.

Following the publication of the 'New Insurance Law' in June 2007, many regulations prescribed by the Law were issued in 2008 intensively. The New Insurance Law and regulations intend to create more sound financial structure, a transparent and wellstructured secure setting for the insurance sector.

Our company's total owner's equity, as of year end of 2008, stands at TRY 1.8 billion. Our company has the sector's highest owner's equity. Company's year-end total assets amount to TRY 2.4 billion.

Our 2008 year-end technical profit reached TRY 3.6 billion. With increase in our required insurer's reserves, put into practice as of 2008 pursuant to new legislative changes, weighing heavily on our technical profitability, our balance sheet profits reached TRY 55 million, getting a boost from lofty returns on our financial investments. Our net profit after taxes (TRY 3 million) amounts to TRY 52 million.

Current financial crisis, which noticeably tightens its grip across the world, is expected to prevail in 2009. Especially the sectoral and general economic data for the last quarter of 2008 shows that the impact is getting deeper. We will continue to provide our services to fulfill the changing needs amid financial crisis with the help of our robust owner's equity structure and especially our strong regional organization and efficient distribution channel, which specifically focus on customer satisfaction.

Dear Shareholders,

We would like to extend our sincere gratitude to all of our shareholders, agencies and customers, who have contributed to our achievements, for their unwavering support and encouragement. Also, we like to thank other insurance and reinsurance companies, with which we maintain good relations, and our colleagues who have contributed to building our efficient distribution network and in achieving these results.

Yours respectfully,
AKSİGORTA A.Ş. BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

Ragıp Yergin
[Appointed on February 7, 2005]
Board Member and General Manager

İsmail Ragıp Yergin began his career in 1977. Prior to joining Aksigorta, Mr. Yergin worked for several other companies, where he served in various executive positions and as a Board Member. Mr. Yergin has been serving as a Board Member of Aksigorta Board of Directors since 2001 and also serving as Aksigorta's General Manager since 2005. Mr. Yergin graduated from the Middle East Technical University with a B.S. degree in Industrial Engineering. He received an MBA degree as well as an M.S. degree in Industrial Engineering from Rennselaer University.

Çetin Kolukısa
[Appointed on April 18, 2005]
Assistant General Manager

Çetin Kolukısa began his career in the insurance sector in 1989. He served as a Technical Manager at Aksigorta between 1994 and 1999. Mr. Kolukısa rejoined Aksigorta in 2005 as the Assistant General Manager for Agencies. He graduated from Istanbul University with a B.S. degree in Economics. Mr. Kolukısa also holds an M.S. degree in Econometrics.

Fahri Altıngöz
[Appointed on December 01, 2005]
Assistant General Manager

Fahri Altıngöz began his career in 1988 at Aksigorta. Prior to assuming the position of Assistant General Manager for Claims in 2005, Mr. Altıngöz worked for several other insurance companies, where he served in various administrative positions. Mr. Altıngöz has been serving as the Assistant General Manager for Corporate Insurance since 2007. He graduated from the Middle East Technical University with a B.S. degree in Statistics.

Ender Bıyıklıoğlu
[Appointed on August 07, 2006]
Assistant General Manager

Ender Bıyıklıoğlu began his career in 1995. Prior to joining Aksigorta, Mr. Bıyıklıoğlu worked for several other companies, where he served in various managerial positions in the field of information technologies. Mr. Bıyıklıoğlu joined Aksigorta in 2006 as the Assistant General Manager for Technology. He graduated from Yıldız Technical University with a B.S. in Industrial Engineering.

Ali Doğdu
[Appointed on February 12, 2007]
Assistant General Manager

Ali Doğdu began his insurance career in 1993. Mr. Doğdu joined Aksigorta in 2007 as the Assistant General Manager for Individual Insurance. Prior to assuming his current position, he worked for several other insurance companies, where he served in various administrative positions. Mr. Doğdu graduated from Ankara University with a B.A. degree in Business Administration.

Zafer Şenler
[Appointed on August 27, 2007]
Assistant General Manager

Zafer Şenler began his career at Aksigorta in 1990. He served at various departments of Aksigorta until 2003. Mr. Şenler rejoined Aksigorta in 2005 and served as Istanbul 3rd Regional Directorate Manager prior to assuming his current position in 2007 as the Assistant Manager for Claims. Mr. Şenler graduated from Hacettepe University with a B.A. degree in Public Administration. He alsoreceived an MBA degree from Istanbul University.

Şaban Cüneyt Tanrıverdi
[Appointed on August 1, 2008]
Assistant General Manager

Şaban Cüneyt Tanrıverdi joined Aksigorta in 2008 as the Assistant General Manager for Bank Insurances and Alternative Distribution Channels. Prior to this position, he has served at administrative positions in companies operating in life and individual pension lines of businesses. Cüneyt Tanrıverdi graduated from Literature Faculty of Hacettepe University with a B.S. degree in Archeology.

Erkan Şahinler
[Appointed on October 20, 2008]
Assistant General Manager

Erkan Şahinler joined Aksigorta in 2008 as the Assistant General Manager for Financial Coordination. Prior to this position, he has served at administrative positions in Sabancı Holding group companies since 1993. Erkan Şahinler graduated from Boğaziçi University with a B.A. degree in Business Administration.

MANAGEMENT TEAM

Şebnem Sezer
Audit Director
(Appointed on March 1, 2008)

Şebnem Sezer began her career in 1992 as an auditor. Ms. Sezer joined Aksigorta in 2005 and served as Audit Manager. She was appointed as the Deputy Assistant General Manager for Financial Coordination in 2007. Since March 2008 she has been serving as the Audit Director. Ms. Sezer graduated from the Middle East University with a B.A. degree in Business Administration.

Mehmet Ermurat
General Secretary
(Appointed on March 20, 2008)

Mehmet Ermurat began his career in Aksigorta as Assistant Auditor and has been serving in Aksigorta for 18 years. Mr. Ermurat was appointed as General Secretary in 2008. Prior to this position he has served at various manager positions since 1997. Mehmet Ermurat graduated from the Middle East University with a B.A. degree in Statistics.

HEADQUARTERS

Aksigorta A.Ş. Department Managers

Tanju Akyol
Personal Lines Underwriting Manager

Serkan Avcı
Application Development Manager

A. F. İpek Aydın
Service Center Manager

Halit Başkaya
Health Claims Manager

Aygül Beyter
Bank Agencies Manager

H. İnci Can
Human Resources Manager

Caner Demir
Alternative Distribution Channels Manager

Rıfat Doğan
Agriculture Insurance Manager

Ö. Faruk Girer
Auto Logistics Manager

Canan İbişler
Health Manager

Hakan Kadıoğlu
Automotive Agencies Manager

Özlem Kesgin
Claims Manager

Ali Kuru
Corporate Relations Manager

Ufuk Mısırlıoğlu
Agencies Operations & Structuring Manager

Çiğdem Müfettişoğlu
Project Consultant

Vedat Özkan
Reinsurance Manager

Murat Özkömürcü
Casualty & Actuary Manager

İ. Muzaffer Öztürk
Accounting Manager

A. Ayhan Sağlam
Risk Management Manager

Raif Turhan
Resource Manager
System Development Manager

Cemal Uludağ
Corporate Risk Solutions and Practices Manager

E. Nevra Yener
Consultant to General Manager

Dilek Yeşil
Collections and Claims Payment Manager

A. Doğan Yılmaz
Special Risks Manager

Elif Yücekök
System Organization Manager

Aksigorta A.Ş. Assistant Managers

Osman Akkoca
Compliance and Internal Control Assistant Manager

Demet Angın
Application Development Assistant Manager

Tülay Atmaca
Corporate Risk Solutions and Practices Assistant Manager

Yasemin Batıl
Claims Payment Assistant Manager

Nuriye Çağlayan
Collections Assistant Manager

Çiğdem Çöbenek
Casualty Assistant Manager

Esra Demir
System Organization Assistant Manager

Metin Demiray
Human Resources Assistant Manager

Ayşen Dilsiz
Resource Assistant Manager

Ender Günay
Health Claims Assistant Manager

Tolga Gündoğdu
Claims Assistant Manager

Hüseyin Hızal
Claims Assistant Manager

Hakan Kanal
Claims Assistant Manager

Ozan Kaan Karamık
System Organization Assistant Manager

Adem Kırca
Independent Agencies Assistant Manager

Özcan Köse
Claims Assistant Manager

Yüksel Öter
Life & Administrative Affairs Assistant Manager

Hande Ertekin Özer
Application Development Assistant Manager

İbrahim Özmen
Claims Assistant Manager

Metin Özvarna
Fund Management Assistant Manager

Aslı Sevim
Auto Logistics Assistant Manager

Burçin Şahin
Reinsurance Assistant Manager

Hüseyin Şenel
Application Development Assistant Manager

M. Bahadır Tamkan
Accounting Assistant Manager

Salih Taşyon
Claims Assistant Manager

REGIONAL MANAGEMENT

Adana Regional Directorate

Hüseyin Kanat
Manager

Cumhur Apak
Assistant Manager

Ali Erteni
Assistant Manager

Hakan Alıcı
Assistant Manager

Ankara Regional Directorate

M. Orhan Apakkan
Manager

Okkan Nurikadıoğlu
Assistant Manager

Levent Alphan
Assistant Manager

Serhan Engez
Assistant Manager

Mediterranean Regional Directorate

Süleyman Uçan
Manager

Volkan Kakaç
Assistant Manager

Bursa Regional Directorate

Ş. Murat Özek
Manager

Murat Özgür
Assistant Manager

Ata Ö. Aktuna
Assistant Manager

Aegean Regional Directorate

Birol Balaylar
Manager

Birsen Çavuşoğlu
Assistant Manager

M. Levent Yenertürk
Assistant Manager

Barbaros Ünal
Assistant Manager

Amber Çayırlı
Assistant Manager

H. Hüseyin Tuncel
Denizli Representative Office Manager

İstanbul 1st Regional Directorate

Erkan Aydoğan
Manager

Nuray Esat
Assistant Manager

Öner Oklan
Assistant Manager

Mustafa Yalçınkaya
Assistant Manager

İstanbul 2nd Regional Directorate

Süleyman Kara
Manager

İ. Sarp Sayarer
Assistant Manager

M. Bülent Eraltan
Assistant Manager

O. Birol Bozok
Assistant Manager

İstanbul 3rd Regional Directorate

Hasan Bayata
Manager

Tülay Çıralar
Assistant Manager

Emrah Kotan
Assistant Manager

Tolga Özyar
Assistant Manager

İstanbul Corporate Regional Directorate

A. Nalân Toftamış
Manager

Esra Erdoğan Şahin
Assistant Manager

Nurettin B. Araç
Assistant Manager

Black Sea Regional Directorate

A. Mete Sandalcı
Manager

Ersin Erdoğan
Assistant Manager

Kemal Ertekin
Assistant Manager

Yüksel Z. Aydın
Trabzon Representative Office Manager

HUMAN RESOURCES PRACTICES

Aksigorta is a pioneer company aiming to achieve constant development with its reliability, dynamism, quality management and service notion focusing on customers. In the extensive competitive environment of the insurance sector, our most precious source on the path to the peak is our employees. Human Resources Management aims to establish a system based on ensuring the participation of all the employees, cooperation and constant improvement within the frame of the Company culture and main values and to support professional and personal developments of the employees that constitute the main asset of Aksigorta.

Aksigorta aims to increase the motivation and efficiency of the employees and to support their personal development through Performance Management, Career Planning and regular trainings.

Aksigorta, Continues to Invest in its Employees under Slogan "We are the Leader"

As of yearend 2008, Aksigorta's total number of employees is 592; 103 of which are managers and 47% of the employees of Aksigorta are female and 53% are male. The ratio of the employees that have undergraduate and graduate degrees is 80%.

The transformation and development programs that initiated in 2007 in order to attain long term targets of Aksigorta have continued in 2008 as well. These works that are conducted by taking leadership, speed, service and innovation elements into center have continued by implementing corporate culture and organizing training programs.

In achieving Company success, it is important to share within the corporation the policies and targets applied and to orient everyone to the same target. For this purpose, the "Information Sharing Meetings" organized in the Headquarters and Regional Directorates have continued in 2008 as well. In these meetings, the suggestions and opinions of the employees regarding the practices are also obtained.

All the employees are evaluated with a performance evaluation system based on competencies and regional performances are reviewed through quarterly meetings. Announcing the internal social activities and publishing the Company news at Aksigorta portal, which was established to increase the communication, brought liveliness to the Company.

In 2008, the business ethic rules were explained and reminded through meetings and e-trainings, as well as the "Ethical Rules Booklet". Furthermore, all the questions on this subject are being responded by the inhouse Ethical Rules consultant. Ethical rules are defined under the following headings; honesty, confidentiality, conflict of interest, legal responsibilities and our responsibilities toward the customers, employees, our suppliers, competitors, shareholders, public and Sabancı name.

In the insurance trainings and training programs organized for improving personal and managerial skills, total of 2,861 people were trained in 2008. When all the trainings organized are taken into consideration as of the yearend, trainings per person has been 7.67 days.

This timeline emphasizes the importance of the investment Aksigorta made into training. The last module titled "Butterfly in our Palm" of the training program initiated by the Company under the slogan "We Are the Leader" was completed in 2008. According to the evaluation report of all the trainings included in the program, the general satisfaction level of the employees is 94%.

In 2008, the employees were enabled to participate in sector based courses, seminars and conferences both in Turkey and abroad and English and computer training courses were organized within the Company.

In 2008, a Technical Training Committee has been established to update the technical knowledge of the employees. Trainings for the employees have been gathered under two main headings: Theoretical (Orientation and Basic Insurance Training) and Trainings and Practice – Field (Service Training). Planned trainings were organized during the year. 14 Technical Trainings were attended by 577 people, 24 Auto Logistic Field Trainings were attended by 224 people and 51 Technical Seminars were attended by 221 people.

In addition, under the coordination of Technical Training committee, "Basic and Technical Insurance Training" notes were revised. "Basic Insurance Training" was organized under three categories titled "Technical Insurance Line of Business Training", "Claim Practices" and "Technical Insurance Product Training".

In 2008, 67 trainings were organized for the agencies on Basic and Technical Insurance subjects and 1.622 agency employees have attended these trainings. On the other hand, in 2008, agencies were also included in the "personal development training programs" and it was ensured that they benefit from the training tapes and books at agreeable conditions. During the year, special technical trainings were organized in line with the needs of our agencies and requests of the Regional Directorates. Aksigorta, continuing to sponsor the Agency School organized by Istanbul University in 2008 as well, is undersigning significant efforts to establish a profound insurance consciousness in Turkey. In addition, trainings for experts have continued in 2008 and 143 experts have attended these trainings. Insurance trainings organized for Akbank employees were attended by 1052 Akbank personnel. Trainings of the Service Center employees have also been followed-up and total of 489 Service Center employees have attended the 66 trainings organized internally and externally. Aksigorta is applying a fair and realistic salary policy based on Performance Evaluation System, taking into consideration the sector conditions and the inflation rate. Company employees receive, in addition to their base salaries, a bonus equivalent to 4 gross monthly salaries, lunch or lunch money and benefit from collective transport. In addition, employees are assured under life insurance or individual accident insurance. Employees' participation to the Individual Pension System is encouraged by the Company and corporate contribution is made to the employees that are covered. In addition to these benefits, they are enjoying health and retirement program within the content of Akbank T.A.Ş. Members Retirement Fund Association.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Declaration of Compliance with the Principles of Corporate Governance

Aksigorta A.Ş., applies the "Principles of Corporate Governance" published by the Capital Markets Board in general terms and the unapplied matters are explained under the subsequent articles along with their grounds.

SECTION I: SHAREHOLDERS

2. Unit for Relations with the Shareholders

In our company, the following are responsible for relations with the shareholders:

Mehmet Ermurat, General Secretary
Tel : (0212) 393 45 15
Fax : (0212) 334 39 00
E-mail: mehmet.ermurat@aksigorta.com.tr

Muzaffer Öztürk, Manager
Tel : (0212) 393 46 10
Fax : (0212) 334 39 00
E-mail: muzaffer.ozturk@aksigorta.com.tr

The Relations with the Investors unit is in charge of conducting the relations with the shareholders. In 2008, within the framework of this task, 128 face to face meetings were held with the corporate investors; 51 of which were held at the company headquarters, 54 of which at the three 1-on-1 investors' meetings held abroad and 23 of which at the 1-on-1 investors' meetings held in Turkey twice and information regarding the Company and the insurance sector was shared in these meetings. 27 phone conversations were made with the corporate shareholders and the questions raised were answered. 35 e-mail applications of the shareholders were responded.

3. Shareholders' Enjoyment of Their Right to Obtain Information

All kinds of requests of the shareholders and investors to obtain information which is not trade secret and which are announced to public are evaluated by the Unit for Relations with the Shareholders and diligently responded as soon as possible in an error free and accurate manner.

In 2008, a total of 190 information requests of the shareholders received via phone calls, e-mails and vis-à-vis meetings were responded. The information that would concern the shareholders and investors and announced to public are published at the www.aksigorta.com.tr address. In addition, the developments that would affect the exercise of shareholding rights are being announced regularly through Istanbul Stock Exchange. Issues of importance are being notified to the investors and analysts via electronic mail.

Company's Articles of Association does not stipulate appointment of a private auditor as a right. In 2008, there had not been any requests from the shareholders on this subject.

4. Information Regarding the General Assembly

In 2008, one General Assembly Meeting was held. Prior to the General Assembly, the date, place and agenda of the meeting was announced via Commercial Registry Gazette, national newspaper, our Company's website and ISE and the notice was sent to the registered investors and analysts via electronic mail. There are no terms specified for the attendance of the registered shareholders recorded at the shareholders' book to the General Assembly. The annual report that also included the audited 2007 figures was submitted to the inspection of the shareholders at the Company's headquarters at least 19 days prior to the General Assembly.

The Ordinary General Assembly Meeting was held on March 31, 2008. Shareholders representing 64.2% of the shares have attended the Ordinary General Assembly Meeting. Invitations to these meetings were made in accordance with the provisions of the Turkish Commercial Code and the provisions of the Company's Articles of Association.

Shareholders did not exercise their right of raising questions during the General Assembly and there had not been any submission of proposals other than the agenda items. Resolutions of importance as stipulated in the Turkish Commercial Code are being submitted to the approval of the shareholders at the General Assembly. Once the legal conformity of the Corporate Governance Principles are ensured, all the resolutions of importance that would be stipulated in the amended laws shall also be submitted to the approval of the shareholders at the General Assembly. Minutes of the General Assembly meeting are being published on the internet at www.aksigorta.com.tr address.

5. Voting Rights and Minority Rights

The Articles of Association does not stipulate privileged votes. In the Articles of Association, there had not been any stipulations on this subject based on the consideration that entitling cumulative voting right in the existing shareholder percentages and shareholder structure would damage the company's harmonious management structure. Once this issue is stipulated in the related laws and abuse of the cumulative voting right by the minority is prevented, this subject will be evaluated by the General Assembly.

6. Profit Distribution Policy

There are no privileges for participation in the Company's profit. The manner and time of profit distribution is specified in Articles 61 and 63 of the Articles of Association.

In accordance with our Corporate Governance Principles, profit distribution policy of our Company is the payment either in cash and/or in the form of bonus shares of the mandatory dividends required to be distributed in accordance with the existing rules of the CMB and principles on dividend and bonus shares distribution as stipulated in the meeting of CMB dated January 27, 2006 and numbered 4/67.

Profit distribution of our Company is being performed within the legal terms. Profit distribution policy of our Company is to distribute cash dividend minimum at 30% of the distributable profit. The dividend policy is revised by the Board of Directors every year according to the national and global economic conditions, projects on the agenda and the status of the funds.

With respect to this matter, the profit distribution policy we have explained above was also submitted to the attention of the shareholders at the General Assembly meeting.

7. Share Transfer

It is possible to transfer our shares (with blank endorsement) that are publicly held, in the transfer of the shares that are not open to public; provisions of the Capital Board Law are applied. In accordance with the Regulation Regarding Establishment and Operation of Insurance and Reassurance Companies, acquiring shares, directly or indirectly, in a manner equal to or exceeding ten percent, twenty percent, thirty three percent or fifty percent of an insurance company and share transfers that would result in a single shareholder's shares increased to or decreased below such ratios, would require the approval of the Turkish Republic Prime Ministry, Under-secretariat of Treasury.

There are no provisions in the Company's Articles of Association that restricts share transfer.

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Policy

Our company observes the information policy in the manner stipulated in the CMB Corporate Governance Principles. In accordance with this policy, financial results of our Company regarding the independently and externally audited financial results of the 6th and 12th months' and the non independently audited financial results of the 3rd and 9th months' are being disclosed to public through a press release following the ISE announcement. In order to enable the public to be informed beforehand about the periodically announced financial information, we include the "Financial Announcements Calendar" in the website of our Company. The General Manager, Mr. Ragıp Yergin and the General Secretary, Mr. Mehmet Ermurat are responsible for the conducting of the information policy. Additionally, our financial results are being announced to public through the Public Disclosure Project (PDP). In addition, our financial statements prepared within the frame of the Insurance Law are being published once a year to inform the investors.

9. Particular Case Announcements

In 2008, our Company has made a total of 22 particular case announcements in line with the CMB regulations. The particular case announcements made to CMB during the year are as follows;

- 4 of them were regarding estimated premium data not audited independently,
- 1 of them was regarding the announcement of the General Assembly meeting date,
- 2 of them were regarding the participation of our Company to 12.5% shares of the shopping mall project in Merter,
- 1 of them was regarding Dividend distribution decision of our Company,
- 2 of them were regarding appointment of Assistant General Manager,
- 1 of them was regarding the announcement of change in the Assistant General Manager,
- 1 of them was regarding the results of the Ordinary General Assembly of our Company,
- 1 of them was regarding the announcement of the door number change of our Company,
- 1 of them was regarding the participation in the capital increase resolution of Temsa Global A.Ş.,
- 2 of them were regarding restructuring by the spin-off (division) method,
- 2 of them were regarding Participation sale,
- 2 of them were regarding us having no resolution to purchase Güneş Sigorta,
- 1 of them was regarding the address change of our Karadeniz Representative Office,
- 1 of them was regarding amendment of the articles of association.

The mentioned announcements were made on time and there were no sanctions applied by CMB or ISE.

10. Company Website and Its Content

Our company hosts a website at the following address: www.aksigorta.com.tr.

The information listed in article 1.11.5, Section II of CMB Corporate Governance Principles is included in our website under the title of "Investor Relations". The subjects addressed under this title are as follows:

- The latest status of the ownership structures under the title of "Ownership Structures",
- Detailed information regarding the privileged shares under the title of "Privileged Shares",
- The latest status of the management structure under the title of "Board of Directors",
- Latest version of the Articles of Association under the title of "Articles of Association",
- Commercial registry information under the title of "Commercial Registry Information",
- Periodical financial statements and reports under the title of "Financial Information",
- Annual activity reports under the title of, "Activity Reports",
- Agenda of the General Assembly meetings under the title of "General Assembly Meeting Agenda",
- The schedule of the participants and the minutes of meetings under the title of "General Assembly Meetings of the Past 2 Years",
- Proxy voting form under the title of "Proxy Voting Form",
- Particular Case Explanations under the title of "Particular Case Explanations",

• Information requests received by the Company and the frequently asked questions and the answers thereto under the title of "Frequently Asked Questions",
• In addition to the above, contact points to be contacted in relations with the shareholders and corporate investors under the title of "Communication".

11. Declaration of Real Person Final Principal Shareholder/ Shareholders

Our Company does not have any final principal shareholders that are real persons.

Shareholding structure of the Company is published in the annual activity reports and the Internet webpage.

12. Announcement to Public of Persons who are in a Position to Receive Insider Information

A list of persons who can obtain insider information is not announced separately. Members of the Board of Directors, Auditors and executive management which can be in this position are included in the activity reports and the Internet webpage.

SECTION III: INTEREST HOLDERS

13. Informing the Interest Holders

The employees of the company are being informed through the meetings, seminars and training programs organized in their fields of expertise and general fields of interest and through the portal application and information sent via the Internet.

Whereas, our distribution channels are periodically informed about the company practices and procedures through announcements made via the circulars published at the www.aksigorta.com.tr webpage of our company under the title "For Our Agencies", as well as through traditional and regional agency meetings, preliminary and technical trainings organized and via e-mails.

14. Interest Holders' Participation to the Management

Participation of the employees to the management is ensured through periodical meetings. Managers from the regional directorates and departments participate in the monthly executive meeting. The meetings held at the departments are oriented toward supporting the executive meetings. In addition, in the information sharing meetings, information has been conveyed to all the employees in groups regarding practices, policy and targets, opinions of the employees were obtained, and their required participation and contribution are obtained in order to ensure efficient management of the company.

Annual performance evaluation meetings are being held with the employees. In these meetings, the employees receive feedback with regard to their performances and it is ensured that the employees deliver their opinions and expectations.

With the regional agency meetings, the developments encountered in the insurance sector and the changing competition environment are shared with the agencies. In the "Free Tribune" section conducted in these meetings, the agencies that get together with the local and central management units express their up-to date problems. This way, Aksigorta receives feedback regarding the existing policies and takes into account the opinions of the agencies in establishing the company strategies.

15. Human Resources Policy

Our company has its human resources policies which are announced to all the employees and renewed in consideration of the developing strategies and needs. The vision, mission, and values of the company establish the basis for the human resources policies and practices. In order to achieve the Company targets, the main purposes of human resources practices are to ensure that employees advance in the same direction and to work with employees that comprehend the Company values and adopt a lifestyle behavior according to these values.

The Company aims to increase the motivation and efficiency of the employees and ensure their personal developments through Performance Management, Career Planning and regular trainings.

The behavioral characteristics expected from the employees in the direction of vision, mission and values are announced to the company under the title of "Competencies Catalogue. "Every year, all the employees are evaluated with a performance evaluation system based on competencies, their fields of improvement are defined and it is ensured that they receive training in the fields which require improvement. Employees can advance on their career path by demonstrating good performance. All the employees are aware of the determination shown by the company on this subject.

No representative is appointed for conducting the relations with the employees. The managers take a close interest in the problems of the employees that are reporting to them and follow their improvement opportunities. The Human Resources Department also takes an important role on this subject. The doors of both the middle managers and the top management are open to the employees at all times.

During and prior to 2008, no discrimination complaints of the employees were reported in our Company.

16. Information Regarding Relations with the Customers and Suppliers

Our Company, having adopted the quality policy of providing, as a robust, respectable and reliable company in the sector, high quality service with the emphasis on customer satisfaction and in line with our vision, mission and values, in collaboration with our agencies, employees and suppliers, has established the quality assurance system by taking ISO 9001:1994 standards as a model and has received its BS EN 9001:1994 Quality Standard Certificate in 1998 from BVQI (Bureau Veritas Quality International). Our Company, having renewed the certificate in July 12, 2001 in a manner conforming with ISO 9001:2000 quality management standards, continues to provide high quality services to its customers.

Stimulated by our customer-focused service policy, Aksigorta Service Center, put into operation in 2002 continues to provide nationwide service on 7 days 24 hours basis. Aksigorta Service Center is the important contact point for the customers concerning insurance and cases of emergency. The claims process starts from Aksigorta Service Center and Aksigorta Service Center stands by our customer through the entire claim process by making outgoing calls. The services provided from Aksigorta Service Center are also being provided on our website; our customers can access information regarding claim files and policies uninterruptedly. The complaints of customers regarding our services are being recorded by all our distribution channels through special software and solution durations and customer satisfaction are being monitored. Customers' satisfaction of our services are regularly measured and followed up through outgoing calls made from Aksigorta Service Center.

17. Social Responsibility

Our Company continues to deliver its share with the social responsibility notion. Within the framework of "Investing in Future Project" initiated in 1995, the Fire and Earthquake Simulation Center (YADEM) became operational in 1996 at the Aksigorta headquarters for the purpose of providing training to the children within the age group of 7-14 regarding protection from disasters such as fire and earthquake and to raise in them awareness to insurance. In order to attract more visitors and make it more beneficial, YADEM has moved to Şişli Municipality Science Center Foundation on November 1, 2006 through transfer of right of use. Therefore, it was ensured that larger masses benefit from YADEM.

In addition, every year in April a painting contest with the subject of "Fire, Earthquake and Insurance" is organized among the elementary school students in a selected city. With this contest, while the young talents are encouraged for art, awareness is raised in them for fire, earthquake and insurance as well. As a result of the contest, financial support is provided to the schools of the students awarded the first three prizes.

The activities of our Company conducted with the social responsibility notion have been included in the activity report.

SECTION IV: BOARD OF DIRECTORS

18. Structure and Organization of the Board of Directors and the Independent Members

The Board of Directors of our Company, as by the member division, is as follows:

Mehmet Akın Kozanoğlu
Chairman of the Board of Directors
Mevlüt Aydemir
Vice Chairman of the Board of Directors
Turgay Özbek
Member of the Board of Directors
Tamer Saka
Member of the Board of Directors
Ragıp Yergin
Member of the Board of Directors and General Manager

Our Members of the Board of Directors are authorized by the resolution of the General Assembly to execute transactions in line with the articles 334 and 335 of the Turkish Commercial Code.

19. Qualifications of the Members of the Board of Directors

The required qualifications for the Members of the Board of Directors of our Company covers the related provisions included in the CMB Corporate Governance Principles. The minimum qualifications required for Members of the Board of Directors are not stipulated in the Articles of Association. However, the Insurance Law numbered 5684 defines the qualifications of the Members of the Board of Directors.

20. Vision and Mission, As Well As the Strategic Targets of the Company

The Board of Directors of our Company has defined its vision and mission and has announced this in writing in its annual report and at the same time, to public through the Internet at www.aksigorta.com.tr address.

OUR VISION

To become Turkey's pioneer and leading insurance company that operates in world-class standards.

OUR MISSION

To provide the best quality and widespread service for all of our corporate and individual customers through our agencies by increasing the insurance awareness in the society.

The Board of Directors, while approving the following year's budget at the yearends, it also discusses the strategic targets established by the managers at the same time.

The Board of Directors has one-to-one knowledge of the implementation process of the adopted decisions in parallel to the comparative presentations made by the company authorities at the meetings. In these presentations, in addition to the comparison of the current year in terms of budget and actual outcome, the comparative study of the same periods of the previous years are also being submitted to the Board of Directors. The Board of Directors repeats this process bimonthly.

21. Risk Management and Internal Control Mechanism

It is specified in the Insurance Law numbered 5684 that the insurance companies are obliged to establish an efficient internal supervision system, including the risk management systems. Our Company has an efficient supervision system with the committee of the Board of Directors responsible for supervision and the Internal Supervision unit working under this committee. Although the ultimate responsibility lies in the Board of Directors, two members of the Board of Directors that are not appointed to the execution were elected and appointed as members of the Committee For Supervision. The internal supervision unit reports to the Committee for Supervision.

The Internal Supervision unit which is also responsible for the functioning of the internal control and risk management of the Company operates in accordance with the annual "Supervision Plan" approved by the Board of Directors. The committee commissioned for supervision consists of two members selected from among the members of the Board of Directors and convenes at least four times during the year.

Internal control mechanism exists from the day the Company was incorporated and in 2008, an Internal Control System has been established in our Company. One member of the Board of Directors has been appointed as the member responsible for Internal Control. The Internal Control Committee monitors the functioning of the Internal Control System.

Our Company has managed the risks it has encountered through various managerial activities up until 2008. In 2008, a Risk Management System has been established in our Company. One member of the Board of Directors has been appointed as the member responsible for Risk Management. The Risk Management Committee monitors the functioning of the Risk Management System.

Our Company attaches vast importance to the analysis and management of risks and through the Risk Management Directorate, it is endeavored to ensure that the firms are secured more by informing the companies on the coverage they require and the measures that need to be taken within the context of the insurance through analyzing the risk to be insured. Within the context of Risk Management, effective risk control is realized by conducting financial analysis works for the insured companies.

22. Authorities and Responsibilities of the Members of the Board of Directors and the Managers

Management right and representation authorities of the Board of Directors of our Company have been defined in the Articles of Association. Whereas, authorities and responsibilities of the managers have not been stipulated in the Articles of Association. However, the mentioned authorities and responsibilities are established by the Company's Board of Directors.

23. Principles of Activity of the Board of Directors

The Board of Directors of our company held a total of 97 meetings during 2008 by obtaining written approval in line with the provisions of the Turkish Commercial Code and the Articles of Association. The agenda of the Board of Directors meetings of the Company are established by the consulting of the Chairman of the Board of Directors of the Company with the current Members of the Board of Directors. The established agenda and the contents of the agenda items are conveyed to the Members of the Board of Directors in writing and in the form of a file by the General Manager 1 week in advance in order to ensure the performance of the required review and studies. In the meetings held in 2008, no dissenting opinions against the decisions adopted by the Members of the Board of Directors were delivered.

The actual attendance of the members without an excuse to the Board of Directors meetings has been ensured while the subjects stipulated in form of a file by the General Manager 1 week in advance in order to ensure the performanceof the required review and studies. In the meetings held in 2008, no dissenting opinions against the decisions adopted by the Members of the Board of Directors were delivered. The actual attendance of the members without an excuse to the Board of Directors meetings has been ensured while the subjects stipulated in article 2.17.4 of section IV of the CMB Corporate Governance Principles were resolved. Since the Members of the Board of Directors did not raise any questions on these subjects, they were not entered into the minutes. Qualified right of vote and/or right of veto were not granted to the Members of the Board of Directors on the mentioned decisions.

24. Prohibition of Competition and Entering into Transactions with the Company

The Members of the Board of Directors of the company have not entered into transactions with the company within this term.

25. Ethical Rules

In our company, business ethic rules were established and put into practice. In addition to the distribution of the "Ethical Rules Booklet" to the employees, these rules were explained in detail through meetings and e-trainings. Furthermore, all the questions on this subject are being responded by the in house Ethical Rules consultant. Ethical rules are defined under the following headings; honesty, confidentiality, conflict of interests, legal responsibilities and our responsibilities toward the customers, employees, our suppliers, competitors, shareholders, public and Sabancı name. Ethical Rules of our company were announced to all the company employees, but were not disclosed to public.

26. Number, Structure and Independency of the Committees Established under the Board of Directors

Our company has the Supervision Committee under the Board of Directors. The Supervision Committee consists of two members of the Board of Directors that are not appointed to the execution.

27. Financial Rights Granted to the Board of Directors

The Board of Directors pays to the General Manager, who is a member of the Board of Directors, 12 monthly salaries and 4 bonuses annually, determined on an annual basis in line with the wages policy of the company. In the determination of such rights, the results of the company and the performance evaluation method is being taken into consideration. General Assembly determines the remuneration paid to the other members of the Board of Directors. There are no other financial rights granted to the members of the Board of Directors by the Company.

TRANSACTIONS WITH THE RISK GROUP

In all the insurance services pertaining to the companies of the risk group we are included in, our Company applies the policies and procedures it applies to third parties.

The details of the transactions our Company has entered into with these companies in 2008 and the explanations regarding these transactions are included in our financial table footnotes numbered 11.1, 12.2, 19.2, 34, 45 and 46.

AKSigorta

RISK MANAGEMENT AND FINANCIAL INFORMATION

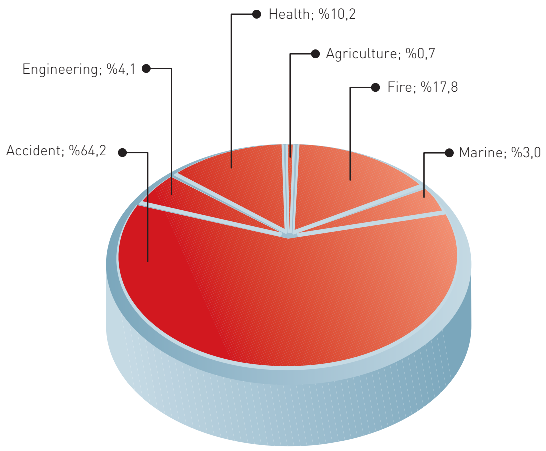

AKSigorta

FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

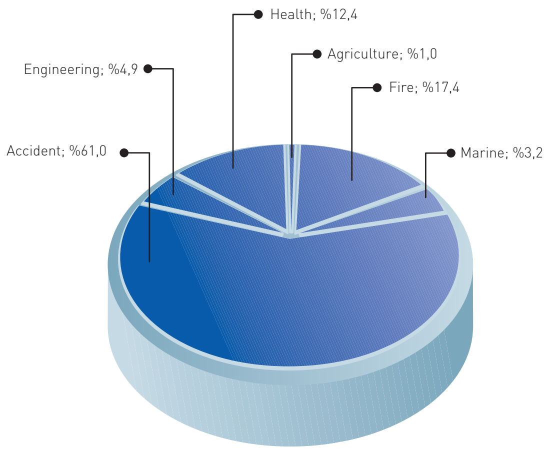
Having maintained its leading position in the sector based on the key performance criteria such as growth, profitability, company value and customer satisfaction, Aksigorta is the most experienced company in the sector when it comes to earning income not only from its operations in the insurance business but also on its financial investments. The Company has boosted its generated premiums in 2008 by 4.5% to TRY 829 million from TRY 794 million. Breakdown of the premiums by lines of business over the last two years is as follows:

(TRY Thousand)	Premiums Written			Distribution %	
	2007	2008	Change	2007	2008
Accident	509,472	506,043	-%0.7	64.2	61.0
Fire	140,861	144,220	%2.4	17.8	17.4
Health	80,954	102,592	%26.7	10.2	12.4
Engineering	32,209	40,471	%25.7	4.1	4.9
Marine	24,001	26,900	%12.1	3.0	3.2
Agriculture	5,214	8,349	%60.1	0.7	1.0
Life	862	630	-%26.9	0.1	0.1
TOTAL	793,573	829,205	%4.5	100.0	100.0

2007 Premiums Distribution



2008 Premiums Distribution

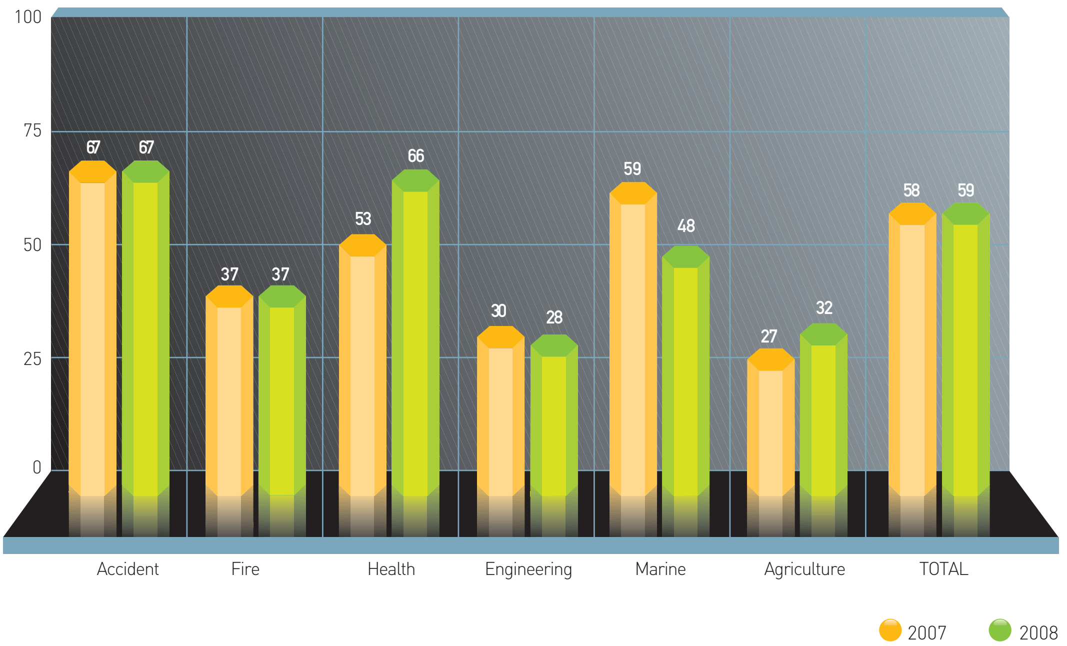


At the yearend of 2008, 41% of the written premiums have been transferred under the monopoly, treaty and optional reassurance agreements and 59% thereof, which translates to TRY 488 million, has been retained in the company retention.

Portion of the premiums generated by our various lines of business within the Company over the past two years that falls under the company retention and the retention rates are as follows:

(TRY Thousand)	Retained Premiums		Retention Ratio %	
	2007	2008	2007	2008
Accident	341,394	339,161	67	67
Fire	51,557	53,613	37	37
Health	42,759	67,777	53	66
Engineering	9,574	11,299	30	28
Marine	14,211	13,016	59	48
Agriculture	1,392	2,688	27	32
Life	635	461	74	73
TOTAL	461,522	488,015	58	59

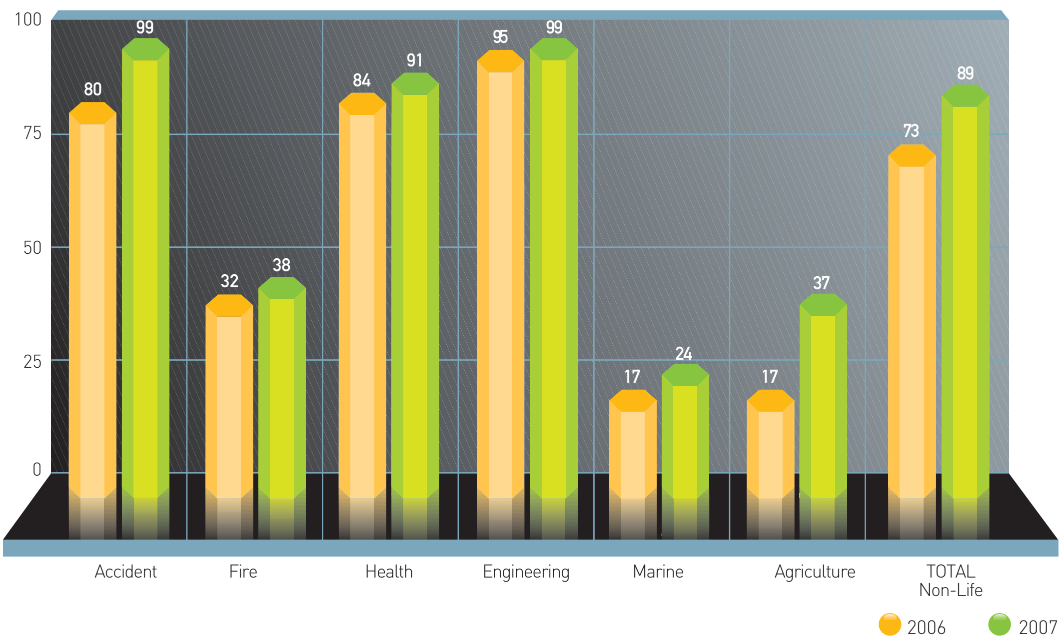
Retention Ratio (%)



As of 2008, earned premiums retained by Aksigorta in nonlife business is to TRY 432 million. However, the share of the company in the portion of the realized non-life claims is TRY 384 million. The yearend Claims Incurred (Net)/Earned Premiums (Net) ratio in non-life business is realized as 89%. As Aksigorta, we support conservative provisioning approach and believe that healthy balance sheet strength together with good earnings potential will create confidence and enhance further growth in the sector. With this prudent accounting approach we have set TRY 44 million extra reserves including; TRY 29 million for additional outstanding claims and TRY 15 million for additional unexpired risks. Excluding these extra reserves the yearend Claims Incurred (Net)/Earned Premiums (Net) ratio in non-life business realizes as 79%.
Aksigorta's ratios for claims and premiums by non-life lines of business for the past two years are as follows:

(TRY Thousand)	Claims Incurred (Net)		Earned Premiums (Net)		Claims Incurred/Earned Premiums(Net) (%)	
	2007	2008	2007	2008	2007	2008
Accident	240,384	300,876	300,504	304,590	80	99
Fire	12,616	16,650	39,468	43,552	32	38
Health	28,742	52,174	34,256	57,571	84	91
Engineering	4,963	10,256	5,202	10,316	95	99
Marine	2,433	3,072	14,224	13,006	17	24
Agriculture	241	1,092	1,400	2,944	17	37
TOTAL Non-Life	289,379	384,120	395,054	431,979	73	89

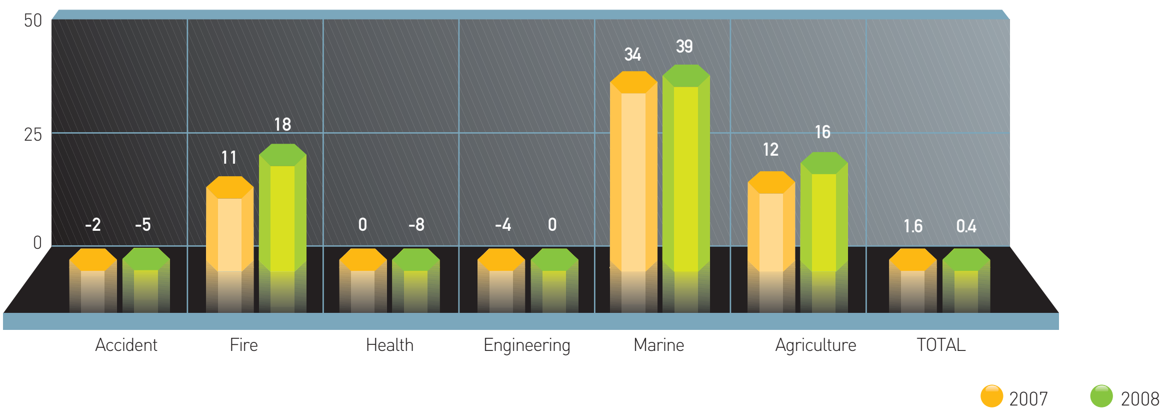
Claims Incurred / Earned Premiums (Net) (%)



Aksigorta's 2008 yearend Total Technical Profit realized as TRY 4 million. Operating profitability declined due to the new level of insurance provisions, set to a higher level with the effect of new insurance legislation. The breakdown of the Total Technical Profit by lines of business for the past two years is as follows:

(TRY Thousand)	Total Technical Profit		Total Technical Profit / Premiums Written (%)	
	2007	2008	2007	2008
Accident	-10,017	-26,556	-2	-5
Fire	16,111	26,347	11	18
Health	-272	-8,207	0	-8
Engineering	-1,348	-128	-4	0
Marine	8,179	10,421	34	39
Agriculture	631	1,346	12	16
Life	-359	404	-42	64
TOTAL	12,925	3,627	1.6	0.4

Total Technical Profit/Premiums Written (%)



Aksigorta has also earned TRY 181 million on its investments in 2008 aside from the income earned as a result of its operations in the insurance business. The breakdown of investment income for the past two years is as follows:

(TRY Thousand)	Investment Income		
	2007	2008	Change
Real Estate Income	313	343	% 9,6
Dividend Income from Participations	74,535	56,533	-% 24,2
Income from Financial Investment	37,594	53,605	% 42,6
Foreign Exchange Gain	8,049	70,049	% 770,3
Other Investments' Income	116	101	-% 12,9%
TOTAL	120,607	180,631	% 49,8

As a result of all of the above technical and financial figures, Aksigorta's Profit Before Taxes was realized as TRY 55 million and Net Profit After Taxes was realized as TRY 52 million.

As of yearend 2008, Aksigorta's Total Shareholders' Equity is TRY 1,795 million and the breakdown of the Shareholders' Equity over the past two years is as follows:

(TRY Million)	Equity Distribution		
	2007	2008	Change
Paid in Capital	434	434	% 0.0
Nominal Capital	306	306	% 0.0
Inflation Adj. on Capital	128	128	% 0.0
Profit and Capital Reserves	2,086	1,312	-% 37.1
Previous Years' Profits	5	-3	-% 160.0
Net Profit of the period	114	52	-% 54.4
Total Shareholders' Equity	2,639	1,795	-% 32.0

Aksigorta's main investments as of the yearend 2008, amounts to TRY 1,740 million. The breakdown of the main investments for the past two years is as follows:

(TRY Thousand)	Investments		
	2007	2008	Change
Financial Assets and Investments with Risks on Policy Holders	117,761	1,115,587	% 847.3
Affiliates	2,268,098	577,102	-% 74.6
Properties	51,024	47,132	-% 7.6
Total Investments	2,436,883	1,739,821	-% 28.6

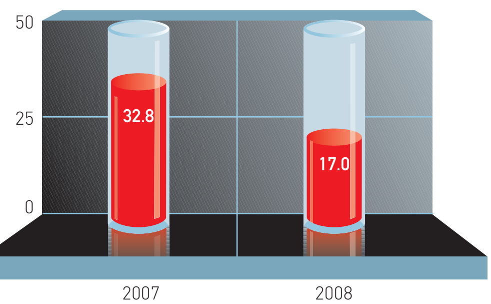
As of yearend 2008, participations, total of TRY 1,459 million worth of shares of which owned by Aksigorta based on their current market value as shown in the books thereof and relevant participation ratios are as follows:

Affiliates	Share	Book Value as of 2008 Yearend (TRY Thousand)
Akbank	% 6.07	870,199
Avivasa	% 49.83	548,222
Merter BV	% 25.00	28,879
Temsa	% 2.75	7,037
Tursa Sabancı Turizm ve Yatırım	% 2.57	4,439
Yünsa	% 1.49	261
Tarsim	% 4.35	131
Ak Yatırım Menkul Değerler	% 0.02	17
Ak Finansal Kiralama	% 0.01	3
Dönkasan	% 0.02	1

Bilateral profit distribution table as of the report date is as follows:

(TRY Thousand)	Profit Distribution Table	
	2007	2008
(+) Profit Before Tax	126,534	54,792
(-) Taxes Provisions	12,038	2,822
Profit After Tax	114,496	51,970
(-) 1. Level Legal Reserve	5,725	2,599
(-) Special Funds		16,551
Distributable Profit	108,771	32,821
(-) 2. Level Legal Reserve	8,490	1,593
Dividend From Period Profit		31,228
(+) Dividend From Extraordinary Reserves		20,792
Distributed Dividend	100,200	52,020
Earnings Per Share	0,328	0,17
Profit Distribution (%)	32,8	17,0

Distribution Rate (%)



FINANCIAL INDICATORS

With its shareholders' equity of TRY 1.8 billion, Aksigorta, as the sector's most robust company; creates a distinction in the sector by its underwriting and claims management process practices and delivers fast and reliable service to its customers regarding underwriting and claims payment. With its high claims payment ratio and capital sufficiency ratios, the Company maintains its reliability in customers' favor. Owing to its robust shareholders' equity and investments made into its information technology infrastructure, Aksigorta manages to increase the company retention ratio by making more reliable risk analysis in underwriting and expedites its claims processes by moving the relevant transactions onto electronic environment, increases efficiency thereof and improves its claims ratios. The Company maintains the upward trend in generated premiums through offering products fitting to the customers' needs and reflects this trend on its net profit and asset value. Having generated TRY 829 million in premiums in 2008, Aksigorta's net profit amounts to TRY 52 million. While the Company's value is boosted as the value of its assets reached to TRY 2.4 billion, the Company's return on equity realized as 3% in 2008.

FINANCIAL FIGURES (TRY Million)	2004	2005	2006	2007	2008
Premiums Written	417	516	669	794	829
Claims Paid	271	340	446	488	516
Total Technical Profit	18	29	21	13	4
Profit Before Tax	69	84	79	127	55
Net Profit	66	72	74	114	52
Paid in Capital	153	153	339	434	434
Shareholders' Equity	319	1,765	1,772	2,639	1,795
Total Assets	516	2,034	2,100	3,051	2,387
CAPITAL ADEQUACY RATIOS					
Premiums Written/Shareholders' Equity	% 130.8	% 29.2	% 37.8	% 30.1	% 46.2
Shareholders' Equity/Total Assets	% 61.7	% 86.8	% 84.4	% 86.5	% 75.2
Shareholders' Equity/Technical Provisions (Net)	% 196.6	% 944.7	% 704.8	% 862.1	% 417.1
OPERATIONAL RATIOS (NON-LIFE)					
Retention Ratio	% 41.9	% 45.6	% 52.3	% 58.1	% 58.8
Claims Paid / Total Claims (Paid & Outstanding)	% 78.9	% 72.9	% 70.1	% 71.9	% 62.8
Loss Ratio (Net)	% 72.6	% 71.4	% 72.7	% 73.3	% 88.9
Combined Ratio	% 108.7	% 92.3	% 97.3	% 101.6	% 112.9
PROFITABILITY RATIOS					
Total Technical Profit / Premiums Written	% 4.3	% 5.6	% 3.1	% 1.6	% 0.4
Profit Before Tax / Premiums Written	% 16.5	% 16.3	% 11.8	% 15.9	% 6.6
Net Profit / Premiums Written	% 15.8	% 14.0	% 11.1	% 14.4	% 6.3
Net Profit / Shareholders' Equity	% 20.7	% 4.1	% 4.2	% 4.3	% 2.9

RISK MANAGEMENT

Our Company has established a robust Risk Management System within the company in order to reduce the possible impacts of unwanted and unexpected events pertaining to its activities to acceptable levels.

Board of Directors has defined the policies and general outline of the Risk Management System. Risk management of the Company is realized in line with the frame defined by the Board of Directors and the methods and business processes established by the Company Management.

Risk Management System in Our Company;

- Aims to protect the capital structure, ensure efficient and productive capital management, improve value adding ability of the activities, support decision making processes and to protect reputation and trademark of the company by establishing awareness to risk within the generality of the company,
- Was established in compliance with the legal legislation,
- Is open to constant improvement by following the lead of national and international developed risk management models,
- Provides reasonable assurance that while approaching the targets, the risks are managed with caution,
- Defines, measures and manages the internal and external risks that may create significant impact on the activities of our Company,
- Is supported by the Board of Directors and monitored by the Risk Management Committee.

A Risk Management Committee is established within our Company.

The following major risk categories have been defined in the Risk Management System.

Insurance Risk

Risks that are transferred to our Company from the insured through the risk acceptance (underwriting) processes.

The most fundamental part of our Company's management of insurance risk is a solid UW discipline. Risk acceptance authorizations and limits are established according to the responsibilities of the employees. The Company focuses on preventing technical losses by applying appropriate pricing methods. The most important element to base the pricing on is information. The Company tries to reach accurate information on the subject of insurance through appropriate expertise and risk engineering techniques.

One other fundamental way of reducing insurance risk is appropriate reassurance. In line with the risk acceptance policy of the Company, risks that exceed acceptable limits are subjected to suitable reassurance transaction.

Technical loss risk is mainly entertained by damage payments. The Company tries through claim management applications to determine the accurate values of realized damages and the appropriate expertise techniques. In claim management, centralized operation, authorization and limits are used as risk management methods.

Credit Risk

Risks due to inadequacy or unwillingness of the parties which are indebted to our Company to fulfill their obligations.

When the Company carries out its activities, certain related parties become indebted to our Company. The indebted parties entertain the risk of causing loss to our Company due to their inability to pay their debts.

The Company manages its receivables from the customers, distribution channels, reassurance companies and business partners by means of established policies. The parties are credited based on their ability and custom to pay, their business volumes, their contribution to the targets of the Company and to the collaterals they provide. The management manages the credit risk by monitoring the changes that may take place in the crediting conditions.

Market Risk

Risks that may possibly give damage to our Company due to market volatility of interest, exchange rate, capital and commodity prices.

The Company entertains a market risk due to its insurance activities and capital market transactions. In order to manage the market risk, the Management monitors the exchange rate, interest and price sensitivity of the balance sheet and income statement. In order to minimize the impact of the market risks on the assets on which the insurance allowances are deposited, an efficient asset management is applied within the restrictions specified in the legislation and in line with the asset management policies of the Company.

There is the risk of equity capital reduction due to fluctuations in the market. Equity capital reduction risk is managed by constant monitoring of the assets – liabilities structure. The capital adequacy, which needs to be provided in accordance with the legal legislation should be calculated according to both the business volume and the Company targets. Thus, the Company manages the capital adequacy risk in coordination with its targets.

In addition, the Company entertains the risk that its investments may obtain lower yields than its capital cost. In order to minimize this risk, an effective asset management is applied. The Company manages the supply costs risk that may arise due to exchange rate and price fluctuations by an effective damage and supply follow-up.

Operational Risk

Risk of loss of the Company due to inappropriate or unsuccessful business processes, its employees, systems or external factors.

All kinds of risks other than insurance, market and credit risks that may cause our Company suffer from financial and reputation loss are classified as operational risk. Our Company manages its operational risks by investing in the technology and personnel infrastructure, by standardizing its processes and rules in writing and through an effective internal control system. The internal control system applied by the Company is effective on determining the operational risks included in the processes.

The processes that are determined to entertain high risks as a result of the risk analysis are reported to the internal control system. The internal control system puts into practice the control activities required to reduce the risks to an acceptable level within the frame of established policies and general principles.

Information technologies and business continuity plan constitutes an important part of the operational risk. The Management puts into practice risk reducing internal control activities and keeps them up to date.

AUDITORS' REPORT

To the Annual Ordinary General Assembly of Aksigorta A.Ş.

Partnership's;	Title:	Aksigorta A.Ş.
	Headquarters:	Meclis-i Mebusan Cad. No: 67 34427 Fındıklı/İstanbul
	Capital:	TRY 306,000,000
	Field of Activity:	Insurance

Name, term of office of the auditors and whether they are a shareholder or employee of the Company:
Cezmi Kurtuluş and Mehmet Bingöl. Our term of office is 3 years. We are not shareholders in the company. We are not company personnel.
Number of Board of Directors' Meetings Participated and Auditing Committee Meetings Convened:
We participated in the Board of Directors' meetings 4 times, convened Auditing Committee Meetings 6 times.
Content of the inspection made on the partnership's accounts, books and documents and the dates the inspections are made and the result obtained:
The inspections and controls regarding Tax Legislation and Commercial Law were made on the first week of 3rd, 6th, 9th and 12th months of the year and no issue of criticism was found.
Number and results of the counting made at the cash office of the partnership in accordance with 3rd subparagraph of 1st paragraph of Article 353 of the Turkish Commercial Code:
The cash counting was made 6 times and it was observed that the existing amount is in conformity with the records.
Dates and results of the inspection made in accordance with 4th subparagraph of 1st paragraph of Article 353 of the Turkish Commercial Code:
At the inspections made on the first business day of every month, it was ascertained that the existing negotiable instruments are in conformity with the book entries.
Complaints and corruptions conveyed and actions taken with regard to such:
No complaints were conveyed.

We have inspected the accounting transactions of Aksigorta A.Ş. pertaining to the term of 01.01.2008 - 31.12.2008 in accordance with the Turkish Commercial Code, articles of association of the partnership and other legislation as well as the generally accepted accounting principles and standards.

According to our opinion, the attached balance sheet prepared as of 31.12.2008 and the income statement for the term of 01.01.2008 - 31.12.2008, the contents of which we support, reflect the financial status of the partnership as of the date specified and truly and accurately reflect the results of operation of the specified term, respectively; profit distribution proposal is in conformity with the laws and the articles of association of the partnership.

We submit to your consent the approval of the balance sheet and the income statement and release of the Board of Directors.
Date: 10.03.2009

Auditor	Auditor
Cezmi Kurtuluş	Mehmet Bingöl

INTERNAL AUDIT ACTIVITIES

In our Company, the internal audit activities are conducted by the Internal Audit Unit reporting directly to the Board of Directors and it is organized to be independent in terms of administration. Although the ultimate responsibility lies in the Board of Directors, two members of the Board of Directors that are not appointed to the execution were elected and appointed as members of the Audit Committee. The internal audit unit reports to the Audit Committee.

Internal audit activities of 2008 were realized by the Internal Audit Unit consisting of 1 Internal Audit Unit Manager and 3 Internal Supervisors, in accordance with the annual Audit Plan" approved by the Board of Directors. Within the context of the annual audit plan, audit of 11 Headquarters Unit and 4 Regional Directorates were completed and the results were submitted in the form of a report. In addition, in 2008, upon the request of the Board of Directors, various inspection works were carried out.

The measures taken by the company managers in connection with the Internal audit deficiencies observed within the frame of Audit Reports were subsequently followed up and the adequacy of the measures were questioned by monitoring their effect on the risk level and the results were reported to the Audit Committee.

In 2008, the Audit Committee has convened eight times and the areas of risk as determined within the frame of the reports prepared by the internal audit unit were constantly monitored.

DISTRIBUTION OF PROFIT

Dear Shareholders;

Approval of the 2008 balance sheet and profit and loss account and release of the Board of Directors and Auditors for the transactions and accounts pertaining to this year:

We submit to your inspection and approval, the distribution of a total amount of gross TRY 52,020,000 cash dividend to the shareholders consisting of TRY 20,791,954.22 from the extraordinary reserves and the entire amount of TRY 31,228,045.78 remaining after deducting the financial obligations, making transfer to the Private Fund Account from the participation and real estate sales profits and making the necessary allocations for the reserves in accordance with the provisions of the Turkish Commercial Code and the Statute from the profit of an amount of TRY 54,791,978.56 obtained as a result of the activities of 2008.

M. Akın Kozanoğlu
Chairman of Board of Directors

We pay our homage wishing that 2009 will be a more bright and successful year for our country, company, shareholders and employees.

ANNUAL REPORT COMPLIANCE OPINION

To the Board of Directors of Aksigorta A.Ş.:

We have audited the accuracy and compliance of financial information provided in the accompanying annual activity report of Aksigorta 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. 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 Aksigorta A.Ş. as of December 31, 2008 in accordance with the prevailing accounting principles and standards set out in the Insurance Law No: 5684. 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

İstanbul, 13 March 2009

Sibel Türker
Sorumlu Ortak Başdenetçi, SMMM

COMPLIANCE STATEMENT OF THE FINANCIAL REPORT

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.C. Prime Ministry Undersecratariat of Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Companie's accounting records.

İstanbul, 13 March 2009

Ragıp YERGİN	Erkan ŞAHİNLER	Muzaffer Öztürk	Cezmi KURTULUŞ	Mehmet Bingöl
General Manager	Assistant General Manager	Accounting Manager	Statutory Auditor	Statutory Auditor

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Aksigorta Anonim Şirketi,

1. We have audited the accompanying financial statements of Aksigorta 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

2. 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

3. Our responsibility is to express a conclusion 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Aksigorta 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 (Note 2) based on insurance laws and regulations.

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.

İstanbul, 13 March 2009

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

Sibel Türker
Partner, SMMM

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET

ASSETS		TRY
		Audited
I- Current Assets	Note	Note Current Period 31.12.2008
A- Cash and Cash Equivalents	14	340,737,486
1- Cash		544
2- Cheques Received		-
3- Banks		321,015,151
4- Cheques Given and Payment Orders (-)		(5,608,646)
5- Other Cash and Cash Equivalents		25,330,437
B- Financial Assets and Investments with Risks on Policy Holders		1,115,587,310
1- Financial Assets Available for Sale	11.1	1,102,125,868
2- Financial Assets Held to Maturity		-
3- Financial Assets Held for Trading	11.1	18,501,155
4- Loans		-
5- Provision for Loans (-)		-
6- Investments with Risks on Policy Holders	11.1	9,207,661
7- Equity Shares		-
8- Diminution in Value of Financial Assets (-)	11.1	(14,247,374)
C- Receivables From Main Operations		235,693,877
1- Receivables From Insurance Operations	12.1	238,745,436
2- Provision for Receivables From Insurance Operations (-)	12.1	(6,333,054)
3- Receivables From Reinsurance Operations		-
4- Provision for Receivables From Reinsurance Operations (-)		-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	31,494
6- Loans to Policyholders		-
7- Provision for Loans to Policyholders (-)		-
8- Receivables from Pension Operation		-
9- Doubtful Receivables From Main Operations	12.1	19,952,575
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(16,702,574)
D- Due from Related Parties		41,920
1- Due from Shareholders		-
2- Due from Affiliates		-
3- Due from Subsidiaries		-
4- Due from Joint Ventures		-
5- Due from Personnel		-
6- Due from Other Related Parties	45	41,920
7- Rediscount on Receivables Due from Related Parties (-)		-
8- Doubtful Receivables Due from Related Parties		-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-
E- Other Receivables	47	5,577,077
1- Leasing Receivables		-
2- Unearned Leasing Interest Income (-)		-
3- Deposits and Guarantees Given		7,400
4- Other Receivables		5,569,677
5- Discount on Other Receivables (-)		-
6- Other Doubtful Receivables		-
7- Provisions for Other Doubtful Receivables (-)		-
F- Prepaid Expenses and Income Accruals		51,364,455
1- Prepaid Expenses	4.1.2.4	51,364,455
2- Accrued Interest and Rent Income		-
3- Income Accruals		-
4- Other Prepaid Expenses and Income Accruals		-
G- Other Current Assets		7,577,418
1- Inventories		107,263
2- Prepaid Taxes and Funds		7,467,988
3- Deferred Tax Assets		-
4- Business Advances		2,167
5- Advances Given to Personnel		-
6- Stock Count Differences		-
7- Other Current Assets		-
8- Provision for Other Current Assets (-)		-
I- Total Current Assets		1,756,579,543

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET

ASSETS TRY

II- None Current Assets	Note	Audited Note Current Period 31.12.2008
A- Receivables From Main Operations		**-**
1- Receivables From Insurance Operations		-
2- Provision for Receivables From Insurance Operations (-)		-
3- Receivables From Reinsurance Operations		-
4- Provision for Receivables From Reinsurance Operations (-)		-
5- Cash Deposited for Insurance & Reinsurance Companies		-
6- Loans to Policyholders		-
7- Provision for Loans to Policyholders (-)		-
8- Receivables From Pension Operations		-
9- Doubtful Receivables from Main Operations		-
10-Provision for Doubtful Receivables from Main Operations		-
B- Due from Related Parties		**-**
1- Due from Shareholders		-
2- Due from Affiliates		-
3- Due from Subsidiaries		-
4- Due from Joint Ventures		-
5- Due from Personnel		-
6- Due from Other Related Parties		-
7- Discount on Receivables Due from Related Parties (-)		-
8- Doubtful Receivables Due from Related Parties		-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-
C- Other Receivables		**-**
1- Leasing Receivables		-
2- Unearned Leasing Interest Income (-)		-
3- Deposits and Guarantees Given		-
4- Other Receivables		-
5- Discount on Other Receivables (-)		-
6- Other Doubtful Receivables		-
7- Provisions for Other Doubtful Receivables (-)		-
D- Financial Assets		**577,101,646**
1- Investments In Associates		-
2- Affiliates	9.11.4	28,879,475
3- Capital Commitments to Affiliates (-)		-
4- Subsidiaries		-
5- Capital Commitments to Subsidiaries (-)		-
6- Joint Ventures	11.4	548,222,171
7- Capital Commitments to Joint Ventures (-)		-
8- Financial Assets and Investments with Risks on Policy Holders		-
9- Other Financial Assets		-
10- Diminution in Value of Financial Assets (-)		-
E- Tangible Fixed Assets		**46,401,666**
1- Investment Properties	7	7,542,332
2- Diminution in Value for Investment Properties (-)		-
3- Owner Occupied Properties	6	39,589,396
4- Machinery and Equipments		-
5- Furnitures and Fixtures	6	23,418,101
6- Vehicles	6	102,258
7- Other Tangible Assets (Including Leasehold Improvements)	6	2,267,752
8- Leased Tangible Fixed Assets		351,395
9- Accumulated Depreciation (-)	6-7	(26,869,568)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-
F- Intangible Fixed Assets		**6,477,146**
1- Rights	8	7,797,890
2- Goodwill		-
3- Establishment Costs		-
4- Research and Development Expenses		-
6- Other Intangible Assets		-
7- Accumulated Amortizations (-)	8	(1,320,744)
8- Advances Regarding Intangible Assets		-
G- Prepaid Expenses and Income Accruals		**54,852**
1- Prepaid Expenses		54,852
2- Income Accruals		-
3- Other Prepaid Expenses and Income Accruals		-
H- Other Non-current Assets		-
1- Effective Foreign Currency Accounts		-
2- Foregin Currency Accounts		-
3- Inventories		-
4- Prepaid Taxes and Funds		-
5- Deferred Tax Assets		-
6- Other Non-current Assets		-
7- Other Non-current Assets Amortization (-)		-
8- Provision for Other Non-current Assets (-)		-
II- Total Non-current Assets		**630,035,310**
TOTAL ASSETS		**2,386,614,853**

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AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET

LIABILITIES

III- Short Term Liabilities	Note	TRY Audited Current Period 31.12.2008
A- Borrowings		**-**
1- Loans to Financial Institutions		-
2- Finance Lease Payables		757
3- Deferred Finance Lease Borrowing Costs (-)		(757)
4- Current Portion of Long Term Borrowings		-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-
6- Other Financial Assets Issued		-
7- Value Differences on Issued Financial Assets (-)		-
8- Other Financial Borrowings (Liabilities)		-
B- Payables From Main Operations		**64,050,477**
1- Payables Due to Insurance Operations	19.1	64,043,325
2- Payables Due to Reinsurance Operations		-
3- Cash Deposited by Insurance & Reinsurance Companies	19.1	7,152
4- Payables Due to Pension Operations		-
5- Payables from Other Operations		-
6- Rediscount on Other Payables From Main Operations (-) -		-
C- Due to Related Parties	19.1	**182,712**
1- Due to Shareholders	12.2	159,307
2- Due to Affiliates		-
3- Due to Subsidiaries		-
4- Due to Joint Ventures		-
5- Due to Personnel		23,405
6- Due to Other Related Parties		-
D- Other Payables	19.1,47	**10,087,446**
1- Deposits and Guarantees Received		-
2- Other Payables		10,087,446
3- Discount on Other Payables (-)		-
E- Insurance Technical Reserves		**419,285,958**
1- Unearned Premiums Reserve - Net	20	237,128,783
2- Unexpired Risk Reserves - Net	4.1.2.4,20	14,609,384
3- Life Mathematical Reserves - Net		-
4- Oustanding Claims Reserve - Net	4.1,20	167,547,791
5- Provision for Bonus and Discounts - Net		-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net		-
7- Other Technical Reserves - Net		-
F- Taxes and Other Liabilities and Relevant Provisions	19.1	**8,759,817**
1- Taxes and Dues Payable		5,281,114
2- Social Security Premiums Payable	23.1	649,684
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-
4- Other Taxes and Liabilities		7,405
5- Corporate Tax Liability Provision on Period Profit	35	2,821,614
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		-
7- Provisions for Other Taxes and Liabilities		-
G- Provisions for Other Risks		**-**
1- Provision for Employement Termination Benefits		-
2- Pension Fund Deficit Provision		-
3- Provisions for Costs		-
H- Deferred Income and Expense Accruals		**32,866,713**
1- Deferred Income		-
2- Expense Accruals		-
3- Other Deferred Income and Expense Accruals	4.1.2.4,19.1	32,866,713
I- Other Short Term Liabilities	19.1	**174**
1- Deferred Tax Liability		-
2- Inventory Count Differences		-
3- Other Short Term Liabilities		174
III - Total Short Term Liabilities		**535,233,297**

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET

LIABILITIES

IV- Long Term Liabilities	Note	TRY Audited Current Period 31.12.2008
A- Borrowings		**-**
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- Payables From Main Operations		**-**
1- Payables Due to Insurance Operations		-
2- Payables Due to Reinsurance Operations		-
3- Cash Deposited by Insurance & Reinsurance Companies		-
4- Payables Due to Pension Operations		-
5- Payables from Other Operations		-
6- Discount on Other Payables From Main Operations (-)		-
C- Due to Related Parties		**-**
1- Due to Shareholders		-
2- Due to Affiliates		-
3- Due to Subsidiaries		-
4- Due to Joint Ventures		-
5- Due to Personnel		-
6- Due to Other Related Parties		-
D- Other Payables		**-**
1- Deposits and Guarantees Received		-
2- Other Payables		-
3- Discount on Other Payables (-)		-
E- Insurance Technical Reserves		**11,068,326**
1- Unearned Premiums Reserve - Net		-
2- Unexpired Risk Reserves - Net		-
3- Life Mathematical Reserves - Net	17.2,20	4,230,415
4- Oustanding Claims Reserve - Net		-
5- Provision for Bonus and Discounts - Net		-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net	17.2,20	3,257,135
7- Other Technical Reserves - Net	4.1.2.4,20	3,580,776
F- Other Liabilities and Provisions		**-**
1- Other Liabilities		-
2- Overdue, Deferred or By Installment Other Liabilities		-
3- Other Liabilities and Expense Accruals		-
G- Provisions for Other Risks		**1,944,976**
1- Provision for Employement Termination Benefits	22	1,944,976
2- Provisions for Employee Pension Fund Deficits		-
H- Deferred Income and Expense Accruals		**-**
1- Deferred Income		-
2- Expense Accruals		-
3- Other Deferred Income and Expense Accruals		-
I- Other Long Term Liabilities		**43,360,390**
1- Deferred Tax Liability	35	43,360,152
2- Other Long Term Liabilities		238
IV- Total Long Term Liabilities		**56,373,692**

AKSİGORTA ANONİM ŞİRKETİ SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY		TRY
		Audited
V- Shareholders' Equity	Note	Note Current Period 31.12.2008
A- Paid in Capital		434,338,906
1- (Nominal) Capital	2	306,000,000
2- Unpaid Capital (-)		-
3- Positive Inflation Adjustment on Capital		128,338,906
4- Negative Inflation Adjustment on Capital (-)		-
B- Capital Reserves		83,408,490
1- Equity Share Premiums		-
2- Cancellation Profits of Equity Shares		-
3- Profit on Sale to be Transferred to Capital		83,408,490
4- Translation Reserves		-
5- Other Capital Reserves		-
C- Profit Reserves		1,228,574,054
1- Legal Reserves		97,863,921
2- Statutory Reserves		62
3- Extraordinary Reserves		233,935,027
4- Special Funds (Reserves)		52,898,500
5- Revaluation of Financial Assets	11.6,16.1	843,876,544
6- Other Profit Reserves		-
D- Previous Years' Profits		-
1- Previous Years' Profits		-
E- Previous Years' Losses (-)		(3,283,950)
1- Previous Years' Losses		(3,283,950)
F- Net Profit of the Period		51,970,364
1- Net Profit of the Period		35,419,369
2- Net Loss of the Period		-
3- Net Income not subject to distribution		16,550,995
Total Shareholders' Equity		1,795,007,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,386,614,853

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT

I-TECHNICAL PART		Note	TRY Audited Note Current Period 01.01.2008/31.12.2008
A-	Non-Life Technical Income		
1-	Earned Premiums (Net of Reinsurer Share)		431,979,099
1.1 -	Premiums (Net of Reinsurer Share)		487,553,257
1.1.1 -	Gross Premiums (+)	24	828,575,261
1.1.2 -	Ceded Premiums to Reinsurers (-)		(341,022,004)
1.2-	Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+)		(43,372,284)
1.2.1 -	Unearned Premiums Reserve (-)		(80,076,803)
1.2.2 -	Reinsurance Share of Unearned Premiums Reserve (+)		36,704,519
1.3-	Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(12,201,874)
1.3.1 -	Unexpired Risks Reserve (-) (18.010.013)		(18,010,013)
1.3.2 -	Reinsurance Share of Unexpired Risks Reserve (+)		5,808,139
2-	Investment Income Transfered from Non-Technical Part		62,069,871
3-	Other Technical Income (Net of Reinsurer Share)		27,942,422
3.1 -	Gross Other Technical Income (+)		28,326,493
3.2 -	Reinsurance Share of Other Technical Income (-)		(384,071)
B-	Non-Life Technical Expense (-)		**(518,675,695)**
1-	Total Claims (Net of Reinsurer Share)		(384,119,770)
1.1-	Claims Paid (Net of Reinsurer Share)		(320,306,239)
1.1.1 -	Gross Claims Paid (-)		(512,411,224)
1.1.2 -	Reinsurance Share of Claims Paid (+)	29	192,104,985
1.2-	Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(63,813,531)
1.2.1 -	Outstanding Claims Reserve (-)		(116,034,975)
1.2.2 -	Reinsurance Share of Outstanding Claims Reserve (+)		52,221,444
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) (+/-)	32	(3,580,776)
4-	Operating Expenses (-)		(130,975,149)
C-	Non Life Technical Net Profit (A-B)		**3,315,697**
D-	Life Technical Income		**2,592,079**
1-	Earned Premiums (Net of Reinsurer Share)		459,513
1.1-	Premiums (Net of Reinsurer Share)	24	460,644
1.1.1-	Gross Premiums (+)		629,948
1.1.2 -	Ceded Premiums to Reinsurers (-)		(169,304)
1.2-	Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(1,131)
1.2.1-	Unearned Premium Reserves (-)		6,766
1.2.2-	Unearned Premium Reserves Reinsurer Share (+)		(7,897)
1.3-	Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-
1.3.1-	Unexpired Risks Reserves (-)		-
1.3.2-	Unexpired Risks Reserves Reinsurer Share (+)		-
2-	Life Branch Investment Income		1,981,702
3-	Unrealized Income from Investments		-
4-	Other Technical Income (Net of Reinsurer Share)		150,864
E-	Life Technical Expense		**(2,280,604)**
1-	Total Claims (Net of Reinsurer Share)		(3,447,955)
1.1-	Claims Paid (Net of Reinsurer Share)		(3,228,690)
1.1.1-	Gross Claims Paid (-)		(3,298,942)
1.1.2-	Claims Paid Reinsurer Share (+)	29	70,252
1.2-	Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(219,265)
1.2.1 -	Outstanding Claims Reserve (-)		(219,265)
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 Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		439,415
3.1-	Life Mathematical Reserves (-)		439,415
3.2-	Life Mathematical Reserves Reinsurer Share (+)		-
4-	Changes in Reserves for Life Insurance Policies Including Investment Risk		943,935
4.1-	Reserves for Life Insurance Policies Including Investment Risk (-)		943,935
4.2-	Reserves for Life Insurance Policies Including Investment Risk Reinsurer Share (+)		-
5-	Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-
6-	Operating Expenses (-)	32	(115,364)
7-	Investment Expenses (-)		-
8-	Unrealized Losses from Investments (-)		-
9-	Investment Income Transferred to Non- Technical Part (-)		(100,635)
F-	Life Technical Profit (D-E)		**311,475**
G-	Individual Retirement Technical Income		**-**
1-	Fund Management Fee		-
2-	Management Fee Deduction		-
3-	Initial Contribution Fee		-
4-	Management Fee In Case Of Temporary Suspension		-
5-	Witholding tax		-
6-	Increase in Market Value of Capital Commitment Advances		-
7-	Other Technical Income		-
H-	Individual Retirement Technical Expense		**-**
1-	Fund Management Expenses (-)		-
2-	Decrease in Market Value of Capital Commitment Advances (-)		-
3-	Operating Expenses (-)		-
4-	Other Technical Expense (-)		-
I-	Individual Retirement Technical Profit (G-H)		**-**

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT

II-NON TECNICAL PART	Note	TRY Audited Note Current Period 01.01.2008/31.12.2008
C- Non Life Technical Profit		3,315,697
F- Life Technical Profit		311,475
I- Individual Retirement Technical Profit		-
J- Total Technical Profit (C+F+I)		3,627,172
K- Investment Income		180,631,216
1- Income From Financial Investment	26	44,185,523
2- Income from Sales of Financial Investments	26	1,250,250
3- Revaluation of Financial Investments	26	8,169,268
4- Foreign Exchange Gains	36	68,899,431
5- Dividend Income from Participations	26	56,532,752
6- Income from Subsidiaries and Joint Ventures		-
7- Income Received from Land and Building	26	343,357
8- Income from Derivatives	26	1,150,000
9- Other Investments		-
10- Investment Income transfered from Life Technical Part		100,635
L- Investment Expenses (-)		(100,842,998)
1- Investment Management Expenses (including interest) (-)		-
2- Valuation Allowance of Investments (-)		-
3- Losses On Sales of Investments (-)		-
4- Investment Income Transfered to Life Technical Part (-)		(62,069,871)
5- Losses from Derivatives (-)		(8,980,000)
6- Foreign Exchange Losses (-)	36	(26,414,758)
7- Depreciation Expenses (-)	32	(3,378,369)
8- Other Investment Expenses (-)		-
M- Other Income and Expenses (+/-)		(28,623,412)
1- Provisions Account (+/-)		(9,714,357)
2- Discount account (+/-)		(1,664,974)
3- Mandatory Earthquake Insurance Account (+/-)		253,050
4- Inflation Adjustment Account (+/-)		-
5- Deferred Tax Asset Accounts(+/-)	35	984,886
6- Deferred Tax Expense Accounts (-)		-
7- Other Income and Revenues	47	23,510,436
8- Other Expense and Losses (-)	47	(41,992,453)
9- Prior Period Income		-
10- Prior Period Losses (-)		-
N- Net Profit / (Loss)		51,970,364
1- Profit /(Loss) Before Tax		54,791,978
2- Corporate Tax Liability Provision (-)	35	(2,821,614)
3- Net Profit (Loss)		51,970,364
4- Inflation Adjustment Account		-

AKSİGORTA ANONİM ŞİRKETİ STATEMENT OF CHANGES IN EQUITY

TRY

Audited Current Period	Note	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	TOTAL
I - Closing Balance of Prior Period (31/12/2007)		306,000,000	-	1,630,795,831	128,338,906	-	83,649,103	62	370,160,489	114,496,346	5,092,962	2,638,533,699
II - Effect of changes in accounting policy		-	-	(81,530,000)	-	-	-	-	-	-	(8,376,912)	(89,906,912)
III - As restated (I+II) (01/01/2008)		**306,000,000**	**-**	**1,549,265,831**	**128,338,906**	**-**	**83,649,103**	**62**	**370,160,489**	**114,496,346**	**(3,283,950)**	**2,548,626,787**
A- Capital increase (A1 + A2)		-	-	-	-	-	-	-	-	-	-	-
1- Cash		-	-	-	-	-	-	-	-	-	-	-
2- Internal Sources		-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company		-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity		-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of Financial Assets		-	-	(705,389,287)	-	-	-	-	-	-	-	(705,389,287)
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Period net profit		-	-	-	-	-	-	-	-	51,970,364	-	51,970,364
I- Dividends distributed	38	-	-	-	-	-	-	-	-	(100,200,000)	-	(100,200,000)
J- Transfer		-	-	-	-	-	14,214,818	-	81,528	(14,296,346)	-	-
IV- Closing Balance (31/12/2008) (III+ A+B+C+D+E+F+G+H+I+J)		**306,000,000**	**-**	**843,876,544**	**128,338,906**	**-**	**97,863,921**	**62**	**370,242,017**	**51,970,364**	**(3,283,950)**	**1,795,007,864**

AKSİGORTA ANONİM ŞİRKETİ CASH FLOW STATEMENT

	Note	TRY Audited Note Current Period 31.12.2008
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		
1. Cash inflows from the insurance operations		592,312,140
2. Cash inflows from the reinsurance operations		-
3. Cash inflows from the pension operations		-
4. Cash outflows due to the insurance operations (-)		(439,432,964)
5. Cash outflows due to the reinsurance operations (-)		-
6. Cash outflows due to the pension operations (-)		-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		**152,879,176**
8. Interest payments (-)		-
9. Income tax payments (-)		(4,764,524)
10. Other cash inflows		25,855,811
11. Other cash outflows (-)		(55,331,832)
12. Net cash generated from the operating activities		**118,638,631**
B. CASH FLOWS FROM THE INVESTING ACTIVITIES		
1. Sale of tangible assets	6.7	4,620,285
2. Purchase of tangible assets (-)	6.7	(1,342,486)
3. Acquisition of financial assets (-)		(134,705,732)
4. Sale of financial assets		70,734,211
5. Interest received		54,626,967
6. Dividends received	26	56,532,752
7. Other cash inflows		69,378,371
8. Other cash outflows (-)		(99,125,273)
9. Net cash generated from the investing activities		**20,719,095**
C. CASH FLOWS FROM THE FINANCING ACTIVITIES		
1. Issue of equity shares		-
2. Cash inflows from the loans to policyholders		-
3. Payments of financial leases (-)		-
4. Dividends paid (-)	38	(100,200,000)
5. Other cash inflows		-
6. Other cash outflows (-)		-
7. Cash generated from the financing activities		**(100,200,000)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH		
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**39,157,726**
F. Cash and cash equivalents at the beginning of the period		297,857,114
G. Cash and cash equivalents at the end of the period (E+F)	14	**337,014,840**

AKSİGORTA ANONİM ŞİRKETİ STATEMENT OF PROFIT DISTRIBUTION

		TRY
		Audited
I-TECNICAL PART	Note	Note Current Period 01.01.2008/31.12.2008 (*)
I. DISTRIBUTION OF PERIOD PROFIT		
1.1 PERIOD PROFIT (**)		38,240,983
1.2 TAXES AND DUTIES PAYABLE (-)		(2,821,614)
1.2.2 Corporate tax (Income tax)		-
1.2.2. Income witholding tax		-
1.2.3 Other taxes and duties		-
A. NET PERIOD PROFIT (1.1-1.2)		35,419,369
1.3 PRIOR PERIODS' LOSSES (-)		-
1.4 FIRST LEGAL RESERVES		2,598,518
1.5 COMPULSORY LEGAL FUNDS TO BE RETAINED AND INVESTED IN THE COMPANY (-)		-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]		32,820,851
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-
1.6.1 To Holders of Ordinary Shares		-
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 (-)		-
1.8 DIVIDENDS TO SHAREHOLDERS (-)		-
1.9 DIVIDENDS TO BOARD OF DIRECTORS (-)		-
1.10 SECOND DIVIDEND TO SHAREHOLDERS (-)		-
1.10.1 To Holders of Ordinary Shares		-
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 (-)		-
1.12. STATUTORY RESERVES (-)		-
1.13. EXTRAORDINARY RESERVES		-
1.14 OTHER RESERVES		-
1.15 SPECIAL FUNDS		-
II. DISTRIBUTION OF RESERVES		-
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 (-)		-
III. EARNINGS PER SHARE		-
3.1 TO OWNERS OF ORDINARY SHARES		-
3.2 TO OWNERS OF ORDINARY SHARES (%)		-
3.3 TO OWNERS OF PREFERRED SHARES		-
3.4 TO OWNERS OF PREFERRED SHARES (%)		-
IV. DIVIDEND PER SHARE		-
4.1 TO OWNERS OF ORDINARY SHARES		-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-
4.3 TO OWNERS OF PREFERRED SHARES		-
4.4 TO OWNERS OF PREFERRED SHARES (%)		-

(*) Since 2008 profit distribution proposal has not been approved by the General Assembly, just net profit available for distribution is shown on the profit distribution table.

(**) As per No. 5520 Corporate Tax Law Article 5 of the first paragraph (e), 75% of the sales income from subsidiaries and real estate ,is exempted from corporate tax. Because of the fact, TRY 16.550.995 sales income from subsidiaries and real estate, presented in "Net Income not subject to distribution" line of balance sheet, deducted from the Period Profit.

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

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş..

Approval of financial statements

The Company's financial statements are approved and authorized for issuance as of 13 March 2009 by the Board of Directors. Financial statements can be amended upon the authorization granted in the General Assembly.

1.2 The Company's address and legal structure and 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 accordance with the requirements of Turkish Commercial Code and registered in Turkey as at 25 April 1960. The Company is located at Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, İstanbul.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily fire, marine, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has also 10 district offices of which four of them are in İstanbul (İstanbul1, İstanbul 2, İstanbul 3 and İstanbul Kurumsal), and one each in Adana, Ankara, Bursa, Ege, Karadeniz and Akdeniz and three district agencies; in Denizli, Karadeniz and Diyarbakır.

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

The Company performs its insurance operations in accordance with the principles and procedures set out in the Insurance Law No: 5684.

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

	31 December 2008
	Number
Key management personnel	8
Directors	273
Officers	311
Total	592

1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2008, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TRY 2.498.686 in total.

1.7 Distribution keys used in the distribution 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's distribution of investment income and operating expenses is made based on the standards and policies set out in relation to distribution keys used in the financial statements prepared in accordance with the Undersecretariat of the Treasury's Circular on the Insurance Uniformed Chart of Accounts issued on 4 January 2008.

1.8 Stand-alone or consolidated financial statements

Article 4(1) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" which requires the recognition of company operations in accordance with the preparation and presentation of financial statements requirements in the Decree and Turkish Accounting Standards Board ("TASB"), except for any Decrees issued by the Undersecretariat of the Treasury in relation to the matters specified in 4(2), and Article 4(2) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" which 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 decrees issued by the Undersecretariat of the Treasury should be applicable in accordance with the Undersecretariat of the Treasury's Sector Announcement made in regards to "Preparation of Decrees In Relation to Financial Reporting by the Undersecretariat of the Treasury" issued at 18 February 2008.

In this respect, the accompanying financial statements only include financial information of Aksigorta Anonim Şirketi based on Article 3 of the Undersecretariat of the Treasury's Sector Announcement made in relation to Article 4(2). In accordance with Article 3, draft decree on the consolidated financial statements is expected be prepared in 2008 and its first-time application will be in 2009. Therefore, the Company will not apply TAS 27 (Turkish Accounting Standards) in its financial statements. In addition, the Decree on "Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Funds" was issued as of 31 December 2008 and it will be applicable as of 31 March 2008.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

Name / Trade name	Aksigorta A.Ş.
Headquarter address	Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, İstanbul
Phone	(212) 393 43 00
Fax	(212) 393 39 00
Web page address	www.aksigorta.com.tr
E-mail address	bilgi@aksigorta.com.tr

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

1.10 Subsequent Events

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio with drawals related to these agreements are recognized by the Company as of 31 December 2008. In accordance with these agreements, portfolio additions are also recognized in 2009. As result of portfolio withdrawals, the Company's retention amount has increased by 14% in the car-accident branch.

As per the Board of Directors' meeting held on 2 March 2009, all shares of Temsa Global Sanayi ve Ticaret A.Ş. held in the Company's portfolio amounting to TRY 5.775.000 in nominal and TRY 7.037.014 in book value were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 7.218.750 based on the fair value. Accordingly, the Company has recognized TRY 181.736 of sale proceeds in its profit/loss account for 2009.

As per the Board of Directors' meeting held on 15 January 2009, the Company has participated to the capital increase of its subsidiary, Merter BV, by TRY 1.603.777.

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, supervision/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 by T.C. Prime Ministry Undersecretariat of the Treasury and applicable regulations required by the Insurance Law No: 5684 published in the Official Gazette No: 26522 on 14 June 2007.

The Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" was published in the Official Gazette No:26852 on 14 July 2007 and has become effective as of 1 January 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 the Decree and Turkish Accounting Standards Board ("TASB"), except for any Decrees issued by the Undersecretariat of the Treasury in relation to the matters specified in 4(2), and 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.

In this respect, the below requirements are set out in regards to Article 4(2) of the Decree in the Sector Announcement No: 2008/9 issued on 18 February 2008:

1. TFRS 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 IASB 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 the 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 the 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 the 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 (Turkish Accounting Standards) will not be applied.

4. The Decree on "Presentation of Publicly Available Financial Statements and Related Notes and Disclosures" issued by the Undersecretariat of the 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. 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 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the CMB's 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. Therefore, as at 31 December 2008, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of 31 December 2004 (for inputs prior to 31 December 2004) and carrying inputs subsequent to 31 December 2004 at nominal value.

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

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's retained earnings/accumulated loss account has been restated as below in the opening financial statements as of 31 December 2007:

Restated Balance Sheet / Income Statement Item	TRY
Unused Vacation Provision	(618.862)
Discounted Retirement Paid Provision	3.577.590
Discounted Payable-Receivable	(1.445.313)
Unexpired Risk Reserves	(2.407.511)
Deferred Tax	838.943
Commission Accruals	(7.172.069)
Other	(1.149.690)
Total	**(8.376.912)**

No comparative information is required for the Company's financial statements as of 31 December 2008 with 31 December 2007.

c. Technical Reserves

Accounting principles and accounting estimates used in the calculation of technical reserves in the financial statements are amended in accordance with 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. The effects of changes in accounting policies and accounting estimates are presented in Note 2.1.1(b) and 4.1.2.4, respectively.

Unearned Premiums Reserve

Previously, unearned premium reserve, except for premiums written in return of the earthquake guarantees given in fire and engineering insurance branches, was calculated on the net retained premiums written, net-of-commissions. However, the Circular "Compliance of Technical Provisioning of Insurance and Reinsurance Companies and Pension Funds with the Legal Provisions of Insurance Law No: 5684" issued by the Undersecretariat of the Treasury on 4 July 2007 prohibits the application of deducting the earthquake premiums in the calculation of unearned premium reserve for insurance policies prepared subsequent to 14 June 2007, and netof- commissions application has been ceased in the calculation of unearned premium reserve of the insurance policies prepared after 1 January 2008 in accordance with the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions". In accordance with the related Decree, for marine (commodity) policies issued after 1 January 2008 with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

Unexpired Risk Reserves

As of 1 January 2008, insurance companies are required to provide unexpired risk reserves for insurance branches of which are inconsistent with the risk level assumed over the insurance period and the distribution of premiums earned over time. Insurance companies are also required to provide unexpired risk reserves if unearned premium reserve is inadequate for the Company's risks and estimated expenses. In accordance with the related Decree, insurance companies should apply an adequacy test covering the last 12 months for each period for the possibility of exceeding claim compensations against the unearned premium reserves. The related Decree requires the multiplication of unearned premium reserves by the estimated claim premium ratio in adequacy test application. Estimated claim premium ratio is calculated by dividing the accrued claims (outstanding claims (net) + claims paid (net) – outstanding claims reversal (net)) into earned premiums (premiums written (net) + carried forward unearned premiums reserve (net) – unearned premiums reserve (net)). In addition, if the estimated claim premium ratio exceeds 100% in 2008 and 95% in future periods for the estimated claim premium ratio of insurance branches that will be determined by the Undersecretariat of the Treasury, the amount calculated subsequent to the multiplication of the exceeding rate by unearned premiums reserve will be used in the calculation of unexpired risks reserve of the related branch. In accordance with the Circular issued by the Undersecretariat of the Treasury on 6 November 2007, unexpired risks reserve should be calculated for each sub-branches specified in the Insurance Uniformed Chart of Accounts.

Outstanding Claims Reserve

Outstanding claims reserve is provided based on each branch for the outstanding claims reported but not paid as of the period-end.

As opposed to prior periods, subrogation, salvage and other related incomes are deducted from the calculation of outstanding claims reserve. In the calculation of subrogation, salvage and other related incomes to be deducted from outstanding claims reserve accrued as of the period-end, for outstanding claim files opened in the last 5 or over 5 years, weighted average is taken into account. Weighted average ratio is calculated by dividing the subrogation, salvage and other related income received following the period in which the claims are incurred into the accrued outstanding claims reserve. Subrogation, salvage and other related income to be deducted from the related branch's outstanding claims reserve for the current period is calculated by multiplying the calculated weighted average ratio of the branch by the related branch's accrued outstanding claims reserve of the current period.

In accordance with the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 26606 on 7 August 2007, insurance companies 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 wieghted average ratio by the total premium production for 12 months prior to the current period.

In accordance with Article 7(6) of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 26606 on 7 August 2007, 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. In the Decree on the "Actuarial Chain Method" issued by T.C. Prime Ministry Undersecretariat of the Treasury on 29 November 2007, the application principles of the Actuarial Chain Method as of 31 March 2008 for the first time is based on the claims paid. The method is used for the statistical calculation of minimum outstanding claim reserves provided for the period-end by reducing the subrogation, salvage, and other related items from the net (less reinsurance share) and gross (including reinsurance share) claims paid in the last six years based on top-level branches in accordance with the Decree on Insurance Branches published in the Official Gazette No: 26579 on 11 July 2007.

Insurance companies are 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.

Equalization Reserves

As of 1 January 2008, insurance companies are required to provide equalization reserves for earthquake and credit insurances in order to equalise the possible fluctuations in the claim compensation rates and to cover the catastrophic risks in subsequent periods.

Therefore, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for nonproportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150% of the maximum amount of net premiums received in the last five financial periods.

Life Profit Share and Mathematical Reserves

Mathematical reserves provided for the claims that the Company has committed to pay for life insurance branch policies in the future are calculated based on the statistics on casualties by actuaries using the formulas accepted by the Undersecretariat of the Treasury. Income obtained from the provision of such reserves in investing activities is also set aside as life profit share reserves for the distribution to policyholders.

d. Subrogation Income Accruals

T.C. Prime Ministry Undersecretariat of the Treasury has prescribed the guidelines of accounting for subrogation income accruals in order to establish the uniformity considering various applications in the sector under the statement no: B.02.1.HM.0.SGM.0.3.1.1-3534 published on 18 January 2005 and under the supplementary Article No: 2005/24 of the related statement.

In accordance with the requirements set out in the related statements, insurance companies should recognize the subrogation amounts from insurance companies as income, irrespective of having furnished the certificate of release from the counter insurance companies, as long as the insurance company settles the claim payment to the policyholder and receives the relevant payment document from the policyholder.

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

The Company has determined the amount of its subrogation receivables in accordance with the recent statement made by the Undersecretariat of the Treasury through the Union of the Turkish Insurance and Reinsurance Companies as of 3 February 2005 and has calculated the total subrogation receivable from the insurance companies amounting to TRY 9.067.864 and the reinsurance share of TRY 2.843.084 and presented these amounts in receivables and payables from operating activities and technical income accounts, respectively. The Company also calculated its retention amount as TRY 6.224.780 in its financial statements. The Company also calculated TRY 13.854.165 of retention under litigation and execution for its subrogation operations and presented TRY 26.732.518 of subrogation receivables and TRY 12.878.353 of reinsurance share of subrogation receivables under doubtful receivables from the operating activities and technical income accounts, respectively.

e. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily pro-rata basis.
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 loss provisions are off-set against these reserves.

f. Receivables from Insurance Activities

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, in accordance with Article 323 of the Tax Procedure Law. As of 31 December 2008, the Company provided TRY 2.848.409 provision for the receivables that are subject to administrative and legal follow-up and TRY 6.333.054 for the receivables that are not subject to legal follow-up. The Company has also provided TRY 13.854.165 for the retention amount in relation to subrogation transactions under litigation.

g. Discount of Receivables and Payables

Receivables and payables are carried at book values in the financial statements. Receivables and payables are subject to discount.

h. Earnings per Share

Earnings per share presented in the statement of income is calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year. Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior periods' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

i. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance 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.

j. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

k. Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

l. Taxation and deferred tax

Income tax expense represents the sum of the current tax payable and deferred tax expense.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred 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 with tax rates that have been enacted or substantively enacted by the balance sheet date. 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

2.1.3 Functional currency

The Company's financial statements are expressed in TRY, 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), the name of the Turkish Republic's monetary unit and its sub-currency unit is changed to the New Turkish Lira and the New Turkish Cent, 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 New Turkish Lira and in New Turkish Cent as of 1 January 2009.

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 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 ("the 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.

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"

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

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

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 Programmers" 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"
- 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 Effective for annual periods beginning on or after 1 July 2009
- 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"
- IAS 32 "Financial Instruments: Presentation"
Amendments relating to disclosure of puttable instruments and obligations arising on liquidation Effective for annual periods beginning on or after 1 January 2009
- 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

Amendments to IFRS 1 "First-time Adaptation of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements".
The amendment determines the cost of a subsidiary, jointly controlled entity or associate on transition to IFRS under IAS 27 or as a deemed cost. The amendment to IAS 27 requires the recognition of dividends from a subsidiary, jointly controlled entity or associate as income in the unconsolidated financial statements. The adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

IFRS 2 "Share-Based Payments"
The amendments clarify the definition of vesting conditions and introduce the concept of a 'nonvesting condition' which is a condition that is neither a service condition nor a performance condition. The standard also requires the application of similar criteria to be used in the recognition of awards cancelled by either an entity or the counterparty (employer or employee).
The adoption IFRS 2 in future periods will have no material impact on the financial statements of the Company.

IFRS 8 "Operating Segments"
IFRS 8 "Operating Segments" supersedes IAS 14 'Segment Reporting". The standard specifies how an entity should report information about its operating segments based on the segment criteria used in internal reporting which are prepared by the management. The Company will apply IFRS 8 for annual periods beginning from 1 January 2009.

IAS 32 and IAS 1 "Puttable Instruments and Obligations Arising On Liquidation"
Under the revised IAS 32, subject to specified criteria are being met, puttable instruments and obligations arising on liquidation will be classified as equity while, the amendment to IAS 1 requires the definition and disclosure of such instruments, which are classified as equity. The adoption of these standards in future periods will have no material impact on the financial statements of the Company.

IAS 23 (Revised) "Borrowing Costs"
The amendment requires an entity to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The amendment will eliminate the expensing option of borrowing costs in the period in which they are incurred. The adoption of these standards in future periods will have no material impact on the financial statements of the Company.

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

IFRS 3 "Business Combinations"
The amendments require the recognition of an acquisition related cost of a business combination as an expense in the period in which the cost is incurred. It also requires subsequent changes in the fair value of a contingent consideration recognized in business combination to be recognized in the statement of income rather than in equity.

IFRIC 13 "Customer Loyalty Programmers"
Under IFRIC 13, customer loyalty programmers should be recognized as a separately identifiable component of the sales transaction(s). A portion of the fair value of the consideration received in respect of the initial sale shall be allocated to the award credits and the consideration allocated to award credits should be recognized as revenue when awards credits are redeemed. The adoption IFRIC 13 in future periods will have no material impact on the financial statements of the Company because the interpretation is not relevant to its operations.

IFRIC 15 "Agreements for the Construction of Real Estate"
IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue" and when revenue from the construction should be recognised. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
IFRIC 16 provides guidance on three main issues: The presentation currency used in the entity's financial statements cannot be used as a basis for the application of hedge accounting. Therefore, a hedged risk can be considered as the exchange differences arising between the functional currency of the foreign operation and the presentation currency used in the financial statements of the parent entity. A hedging instrument can be held within the Company or companies. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 17 "Distributions of Non-Cash Assets to Owners"
IFRIC 17 applies to all reciprocal non-cash distributions of assets by an entity to its owners, including the distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 18 "Transfers of Assets from Customers"
The Interpretation clarifies the accounting for cash received from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IAS 1 (Revised) "Presentation of Financial Statements"
IAS 1 has been revised in order to improve users' ability to analyze and compare the information given in financial statements. Changes made to the revised standard are summarized below:

- the statement of changes in equity can only include transactions with shareholders;
- in addition to statement of income, presentation of a new "Statement of Other Comprehensive Income" showing all income and expense items as profit and loss; and
- interpretation of prior financial statements in the current period, or presentation of the prior effects of the retrospective application of new accounting policies in a newly formed column in the financial statements.

IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items
The amendment clarifies that inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognised financial instrument.
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.

2.2 Consolidation

As summarized in detailed in notes 1.8 "Stand-alone or consolidated financial statements" and 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used", the first-time adoption of the draft decree on the consolidated financial statements is expected be taken effect in 2009; therefore, as of the balance sheet date, the accompanying financial statements only include financial information of Aksigorta A.Ş..

2.3 Segment Reporting

The Company has no different operations or geographical segments other than its main line of activity; therefore, no segment reporting is required.

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

2.4 Reserves in Foreign Currencies

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 to New Turkish Lira at the rates prevailing on the balance sheet date.
Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to New Turkish Lira 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 Reserves in Foreign Currencies (cont'd)

Exchange differences, except for those detailed below, are recognized in profit and loss in the period in which they are incurred:

- Exchange differences treated as restatements of interest costs on liabilities associated with assets in foreign currencies held for the construction of a future use which are included in the cost of such assets,
- Exchange differences arising form foreign currency hedging transactions (accounting policies for hedging are explained below),
- Exchange differences arising from doubtful receivables and payables from foreign operations that are part of the net investment in foreign operations, accounted in translation reserves and associated with profit and loss in the sale of net investment.

2.6 Property, Plant and Equipment

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

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy. Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use.

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 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.

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.

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 to profit or loss.

2.7 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. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy applied to "Property, Plant and Equipment" up to the date of change in use.

Real estates held under finance lease are classified as investment properties.

2.7 Intangible Assets

Intangible assets acquired

Intangible assets acquired are carried 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.

Computer software

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 to 10 years).

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred.

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

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 3 years).

2.8 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, 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.

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.

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

Available-for-sale financial assets

Investments other than a) held-to-maturity, b) held for trading, or c) loans and receivables are classified as available-for-sale financial assets. Available-for-sale financial assets 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 values 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-forsale 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.

Financial asset risks attributable to life insurance policyholders

Such assets are classified as available for sale and held to maturity financial assets. Available for sale financial assets are carried at fair value and revaluation difference arising from amortized cost is recognized under the statement of income. Also, 5% of the difference in between the fair value and amortized cost is recognized under equity and 95% of insurance technical reserves that are attributable to insurees are recognized in the Insurance Technical Reserves - Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost 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.

Associates

An associate is an entity that retains at least 20% 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.

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

2.9 Impairment of Assets

Impairment of non-financial assets Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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

2.10 Derivative Financial Instruments

Derivative financial instruments are initially measured at fair value at the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

TRY 7.830.000 of net loss arising from the Company's derivative transactions is recognized in the financial statements.

2.11 Offsetting

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

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash 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 an insignificant risk of changes in value.

2.13 Share Capital

As of 31 December 2008, the Company's nominal capital is TRY 306.000.000. Share capital is represented by 30.600.000.000 of equity shares having a nominal amount of TRY 0,01 each. The share capital structure of the Company is as follows:

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

	31 december 2008	
	Participation Amount TRY	Participation Rate %
H. Ömer Sabancı A.Ş.	186.658.800	61.98
Other	116.341.200	38.02
	306.000.000	**100.00**

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 500.000.000.

The Company has no capital increase in the current period.

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 makes 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 with 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:

Investment contracts are those that transfer financial risk, excluding significant insurance risks.

The Company has no investment contracts.

2.15 Insurance and Investment Contracts With Discretionary Participation Features

None.

2.16 Investment Contracts without Discretionary Participation Features

None.

2.17 Borrowings

The Company has no short-term or long-term borrowings.

2.18 Deferred 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 with tax rates that have been enacted or substantively enacted by the balance sheet date. 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

2.19 Employee Benefits

The objective of the standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognize: a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. The short term employee benefits are wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees. Post-employment benefits are pensions, other retirement benefits, post-employment life insurance and post-employment medical care.
Other long-term employee benefits are long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are payable twelve months or more after the end of the period, profit-sharing, bonuses and deferred compensation; and termination benefits.

2.20 Provisions

Provisions are based on precautionary principle. The aim of this principle is to implement measures to warn against the uncertainties and potential risk the Company may be exposed to. As a result of this principle, companies provide provisions for their possible expenses and losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

2.21 Accounting of Income

Premium and Commission Income

Premium income represents premiums on policies written during the year. Unearned premiums, set aside to provide for the period of risk extending beyond the end of the financial year, are determined from premiums written during the year on a daily pro-rata basis.

Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.22 Finance Lease – 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, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.23 Profit Share Distribution

Profit share and date of distribution will be determined in the Company's Extraordinary General Assembly to be held on 30 March 2009.

3. Significant Accounting Estimates and Requirements

None.

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 the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance)

4.1.2.1. Sensitivity to insurance risk

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

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

Reinsurance contracts include excess of loss (quota-share and excess loss) and catastrophic coverage. The Company can also enter into reinsurance contracts with arbitrary participation under its reinsurance programme.

4.1.2.2. Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency)

Generally, the Company's insurance contracts include fire and natural disasters, marine, accident, motor vehicles, air crafts, water crafts, general losses, motor vehicles liability, air crafts liability, general liability, financial losses, legal protection, illness/health and life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

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

Total Claims Liability (*)

31 December 2008	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Fire and Natural Disasters	29,742,209	20,674,755	9,067,454
Marine	7,125,173	5,178,676	1,946,497
Accident	4,160,556	2,551,899	1,608,657
Motor Vehichles	54,879,861	17,909,932	36,969,929
Air Crafts	3,805	3,805	-
Water Crafts	2,253,094	1,784,194	468,900
General Losses	34,552,599	28,646,548	5,906,051
Motor Vehicles Liability	137,508,680	41,658,299	95,850,381
General Liability	15,956,015	14,107,314	1,848,701
Financial Losses	713,418	645,355	68,063
Legal Protection	28,918	(2,927)	31,845
Credits	1,091,383	1,091,383	-
Illness / Health	15,937,300	6,018,905	9,918,395
Life	3,863,518	600	3,862,918
Total	**307,816,529**	**140,268,738**	**167,547,791**

(*) Total claim liability includes all claims reserves as of the balance sheet date, outstanding claims reserve, incurred but not reported claims, the actuarial chain method and additional reserves from outstanding claims reserve adequacy calculation.

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	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Marmara Region	133,681,241	54,885,503	78,795,738
Agean Region	25,027,898	11,531,265	13,496,633
Middle Anatolian Region	18,927,600	11,938,298	6,989,302
Mediterranean Region	16,093,994	10,317,881	5,776,113
Black Sea Region	7,864,485	4,730,026	3,134,459
East Anatolian Region	3,053,167	2,085,660	967,507
South East Anatolian	10,892,389	5,682,648	5,209,741
Total	**215,540,774**	**101,171,281**	**114,369,493**

As of December 31, 2007 Claims Development Chart

(*) Total claims include outstanding claims reserve provided on file basis as of the balance sheet date.

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on
currency types are summarized as below:

Total Claims Liability (*)

31 December 2008	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
TRY	194,756,964	98,763,141	95,993,823
USD	15,214,594	1,191,099	14,023,495
EURO	4,471,938	1,199,002	3,272,936
GBP	995,560	6,088	989,472
Other	101,718	11,951	89,767
Total	**215,540,774**	**101,171,281**	**114,369,493**

4.1.2.3 Comparison of incurred claims with past estimations Outstanding claims reserve retention adequacy rates per insurance branches are presented below.

	%
Outstanding claims adequacy rates	31 December 2008
Accident	74,98
Illness / Health	95,24
Motor Vehicles	83,61
Water Crafts	69,42
Marine	120,44
Fire and Natural Disasters	171,85
General Losses	100,16
Motor Vehicles Liability	52,24
Air Crafts Liability	0,09
General Liability	53,63
Financial Losses	87,69
Legal Protection	20,53
General Rate	79,27

Claims development table as of 31 December 2008

The claims development table is assessed based on the claims paid in accordance with the Technical Reserves Regulations.

The gross and net (after reinsurance) insurance risk distribution of our company, in claims' region is summarized below:

Total Claims Obligation (*) Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Total Payment
1 January 2003-31 December 2003	82.637.611	1.740.254	827.077	723.355	820.901	364.382	87.113.580
1 January 2003-31 December 2004	110.272.546	(1.239.201)	1.081.256	969.510	530.930	-	111.615.041
1 January 2003-31 December 2005	144.743.845	630.564	1.877.226	788.426	-	-	148.040.061
1 January 2003-31 December 2006	226.035.861	2.853.369	1.812.506	-	-	-	230.701.736
1 January 2003-31 December 2007	251.531.420	3.238.916	-	-	-	-	254.770.336
1 January 2003-31 December 2007	313.571.079	-	-	-	-	-	313.571.079
Total	**1.128.792.362**	**7.223.902**	**5.598.065**	**2.481.291**	**1.351.831**	**364.382**	**1.145.811.833**

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

As per Technical Reserves Regulation, the Company has provided TRY 305.330 additional outstanding claims reserve as a result of the difference between the Company's outstanding claims reserve and Undersecretariat of the Treasury's actuarial chain method calculation. Since there has been no new life insurance branch business and also there was little payment during the year, the life branch was not considered in actuarial chain method calculations.

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 in some of the technical reserve calculations which are effective as of 1 January 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. Accordingly, the Company has calculated the followings:

1) There has been an increase in unearned premium reserves by TRY 27.753.236 as a result of the unearned premium reserves calculation, gross up of commissions. The Company has presented TRY 23.448.244 of deferred commission income and TRY 51.201.480 of deferred commission expenses under the Other Deferred Income and Expense Accruals account and Prepaid Expenses account, respectively.

2) The Company has provided TRY 14.609.384 of unexpired risk reserves in the current period.

3) Outstanding claims adequacy difference has been calculated in terms of insurance branches, and adequacy ratio has been increased from 90% to 95%. Companies should provide outstanding claims adequacy difference as of year-end; therefore, the Company has calculated and provided TRY 28.605.256 of outstanding claims adequacy difference as of the balance sheet date.

4) Subrogation and salvage income have been accrued in accordance with the requirement which prescribes subrogation and salvage income to be taken into account in the calculation of outstanding claims reserves. The Company's related income accrual amounts to TRY 12.047.146.

5) The Company has provided TRY 3.580.776 of equalization reserve for earthquake and credit insurances in order to equalise the possible fluctuations in the claim compensation rates and to cover the catastrophic risks in subsequent periods. The Company has no insurance contracts within the scope of IFRS 7.

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its going concern status as an income yielding company and to protect shareholder and employee benefits while sustaining the most effective capital structure in order to reduce company costs.

The Company measures its adequacy semi-annually in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on 19 January 2008. The required equity amount is significantly high as a result of the Company's capital adequacy calculation.

Capital Adequacy Summary

	31 December 2008
1. According to Premium Base	103.185.892
2. According to Claim Base	97.774.543
I. REQUIRED CAPITAL FOR THE NON-LIFE BRANCHES	103.185.892
1.Relating to Liability Result	325.033
2.Relating to Risk Result	32.909
II. REQUIRED CAPITAL FOR THE LIFE BRANCH	325.033
III. REQUIRED CAPITAL FOR THE RETIREMENT BRANCH	-
REQUIRED CAPITAL BASED ON THE FIRST METHOD	103.185.892
1. Asset Risk	228.006.398
2. Reinsurance Risk	57.536.988
3. Excessive Premium Increase Risk	-
4. Outstanding Claims Risk	14.453.245
5. Underwriting Risk	77.207.773
6. Exchange Rate Risk	6.265.571
REQUIRED CAPITAL BASED ON THE SECOND METHOD	383.469.975
REQUIRED CAPITAL AMOUNT FOR THE COMPANY	383.469.975
CAPITAL (*)	1.798.588.640
AMOUNT OF ASSOCIATES DEDUCTED FROM CAPITAL	17.828.774
CAPITAL ADEQUACY RESULT	1.397.289.891

(*) Total equity includes TRY 3.580.776 of equalization reserve.

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

4.2.2 Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its assets and liabilities and reinsurance assets and liabilities. The Company's risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company's performance. The Company's exposure to interest rate risk and credit risk in general is due to its financial investments and insurance receivables, respectively.

Market risk

The Company is exposed to market risk due to fluctuations in the exchange rates, interest rates and equity share prices.

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. The details of the Company's foreign currency denominated assets and liabilities as of 31 December 2008 are presented in details in Note 12.4.

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	USD Effect 2008	Euro Effect 2008
Profit/Loss (increase)	6.294.597	1.928.493
Profit/Loss (decrease)	(6.294.597)	(1.928.493)

Interest rate risk

The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The Company's sensitivity to interest rate risk results from the mismatch in maturities of its assets and liabilities. Interest rate risk is managed by offsetting the assets that are affected by the interest rate fluctuations against the liabilities in same nature. As of the balance sheet date, the Company's remaining maturity dates in terms of repricing of its assets and liabilities are significantly similar to its remaining maturity dates of liquidity risk.

Therefore, the Company has not presented any interest rate risk table in the notes.

Price Risk

The Company is exposed to price risk due to its equity investments. Equity investments are held for strategical purposes rather than trading purposes. These investments are not actively traded by the Company.

As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, since the Company's equity investments are classified as available for sale assets and if they are not disposed of or impaired, net profit/loss would not be affected and the Company's equity would be increased/decreased by TRY 87.410.103.

The Company has no significant change in its sensitivity to share prices compared to the prior periods.

Credit Risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of the balance sheet date, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1. The Company has no restructured trade receivables.

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company management manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

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

Liquidity Risk Table

	Up to 1 month	1-3 Months	3 Months-1 Year	1 Year-5 Years	5 Year and over	No maturity	Total
Cash and Cash Equivalents	204,637,097	80,982,267	-	-	-	55,118,122	340,737,486
Financial Assets Available For Sale	11,878,531	9,908,899	184,008,653	-	-	882,082,411	1,087,878,494
Financial Assets Held For Trading	-	-	-	-	-	18,501,155	18,501,155
Investments with Risks on Policy Holders	-	482,640	8,725,021	-	-	-	9,207,661
Receivables From Main Activities	4,600,228	142,656,895	88,245,419	191,335	-	-	235,693,877
Due From Related Parties	-	-	41,920	-	-	-	41,920
Other Receivables	-	5,577,077	-	-	-	-	5,577,077
Prepaid Expenses and Income Accruals	-	-	51,364,455	-	-	-	51,364,455
Other Current Assets	-	-	7,577,418	-	-	-	7,577,418
Financial Assests	-	-	-	-	-	577,101,646	577,101,646
Tangible Fixed Assets	-	-	-	-	-	46,401,666	46,401,666
Intangible Fixed Assets	-	-	-	-	-	6,477,146	6,477,146
Prepaid Expenses and Income Accruals	-	-	-	54,852	-	-	54,852
Total Assets	**221,115,856**	**239,607,778**	**339,962,886**	**246,187**	**-**	**1,585,682,146**	**2,386,614,853**
Payables from Main Operations	18,832,892	11,396,397	33,821,188	-	-	-	64,050,477
Due to Related Parties	23,405	-	159,307	-	-	-	182,712
Other Payables	4,506,802	5,580,818	-	-	-	-	10,087,620
Insurance Technical Reserves	-	-	419,285,958	-	-	-	419,285,958
Taxes and Other Liabilities and Relevant Provisions	-	8,759,817	-	-	-	-	8,759,817
Deferred Income and Expense Accruals	-	9,418,469	23,448,244	-	-	-	32,866,713
Long-Term Insurance Technical Reserves	-	-	-	7,487,550	3,580,776	-	11,068,326
Provisions for Other Risks	-	-	-	-	-	1,944,976	1,944,976
Other Long-Term Liabilities	-	-	-	-	-	43,360,390	43,360,390
Shareholders' Equity	-	-	-	-	-	1,795,007,864	1,795,007,864
Total Liabilities and Shareholders' Equity	**23,363,099**	**35,155,501**	**476,714,697**	**7,487,550**	**3,580,776**	**1,840,313,230**	**2,386,614,853**

Categories of Financial Assets

Current Financial Assets	**Book value**	**Fair value**
Financial Assets Available for Sale	1,087,878,494	1,087,878,494
Financial Assets Available for Sale	18,501,155	18,501,155
Investments with Risks on Policy Holders	9,207,661	9,207,661
Non Current Financial Assets		
Affiliates	28,879,475	28,879,475
Joint Ventures	548,222,171	548,222,171
Total Financial Assets	**1,692,688,956**	**1,692,688,956**

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. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

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

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.

5. Segment Information

5.1 Operating Segments

The Company only performs non-life insurance activities. Technical income/expenses in the financial statements are mainly from non-life insurance branches. The Company has also TRY 311.475 of technical income from its discontinued life insurance activities. The Company has no impairment loss recognized in profit/loss or directly in equity.
Geographical Segments
The Company operates in Turkey. Since the results of the Company's foreign operations have no significant effect over the financial statements, no disclosure is presented on the geographical segment.

6. Tangible Fixed Assets

Cost Value					
Opening balance at 1 January 2008	40,491,007	102,258	23,589,959	1,832,474	66,015,698
Additions	226,409	-	673,913	435,278	1,335,600
Disposals	(1,128,020)	-	(494,376)	-	(1,622,396)
Closing Balance at 31 December 2008	39,589,396	102,258	23,769,496	2,267,752	65,728,902
Accumulated Depreciation					
Opening balance at 1 January 2008	(8,923,116)	(68,701)	(14,577,699)	(1,179,979)	(24,749,495)
Charge for the period	(793,157)	(10,080)	(1,553,091)	(305,931)	(2,662,259)
Disposals	513,439	-	494,376	-	1,007,815
Closing balance at 31 December 2008	(9,202,834)	(78,781)	(15,636,414)	(1,485,910)	(26,403,939)
Net book value as of 31 December 2008	**30,386,562**	**23,477**	**8,133,082**	**781,842**	**39,324,963**

Useful lives of tangible fixed assets are as follows:

	Useful Life
Buildings	50 years
Fixtures	10 years
Vehicles	4 years
Furniture	10 years
Leasehold Improvements	4 years

The Company has no impairment loss recognized for tangible fixed assets in the current period.

Impairment loss is included in the "Amortization and depreciation expense" item in the income statement.
The Company has applied the cost method.
The Company's pledges and mortgages on its tangible fixed assets that are given as guarantees for technical reserves is amounting to TRY 36.347.917. The related amount is not included in "Guarantees" at the period-end because in accordance with 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, current properties held in Turkey can be given as a guarantee to the extent that they will cover only 30% of the total guarantee amount and this amount can be decreased to 15% and to nil as of 30 June 2008 and 31 December 2008, respectively. In February 2009, the Company has made an application to the Undersecretariat of the Treasury's for the withdrawal of the mortgage.

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

7. Investment Properties

Current Period:

Cost Value	Land	Bіuldings	Total
Opening balance at 1 January 2008	5,816,175	4,717,160	10,533,335
Additions	-	6,886	6,886
Disposals	-	(2,997,889)	(2,997,889)
Closing balance as of 31 December 2008	**5,816,175**	**1,726,157**	**7,542,332**
Accumulated Depreciation			
Opening balance at 1 January 2008	-	(2,063,100)	(2,063,100)
Charge for the period	-	(36,372)	(36,372)
Disposals	-	1,633,842	1,633,842
Closing balance as of 31 December 2008	**-**	**(465,629)**	**(465,629)**
Net book value as of 31 December 2008	**5,816,175**	**1,260,527**	**7,076,702**

In 2008, the Company's fair value of investment properties as at 31 December 2008 was determined by an independent valuation company. The valuation company, which is appointed by the CMB, has the necessary qualifications and experience in the valuation of the related real estate. Valuation study, which was undertaken in accordance with International Valuation Standards, is performed based on by the reference prices of similar real estate transactions in the market.

8. Intangible Fixed Assets

Cost Value	Rights	Total
Opening balance at 1 January 2008	5,853,588	5,853,588
Additions	1,944,302	1,944,302
Disposals	-	-
Closing balance at 31 December 2008	**7,797,890**	**7,797,890**
Accumulated Amortization		
Opening balance at 1 January 2008	(641,006)	(641,006)
Charge for the period	(679,738)	(679,738)
Disposals	-	-
Closing balance at 31 December 2008	**(1,320,744)**	**(1,320,744)**
Net book values as of 31 December 2008	**6,477,146**	**6,477,146**

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

The Company has no goodwill amount in its financial statements.

9. Investments in Affiliates

An affiliate is an entity, over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

As of 31 December 2008, the Company has an affiliate as Merter BV amounting to TRY 28.879.475 with a %25 of participation.

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

Financial assets and investments with risks on policy holders

	31 December 2008
Financial Assets Available for Sale	1.102.125.868
Financial Assets Held for Trading	18.501.155
Investments with Risks on Policy Holders	9.207.661
Diminution in Value of Financial Securities (-)	(14.247.374)
Total	**1.115.587.310**

Financial Assets Available-for-sale			
Government Bonds	195.356.232	205.796.084	205.796.084
Equity Shares (Listed)	403.978.659	870.460.036	870.460.036
Equity Shares (Unlisted)	25.869.748	-	25.869.748
Total	625.204.639	1.076.256.120	1.102.125.868

Investments with Risks on Policy Holders	Cost Value TRY	Fair Value TRY	Book Value TRY
Government Bonds	8.523.262	9.207.661	9.207.661

Equity shares under Financial Assets Available for Sale is as below:

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Akbank	6,07	402,792,696	870,198,696	870,198,696
Yünsa	1,49	1,185,963	261,340	261,340
Listed		**403,978,659**	**870,460,036**	**870,460,036**
Akyatırım	0,02	16,505	-	16,505
Temsa	2,75	7,037,014	-	7,037,014
Tursa	2,57	18,681,633	-	18,681,633
Dönkasan	0,02	541	-	541
Ak Finansal Kiralama	0,01	3,490	-	3,490
Tarsim	4,35	130,565	-	130,565
Unlisted		**25,869,748**	**-**	**25,869,748**
Total		**429,848,407**	**870,460,036**	**896,329,784**

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

Financial Assets Held for Trading

	Cost Value TRY	Fair Value TRY	Book Value TRY
Investment Fund	14,999,932	14,999,932	14,999,932
Reverse Repo	3,501,223	3,501,223	3,501,223
Total	**18,501,155**	**18,501,155**	**18,501,155**

As of 31 December 2008, allowance for diminution in value provided for financial assets available for sale is amounting to TRY 14.247.374.

As per 17 July 2008 dated Board of Directors' resolution, all shares of Akçansa Çimento Sanayi ve Ticaret A.Ş held in the Company's portfolio amounting to TRY 14.312.758 in nominal were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 55.962.886 based on the fair value in the current period. TRY 37.876.130 of loss from disposal is recognized in the current period profit/loss.

As per 30 June 2008 dated Board of Directors' resolution, all shares of Çimsa Çimento Sanayi ve Ticaret A.Ş. held in the Company's portfolio amounting to TRY 3.118.344 in nominal were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 13.876.633 based on the fair value in the current period. TRY 12.561.828 of sale profit is recognized in the current period profit/loss.

11.2 Securities other than equity shares issued in the current period

None.

11.3 Securities issued representing the amortized borrowing in the current period

None.

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

Cost, fair value and book values of marketable securities are presented in Note 11.1.

Financial assets consist of unlisted assets, and cost and book value of financial assets are presented as below:

Affiliates

	Participation Rate %	Cost Value TRY	Book Value TRY
Merter BV	25	28.879.475	28.879.475
Total		**28.879.475**	**28.879.475**

As per 6 March 2008 dated Board of Directors' resolution, the Company has participated 12,5 % of a shopping mall project in Merter in consideration of Euro 13.073.233 and acquired 25 % of Merter BV on 7 March 2008.

Entities Under Common Control

Unlisted

	Participation Rate %	Cost Value TRY	Book Value TRY
AvivaSA Emeklilik ve Hayat A.Ş.(*)	49.83	130.516.055	548.222.171
Total		**130.516.055**	**548.222.171**

(*) Book value is measured based on the determinations of the expert commission 16 July 2007 dated report. Expert commission was appointed upon the resolution no: 2007/876 D of Commercial Court of Third Instance of Kadıköy issued on 11 July 2007.

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

None.

11.6 Value increases of financial assets in the last three years

	31 December 2008	31 December 2007	31 December 2006
Financial Assets Available for Sale	843.876.544	1.630.795.831	949.750.007

Value increases reflect the difference between the book value and cost value of the financial assets at period end.

11.7 Financial Assets

i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.

ii) Information on the book value of the financial assets is disclosed in Note 11.1.

iii) Comparison of the fair value and book value of financial assets is disclosed in Note

iv) Financial assets overdue or impaired are presented in Note 11.1.

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

11.8 Financial Assets

The Company does not apply any hedge accounting.

11.9 Effects of Exchange Rates

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.

	31 December 2008
Receivables from insurance operations	238.745.436
Provisions for receivables from insurance operations (-)	(6.333.054)
Doubtful receivables from operating and insurance operations	19.952.575
Provisions for doubtful receivables from operating and insurance operations (-)	(16.702.574)
Other receivables	31.494
Total	**235.693.877**

Aging of receivables from insurance operations is as follows:

	31 December 2008
0-60 days	20.682.547
61-91 days	12.370.561
Not due receivables	205.692.328
Total	**238.745.436**

Details of warranties for the company's receivables are as follows:

Types of Guarantees	Receivables	Doubtful Receivables
Letters of Guarantees	21.561.956	10.000
Real Estate Pledges	95.295.445	3.493.345
Government Bonds and Equity Shares	254.470	-
Other	727.708	426.617
Total	117.839.579	3.929.962

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

Movement of provision for doubtful receivables	31 December 2008
Opening balance	(16.368.812)
Charge for the period	(7.041.361)
Collections	6.707.599
Closing balance	(16.702.574)

Aging of overdue and doubtful receivables from insurance activities is as follows:

	31 December 2008
61-90 days	17.162.088
Over 90 days	2.790.487
Total	19.952.575

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

	31 December 2008			
	Receivables		Payables	
	Trade Receivables	Non-Trade Receivables	Trade Receivables	Non-Trade Receivables
Shareholders				
H. Ömer Sabancı Holding A.Ş.	-	-	438	-
Total	**-**	**-**	**438**	**-**

(*) The remaining portion of TRY 158.869 of TRY 159.307 of due to shareholders presented in the balance sheet consists of unclaimed dividend payments attributable to prior periods.

12.3 Total of pledges and other guarantees received for receivables amounts to TRY 121.769.541.

Banks (FC)	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	1.747.765	1,5123	2.643.144
EURO	837.069	2,1408	1.791.997
GBP	52.854	2,1924	115.876
JPY	293.609	0,0167	4.913
CHF	34.268	1,4300	49.003
Total			**4.604.933**

Receivables from Reinsurance Operations Foreign

Banks (FC)	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	42.779.377	1,5123	64.695.253
EURO	8.728.604	2,1408	18.686.196
GBP	312.581	2,1924	685.303
JPY	4.529	0,0167	76
CHF	49.843	1,4300	71.275
Total			**84.138.103**

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

Outstanding Claims Reserves

Banks (FC)	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	(9.272.958)	1,5123	(14.023.495)
EUR	(1.528.838)	2,1408	(3.272.936)
GBP	(451.319)	2,1924	(989.472)
CHF	(62.774)	1,4300	(89.767)
Total			**(18.375.670)**

Payables from Insurance Operations

Banks (FC)	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	(2.120.644)	1,5123	(3.207.050)
Total			**(3.207.050)**
Net Foreign Currency Position			**67.160.316**

13. Derivative Financial Instruments

As of 31 December 2008, the Company has no derivative financial instruments.

14. Cash and Cash Equivalents

	31 December 2008
Cash	544
Cash at banks	321.015.151
Demand deposits	55.118.122
Time deposits	265.897.029
Other cash and cash equivalents	19.721.791
Total	340.737.486
Interest accruals on cash and cash equivalents (-)	(3.722.646)
Cashflow based grand total	337.014.840
Blocked deposits (-)	(1.837.050)
	335.177.790

15 Share Capital

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately

The Company's shareholders and its shareholders' equity structure are presented in Note 2.13.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in "Related Parties" note.

15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

Presented in the statement of equity.

15.3 For each class of share capital;

15.3.1 Number of capital shares

The Company's issued capital share is composed of 30.600.000.000 shares having a nominal amount of TRY 0,01 each. These shares are presented by Class 10 shares.

15.3.2 Number of issued and fully paid shares and issued but not fully paid shares

None.

15.3.3 Nominal value of an equity share or equity shares without having nominal value

Nominal value of equity shares is TRY 0,01 per share.

15.3.4. Reconciliation of the number of the equity shares at the beginning and ending of the period

	Equity shares (unit)
Beginning of the period, 1 January 2008	30.600.000.000
Issued in the current period	-
End of the period, 31 December 2008	30.600.000.000

15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

15.3.6 Equity shares held by the Company, its affiliates or its subsidiaries

None.

15.3.7 Equity shares held for future sale for forward transactions and contracts

None.

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

15.4 Share Based Payments
None.

15.5 Subsequent Events after the Balance Sheet Date
None.

16. Other Provisions and Capital Component of Arbitrary Participation

16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

	31 December 2008
Valuation difference of available for sale financial assets	889.060.525
Effect of deferred tax	(45.183.981)
Total	843.876.544

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period
None.

16.3 Hedging for forecasted transactions and net investment hedging
None.

16.4 Hedging transactions
None.

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the current period and amounts recognized in the current profit or loss taken from shareholders' equity:

	Increase/ (decrease) in value
Beginning of the period, 1 January 2008	1.630.795.831
Increase/decrease in value recorded in shareholders' equity in the current period	(786.919.287)
Increase/decrease in value classified to income statement from shareholders' equity in the current period	-
Ending of the period, 31 December 2008	**843.876.544**

Income and loss related to the associates recognized directly in equity in the current period
None.

16.7 Revaluation increases in tangible fixed assets
None.

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

Financial Assets Available for Sale	Valuation Difference	Deffered Tax Difference	Total
Equity Shares	884,187,495	(44,209,375)	839,978,120
Goverment Bonds	4,873,031	(974,606)	3,898,424
Total	**889,060,525**	**(45,183,981)**	**843,876,544**

17 Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets
The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

Branches	Amounts to be provided TRY	Current Blockage TRY
Life	11.109.276	12.452.968
Government Bonds		9.530.456
Equity Shares		1.056.135
Time Deposits		1.866.377
Non-Life	120.535.992	143.385.370
Government Bonds		131.331.771
Equity Shares		12.053.599
Total	**131.645.268**	**155.838.338**

(*) Securities in the table above are carried at their prevailing value at 28 February 2009. The difference between time deposits and blocked time deposits in Note 14 results from interest accrual as of the end of February.

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves.

	Unit	31 December 2008 Mathematical Reserves TRY
31 December 2007 Current	1,638	8,787,345
Additions	-	1,522,529
Disposals	(524)	(2,905,880)
31 December 2008 Current	1,114	7,403,994

Reversals and their corresponding mathematical reserves are included to the above table.

Available for sale financial assets of which their risks are on policyholders are carried at fair value as explained in Note 11. 95% of the difference between fair value and amortized cost amounts to TRY 83.556 and this amount is recognized under the Life Mathematical Reserves account. However, the related amount is not included in the above table.

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

17.3 Insurance guarantees given to non life insurances based on insurance branches

Branches	31 December 2008 TRY
Accident	22.386.988.258
Motor Vehicles	11.190.772.531
Air Crafts	135.018.328
Water Crafts	517.737.747
Marine	62.726.212.532
Fire and Natural Disasters	68.929.513.230
General Losses	40.045.018.553
Air Crafts Liability	1.249.509.404
Motor Vehicles Liability	1.312.678.576.433
General Liability	11.971.638.572
Legal Protection	4.977.775.952
Credits	814.438.194
Financial Losses	4.500.852.830
Illness/Health	126.633.039
Life	25.407.598
Total	**1.542.276.093.201**

17.4 Pension investment funds established by the Company and their unit prices

None.

17.5 Number and amount of participation certificates in portfolio and circulation

None.

17.6 Numbers and portfolio amounts of additions, disposals, reversals and current individual and group pension participants

None.

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

None.

17.8 Number of additions and their group or individual gross and net share participations in the current period

None.

17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

None.

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

None.

17.11 Number of transfers from the Company to other companies and their group or individual gross and net share participations

None.

17.12 Number of additions of life insurances and their group or individual gross and net premiums

None.

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All disposals from life insurances consist of individual people and their amounts and numbers are disclosed in Note 17.2.

17.14 Profit share distribution rate of life insurees in the current period

In the current period, profit share distribution rate of life insurees are calculated as below:

	1 January 2008- 31 December 2008 Profit Share Distribution Rate (%)
TRY (Life Insurance)	**16,79**

17.15 Amounts from insurance contracts in the financial statements

None.

17.16 Assets, liabilities, income and expense and cash flows from insurance contracts recognized when the insurer is a ceding company:

	31 December 2008
Receivables from Reinsurance Companies	18.546.015
Payables to Reinsurance Companies	(33.814.036)
Cash Deposited by Insurance and Reinsurance Companies	(7.152)
Net Receivable/(Payable)	**(15.275.173)**
Reinsurance Share of Premiums (-)	(341.191.309)
Commissions Received	24.212.096
Reinsurance Share of Unearned Premiums Reserve	36.696.622
Reinsurance Share of Unearned Premiums Reserve Carried Forward (-)	(294.883.926)
Reinsurance Share of Unexpired Risks Reserve	5.808.139
Reinsurance Share of Outstanding Claims Reserve	52.221.444
Reinsurance Share of Outstanding Claims Reserve Carried Forward (-)	(191.562.375)
Reinsurance Share of Claims Paid	192.175.237
Net Income/(Expense)	**(516.524.072)**

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

Branch	Ceded Premiums	Reinsurance Share of Technical Reserves	Reinsurer Share of Claims Paid
Accident	(2.783.049)	1.411.855	779.880
Motor Vehicles	(88.900.712)	6.475.285	75.320.409
Air Crafts	(2.129.605)	(3.308.805)	133.237
Water Crafts	(2.200.284)	695.719	6.454.737
Marine	(11.684.217)	1.740.135	6.507.545
Fire and Natural Disasters	(84.056.153)	14.736.790	8.744.664
General Losses	(43.083.313)	26.576.345	14.782.910
Air Crafts Liability	(1.591.026)	606.010	122
Motor Vehicles Liability	(52.114.671)	38.633.149	38.846.227
General Liability	(9.997.416)	5.843.293	2.792.466
Legal Protection	(365.142)	26.852	1.247
Credits	(750.400)	1.467.096	16.522
Financial Losses	(6.550.474)	(1.502.913)	2.029.950
Illness	(34.815.543)	1.317.412	35.695.069
Life	(169.304)	7.982	70.252
Total	**(341.191.309)**	**94.726.205**	**192.175.237**

17.17 Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

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 4.1.2.4.

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	Insurance Payables	Reinsurance Assets
Beginning of the period, 1 January 2008	(31,445,872)	23,210,759
Change in the current period	(2,368,164)	(4,664,744)
Ending of the period, 31 December 2008	**(33,814,036)**	**18,546,015**

18. Investment Contract Liabilities

None.

19. Trade and Other Payables, Deferred Income

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

	31 December 2008
Payables from insurance operations	64.043.325
Other deferred income and expense accruals	32.866.713
Cash deposited by insurance and reinsurance companies	7.152
Due to related parties	182.712
Other payables	18.847.437
	115.947.339

19.2 Related Parties

Transactions and balances between the Company and its shareholders as of the period-end are presented in Note 45.

20. Payables

Insurance Technical Reserves	31 December 2008
Unearned Premiums Reserve - Net	237.128.783
Unexpired Risks Reserve- Net	14.609.384
Outstanding Claims Reserve -Net	167.547.791
Life Mathematical Reserve - Net	4.230.415
Provision for Policies Investment Risk of Life Insurance Policyholders – Net	3.257.135
Equalization Reserve- Net	3.580.776
Total	**430.354.284**

21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (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.

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities. The details of deferred tax are presented in Note 35.

22. Retirement Benefits

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ("SSI") as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on 30 November 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on 2 November 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on

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

22 March 2007 as effective from the date of publishment in the Official Gazette no: 26479 on 31 March 2007.

On the other hand, the Act No: 5754 "Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements" published in the Official Gazette No: 26870 on 8 May 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers. The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9,8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekau.t Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

Retirement pay provision:

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 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.

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%. 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 1 January 2009 has been taken into consideration in calculation of provision from employment termination benefits.

	1 January- 31 December 2008
Provision at 1 January	2.599.024
Service cost	6.717
Interest cost	148.923
Retirement payment	(809.688)
Provision at 31 December	**1.944.976**

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	Unused vacation provisions	Social security premiums payable
At 1 January	618.862	982.313
Charge for the period	1.219.462	(332.629)
At 31 December	1.838.324	649.684

23.2 Off-balance sheet commitments

Type of Commitment	31 December 2008
Letters of guarantee	4,317,300
Other commitments	565,250
Total	**4,882,550**

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

23.3 Provisions, Contingent Assets and Liabilities

Contingent Liabilities	31 December 2008
Outstanding Claims Under Litigation	65,021,297
Total	**65.021.297**

Contingent Assets	31 December 2008
Subrogation Litigations	26.732.518
Trade Receivables Under Litigation and Execution	5.915.139
Total	**32,647,657**

24. Net Insurance Premium Income

Non-life Branches	31 December 2008
Accident	15.270.050
Motor Vehicles	197.899.856
Air Crafts	2
Water Crafts	393.114
Marine	12.622.546
Fire and Natural Disasters	53.387.909
General Losses	17.852.001
Air Crafts Liability	14
Motor Vehicles Liability	115.782.597
General Liability	3.056.780
Legal Protection	3.286.284
Credits	-
Financial Losses	225.287
Health	67.776.817
Total of non-life branches	487.553.257
Life	460.644
Total	488.013.901

Amounts related to 1 January – 31 December 2008 are presented at net by gross premiums less reinsurance shares.

25. Contribution (Wage) Income

Service Income/(Expense)	1 January- 31 December 2008
Commissions received from reinsurers	24.212.096
Commissions paid to agencies (-)	(66.128.090)
Total	**(41.915.994)**

26. Investment Income/Expense

Financial assets held-for-trading	1 January- 31 December 2008
Interest income (Fund B sales income)	1.250.250
Repo income	2.697.526
Total	**3,947,776**

Financial assets available-for-sale	1 January- 31 December 2008
Interest income	49.657.265
Dividend income (*)	56.532.752
Proceeds on sale	12.561.827
Total	**118,751,844**

(*) Dividend income	1 January- 31 December 2008
Akbank	43,691,524
Akçansa	9,343,369
Çimsa	3,461,362
Tarsim	32,669
Ak Yatırım	3,558
Dönkasan	270
Total	**56,532,752**

Income from derivative instruments	1 January- 31 December 2008
Forward income	1,150,000
Total	**1,150,000**

Investment properties	1 January- 31 December 2008
Rent income	343,357
Total	343,357
Grand Total	**124,192,977**

27. Net Income Accrual on Financial Assets

	1 January- 31 December 2008
Financial assets available-for-sale	
Valuation differences recognized in shareholders'equity	889,060,525
Total	**889,060,525**

28. Assets Held At Fair Value through Profit and Loss

Net gain/loss of assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TRY 3.947.776.

29. Insurance Rights and Demands

Amounts of subrogation income/ (expense) for the period between 1 January – 31 December 2008 in terms of branches are presented in the below table:

	1 January- 31 December 2008
Subrogation Income/(Expense)	
Accident	(18.036)
Motor Vehicles	3.756.453
Water Crafts	21.600
Marine	41.442
Fire and Natural Disasters	210.193
General Losses	58.501
Motor Vehicles Liability	532.459
General Liability	1.315
Total	**4.603.927**

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

	1 January- 31 December 2008
Outstanding Claims Reserve	
Fire and Natural Disasters	(3.003.751)
Marine	108.373
Accident	(827.150)
Motor Vehicles	3.087.934
Water Crafts	(94.358)
General Losses	(2.135.096)
Motor Vehicles Liability	(54.498.053)
Air Crafts Liability	29
General Liability	(1.244.119)
Financial Losses	5.863
Legal Protection	(31.112)
Illness/Health	(5.182.091)
Total of Non-Life Branches	(63.813.531)
Life	(219.265)
Total	**(64.032.796)**

30. Investment Agreement Rights

None.

31. Other Expenses

Types of expenses are disclosed in Note 32.

32 Expense Types

	1 January- 31 December 2008
Personnel wages and expenses	(32.680.278)
Advertisement expenses	(5.079.168)
Depreciation expenses	(3.378.369)
Outsourcing services expenses	(1.808.890)
Social relief expenses	(1.616.833)
Transportation expenses	(2.088.860)
Communication expenses	(975.553)
Rent expenses	(479.045)
Meeting and training expenses	(3.560.163)
Renewal and maintenance expenses	(2.866.217)
IT system expenses	(4.373.134)
Other	(6.208.360)
Total	**(65.114.870)**

(*) TRY (66.128.090) of production commission expense and TRY (3.225.922) of other expense have not been included; TRY 3.378.369 of depreciation expense has been included.

33. Employee Benefit Expenses

Employee benefit expenses are detailed in Note 32.
The Company has no share-based payments under TFRS 2 in the current period.

34. Financing Costs

34.1 The Company has no financing costs.

34.2 There are no financing expenses related to shareholders, affiliates and subsidiaries in the current period.

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None.

34.4 Interest, rent and similar balances with shareholders, affiliates and subsidiaries

Rent Income	1 January- 31 December 2008
Hacı Ömer Sabancı Holding A.Ş.	57,588

Training Expenses	1 January- 31 December 2008
Hacı Ömer Sabancı Holding A.Ş.	(53,448)

34.5 The Company does not apply any hedge accounting.

34.6 The Company has no exchange differences, other than those arising from financial assets held at fair value through profit and loss.

35. Income Tax

	31 December 2008
Current tax provision:	
Corporate Tax Liability Provision on Period Profit	2.821.614
Prepaid Taxes and Other Liabilities on Period Profit (-)	-
	2.821.614

	1 January- 31 December 2008
Income tax expense/(income) is formed by the items below:	
Deferred tax expense/(income) due to temporary differences	984.886
Total tax expense / (income)	984.886

	1 January- 31 December 2008
Deferred Tax	
Recognized in the shareholders' equity:	
- Valuation of available for sale financial assets	45,183,981
	45,183,981

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

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 5 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.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of their investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. Investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years.

However, companies can deduct carried forward outstanding allowance from the 2006, 2007 and 2008's taxable income. Investment incentive amount that cannot be deducted from the 2008's taxable income will not be carried forward to following years.

Tax rate that can be used by companies in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot apply investment incentive carried forward, the effective tax rate will be 20% and unused investment incentive will be forfeited.

Since the Company has not benefit from investment incentives, it applied 20% of corporate tax rate as of 31 December 2008.

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 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds.

Inflation accounting requirements set out in tax legislation do not differ from those that are specified in IAS 29. Therefore, the Company applied inflation adjustment in its financial statements as inflation met the required thresholds in 2004. Those balances were taken as opening balances in the as of 1 January 2005 for statutory purposes. However, no further inflation adjustment was made to the Company's statutory financial statements in 2005, 2006, 2007, and 2008 as inflation did not meet the required thresholds as at 31 December 2005, 2006, 2007, and 2008.

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below. Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities.

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

Items that are subject to deferred tax and corporate tax are summarized as follows:

Deferred tax assets (liabilities)	1 January-31 December 2008
Valuation differences of financial assets	(45.183.981)
Useful life differences of tangible and intangible fixed assets	(2.168.114)
Retirement pay provision	388.995
Unused vacation provision	243.892
Previous years losses offsetting from tax	-
Payable/receivable discounts	1.387.372
Technical reserves	573.514
Provision for doubtful receivables	1.208.815
Other	189.354
Deferred tax liability	(43.360.152)

Movement of deferred tax asset/(liability);

Opening balance at 1 January	(36.520.941)
Deferred tax income recognized in the income statement	984.886
Deferred tax expense recognized in the shareholders' equity	(7.824.097)
Closing balance at 31 December	(43.360.152)

Reconciliation of period tax expense with net income for the period is as below:

Reconciliation of tax provision	1 January-31 December 2008
Income before tax	54.791.978
Tax calculated %20	(10.958.396)
Effect of additions	(12.104.440)
Effect of allowances	20.241.222
Corporate tax payable and provision for other statutory liabilities (-)	(2.821.614)
Deferred tax income	984.886

36. Net Foreign Exchange Gain

	1 January-31 December 2008
Recognized in profit/loss	
Foreign exchange income	68.899.431
Foreign exchange expense	(26.414.758)
	42.484.673

37. Earnings per Share

	1 January-31 December 2008
Number of ordinary shares outstanding	30.600.000.000
As of 1 January (total)	30.600.000.000
Number of equity shares issued in cash	
Number of ordinary shares outstanding	30.600.000.000
As of 31 December (total)	30.600.000.000
Average number of outstanding shares	30.600.000.000
Net profit for the period (TRY)	51.970.364
Earnings per share (TRY 0,01)	0,170

38. Dividends per Share

As at 2 April 2008, the Company has paid TRY 0.00327 earnings per share to its shareholders
(total dividend paid: TRY 100.200.000).

39. Cash Generated from the Operations

Cash flow statements is presented with the financial statements. The Company's net cash generated from the operating activities, net cash generated from the investing activities, and net cash generated from the financing activities is amounting to TRY 118.638.631, TRY 20.719.095 and TRY (100.200.000), respectively.

40. Equity Share Convertible Bonds

None.

41. Cash Convertible Privileged Equity Shares

None.

42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

43. Commitments

Total amount of off-balance sheet commitments are presented in Note 23.2

44. Business Combinations

None.

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

45. Related Parties

The details of transactions between the Company and other related parties are disclosed below.

Due from related parties

Company	**31 December 2008**
Avivasa Hayat ve Emeklilik A.Ş.	2,015,218
Akbank Türk A.Ş.	870,383
Akbank Tekahüt Sandığı	41,920
Akçansa Çimento	653,034
Akportföy Yönetimi	81,772
Akyatırım Menkul Değerler	225,250
Ak Yatırım Ortaklığı	11,693
Beksa Çelik	28,247
Ak Finansal Kiralama A.Ş.	4,069,626
Bossa Ticaret	1,751,877
Carrefoursa	2,503,618
Çimsa Çimento	91,813
Diasa Dia Sabancı	402,248
Dönkasan	26,154
Enerjisa Enerji	5,233,754
Exsa Export	36,566
Hilton International	233
Ibimsa Uluslar Arası	1,889
Karçimsa	197
Kordsa Sabancı	59,873
Kraft	128,589
Olmuksa Mukavva	50,712
Oysa Çimento	147
Philip Morris Sabancı	14,082
Philip Philip Morris	660
Sabancı Telekom	961
Sabancı Üvinersitesi	3,237,358
Sasa Dupont	308,996
Teknosa İç ve Dış	35,496
Temsa San.	776,731
Toyotasa Toyota Sabancı	147,092
Tursa Sabancı	288
Yünsa Yünlü Sanayi	78,573
Total	**22,885,050**

(*) TRY 41.920 of due from related parties is presented under the "Due from Related Parties" in the financial statements and the remaining amount is presented under the "Receivables from Insurance Operations" account.

Due to related parties

Name of the Company	31 December 2008
Hacı Ömer Sabancı	15.570
Brisa Bridgestone	253.435
Gıdasa Sabancı	3.558
Philsa Plastik	680
Total	**273.243**

(*) Due to related parties is presented under the "Payables from Insurance Operations" account in the financial statements.

Interest Income Received From Related Parties

Name of the Company	**1 January- 31 December 2008**
Akbank T.A.Ş.	33,222,765
Total	**33,222,765**

The detail of dividend income received from related parties is presented in Note 26.

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

Insurees	31 December 2008
Avivasa Hayat ve Emeklilik A.Ş.	1,727,329
Akbank Türk A.Ş.	2,977,466
Akçansa Çimento	3,728,997
Akportföy Yönetimi	60,036
Akyatırım Menkul Değerler	353,619
Beksa Çelik	715,420
Ak Finansal (Bnp Ak)	8,860,948
Bossa Ticaret	2,093,449
Brisa Bridgestone	7,237,830
Carrefoursa	5,462,340
Çimsa Çimento	3,143,315
Diasa Dia Sabancı	705,795
Dönkasan	91,178
Enerjisa Enerji	2,494,033
Exsa Export	927,064
Gıdasa Sabancı	956,741
Hacı Ömer Sabancı	667,215
Hilton International	10,130
Karçimsa	30,235
Ibimsa Uluslar Arası	203,123
Kordsa Sabancı	3,020,591
Marsa Kraft	133,864
Olmuksa Mukavva	1,697,991
Oysa Çimento	5,535
Philip Morris	801,894
Philip Philip Morris	414,262
Pilsa Plastik	375,086
Sabancı Telekom	43,481
Sabancı Üvinersitesi	3,743,733
Sapeksa	1,306
Sasa Dupont	3,677,598
Teknosa İç ve Dış	1,550,006
Temsa San.	5,433,263
Toyotasa Toyota Sabancı	1,699,344
Tursa Sabancı	203,313
Vaksa Hacı Ömer Sab.	17,791
Yünsa Yünlü Sanayi	545,232
Total	**65,810,553**

46. Subsequent Events after the Balance Sheet Date

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio withdrawals related to these agreements are recognized by the Company as of 31 December 2008. In accordance with these agreements, portfolio additions are also recognized in 2009. As result of portfolio withdrawals, the Company's retention amount has increased by 14% in the car-accident branch.

As per the Board of Directors' meeting held on 2 March 2009, all shares of Temsa Global Sanayi ve Ticaret A.Ş. held in the Company's portfolio amounting to TRY 5.775.000 in nominal and TRY 7.037.014 in book value were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 7.218.750 based on the fair value. Accordingly, the Company has recognized TRY 181.736 of the sale proceeds in its profit/loss account for 2009.

As per the Board of Directors' meeting held on 15 January 2009, the Company has participated to the capital increase of its subsidiary, Merter BV, by TRY 1.603.777.

47. Other

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.

Other Receivables	31 December 2008
Temporary accounts of to paid claims	5,569,677
Deposits and guaratees given	7,400
Total	**5,577,077**

Other Payables	31 December 2008
Payables to suppliers	831.439
Payables to contracted enterprises	4.188.745
Natural disaster insurances institution payables to agents	1.105.853
Institution of Natural Disaster Insurances current account	1.798.067
Tarım Sigortaları A.Ş. current account	771.269
Other	1.392.073
Total	**10.087.446**

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

Income and Profit From Other and Extraordinary Activities	**1 January-31 December2008**
Provisions account (+/-)	(9.714.357)
Discount account (+/-)	(1.664.974)
Mandatory earthquake insurance account (+/-)	253.050
Deferred tax asset (+/-)	984.886
Other income and profit	23.510.436
Other expenses and losses (-)	(41.992.453)
Total	**(28.623.412)**

Other Income and Profit

	1 January-31 December 2008
Sale proceeds on affiliates	12.561.828
Other	10.948.608
Total	**23.510.436**

Other Expenses and Costs

	1 January-31 December 2008
Loss from the disposal of affiliates	(37.876.130)
Other	(4.116.323)
Total	**(41.992.453)**

Long-Term Liabilities – Other Technical Reserves

	1 January-31 December 2008
Equalization reserve	3.580.776
Total	**3.580.776**

Total of subrogation receivables followed under the off-balance sheet is amounting to TRY 7.126.804.

AKSigorta

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