

ING Emeklilik 2010 Annual Report



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We are focusing on the future...

We at ING Emeklilik continued to add to our list of achievements in 2010 in our efforts to build the future together with you. We increased our assets under management to TL 639,747 thousand, up from TL 509,901 thousand in the prior year, while our total assets reached TL 697,842 thousand during the year. Our market share in 2010 was 7.27% in terms of the number of contributors and 7.19% in the number of contracts and certificates. We also expanded our activities to include life and personal accident insurances to serve you better.

At ING Emeklilik, we are focusing on the future together with you to shape it, as you desire. We look to the future filled with hope and trust.



To create the future of your dreams...

We are building the future together.

While ING Emeklilik securely
manages your hard-earned savings,
it has increased its assets under
management to TL 639,747 thousand.



mission

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

vision

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

our principles

We are committed to our integrity.

We aim for an above the average return.

We are open and clear.

We promote sustainable development
and respect human rights.

We respect each other and the public.

We are involved in the communities we operate in.

ING Emeklilik in Brief

ING Emeklilik completed the necessary arrangements and applied to the Undersecretariat of the Treasury on December 9, 2009 to obtain life insurance certification; the Company started sales in this branch on March 4, 2010.

October 27, 2003

Operations start as Oyak Emeklilik A.Ş....

ING Emeklilik A.Ş., which operated as the first and only company in Turkey to carry out pension activities exclusively until 2010, was established on January 23, 2003 under the new name after Oyak Emeklilik secured the establishment license on January 17, 2003. It was granted the activity license on July 7, 2003, and it commenced operations as of October 27, 2003.

January 27, 2009

The company is renamed ING Emeklilik...

ING Group and Oyak Group reached an agreement on June 19, 2007, for the sale of one hundred per cent shares of Oyak Emeklilik to ING Group; and upon the transaction being approved by the General Directorate of Insurance of the Undersecretariat of the Treasury on November 25, 2008, the acquisition was completed on December 4, 2008, and Oyak Emeklilik was fully integrated into ING Group. Since January 27, 2009, the Company has conducted activities under the name of ING Emeklilik A.Ş.

March 10, 2010

ING Emeklilik begins to sell life insurance policies...

The Company has applied to the General Directorate of Insurance at the Undersecretariat of Treasury on December 9, 2009 upon the completion of all the preparatory stages in order to grant an activity license in the life insurance group branches. The Company started to offer life insurance products as of March 10, 2010 and personal accident insurance policies on August 16, 2010.

August 16, 2010

ING Emeklilik begins to sell personal accident insurance policies...

As of December 31, 2010, in addition to its headquarters, ING Emeklilik has served at four liaison offices with 118 employees.

ING Group is among the leading international financial institutions offering banking, asset management, life insurance and pension services and a wide array of products to private and corporate clients. With 85 million clients and 100,000 employees in over 40 countries in Asia, the United States, Europe and Australia, the Dutch origin ING Group has started offering its services to Turkey, with its fast growing economy, the dynamism brought about by the European accession preparations, and the demographic features represented by the young population; the Company has thus laid the foundations to offer integrated solutions in the financial services market.

Shareholding Structure

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

Shareholders	Number of Shares	Total (TL)	Percentage (%)
ING Continental Europe Holdings B.V.	44,999,996	44,999,996	100
Other	4	4	<1
Total	45,000,000	45,000,000	100

Financial Indicators

In 2010, ING Emeklilik built on its success in the private pension industry by increasing assets under management to TL 640 million, from TL 510 million in the previous year, and total assets to TL 698 million, up from TL 556 million in 2009.

	2010 (TL thousand)	2009 (TL thousand)
Assets Under Management	639,747	509,901
Paid In Capital	46,160	46,160
Shareholders' Equity	27,616	29,444
Total Assets	697,842	556,043
Technical Income	46,872	24,912
Technical Profit / Loss	(1,841)	(421)
Non Technical Profit / Loss	(182)	57
Profit / Loss Before Tax	(2,023)	(364)

AuM (TL thousand)

2010	639,747
2009	509,901
2008	350,478
2007	275,285
2006	170,025



To create the future of your dreams...

We are growing the future together.

Seeing the future of its customers very much as its own, ING Emeklilik increased its total assets to TL 697,842 thousand in 2010.



Message from the Chairman

In 2009, which was a challenging year for financial markets including for ING, ING Group introduced its Back-to-Basics strategy: reduce the balance sheet and complexity of ING Group, reduce operating expenses and return to profitability. As a consequence of European Commission requirements, ING decided to separate the banking activities from the insurance and investment management activities, ultimately in 2013. As of end of 2010, we saw that ING creates separate, strong Banking and Insurance/IM businesses. ING Group is doing all it can to secure the lasting success of both. We are trying to ensure that business continues as usual for our customers, and that during the reorganization process we protect value for shareholders while meeting the broader interests of our customers, employees and many other stakeholders.

ING Bank's vision is to become the preferred bank for its customers. On the other hand, ING Insurance is a leader in retirement services, with an attractive mix of mature and growth markets. Ensuring improvement in the financial performance of all our insurance businesses is a key component of our strategy. And this is the reason why ING continues to believe in Turkey.

Turkey's economy is stable, resilient to the global financial crisis and, above all, one of the fastest growing in the world. The political outlook on Turkey is one of stability. The government has brought the country to the favorable economic climate and its promise is to further enhance Turkey's business environment. In line with that, our insurance business, ING Emeklilik, has shown a significant growth with the help of the new life insurance business line. Improved relations with distribution partners have played an important role in this growth. Customer centric activities such as Customer Golden Rules and Net Promoter Score will further improve ING's relations with the customers as well.

All these improvements have made ING Emeklilik one of the fastest growing business units in ING. Further investment in advice, products, channels and employees will help us keep up with this growth in the coming years. We think that ING Emeklilik is taking solid steps towards becoming a sector leader in Turkey and a good business case within ING. I am very glad to see and support this venture and I would like to extend my thanks to the management team, all the employees and all our distribution partners for being devoted to ING Emeklilik.

Yours sincerely,
David Engel Knibbe*
Chairman

(* As of 14.02.2011, David Engel Knibbe was appointed as the Chairman of the Board of Directors which was formerly performed by Rigt Hein Kliphuis

ING Emeklilik grew significantly in 2010 thanks to the favorable economic environment in Turkey in addition to the new life insurance business ING launched.



Message from the CEO

We have set four major targets for ourselves at the beginning of the year 2011. Those were our customers, distribution channels, employees and shareholders. As a result of the efforts we put in those four areas so as to deliver our promises, 2010 has been a year of transformation.

Operating for years in the individual pension business only, our Company also got licensed and went live in the personal accident and the life insurance business lines in 2010. First of all, we put the credit life insurance products on market through ING Bank, followed by our personal accident product. Towards the end of the year, we were all set for launching our different term life insurance products to be offered through the broker and the bank channel, also setting up the necessary infrastructure in order to be able to start sales in the first months of 2011. We closed the year-end with success in this business field we had just stepped in. We reached 200,000 customers with the life and the personal accident insurance products. In terms of pensions, we have maintained our achievements and hit number six in assets under management (AuM) and number five in the number of customers.

In 2010, in addition to the new products, we also improved our customer services. The Customer Golden Rules, which ING applies globally in all the business units, have also been put into practice within the context of the integration endeavors ongoing in our Company. This implementation has reinforced our existing efforts to provide services for our customers in the best possible way. Besides, we deployed the Net Promoter Score (NPS) program as well, which ING kicked off again on a worldwide level. Within this framework, we are measuring our customers' satisfaction with our relationship on a transactional scale and we take improvement actions based on the feedback we get.

Over the past year, we also made good progress in our relationship with the distribution channels. We sustained our ongoing collaboration with ING Bank through joint sales, marketing and product management activities. We doubled our production in pensions on the brokers' side. In addition, with the business and support models we have newly developed for this channel, we achieved to acquire new brokers.

As for employees, we launched several new activities and systems in 2010. We enhanced the synergy among our employees thanks to the hobby clubs like the photography club and the running club. We tried to support continuous development of our employees through several trainings in the fields of career development, personal development and professional knowledge enhancement.

Thanks to the improvements and progress in all those fields, we strengthened our position in the business field we work in. I extend our thanks and appreciation to our brokers, to ING Bank managers and employees, who support us in those ambitious endeavors of ours, also to all my colleagues, who work with might and main so as to constantly promote our Company with dedication to their jobs.

Best Regards,
Jetse Frederik de Vries
CEO

2010 has been a year of transformation for our Company as a result of the efforts we put in to obtain the goals we set regarding our customers, distribution channels, employees and shareholders.



A Look at the World Economy and Turkish Economy in 2010

In 2010, the most economically developed countries showed a lackluster performance in their speed of exit from the global crisis. In contrast, the 11 critically important developing countries in the G-20, including Turkey, contributed significantly to the recovery of the world economy in 2010. Since global trade volume was less than expected, countries like Turkey that performed well had to depend on the pick-up in domestic demand to fuel growth.

The World Economy

The IMF has revised the rate at which the global economy contracted in 2009, to 0.6% down from 0.8%, while estimating global growth in 2010 at 5%. The OECD figure for the actual growth rate that will be disclosed during the IMF Spring Meetings, to take place in April that the IMF organizes in collaboration with the World Bank, points to an estimate below 5%. According to the OECD, developing countries that grew an anemic 1.8% in 2009 will more than make up for this in 2010 with 6.6% growth. The emerging block, minus China and India, that shrunk by 1.8% in 2009 is expected to grow 4.9% in 2010 pointing to a healthy recovery across the board, and not limited solely to India and China.

The global inflationary risk much talked about in the year earlier has reared its head in 2010 and become more readily apparent. The leading developing countries, pressured first by input-based and then demand-based inflation, are observed to resort increasingly to attempts to cool down domestic demand through the use of monetary policies. Meanwhile, crude oil, which was forecast to range between USD 55 to 65 per barrel during the year, has surpassed price expectations by USD 20 and reached USD 85 per barrel.

In this environment, developed countries' central banks led by the Fed of the US, the ECB of the European Union, the BOE of the United Kingdom and the BOJ of Japan have continued to support macroeconomic recovery and combat unemployment by sticking to their policy rates throughout the year.

The World Economic Outlook of the IMF, revised in January 2011, indicates that the CPI, which measures consumer inflation, for developed countries is expected to have risen 1.5% in 2010, up from 0.1% in the prior year. The same report points out that consumer inflation in developing countries, which was 5.2% in 2009, will have reached 6.3% in 2010.

Developed economies have kept inflation levels at an acceptable rate, below 2%, in 2010, further encouraging central banks to continue expansionary monetary policies.



1.5%

Consumer inflation rate of developed economies in 2010 (IMF)

6.3%

Consumer inflation rate of developing economies in 2010 (IMF)

Developed economies were therefore able to keep inflation levels at an acceptable rate below 2% in 2010, further encouraging central banks to continue expansionary monetary policies. As a consequence, in the first quarter of 2011, fundamental economic policies are expected to yield positive results for all countries and especially for return to a phase of growth in the US.

On the other hand, the same analysis reveals that inflation levels in developing countries has by far breached an acceptable level of 4%. This development has caused leading developing economies to take fiscal and monetary measures designed to cool down economic activity. A rise in interest rates as a result of these policies has manifested itself in emerging equity markets with range bound trading or a loss of upward momentum by the end of 2010. By the same token, it is expected that money and equity markets in 2011 will not be as fruitful for investors as they were in the year just ended.

A Look at the World Economy and Turkish Economy in 2010

USD 114 billion

Turkish export volume in 2010

8.9%

Turkey ranked 6th in GDP growth performance in 2010.

Turkish Economy

The Turkish economy endured a contraction of 4.8% in 2009. As a result of macroeconomic measures implemented to combat the effects of the crisis, positive growth was again attained by the last quarter of that year. Turkey did not lose steam in the year that followed and posted nearly unprecedented growth on a global scale, closing 2010 with a growth rate of 8.9%. With this figure Turkey ranked sixth in the world in economic growth, an achievement that should also be attributed to the jump in private investment and effective crisis combat measures taken in 2009.

Meanwhile, the Turkish banking sector contributed significantly to the country's economic growth in 2010 through loans extended during the year that reached a volume of TL 130 billion, a 34% rise over 2009. With this performance, banks closed the year with robust profits, which helped carry the ISE 100 index and individual bank stocks to record levels.

In 2010, consumer inflation was recorded at 6.4%, compared with 6.5% in the previous year. Since the Central Bank's 2010 year end target rate was 7.5%, with an expectation of 6.5%, the realization at 6.4% boosted its credibility. The Central Bank has been successful in meeting its inflation targets since an open inflationary targeting policy was adopted in 2006, especially with undershooting the target by 0.1 percentage point in 2010. The inflation target of the Central Bank for 2011 is 5.5% with the median of the 70% confidence expectation band running at 5.9%.

Nevertheless, the Central Bank received criticism for not raising policy rates despite rising inflation in the first quarter of 2010. The Monetary Policy Committee responded by switching the policy rate to a weekly repo rate from the overnight repo rate. With this redefinition, the policy rate became 7%. Annual inflation and core inflation have undergone sharp drops in the last quarter of 2010, albeit they are forecast to increase by the second half of 2011. Monitoring the inflation rates closely, the Central Bank used the opportunity to cut interest rates by another 50 bps to 6.5% in the last month of December.

The Turkish banking sector has significantly contributed to the country's economic growth in 2010 through loans extended during the year that reached a volume of TL 130 billion, a 34% rise over 2009.

Despite the rosy macroeconomic picture and strong public finance performance due to effective fiscal discipline, the current account deficit, one of the most critical structural problems of the Turkish economy, became an issue again during the year by reaching a record USD 49 billion. Meanwhile, exports, forecast to reach USD 111.7 billion by year's end, exceeded expectations and reached USD 114 billion. On the other hand, imports, projected to reach USD 177.5 billion, instead amounted to USD 185.5 billion, clearly underscoring Turkey's dependence on imports of energy, investment goods and raw materials. The main reasons for the jump in import volume are the import boosting effects of the better than expected performance of domestic consumption and investment spending in 2010 coupled with the global increase in energy and commodity prices, which also surpassed expectations by a wide margin.

The annualized cumulative current account deficit at the start of 2010 amounted to USD 16.9 billion; this figure had reached USD 48.6 billion by end of the year. This development has forced the authorities to adopt a new monetary policy that maintains both price and financial stability at the same time. The Central Bank has cut short term interest rates and kept the real interest rate at around 1%, forcing some hot money out of the country. As a result, in the last two months of 2010, some USD 10 billion left Turkey. The new policy led to a rise in both exchange rates and secondary market bond and bill rates while driving the ISE 100 index to trade in a narrow range between 62,500 and 67,500.

These developments have shown that authorities will continue to pursue an economic policy designed to combat the current account deficit by targeting a cap on lending growth, from 34% in 2010, to at most 25%. This indicates that the stellar price performance of banking stocks that pushed the ISE 100 to fresh records will not be replicated in 2011.



Private Pension Industry

ING Emeklilik Growth in Figures

182,310

Number of Contracts and Certificates

165,841

Number of Contributors

TL 503.96 million

Total Contributions

TL 639.75 million

Assets Under Management

Sectoral Developments in 2010

The Turkish Pension System, which invests in national financial assets, had a volatile year in tandem with world markets in 2010, a year of recovery attempts from the global economic crisis. By year end 2010, the total number of contributors in the Private Pension System reached 2.3 million with total contributions of TL 9.6 billion. While the number of contributors increased by 15% in 2010, total contributions collected rose 34% compared to end of 2009. Meanwhile, total assets under management of all contributors reached TL 12.1 billion.

As of December 31, 2010 ING Emeklilik has increased its,

Total number of contracts and certificates to 182,310,
Number of contributors to 165,841,
Total contributions to TL 503.96 million, and
Assets under management to TL 639.75 million.

These figures indicate respective growth rates of 6.5% in number of contributors, 28.43% in total contributions and 25.47% in assets under management.

According to 2010 year end sector figures, the Company's market shares are as follows:

Number of contributors: 7.27%
Number of contracts and certificates: 7.19%
Contribution collection: 5.30%
Amount directed to investment: 5.27%
Assets under management: 5.33%.

ING Emeklilik Market Shares (%)

Number of Contributors	7.27
Number of Contracts and Certificates	7.19
Total Contributions	5.30
Amount Directed to Investment	5.27
Assets Under Management	5.33

By year end 2010, the total number of contributors in the Private Pension System reached 2.3 million with total contributions of TL 9.6 billion. While the number of contributors increased by 15% in 2010, total contributions collected rose 34% compared to end of year 2009.

Changes Introduced to the Regulations on Private Pension System in 2010 and the Consequences thereof

The Amendment of the Regulation on the Establishment and Operation of Pension Funds

The Amendment of the Regulation on the Establishment and Operations of Pension Funds No. 27608, which was decreed by the Capital Markets Board (CMB), became effective as of its printing date in the Official Gazette on June 11, 2010. The amendment introduced more diversity with respect to the types of financial instruments that could be included in fund portfolios and increased the investment limits with regard to participation/deposit banks and investment funds. The diversified financial instruments that the funds can invest in will make new options available for contributors that have low risk-appetite profiles. This implies that in the period ahead, competition will intensify on the structure of new funds to offer and asset management among private pension companies.

The amended regulation has made it possible for pension funds to invest in time deposits as well as participation accounts in participation banks. While before the revision, pension funds were limited to an investment ceiling of a maximum of 10% of total funds in a single fund; after the revision, this limit has gone up to 20%. In addition, while before the revision, pension funds could invest 2% in a single bank and 10% maximum

in total time deposits, these limits have been raised to 4% and 20%, respectively, inclusive of participation accounts in participation banks. With the amended regulation, pension funds have been allowed to invest a maximum of 20% of total funds in venture capital investment trust shares and venture capital investment trust participatory notes, the regulatory infrastructure of which is still in preparation. This amendment enables the financing of venture capital investments, which have a long term time horizon with private pension assets in accordance with practices around the world. The maximum lending limit has been increased to 50%, up from 10%. This change has enabled pension funds to loan out money market and equity market assets in their portfolios that are not subject to short term trading and earn commission income.

While the status quo only allowed engagement in derivatives for hedging purposes to pension funds, the new amendment has enabled the funds to use derivative contracts for investment purposes as well. To mitigate the risks associated with derivatives, the total open position limit has been limited to total fund size just as it is with investment funds regulation. Again, in a similar vein to investment funds regulation, the establishment of a risk management system has been made compulsory for pension funds exposed to derivatives risk for investment purposes.

With the purpose of responding to liquidity related problems arising from trading in organized exchanges and contributing to the development of primary and secondary markets in foreign bonds (Eurobonds) and non-exchange-traded private sector bonds, the purchase and sale of these instruments in OTC markets have been allowed for fund portfolios. Another departure is the authorization of pension funds to gain exposure to repo or reverse repo transactions of private sector bonds both in organized exchanges and in OTC markets.

Brokerage and partnership warrants signal another breakthrough in the types of investment instruments sanctioned for investment to pension funds. This change has enabled more diversification for fund portfolios while making it possible for the newly established market for warrants to be developed through institutional investing.



To create the future of your dreams...

We are growing the future together.

ING Emeklilik is proud to contribute to a society composed of happy and peaceful individuals by enabling you to attain the assurance you dream of.



Pension Funds' Benchmarks and Performance

The table below displays the index-based benchmarks for ING Emeklilik's eight pension funds and investment limitations of financial instruments that are in the funds' portfolios.⁽¹⁾

Fund Name	Benchmark	Investment Strategy	Limitations
Government Bonds and Bills	20% KYD DİBS 182 Index	Government Bond/Treasury Bill	70% - 100%
Income PMF	65% KYD DİBS 365 Index	Reverse Repo	0% - 30%
	12% KYD O/N repurchase (gross) index	Eurobond	0% - 10%
	1% KYD Eurobond (USD-TRY)	Deposits	0% - 20%
	1% Average Deposit Yield of five banks for one month	Share Certificates	0% - 10%
	1% ISE 100 Index	Private Sector Bonds	0% - 10%
Flexible Income PMF	20% KYD FX DİBS (USD-TRY) Index	Eurobond	5% - 35%
	20% KYD Eurobond (EURO-TRY) Index	FX Government Bond/Treasury Bill	5% - 35%
	18% KYD O/N repurchase (gross) index	Bill	0% - 30%
	40% KYD DİBS 182 Index	Reverse Repo	25% - 55%
	1% ISE 100 Index	Government Bond/Treasury Bill	0% - 30%
	1% Average Deposit Yield of five banks for one month	Share Certificates	0% - 20%
		Deposits	0% - 10%
		Private Sector Bonds	
Composite Growth PMF	40% ISE 100 Index	Share Certificates	35% - 65%
	50% KYD DİBS 182 Index	Government Bond/Treasury Bill	25% - 55%
	8% KYD O/N repurchase (gross) index	Reverse Repo	0% - 20%
	1% KYD Eurobond (USD-TRY)	Eurobond	0% - 10%
	1% Average Deposit Yield of five banks for one month	Deposits	0% - 20%
Stock Growth PMF	90% ISE 100 Index	Share Certificates	80% - 100%
	7% KYD O/N repurchase (gross) index	Reverse Repo	0% - 20%
	1% KYD Eurobond (USD-TRY) Index	Eurobond	0% - 10%
	1% Average Deposit Yield of five banks for one month	Deposits	0% - 20%
	1% KYD DİBS 182 Index	Government Bond/Treasury Bill	0% - 10%
Liquid PMF	84% KYD O/N repurchase (gross) index	Government Bond/Treasury Bill	0% - 30%
	15% KYD DİBS 30 Index	Reverse Repo	70% - 100%
	1% Average Deposit Yield of five banks for one month	Deposits	0% - 20%
		Private Sector Bonds	0% - 10%
Flexible PMF	75% KYD DİBS 182 Index	Government Bond/Treasury Bill	60% - 90%
	15% ISE 100 Index	Share Certificates	0% - 30%
	8% KYD O/N repurchase (gross) index	Reverse Repo	0% - 30%
	1% Average Deposit Yield of five banks for one month	Deposits	0% - 20%
	1% KYD Eurobond (USD-TRY) Index	Eurobond	0% - 10%
		Private Sector Bonds	0% - 10%
Government Bonds and Bills PMF	20% KYD DİBS 365 Index	Government Bond/Treasury Bill	80% - 100%
	60% KYD DİBS 182 Index	Share Certificates	0% - 10%
	17% KYD O/N repurchase (gross) index	Reverse Repo	0% - 30%
	1% ISE 100 Index	Eurobond	0% - 10%
	1% KYD Eurobond (USD-TRY) Index	Deposits	0% - 20%
	1% Average Deposit Yield of five banks for one month	Private Sector Bonds	0% - 10%
Flexible Growth PMF	30% ISE 100 Index	Share Certificates	15% - 45%
	35% KYD DİBS 182 Index	Government Bond/Treasury Bill	50% - 80%
	25% KYD DİBS 365 Index	Reverse Repo	0% - 30%
	9% KYD O/N repurchase (gross) index	Deposits	0% - 20%
	1% Average Deposit Yield of five banks for one month		

⁽¹⁾ Capital Markets Board - Implementing Regulation on the Principles Applicable to the Establishment and Operations of Pension Investment Funds revised at June 11, 2010 and come into effect with 27608 Official Gazette publication.

An optimistic market mood defined 2010: the ISE earned a 24.95% return for investors during the year. The ING Emeklilik Stock Growth PMF, that invests in the top performing equity market and which is mandated to invest at least 80% of its assets in stocks, earned a 25.19% return for its investors.

Problems related to high levels of indebtedness in developed countries coupled with weak growth in these economies have fueled fund flow to a block of countries, including Turkey, with stronger financial fundamentals and better growth prospects. Inflow of funds from abroad, the fast drop in interest rates owing to tame inflation, and strong loan growth supported by a low interest rate environment helped the banking sector to post very high profits in 2010. Due to market optimism brought about by the banking sector, the ISE earned a 24.95% return for its investors in 2010. The ING Emeklilik Stock Growth PMF, that invests in 2010's top performer, the equity market, and which is mandated to invest at least 80% of its assets in stocks, earned a 25.19% return for its investors during the year.

An analysis of 2010 returns of bond funds that invest in mid to long term assets reveals that the benchmark interest rate, which was 8.89% at the beginning of the year, closed the year at 7.11%. Against such a backdrop, the ING Emeklilik Government Bonds and Bills PMF was one of the top performers in the sector with a return of 9.52%, while the Government Bonds and Bills Income Fund yielded 7.69%. The increase in CPI from 5.5% to 10% has bestowed above market profits upon these two funds, which invest primarily in CPI linkers. After May, the accelerating flow of funds to emerging economies caused interest rates to drop and the funds that invest in mid to long term assets to perform poorly by bringing real interest rates to the negative zone.

While the sector leader in liquid funds that invest in short term fixed income assets recorded a return of 6.24%, ING Emeklilik Liquid PMF yielded a 5.70% return in 2010.

The average return of the balanced group of funds that invest in mid to long term assets as well as the equity market was 11.47% in 2010. In comparison, ING Emeklilik Composite Growth PMF yielded 11.76%, while Flexible Growth PMF and Flexible PMF, both in the same group of funds, yielded 10.50% and 7.47%, respectively.

Customer Communication Centre

As per its strategic objective of customer focused growth, ING Emeklilik informs and responds to the requests of its clients through multiple communications channels equipped with cutting edge technology.



Customer Communication Centre Activities

The ING Emeklilik Customer Communication Centre, which is reachable at 444 1 666, serves callers with an interactive voice response (IVR) system. The primary functions of the Customer Communication Centre are; to offer basic information about customer/product/service processes; introduce the Company or its products, respond to information, and complete requests received via the website and forward them to the relevant departments and engage in retaining activities. The Centre also resolves customer complaints received through various means as per the "Complaint Management Procedure."

The Customer Communication Centre comprises two divisions: outbound and inbound. The inbound team responds to calls from customers to meet all customer requests and forward issues to relevant departments as needed. The inbound team is also responsible for responding to customer queries received via the website. The outbound team contacts customers to inform them about promotional campaigns and other matters. Moreover, in keeping with "ING's Golden Rules of Customer Service", all customers with private pension, personal accident and annual life insurance contracts are to receive "Welcome Calls." Also, in line with the Company's customer retention

policies, all contributors who wish to exit the system are called by the outbound team to convince them otherwise.

The Customer Communication Centre operates between 09:00 and 18:00 on weekdays.

Customer Satisfaction and Complaint Handling

Client complaints are received at the Customer Communication Centre either directly or through the intermediaries. The core principle of ING Emeklilik vis-à-vis customer complaints is to ensure customer satisfaction by informing customers about the issue in writing or verbally within two working days and by resolving the complaint or the demand within five days.

In 2010, ING Emeklilik launched the Net Promoter Score program designed to measure customer loyalty, a basic metric of profitable growth. The Customer Communication Centre contacts customers to discuss the results of surveys sent to them regarding six primary communications processes. This program analyzes survey findings to resolve the issues of dissatisfaction brought to light via a process that involves all employees. The goal is to convert dissatisfied customers who are unhappy with ING Emeklilik services (detractors) to satisfied customers (promoters) that recommend ING Emeklilik to their friends and family.

R&D for New Services and Activities and Projections for 2011

The Company's website www.ingemeklilik.com.tr provides information to visitors and customers with ease of use and rich content.

400,000

Expected number of contributors to enter the system in 2011

TL 13 billion

Expected volume of assets under management by year end 2011



R&D for New Services and Activities

In the aftermath of preparatory stage and legal application for the activity licence to the General Directorate of Insurance at the Undersecretariat of Treasury, the Company has initiated to sell life insurance as of March 10, 2010 and personal accident insurance as of August 16, 2010. Following the intensifying efforts to extend the scope of activities in this business line, ING Emeklilik has begun to sell five distinct packages of annual life insurance in 2010. The Company has introduced these products to the market with the advantages of diversified marketing channels and the supplementary benefits for the customers such as unemployment insurance, public assistance for the family and assurance against the riskful diseases.

As per the Company's strategic objective of customer-focused growth, the Net Promoter Score (NPS) program was launched. This program aims to survey customers on six primary processes including the sales process and after-sales service to identify dissatisfied customers and contact them to resolve their complaints or inform them about products. NPS serves to rate the response to the question "How much would you recommend ING Emeklilik to friends and relatives?" on a scale of 0 to 10 to measure customers' tendency to recommend ING Emeklilik products and services, gauge customer loyalty and structure customer focused improvement initiatives.

The Company website at www.ingemeklilik.com.tr continues to effectively inform clients with its ease of use and rich content. The site hosts comprehensive information on the Private Pension System, product presentations and comparisons between pension funds and alternative investment instruments.

Visiting contributors can log in to the system and access complete account information and send in their information and change requests. To promote this functionality, the Company regularly sends SMS messages to customers. Through software specially designed with this purpose, customers are sent messages with special day greetings and account information. Contributors are also sent a detailed monthly fund bulletin with comprehensive information on the funds in which they have invested.

Projections for 2011

In 2011, some 400,000 new contributors are expected to enter the system; in addition, the volume of assets under management is expected to reach TL 13 billion by year's end.

There are 13 companies in the pension fund management sector as of 2010. The intensifying competition with new entrants to the market in 2011 has made new sales and customer retention activities even more important. To this end, regular and effective communications with contributors is expected to create added value on the company-contributor axis.

Annual Report Compliance Opinion

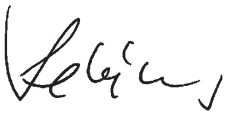
To the General Assembly of ING Emeklilik Anonim Şirketi:

We have been engaged to audit the accuracy and compliance of the financial information provided in the annual activity report of ING Emeklilik Anonim Şirketi ("the Company") as of December 31, 2010 with the audit report issued for the year then ended. The Board of Directors of the Company is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the auditing standards and principles and procedures of preparing and issuing annual activity reports as set out by the Insurance Law No: 5684 and Individual Retirement, Saving and Investment System Law No. 4632. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the financial information provided in the annual activity report is free from material misstatement in terms of compliance with the audited financial statements and explanatory notes. We believe that the audit 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 information of ING Emeklilik Anonim Şirketi as of December 31, 2010 in accordance with the prevailing principles and standards set out in the Insurance Law No: 5684 and Individual Retirement, Saving and Investment System Law No. 4632. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the executive summary report by the Board of Directors and our audit opinion on the financial statements.

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



Selim Elhadeef, SMMM
Partner

April 8, 2011
İstanbul, Turkey

Management Details

MEMBERS OF THE BOARD OF DIRECTORS

David Engel Knibbe (1971)*

Chairman

Date of Appointment: 14.02.2011

David Engel Knibbe obtained his B.A. and M.A. in Monetary Economics, Finance & Investments from Erasmus University. Before coming to ING, he worked at KPMG-Ebbinge as a coordinator. After joining ING in 1997, Mr. Knibbe held a variety of positions. From 1998 to 2000, he served as a portfolio manager for corporate clients at ING Investment Management Department. Between 2000 and 2002, he worked at ING Bank in Holland as president of Holland headquarters investments. He then worked at ING in Athens as general manager of ING Piraeus Joint Ventures from 2002 to 2004. Between 2004 and 2007, Mr. Knibbe worked as income insurance manager at Nationale-Nederlanden where he was also general manager of retail banking and pension from 2007 to 2009. Currently, he holds the position of CEO of corporate clients at Nationale-Nederlanden.

John Thomas McCarthy (1946)

Deputy Chairman

Date of Appointment: 04.12.2008

John Thomas McCarthy is a graduate of Tufts University, B.A. in German and Economics, and Ebenhard Karls University and Tufts University, M.A. in Germanistics; he also holds an MBA degree in International Finance from Babson College. He worked as the general manager with State Street Bank GmbH between 1971 and 1975. From 1976 to 1988, Mr. McCarthy served as vice president and senior vice president in New York, London and Bahrain at the American Express Bank Ltd. He held the position of assistant general manager at Koç-American Bank A.T. between 1989 and 1990. Mr. McCarthy served as the general manager at ING Bank N.V. from 1991 to 2007. Since 2008, he has held the position of Chairman of the Board of Directors at ING Bank A.Ş.

(*) As of 14.02.2011, David Engel Knibbe was appointed as the Chairman of the Board of Directors which was formerly performed by Rigt Hein Kliphuis

Management Details

Bram Boon (1956)

Member of the Board of Directors

Date of Appointment: 24.06.2009

Bram Boon studied Mathematics at the University of Utrecht, where he obtained both a Bachelor and a Master's Degree; he also has a Master's Degree in Actuarial Science, from Vrije Universiteit and Universiteit van Amsterdam. He started his career in 1984 with the International Division at Nationale-Nederlanden as actuarial department personnel. From 1987 to 1990, Mr. Boon was a senior actuary in charge of General Insurance with the Mercantile Mutual, which is an affiliate of ING. After working as the manager in charge of operations and development between 1990 and 1992 with ING affiliate Tiel Utrecht Verzekerd Sparen, he served as senior financial officer and actuary in charge of certification, at Nationale-Nederlanden General Insurance

from 1992 to 1994. Between 1994 and 1995, Mr. Boon was a senior actuary at the ING Group Actuarial and risk management department. After working as the CEO in charge of Southern and Eastern Netherland Operations, ING Bank Greece, between 1995 and 1999, he held the position of sales director at RVS, which is an ING affiliate, from 1999 to 2002. Following these duties, Mr. Boon was the chairman, director, and CEO PT with ING-Aetna Life between 2002 and 2003; ING Asigurari de Viata sales director in 2004; and ING Fondu de Pensii CEO and the chairman of Romanian Association of Pension Institutions (APAPR) from October 2004 to 2008. Since October 2008, he has held the position of CEO at ING Greece.

Tankut Taner Çelik (1968)

Member of the Board of Directors

Date of Appointment: 04.12.2008

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

AUDIT - AUDITORS**INTERNAL AUDIT****Jetse Frederik de Vries (1958)**

Member of the Board of Directors-CEO

Date of Appointment: 17.03.2010

Jetse Frederik de Vries holds an undergraduate and a Master's degree in Management from Webster University. He also obtained a Master's in Law from Leiden University, and is currently enrolled at Oxford University as a student in the online Philosophy program. Mr. De Vries worked as an assistant professor in the Law Faculty of Leiden University. He then was a management trainee at Nationale-Nederlanden from 1986 to 1987. He held various managerial duties at Victoria Vesta between 1987 and 1991 and worked as a business consultant to Le Group Commerce from 1991 to 1992. Between 1992 and 1993, Mr. De Vries served as marketing manager at Belair Insurance and as sales and marketing manager at RVS from 1993 to 1997. Between 1997 and 2000, he held the position of CEO at Nederlanden Asigurari de Viata in Romania. He then worked as CEO at ING Nationale-Nederlanden in Spain from 2000 to 2003. Between 2003 and 2008, Mr. De Vries served as vice president at ING Canada Insurance and as CEO at ING Life Insurance and Pension Fund in Russia from 2008 to 2010. Since March 2010, he has been a board member and CEO at ING Emeklilik.

Mehmet Müderrisoğlu (1966)

Date of Appointment: 04.12.2008

Mehmet Müderrisoğlu is a graduate of both Istanbul University in Middle Level Management and also Dokuz Eylül University in Finance. He began his professional career in 1989 at Karon Menkul Kıymetler A.Ş. as assistant branch manager. Mr. Müderrisoğlu worked at Henkel-Turyağ A.Ş. as an accounting representative between 1993 and 1995. He then served as portfolio manager at TAIB Yatırım A.Ş. from 1995 to 2002 and at Hür Sigorta A.Ş. between 2002 and 2003. Mr. Müderrisoğlu has worked as financial affairs and operations manager at ING Portföy Yönetimi A.Ş. since 2003.

Sarper Volkan Özten (1958)

Date of Appointment: 05.12.2008

Sarper Volkan Özten is a graduate of Istanbul University, Faculty of Economics. He started his professional career as a financial analysis specialist at Emlak Bank where he worked from 1984 to 1987. Mr. Özten then served as director at the İktisat Bank between 1987 and 1990, and as assistant manager at Ege Bank from 1990 to 1991. He held the positions of assistant general manager and general manager at Öncü Menkul Değerler A.Ş. as of 1991, and assistant general manager at Finans Yatırım Menkul Değerler A.Ş. in 1997. Mr. Özten has been a member of the audit board of ING Bank and ING Portföy Yönetimi A.Ş. since January 2008, as well as a member of the board of directors for Alarko Real Estate.

Hakan Gaygısız (1971)

Employment Date: 17.11.2003

Hakan Gaygısız is a graduate of Dokuz Eylül University, Faculty of Economic and Administrative Sciences, Department of Finance; currently, he is completing his Master's degree at Kadir Has University in Banking and Finance. In 1996, Mr. Gaygısız passed the Akbank Audit Board examination, and started his career as an assistant auditor there. He then worked at the Sümerbank A.Ş. Audit Board as assistant auditor in charge ex office between 1997 and 1998. From 1998 to 2002, Mr. Gaygısız served as auditor at the Etibank A.Ş. and Toprakbank A.Ş. on the Audit Boards. He held the position of assistant manager at the Denizbank A.Ş. Bağcılar Branch between 2002 and 2003. Mr. Gaygısız began working with ING Emeklilik on November 17, 2003, and he currently serves as the senior manager in the Internal Audit Directorate.

Management Details

INFORMATION ABOUT THE ATTENDANCE OF MEMBERS OF THE BOARD OF DIRECTORS IN THE RELEVANT MEETINGS DURING THE FISCAL YEAR

SENIOR MANAGEMENT

Süleyman Sarper Evren (1971)

Assistant General Manager, CFO - COO
Date of Appointment: 30.12.2008

Süleyman Sarper Evren is a graduate of Bosphorous University in Mathematics. He started his professional career as an assistant specialist at Oyak Sigorta A.Ş. in 1994. Between 1995 and 1997, Mr. Evren worked as a specialist at Axa Oyak Hayat Sigorta, from 1997 to 1998 at Halk Yaşam Sigorta, and between 1998 and 1999 at Toprak Hayat Sigorta. From 1999 to 2003, he served as assistant manager and manager at Axa Oyak Hayat Sigorta A.Ş. Mr. Evren began working with ING Emeklilik in 2003 as the head of Marketing, and he is currently the CFO-COO.

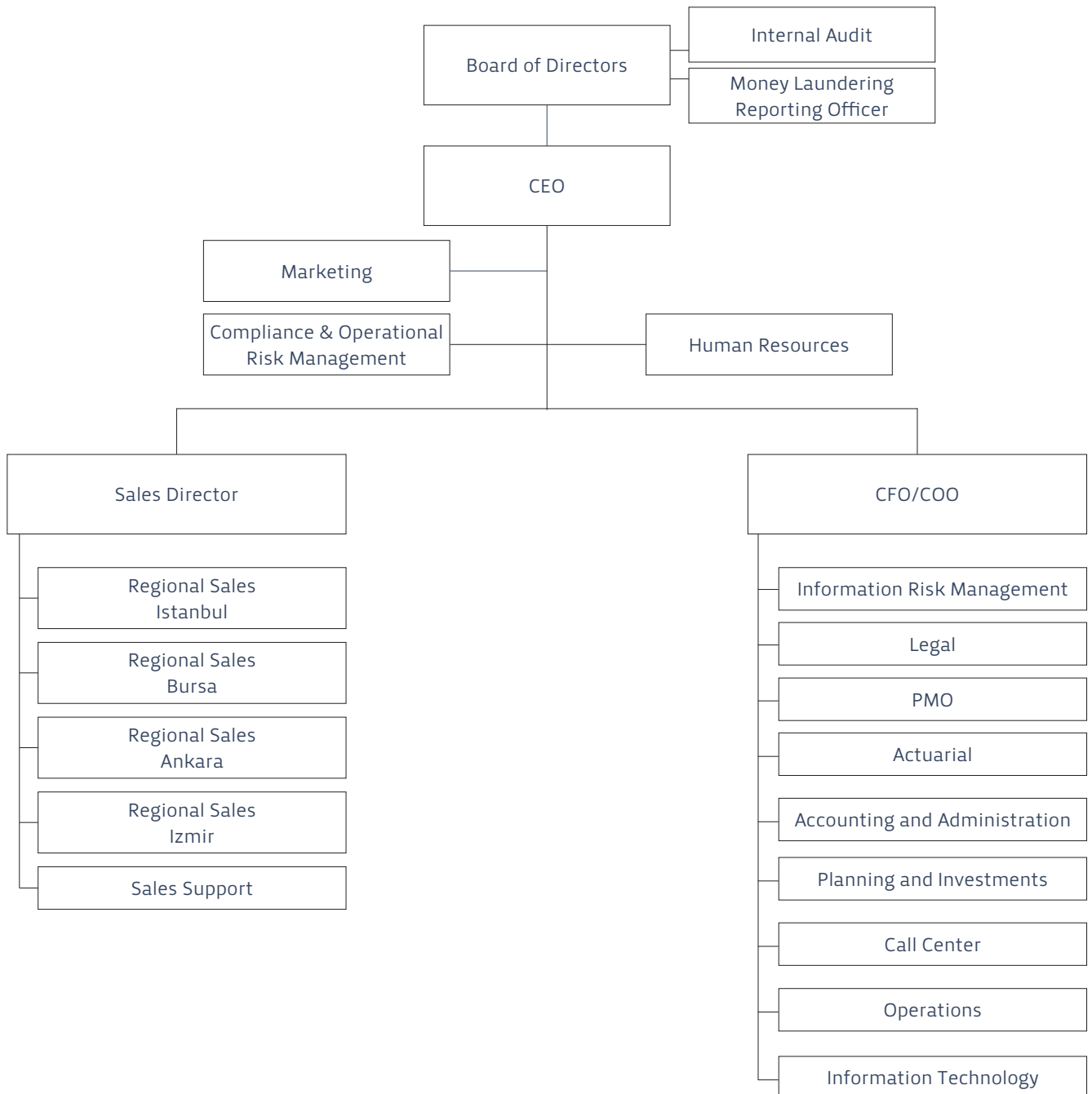
İhsan Çevik (1963)

Assistant General Manager, Sales
Date of Appointment: 01.05.2003

İhsan Çevik is a graduate of Middle East Technical University in Business Administration. He worked at various public and private sector companies between 1980 and 1993. Mr. Çevik began serving as the manager in charge of technical operations, product development and actuaries at Bayındır Hayat Sigorta in 1993; in 1997, he was appointed assistant general manager there. In 2001, he started work as the general manager of Ilgaz Tourism, one of the affiliates of the same group. Mr. Çevik then worked as the Regional Director of Axa Oyak Insurance Bakırköy regional office in 2002; since 2003, he has held the position of assistant general manager at ING Emeklilik.

Dates of Board Meeting	Meeting No.	Attendance
21.01.2010	152	5
03.03.2010	153	5
03.03.2010	154	5
03.03.2010	155	5
17.03.2010	156	5
17.03.2010	157	5
17.03.2010	158	5
17.03.2010	159	5
17.03.2010	160	4
17.03.2010	161	5
04.05.2010	162	5
04.05.2010	163	5
28.05.2010	164	5
28.05.2010	165	4
28.05.2010	166	5
28.05.2010	167	5
28.05.2010	168	5
28.05.2010	169	5
01.07.2010	170	5
01.07.2010	171	5
23.07.2010	172	5
29.07.2010	173	5
13.08.2010	174	5
20.09.2010	175	5
18.10.2010	176	5
18.10.2010	177	5
12.11.2010	178	5
09.12.2010	179	5
09.12.2010	180	5

Organizational Chart



Human Resources Activities and Policies

ING Emeklilik encourages employees to participate in training and sector-related organizational activities to improve themselves and to create added value for the Company.

ING Emeklilik's principal asset is its employees. As such, the Company plans to expand the ING Emeklilik family by bringing in new members who can think strategically, and who are prompt, proactive and responsible. This constitutes the foundation of the human resources policy at ING Emeklilik.

Remuneration Policy

ING Emeklilik's remuneration policy is based on the principle of fairness and equality.

The Remuneration Policy at ING Emeklilik was established after an analytical study was conducted in conjunction with an internationally renowned remuneration consultancy. The study took into account a wide range of relevant factors including business analyses, sector data and the growth strategy of the Company. The functions carried out inside the ING Emeklilik organization have been defined on the basis of the skills and experience of employees, job descriptions and levels of responsibility.

The Company has established and implemented employee evaluation and salary based management processes in line with corporate strategies. Salary adjustments are effected after evaluating relationships between job positions and making market comparisons.

Training

ING Emeklilik designs training courses per the professional development needs of personnel. The Company helps staff members define their know-how and skills, determine their individual development, and plan how to meet these requirements with adequate training programs.

ING Emeklilik provides training for:

- All employees in evaluations and development of their skills.
- Managers in first level management training, and coaching training for mid level and senior management.
- All employees in talent management.

The Company monitors sector developments and innovations carefully through related training courses and meetings. Employee attendance is ensured at these training courses and events, to make sure that ING Emeklilik personnel improve themselves and add value to the Company.

ING Emeklilik strives to be an employer that,

- Creates a favorable atmosphere both for personal and professional improvement,
- Builds and operates systems which will appraise individual differences appropriately,
- Offers consistent, transparent and modern working conditions based on sincerity, respect and trust, allowing for two-way communications and while creating equal opportunities,
- Is open to change and innovations,
- Learns and constantly self-improves,
- Measures and appraises performance with objective criteria,
- Enhances improvement means as well as performance based salary and career opportunities to strengthen the sense of belonging in employees, in line with corporate objectives,
- Operates with a team-based approach, and ensures an employee profile that reflects in the Company's performance as well as that of the individual employee, and takes all necessary measures to this end.

Report Submitted to the General Assembly

The Executive Summary of the Board of Directors Report Presented to the General Assembly

Dear Shareholders,

We would like to welcome you all to our annual general meeting, and take this opportunity to extend our thanks for honoring this meeting, assembled to examine the financial status and activity results for the 2010 business year with your attendance.

The Company, which is the first and only company founded in order to carry out pension activities in the private pension sector, has completed its preparatory activities in 2010 to demonstrate the same success in the Life Insurance sector as well; in addition, it continues to take steps under the ING roof towards becoming a company which places importance on customer satisfaction, which grows and is stronger every single day, and which is the most preferred and the most successful company in the market.

Fully aware of its social responsibilities, and working for the benefit of the country as much as it does for its customers in the course of its operations, our Company has adopted a philosophy of holding the interests of its partners, investors and customers and the benefits of this country above all.

The paid in capital of ING Emeklilik for the year 2010 is TL 45,000,000. Our shareholders' equity amount for 2010 reached TL 27,616,293 in total. Assets under management has grown 25.47% during the year, to TL 639,760,041, up from TL 509,901,000 as of year-end 2009. Ranking sixth in terms of total AuM, ING Emeklilik places fifth in the sector in terms of total number of contracts.

We would like to thank you all once again for the interest you have vested in the General Assembly, and we wish the remainder of 2011 to be a prosperous time for our Company in its endeavors, on board one of the largest international finance organizations with 150 years of experience and know-how, ING.

Yours faithfully,
Board of Directors

Auditor's Report

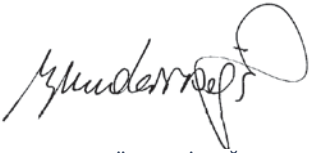
To the ING Emeklilik A.Ş. General Council,

The results of our audit studies through examinations of the accounts and transactions of ING Emeklilik A.Ş. for the fiscal year of 01.01.2010 to 31.12.2010 as required by the Turkish Commercial Code, the Shareholders' Agreement and the other regulations, have been completed and presented below for your kind review:

1. The examinations made on the company legal books and documents have proven that the obligatory books and files were kept; that the records were kept in line with the principles of accuracy and openness stipulated in Article 75 of the Turkish Commercial Code, as well as the general accounting principles and rules.
2. It has been found out that the balance sheet set forth in the official books of the company is the same with the balance sheet and the profit and loss calculation presented by the Board of Directors to the General Council and that it fully reflects the actual financial status of the term between 01.01.2010 and 31.12.2010.
3. During the term between 01.01.2010 and 31.12.2010, our Auditing Department has not been conveyed any complaints or fraud messages concerning the internal functioning of the Company.
4. It has been seen that the Board of Directors resolutions made during the above mentioned period by the Company Board of Directors have been duly recorded in the Book of Resolutions.
5. Pursuant to Article 353 of the Turkish Commercial Code, the inventory counts for the Company safe and the valuable papers have taken place and it has been observed that the safe contents and valuable papers are in line with the book records and accurate.

We hereby present for your approval the Company activities indicated in the report prepared by the Board of Directors pursuant to the above presented findings, as well as the relevant balance sheet and the profit and loss charts, and the acquittal of the Board of Directors for the period between 01.01.2010 and 31.12.2010.

Yours faithfully,



Mehmet MÜDERRİSOĞLU
Auditor



Sarper Volkan ÖZTEN
Auditor

Assessment of 2010 Operations by the Internal Audit Department

The Audit Group Directorate diligently undertakes the internal audit functions of the Company in an objective and independent manner to assure the Board of Directors that the operations of the Company comply with current laws and regulations, as well as corporate strategies, policies, objectives and implementation procedures. The Directorate also ensures that the Company's internal control and risk management systems are effective and sufficient. In addition, the Directorate formulates opinions and makes recommendations that will add value and help the Company attain its goals.

The Audit Group Directorate reports to the Board of Directors in the Company organization. It is also a part of the larger unit called the Corporate Audit Service (CAS) that serves the ING Group. CAS is a completely independent organization and is in full compliance with Institute of Internal Auditors (IIA) standards.

The Audit Group Directorate undertook nine regular audits in 2010.

Internal audit activities are based on the following issues and include all the departments of the Company, the regional directorates and the brokers:

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

Such activities are also monitored through the following methods:

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

Agenda for the 2010 Ordinary General Assembly Meeting

- 1) Opening and the formation of the Council.
- 2) Authorizing the Council to sign the minutes of the meeting and documents on behalf of the General Assembly.
- 3) Reading and discussing the Board of Directors Activity Report, and the Auditors' Report.
- 4) Reading, discussing and approving the balance sheet, the profit and loss statement, and discussing the matter of dividend payment.
- 5) Presenting for the approval of the General Assembly the appointment made to the Board of Directors to fill the vacancy.
- 6) Release of the Board of Directors and the Auditors.
- 7) Remuneration of the Board of Directors and Auditors.
- 8) Discussing and resolving the appointment of the Board of Directors and the Auditors and their time of service.
- 9) Discussing and resolving the capital increase issue.
- 10) Authorizing the Board of Directors to engage in activities in person or in proxy that coincide with the Company's line of business and to hold shares in companies that undertake such activities as per Articles 334 and 335 of the Turkish Commercial Code.
- 11) Closing.

Summary of the Financial Information for the Five-Year Period Including the Reporting Period

Summary of the Financial Information for the Five-Year Period Including the Reporting Period

(TL thousand)	2010	2009	2008	2007	2006
Assets under Management	639,747	509,901	350,478	275,285	170,025
Paid In Capital	46,160	46,160	46,160	46,160	41,160
Shareholders' Equity	27,616	29,444	29,808	26,381	19,714
Total Assets	697,842	556,043	395,118	312,723	198,363
Technical Income	46,872	24,912	21,921	18,996	14,167
Technical Profit / Loss	(1,841)	(421)	(1,764)	(368)	(5,211)
Non Technical Profit / Loss	(182)	57	2,609	2,485	912
Profit/Loss Before Tax	(2,023)	(364)	845	2,117	(4,299)

Information on the Financial Structure

In 2010, ING Emeklilik continued its activities in an active manner, in the fast growing pension business. During the year, total shareholders' equity reached TL 27,616 thousand. Total assets of the Company increased by 25.50% as of December 31, 2010 compared to 2009, reaching TL 697,842 thousand. As of December 31, 2010, the share of liquid assets among total assets was 5.59%; and, as of December 31, 2010, the share of private pension system receivables among total assets was 91.68%.

In 2010, the life compensation is TL 140,310 while the technical profit of the Company reached TL 1,518,927. The technical reserves comprise of unearned premium reserve, outstanding claim reserve, life mathematical reserves and equalization reserve. The Company accounted for unearned premium reserve calculated on a daily basis for all policies in force without deducting commissions or any other expense.

The Company accounts for outstanding claim reserve for ultimate cost of the claims incurred and under review but not paid in the current or previous periods. In addition, the Company is required to account for additional reserves for incurred but not reported claims in compliance with the actuarial evaluation and sector averages. As of December 31, 2010, the Company recognized TL 411,431 incurred but not reported claims reserve in addition to TL 140,310 outstanding claim reserve. In regard to the personal accident policies only TL 26,878 incurred but not reported claims reserve is recorded since there is has not been any outstanding claims. Life mathematical reserves comprise of actuarial mathematical reserves and represent the Company's total liability to the policyholders in the life branch.

Information Concerning the Risk Management Policies by Types of Risks

Operational Risk

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

Through a strong risk management system, ING Emeklilik aims to control risks, minimize losses and create value for contributors, shareholders, delivery channels and employees.

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

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

First Line of Defense	Second Line of Defense	Third Line of Defense
Departments	Compliance and Risk Management	Audit
-The personnel who are directly responsible for managing operational risk and compliance risk during daily operations are department managers.	-Supports management to define the risk function, risk appetite, strategies and policies. -Critically analyzes the appropriateness and effectiveness of risk definitions, risk reporting and action plans designed to mitigate risks.	-Undertakes financial, operational, compliance and risk management audits. -Provides objective, independent assurance on internal controls and the effectiveness of risk management.

Information Concerning the Risk Management Policies by Types of Risks

The operational risk categories are as follows:

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

With regards to these identified types of risks, the “Risk Management Process” is carried out covering all Company activities and departments. The main objectives of this process are as follows:

- 1) To increase awareness for the operational risk,
- 2) To work with the department managers to ensure that the activities are conducted as per the risk appetites of the senior management of the Company,
- 3) To develop early warning systems,
- 4) To take actions for reducing risks and to ensure that additional measures are taken,
- 5) Thus, to reduce the operational risk costs in a definitive way.

The Company has also undertaken projects to improve IT and physical security risk management both of which are part of operational risk. Physical security risk management includes the “Business Continuity Plan” project that was launched during the year and which will continue into 2011. This project will enable the implementation of ING standards prepared in accordance with BS 25999 standards. So far, in the scope of the project, the Company has scrutinized business processes, identified mission critical processes, defined the resources necessary to enable continuity in these processes; in addition, business continuity plans for these processes have been developed according to various disaster scenarios.

In conjunction with the Business Continuity Plan project, ING Emeklilik also implemented an initiative to establish a Disaster Recovery Plan and a Disaster Recovery Center in 2010. The live systems of the Company have been replicated in Izmir in the scope of the Disaster Recovery Center. In addition, other efforts to increase information security and compliance work vis-à-vis ING standards, ISE 27001/20000 standards and COBIT standards are ongoing.

ING Emeklilik has commenced activities to respond to internal and external fraud risks, which are also types of operational risk. To this end, the Company drafted and approved an Anti-Fraud Plan, designated an Anti-Fraud Officer and installed early warning systems to respond to risks identified by analyzing fraud risks; these systems have started automatic reporting. Moreover, to increase awareness of fraud risk, the Company has launched internal communications activities and organized training programs.

Compliance Risk

Compliance risk is handled separately due to its importance. Compliance risk refers to that in which truthfulness and honesty are compromised during the course of ING Emeklilik's operations. Compliance risk also refers to the risk of failure to comply with the Company's business principles, the law and other regulations, and standards of financial services, which is the main area of activity of the Company. The Company places great significance on the management of compliance risk as per its awareness that, in the financial services sector, which the Company operates in, trust is a vital element of the business.

ING Group, to which ING Emeklilik belongs, has numerous policies on risk management and compliance, which are in effect across all group companies. Some of these policies include:

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

In this context, the Company undertakes necessary activities to enable effective management of operational risks and compliance risk and assure that a strong management awareness is established in the Company through strong collaboration with relevant managers and in accordance with the legal regulations and the policies of ING Group.

Activities to Disable the Financing of Terrorism and Money Laundering

As per MASAK regulations and the compliance policies of ING Group, the Company has appointed a Money Laundering Reporting Compliance Officer. In 2010, the Financial Economic Crimes Compliance Project was also launched. Within the scope of this project, the Company has circulated and put into effect the following: Customer Identification, Customer Acceptance Procedure, Name Scan, Alarm Management, Suspicious Transaction Reporting Procedure and Customer Risk Matrix. Awareness trainings have been held and the early warning system used to monitor suspicious transactions has been developed to include automated reporting functionality.

Information about the Transactions of the Company with the Risk Group It is Involved in

The transactions of the Company with shareholders, subsidiaries and group companies in affiliates can be found in the Independent Audit Report of 2010 and Footnote 45 appended to Financial Statements.

ING Emeklilik Anonim Őirketi

Financial statements together with independent
auditors' report as of December 31, 2010

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Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

Independent auditor's report for the year ended December 31, 2010

To the Board of Directors of
ING Emeklilik Anonim Şirketi,

1. We have audited the accompanying financial statements of ING Emeklilik A.Ş. ("the Company"), which comprise the balance sheet as of December 31, 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

6. In our opinion, the accompanying financial statements give a true and fair view of the financial position of ING Emeklilik Anonim Şirketi as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards issued (Note 2) based on insurance laws and regulations.

Additional paragraph for convenience translation

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

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

Selim Elhadef, SMMM
Partner

March 11, 2011
İstanbul, Turkey

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2010

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

	Note	Audited Current period December 31 2010	Audited Prior period December 31 2009
I-Current assets			
A-Cash and cash equivalents	14	38,982,133	35,509,696
1-Cash	14	1,895	1,543
2-Checks received		-	-
3-Banks	14	38,848,644	35,393,110
4-Checks given and payment orders (-)		-	-
5-Other cash and cash equivalents	14	131,594	115,043
B-Financial assets and financial investments at policyholders' risk		6,152,599	263,222
1-Available for sale investments	11	6,152,599	263,222
2-Held to maturity investments		-	-
3-Held for trading investments		-	-
4-Loans		-	-
5-Provision for loans (-)		-	-
6-Financial investments at life policyholders' risk		-	-
7-Company shares		-	-
8-Provision for diminution in value of financial assets (-)		-	-
C-Receivables from main operational activities	12	7,890,230	6,406,680
1-Due from insurance operations	12	99,606	-
2-Provision for due from insurance operations(-)		-	-
3-Due from reinsurance operations		-	-
4-Provision for due from reinsurance operations(-)		-	-
5-Deposits at insurance and reinsurance companies		-	-
6-Loans to policyholders		-	-
7-Provision for loans to policyholders (-)		-	-
8-Due from pension operations	12	7,786,526	6,406,680
9-Doubtful receivables from operational activities	12	363,007	327,212
10-Provision for doubtful receivables from operational activities (-)	12	(358,909)	(327,212)
D-Due from related parties	12	914,227	804,877
1-Due from shareholders		-	-
2-Due from participations		-	-
3-Due from subsidiaries		-	-
4-Due from joint-ventures		-	-
5-Due from personnel		-	-
6-Due from other related parties	12	914,227	804,877
7-Rediscount on due from related parties(-)		-	-
8-Doubtful receivables from related parties		-	-
9-Provision for doubtful receivables from related parties(-)		-	-
E-Other receivables	47.1	22,719	6,928
1-Financial lease receivables		-	-
2-Unearned financial lease interest income(-)		-	-
3-Deposits and guarantees given		22,719	6,928
4-Other receivables		-	-
5-Rediscount on other receivables(-)		-	-
6-Other doubtful receivables		-	-
7-Provision for other doubtful receivables(-)		-	-
F-Deferred expenses and income accruals		761,592	228,505
1-Deferred expenses		761,592	228,505
2-Accrued interest and rent income		-	-
3-Income accruals		-	-
G-Other current assets		208,886	55,823
1-Inventory		20,447	9,560
2-Prepaid taxes and funds	35	54,824	18,180
3-Deferred tax assets		-	-
4-Job advances		133,615	28,083
5-Advances to personnel		-	-
6-Count shortages		-	-
7-Other current assets		-	-
8-Provision for other current assets (-)		-	-
I-Total current assets		54,932,386	43,275,731

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2010

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

	Note	Audited Current period December 31 2010	Audited Prior period December 31 2009
II-Non current assets			
A-Receivables from main operational activities			
1-Due from insurance operations		639,879,882	509,901,000
2-Provision for due from insurance operations(-)		-	-
3-Due from reinsurance operations		-	-
4-Provision for due from reinsurance operations(-)		-	-
5-Deposits at insurance and reinsurance companies		-	-
6-Loans to policyholders		-	-
7-Provision for loans to policyholders (-)		-	-
8-Due from pension operations	17	639,760,041	509,901,000
9-Doubtful receivables from operational activities		119,841	-
10-Provision for doubtful receivables from operational activities (-)		-	-
B-Due from related parties			
1-Due from shareholders		-	-
2-Due from participations		-	-
3-Due from subsidiaries		-	-
4-Due from joint-ventures		-	-
5-Due from personnel		-	-
6-Due from other related parties	12	-	-
7-Rediscount on due from related parties(-)		-	-
8-Doubtful receivables from related parties		-	-
9-Provision for doubtful receivables from related parties(-)		-	-
C-Other receivables			
1-Financial lease receivables		-	-
2-Unearned financial lease interest income(-)		-	-
3-Deposits and guarantees given		-	-
4-Other receivables		-	-
5-Rediscount on other receivables(-)		-	-
6-Other doubtful receivables		-	-
7-Provision for other doubtful receivables(-)		-	-
D-Financial assets			
1-Investment securities		-	-
2-Participations		-	-
3-Participations' capital commitments(-)		-	-
4-Subsidiaries		-	-
5-Subsidiaries' capital commitments (-)		-	-
6-Joint-ventures		-	-
7-Joint-ventures capital commitments(-)		-	-
8-Financial assets and financial investments at policyholders' risk		-	-
9-Other financial assets		-	-
10-Provision for diminution in value of financial assets (-)		-	-
E-Tangible assets			
1-Investment property	6	1,327,610	880,157
2-Impairment on investment property(-)		-	-
3-Property for own use		-	-
4-Machinery and equipment	6	2,895,978	2,249,795
5-Furniture and fixtures	6	639,242	615,309
6-Motor vehicles	6	65,788	65,788
7-Other tangible assets (including leasehold improvements)	6	343,830	330,124
8-Leased assets		-	-
9-Accumulated depreciation(-)	6	(2,617,228)	(2,380,859)
10-Advances given for tangible assets (including construction in progress)		-	-
F-Intangible assets			
1-Rights	8	1,318,056	646,972
2-Goodwill	8	3,429,428	2,371,134
3-Start-up costs		-	-
4-Research and development costs		-	-
5-Other intangible assets		-	-
6-Accumulated amortization(-)	8	(2,261,372)	(1,974,162)
7-Advances given for intangible assets	8	150,000	250,000
G-Deferred expenses and income accruals			
1-Deferred expenses		-	-
2-Income accruals		-	-
3-Other deferred expenses and income accruals		-	-
H-Other non-current assets			
1-Effective foreign currency accounts		384,001	1,339,555
2-Foreign currency deposits		-	-
3-Inventory		-	-
4-Prepaid taxes and funds		-	-
5-Deferred tax assets	21	384,001	1,339,555
6-Other miscellaneous non-current assets		-	-
7-Other non-current assets depreciation(-)		-	-
8-Provision for other non-current assets(-)		-	-
II-Total Non current assets		642,909,549	512,767,684
Total assets		697,841,935	556,043,415

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2010

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

	Note	Audited Current period December 31 2010	Audited Prior period December 31 2009
III-Short-term liabilities			
A-Financial liabilities			
1-Due to credit institutions		-	-
2-Financial lease payables		-	-
3-Deferred financial lease costs (-)		-	-
4-Installments of long term borrowings' capital and interests		-	-
5-Issued bonds' capital and interest installments		-	-
6-Other issued debt securities		-	-
7-Value differences of other issued debt securities(-)		-	-
8-Other financial liabilities		-	-
B-Payables from main operational activities	9	13,343,596	13,081,691
1-Payables from insurance operations		18,111	-
2-Payables from reinsurance operations	10	35,197	-
3-Deposits obtained from insurance and reinsurance companies		-	-
4-Payables from pension operations		13,290,288	13,081,691
5-Payables from other main operational activities		-	-
6-Rediscount on other payables from main operational activities (-)		-	-
C-Due to related parties	12, 45	708,421	508,195
1-Due to shareholders		-	-
2-Due to participations		-	-
3-Due to subsidiaries		-	-
4-Due to joint-ventures		-	-
5-Due to personnel	12	13,968	7,411
6-Due to other related parties	12	694,453	500,784
D-Other payables		386,551	125,503
1-Deposits and guarantees received		-	-
2-Other miscellaneous payables	19.1,.47.1	386,551	125,503
3-Rediscount on other payables(-)		-	-
E-Insurance technical provisions		1,992,172	-
1-Unearned premium reserve-net	17.15	1,427,107	-
2-Unexpired risks reserve-net		-	-
3-Life mathematical reserve-net		-	-
4-Outstanding claim reserve-net	17.15	565,065	-
5-Bonus and allowances reserve-net		-	-
6-Reserve for life policies at policyholders' risk-net		-	-
7-Other technical reserves-net		-	-
F-Taxes and other fiscal liabilities and reserves		1,238,347	1,060,826
1-Taxes and funds payable		1,102,964	949,177
2-Social security withholdings payable		135,383	111,649
3-Overdue, deferred or restructured taxes and other fiscal liabilities		-	-
4-Other taxes and fiscal liabilities		-	-
5-Corporate tax provision and other fiscal liabilities		-	-
6-Prepaid corporate tax and other fiscal liabilities(-)		-	-
7-Other taxes and fiscal liabilities reserve		-	-
G-Reserves for other risks		1,803,062	1,610,071
1-Reserve for employment termination benefits		-	-
2-Reserve for social aid fund deficiency		-	-
3-Reserve for cost accruals	23	1,803,062	1,610,071
H-Deferred income and expense accruals		12,422	-
1-Deferred income	19	12,422	-
2-Expense accruals		-	-
3-Other deferred income and expense accruals		-	-
I-Other current liabilities		37,887	103,411
1-Deferred tax liabilities		-	-
2-Count surplus		-	-
3-Other miscellaneous current liabilities		37,887	103,411
III-Total current liabilities		19,522,458	16,489,697

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2010

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

	Note	Audited Current period December 31 2010	Audited Prior period December 31 2009
IV-Long-term liabilities			
A-Financial liabilities			
1-Due to credit institutions		-	-
2-Financial lease payables		-	-
3-Deferred financial lease costs (-)		-	-
4-Issued bonds' capital and interest installments		-	-
5-Other issued debt securities		-	-
6-Value differences of other issued debt securities(-)		-	-
7-Other financial liabilities		-	-
B-Payables from main operational activities			
1-Payables from insurance operations	17, 19	639,760,041	509,901,000
2-Payables from reinsurance operations		-	-
3-Deposits obtained from insurance and reinsurance companies		-	-
4-Payables from pension operations		639,760,041	509,901,000
5-Payables from other main operational activities		-	-
6-Rediscount on other payables from main operational activities (-)		-	-
C-Due to related parties			
1-Due to shareholders		-	-
2-Due to participations		-	-
3-Due to subsidiaries		-	-
4-Due to joint-ventures		-	-
5-Due to personnel		-	-
6-Due to other related parties		-	-
D-Other payables			
1-Deposits and guarantees received	19	91,424	93,555
2-Other miscellaneous payables		-	-
3-Rediscount on other payables(-)		-	-
E-Insurance technical provisions			
1-Unearned premium reserve-net		10,669,467	-
2-Unexpired risks reserve-net		-	-
3-Life mathematical reserve-net	17.15	10,435,706	-
4-Outstanding claim reserve-net		-	-
5-Bonus and allowances reserve-net		-	-
6-Reserve for life policies at policyholders' risk-net		-	-
7-Other technical reserves-net	17.15	233,761	-
F-Other fiscal liabilities and reserves			
1-Other fiscal liabilities		-	-
2-Overdue, deferred or restructured taxes and other fiscal liabilities		-	-
3-Other taxes and fiscal liabilities reserve		-	-
G-Reserves for other risks			
1-Reserve for employment termination benefits	22	182,252	115,409
2-Reserve for social aid fund deficiency		-	-
H-Deferred income and expense accruals			
1-Deferred income		-	-
2-Expense accruals		-	-
3-Other deferred income and expense accruals		-	-
I-Other long-term liabilities			
1-Deferred tax liabilities		-	-
2-Other long-term liabilities		-	-
IV-Total long-term liabilities		650,703,184	510,109,964

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Balance sheet as of December 31, 2010

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

		Audited Current period	Audited Prior period
	Note	December 31 2010	December 31 2009
V-Shareholders' equity			
A-Paid in share capital			
1-(Nominal) capital	1.1, 15	46,159,772	46,159,772
2-Unpaid capital (-)		-	-
3-Adjustments to share capital		1,159,772	1,159,772
4-Adjustments to share capital (-)		-	-
B-Capital reserves			
1-Share premium		-	-
2-Profit from stock abrogations		-	-
3-Sales profit addition to the capital		-	-
4-Foreign currency translation differences		-	-
5-Other capital reserves		-	-
C-Profit reserves			
1-Legal reserves		195,871	-
2-Statutory reserves		-	-
3-Extraordinary reserves		-	-
4-Special reserves		-	-
5-Valuation of financial assets	15	195,871	-
6-Other profit reserves		-	-
D-Retained earnings			
1-Retained earnings		-	-
E-Accumulated deficit (-)			
1-Accumulated deficit		(16,716,018)	(16,351,628)
F-Net profit/(loss)			
1-Net period profit		(2,023,332)	(364,390)
2-Net period loss (-)		-	-
		(2,023,332)	(364,390)
V-Total shareholders' equity			
		27,616,293	29,443,754
Total liabilities and shareholders' equity (III+IV+V)			
		697,841,935	556,043,415

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi**Income statement for the year ended December 31, 2010**

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

	Note	Audited Current period December 31 2010	Audited Prior period December 31 2009
A-Non-life technical income		80,813	-
1-Earned premiums-net of reinsurer's share		80,813	-
1.1-Written premiums-net of reinsurer's share	24	699,461	-
1.1.1-Gross written premiums (+)	24	758,363	-
1.1.2-Premiums ceded to reinsurers (-)	24	(58,902)	-
1.2-Change in unearned premiums reserve-net of reinsurer's share (+/-)	17.15	(618,647)	-
1.2.1-Unearned premiums reserve (-)	17.15	(671,106)	-
1.2.2-Ceded unearned premiums reserve (+)	17.15	52,459	-
1.3-Change in unexpired risks reserve-net of reinsurer's share (+/-)		-	-
1.3.1-Unexpired risks reserve (-)		-	-
1.3.2-Ceded unexpired risks reserve (+)		-	-
2-Investment income transferred from non-technical section		-	-
3-Other technical income-net of reinsurer's share		-	-
3.1-Gross other technical income (+)		-	-
3.2-Other technical income-reinsurance share (-)		-	-
B-Non-life technical expense (-)		(114,713)	-
1-Incurred losses-net of reinsurer's share		(20,303)	-
1.1-Paid claims-net of reinsurer's share		-	-
1.1.1-Gross claims paid (-)		-	-
1.1.2-Ceded claims paid (+)		-	-
1.2-Change in outstanding claims reserve-net of reinsurer's share (+/-)	17.15	(20,303)	-
1.2.1-Outstanding claims reserve (-)	17.15	(26,878)	-
1.2.2-Ceded outstanding claims reserve (+)	17.15	6,575	-
2-Change in bonus and allowance reserve-net of reinsurer's share and reversals (+/-)		-	-
2.1-Bonus and allowance reserve (-)		-	-
2.2-Ceded bonus and allowance reserve (+)		-	-
3-Change in other technical reserves-net of reinsurer's share (+/-)	17.15	(14,599)	-
4-Underwriting expenses (-)	31	(79,811)	-
C-Net technical balance-Non-life (A-B)		(33,900)	-
D-Life technical income		18,630,408	-
1-Earned premiums-net of reinsurer's share		18,630,408	-
1.1-Written premiums-net of reinsurer's share	24	19,438,868	-
1.1.1-Gross written premiums (+)	24	19,528,571	-
1.1.2-Premiums ceded to reinsurers (-)	24	(89,703)	-
1.2-Change in unearned premiums reserve-net of reinsurer's share (+/-)	17.15	(808,460)	-
1.2.1-Unearned premiums reserve (-)	17.15	(808,598)	-
1.2.2-Ceded unearned premiums reserve (+)	17.15	138	-
1.3-Change in unexpired risks reserve-net of reinsurer's share (+/-)		-	-
1.3.1-Unexpired risks reserve (-)		-	-
1.3.2-Ceded unexpired risks reserve (+)		-	-
2-Life investment income		-	-
3-Unrealized profits from investments		-	-
4-Other technical income-net of reinsurance share		-	-
E-Life technical expense		(20,149,335)	-
1-Incurred losses-net of reinsurer's share		(1,166,755)	-
1.1-Paid claims-net of reinsurer's share	17.15	(621,993)	-
1.1.1-Gross claims paid (-)		(621,993)	-
1.1.2-Ceded claims paid (+)		-	-
1.2-Change in outstanding claims reserve-net of reinsurer's share (+/-)	17.15	(544,762)	-
1.2.1-Outstanding claims reserve (-)	17.15	(551,742)	-
1.2.2-Ceded outstanding claims reserve (+)	17.15	6,980	-
2-Change in bonus and allowance reserve-net of reinsurer's share and reversals (+/-)		-	-
2.1-Bonus and allowance reserve (-)		-	-
2.2-Ceded bonus and allowance reserve (+)		-	-
3-Change in life mathematical reserve-net of reinsurer's share (+/-)	17.15	(10,435,706)	-
3.1-Life mathematical reserve (-)	17.15	(10,467,587)	-
3.2-Ceded life mathematical reserve(+)	17.15	31,881	-
4-Change in investments at life policyholders' risk-net of reinsurer' share (+/-)		-	-
4.1-Investments at life policyholders' risk (-)		-	-
4.2-Investments at life policyholders' risk-reinsurer's share (+)		-	-
5-Change in other technical provisions-net of reinsurer' share (+/-)	17.15	(219,162)	-
6-Underwriting expenses (-)	31	(8,327,712)	-
7-Investment expenses (-)		-	-
8-Unrealized losses in investments (-)		-	-
9-Investment income transferred to non technical part (-)		-	-
F-Net technical balance-Life (D-E)		(1,518,927)	-
G-Pension technical income		28,160,721	24,911,810
1-Fund management income		18,192,724	13,664,458
2-Management expense charges		5,345,584	5,486,149
3-Subscription fee	25	4,530,066	5,761,203
4-Management expense charges in case of a break		92,347	-
5-Special service expense charges		-	-
6-Capital advance value increase income		-	-
7-Other technical income		-	-
H-Pension technical expense		(28,449,068)	(25,333,255)
1-Fund management expense(-)	45	(3,619,151)	(2,879,449)
2-Capital advance value decrease expense (-)		-	-
3-Underwriting expenses (-)	31	(24,158,671)	(21,848,145)
4-Other technical expenses (-)		(671,246)	(605,661)
I-Net technical balance-Retirement (G-H)		(288,347)	(421,445)

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi
Income statement for the year ended December 31, 2010
(Amounts expressed in-Turkish Lira [TL] unless otherwise stated)

	Note	Audited Current period December 31 2010	Audited Prior period December 31 2009
II-Non-technical section			
C-Net technical balance-Non-life (A-B)		(33,900)	-
F-Net technical balance-Life (D-E)		(1,518,927)	-
I-Net technical balance-Pension (G-H)		(288,347)	(421,445)
J-Total technical balance (C+F+I)		(1,841,174)	(421,445)
K-Investment income		2,545,032	3,187,339
1-Income from financial investments	26	2,373,959	2,898,186
2-Income from liquidation of financial investments	26	-	61,193
3-Valuation of financial investments	26, 27	147,493	-
4-Foreign exchange gains	36	23,580	227,960
5-Income from participations		-	-
6-Income from subsidiaries and joint-ventures		-	-
7-Income from property, land and buildings		-	-
8-Income from derivatives		-	-
9-Other investments		-	-
10-Investment income transferred from life technical section		-	-
L-Investment expense (-)		(763,393)	(882,047)
1-Investment management expenses (interest included) (-)		-	-
2-Diminution in value of investments(-)		-	-
3-Loss from liquidation of investments (-)		-	-
4-Investment income transferred to non-life technical section(-)		-	-
5-Loss from derivatives(-)		-	-
6-Foreign exchange losses(-)	36	(55,312)	(337,429)
7-Depreciation expenses(-)	6,8	(708,081)	(544,618)
8-Other investment expenses(-)		-	-
M-Income and expenses from other and extraordinary operations(+/-)		(1,963,797)	(2,248,237)
1-Provisions(+/-)	47.5	(931,080)	(1,370,787)
2-Rediscounts(+/-)		-	-
3-Special insurance account (+/-)		-	-
4-Inflation adjustment(+/-)		-	-
5-Deferred tax assets (+/-)	21,35	(957,661)	(798,372)
6-Deferred tax liability expenses(-)		-	-
7-Other income and gains		145	2,118
8-Other expenses and losses(-)		(75,201)	(81,196)
9-Prior year's income and gains		-	-
10-Prior year's expenses and losses(-)		-	-
N-Net profit/(loss) for the period		(2,023,332)	(364,390)
1-Profit/(loss) for the period		(2,023,332)	(364,390)
2-Corporate tax provision and other fiscal liabilities (-)		-	-
3-Net profit/(loss) for the period		(2,023,332)	(364,390)
4-Inflation adjustment		-	-

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi**Statement of changes in equity for the year ended December 31, 2010**

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

December 31, 2010												
Bağımsız denetimden geçmiştir												
	Capital	Own shares (-)	Valuation reserves	Adjustment to share capital	Foreign currency translation differences	Legal reserves	Statutory reserves	Valuation of financial assets	Other reserves and undistributed profit	Net profit/loss for the period	Retained earnings (accumulated losses)	Total
Current period												
I-Balance as of December 31, 2009	45,000,000	-	-	1,159,772	-	-	-	-	-	(364,390)	(16,351,628)	29,443,754
II-Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
III-Adjusted balances (I + II) (January 1, 2010)	45,000,000	-	-	1,159,772	-	-	-	-	-	(364,390)	(16,351,628)	29,443,754
A-Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-	-
1-Cash	-	-	-	-	-	-	-	-	-	-	-	-
2-Internal resources	-	-	-	-	-	-	-	-	-	-	-	-
B-Company's purchase of own shares	-	-	-	-	-	-	-	-	-	-	-	-
C-Income and loss not included in income statement	-	-	-	-	-	-	-	-	-	-	-	-
D-Increase in value of financial assets	-	-	-	-	-	-	-	195,871	-	-	-	195,871
E-Foreign currency translation difference	-	-	-	-	-	-	-	-	-	-	-	-
F-Other income and loss	-	-	-	-	-	-	-	-	-	-	-	-
G-Inflation restatement differences	-	-	-	-	-	-	-	-	-	-	-	-
H-Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	(2,023,332)	-	(2,023,332)
I-Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
J-Transfer to prior year profits (losses)	-	-	-	-	-	-	-	-	-	364,390	(364,390)	-
IV-Balance as of December 31, 2010	45,000,000	-	-	1,159,772	-	-	-	195,871	-	(2,023,332)	(16,716,018)	27,616,293
(III+ A+B+C+D+E+F+G+H+I+J)												
December 31, 2009												
Audited												
	Capital	Own shares (-)	Valuation reserves	Adjustment to share capital	Foreign currency translation differences	Legal reserves	Statutory reserves	Valuation of financial assets	Other reserves and undistributed profit	Net profit/loss for the period	Retained earnings (accumulated losses)	Total
Prior period												
I-Balance as of December 31, 2007	45,000,000	-	-	1,159,772	-	-	-	-	-	845,098	(17,196,726)	29,808,144
II-Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
III-Adjusted balances (I + II) (January 1, 2008)	45,000,000	-	-	1,159,772	-	-	-	-	-	845,098	(17,196,726)	29,808,144
A-Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-	-
1-Cash	-	-	-	-	-	-	-	-	-	-	-	-
2-Internal resources	-	-	-	-	-	-	-	-	-	-	-	-
B-Company's purchase of own shares	-	-	-	-	-	-	-	-	-	-	-	-
C-Income and loss not included in income statement	-	-	-	-	-	-	-	-	-	-	-	-
D-Increase in value of financial assets	-	-	-	-	-	-	-	-	-	-	-	-
E-Foreign currency translation difference	-	-	-	-	-	-	-	-	-	-	-	-
F-Other income and loss	-	-	-	-	-	-	-	-	-	-	-	-
G-Inflation restatement differences	-	-	-	-	-	-	-	-	-	-	-	-
H-Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	(364,390)	-	(364,390)
I-Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
J-Transfer to prior year profits (losses)	-	-	-	-	-	-	-	-	-	(845,098)	845,098	-
IV-Balance as of December 31, 2009	45,000,000	-	-	1,159,772	-	-	-	-	-	(364,390)	(16,351,628)	29,443,754
(III+ A+B+C+D+E+F+G+H+I+J)												

The accompanying notes on pages 55 through 108 form an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Cash flow statement for the year ended December 31, 2010

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

		Audited Current period	Audited Prior period
	Note	December 31 2010	December 31 2009
A. Cash flows from operating activities			
1. Cash flows from insurance activities		20,241,993	-
2. Cash flows from reinsurance activities		-	-
3. Cash flows from pension activities		26,551,684	27,277,982
4. Cash used in insurance activities (-)		(9,805,094)	-
5. Cash used in reinsurance activities (-)		-	-
6. Cash used in pension activities (-)		(28,240,471)	(28,753,528)
7. Cash flows from operating activities (A1+A2+A3-A4-A5-A6)		8,748,112	(1,475,546)
8. Interest payments (-)			-
9. Income tax payments (-)			-
10. Other cash inflows		1,793,927	980,454
11. Other cash outflows (-)		(1,528,724)	(2,908,386)
12. Net cash flows from operating activities		9,013,315	(3,403,478)
B. Cash flows from investing activities			
1. Proceeds from sale of tangible assets		-	76,155
2. Purchases of tangible assets (-)	6,8	(1,840,654)	(235,662)
3. Purchases of financial assets (-)		(5,548,120)	-
4. Proceeds from sale of financial assets		-	-
5. Proceeds from interest received		2,270,154	3,127,439
6. Dividends received		-	-
7. Other cash inflows		28,678	2,458
8. Other cash outflows (-)		(567,522)	(132,581)
9. Net cash flows from investing activities		(5,657,464)	2,837,809
C. Cash flows from financing activities			
1. Proceeds from shares issued		-	-
2. Repayment of loans		-	(143,986)
3. Financial leasing payments (-)		-	-
4. Dividends paid (-)		-	-
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Net cash flows from financing activities		-	(143,986)
D. Impact of foreign exchange differences on cash and cash equivalents			
		13,321	20,654
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)			
		3,369,172	(689,001)
F. Cash and cash equivalents at beginning of period			
	14	35,414,894	36,103,895
G. Cash and cash equivalents at end of period (E+F)			
	14	38,784,066	35,414,894

The accompanying notes on pages 55 through 108 from an integral part of these financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

1. General information

1.1 The title of the parent company and the ultimate shareholder

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

	December 31, 2010		December 31, 2009	
	Amount TL	Shareholding %	Amount TL	Shareholding %
ING Continental Europe Holdings B.V.	44,999,996	100	44,999,996	100
Other	4	<1	4	<1
	45,000,000	100	45,000,000	100

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

The Company maintains its operations at headquarters located at Beyoğlu Arapcami Mah., Tersane Cad., No: 5, İstanbul and has joint stock company statute as per the Turkish Commercial Code.

1.3 The Company’s main operations

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

Eight pension funds were established by the Company as of December 31, 2010 (Eight pension funds were established by the Company as of December 31, 2009).

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

In the last quarter of 2009, as a part of the restructuring plan agreed with European Commission, the ING Group has decided to separate the banking and insurance activities.

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

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

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

1.5 Average number of employees by categories

	December 31, 2010 Unit	December 31, 2009 Unit
Executive management	3	3
Management	14	13
Specialist	91	84
Staff	7	7
Other	3	3
Total	118	110

1.6 Wages and other benefits given to executive management

The gross remuneration and fringe benefits provided to executive management such as the chairman of the board of directors and its members, general manager, assistant general managers and general coordinators are incurred as TL 2,226,720 in the period between January 1-December 31, 2010 (December 31, 2009-TL 2,568,889).

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

The distribution of underwriting expenses is made in line with the criteria announced by the Treasury on January 4, 2008.

The Company used the distribution key approved by the Treasury on April 12, 2010 in its financial statements. Using this table, the Company is able to distribute investment income and underwriting expenses to the relevant branches. Since exclusive income/expenses are subject to distribution, the branch specific income/expenses are not included in the distribution tables. The key uses the ratio of pension certificate numbers and amount of contribution fees over policy numbers and premium production for the insurance branches.

1.8 Stand-alone or consolidated financial statements

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

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

Entity Name	: ING Emeklilik Anonim Şirketi
Headquarter Address	: Beyoğlu Arapcami Mah., Tersane Cad., No:5 İstanbul
Phone	: (212) 334 05 00
Fax	: (212) 251 17 13
Web page address	: www.ingemeklilik.com.tr
E-mail address	: muhasebe@ingemeklilik.com.tr

1.10 Subsequent events

The Company's financial statements have been approved by Board of Directors resolution numbered 182 on March 11, 2011. General Assembly and regulatory bodies are authorized to make changes after publication of the financial statements. The subsequent events are explained at the footnote numbered 46.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

Accounting standards

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

“The Decree on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” was published in the Official Gazette No: 26582 on July 14, 2007 and has become effective as of January 1, 2008. The decree requires the recognition and measurement of operations of the insurance and reinsurance companies in accordance with the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) issued by Turkish Accounting Standards Board (“TASB”)

In the announcement of Treasury No:9 and dated February 18, 2008, it is notified that the standards, “TFRS 4-Insurance Contracts”, “TAS 27-Consolidated and Separate Financial Statements”, and “TAS 1-Presentation of Financial Statements”, are not applicable. In accordance with “The Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies” published on the official gazette numbered 27097 and dated December 31, 2008, it is required to prepare consolidated financial statements. The Company has no affiliates or subsidiaries, which are subject to consolidation.

First paragraph of the 4th item of the aforesaid legislation affirms that “The Company’s operations are accounted in accordance with the regulations stated by this legislation and principles set by TASB on the preparation and presentation of financial statements except for the subjects noted in 2nd paragraph set by the Treasury; where the 2nd paragraph states that “the principles on the preparation of the financial statements and related disclosures of insurance agreements; and the accounting standards on the preparation of the consolidated financial statements of affiliates, jointly controlled entities, and subsidiaries are determined by the communiqués declared by the Treasury”.

a. Financial reporting in hyperinflationary economies

With respect to the declaration of the Treasury numbered 19387 and dated April 4, 2005, the Company’s financial statements as of December 31, 2004 are adjusted for the opening balances of 2005 in accordance with the inflation accounting section of the Capital Markets Board (“CMB”) Communiqué XI No. 25 (which came into force as published in the Official Gazette numbered 25290 and dated November 15, 2003). Moreover, in the same decree of the Treasury also announced that insurance companies are not required to apply inflation accounting effective from January 1, 2005. Therefore non monetary assets, liabilities and shareholders’ equity including share capital reported in the balance sheet as of December 31, 2010 and 2009 are derived by indexing the additions that occurred until December 31, 2004 and carrying the additions after this date with their nominal amounts.

b. Receivables from contract holders

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

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

c. Sales orders

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

d. Receivables of deductions for fund management fee

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

e. Receivables from/payables to the custodian

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

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

f. Allocation of capital advance for pension funds

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

g. Temporary accounts for contract holders

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

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

h. Unearned income

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

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

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

i. Purchase orders account

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

i. Payables to private pension agencies

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

j. Effects of the changes in foreign exchange rates

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

k. Subsequent events

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

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

2.1.2 Other related accounting policies relevant for the financial statements

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

2.1.3 Functional currency

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

2.1.4 Rounding degree used in the financial statements

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

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

The financial statements have been prepared on the historical cost basis

2.1.6 Changes in accounting policies and estimates and errors

The Company has been preparing its financial statements in accordance with the accounting policies defined in disclosure numbered 2.1.1, starting from January 1, 2008. The impacts of the implementation of accounting policies on the prior years were reflected on the opening balances of 2008.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

Adoption of new and revised Turkish Financial Reporting Standards

The accounting policies, which are basis of presentation of financial statements, are consistent with those of the previous financial year except for the new standards and interpretation summarized below. The following new and amended TFRS and Turkish Financial Reporting Interpretations Committee (TFRIC) interpretations are adopted in the periods beginning on January 1, 2010.

- TFRIC 17 Distributions of Non-cash Assets to Owners,
- TAS 39 Financial Instruments: Recognition and Measurement (Amended)-eligible hedged items,
 - TFRS 2 Group Cash-settled Share-based Payment Transactions (Amended),
 - TFRS 3 Business Combinations (Revised) and TAS 27 Consolidated and Separate Financial Statements (Amended),
 - Improvements to TFRSs (May 2008)-All amendments issued are effective as at December 31, 2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively,
 - Improvements to TFRSs (April 2009)

Aforementioned new and amended TFRS and TFRIC interpretations do not have any significant impact on the financial statements of the Company.

Standards issued but not yet effective and not early adopted

Standards that have been announced as of the date of the approval of the financial statements but not yet effective and the Company has not adopted early and changes and interpretations made on the existing standards are as follows:

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation is effective for annual periods beginning on or after July 1, 2010. The interpretation does not have any effect on the Company's financial position or performance.

TFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)

The amendment is effective for annual periods beginning on or after January 1, 2011. The interpretation does not have any effect on the Company's financial position or performance.

TFRS 9 Financial assets, classification and measurement

The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

TAS 32 Classification on Rights Issues (Amended)

The amendment is effective for annual periods beginning on or after February 1, 2010. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

TAS 24 Related Party Disclosures (Revised)

The revision is effective for annual periods beginning on or after January 1, 2011. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

In May 2010 the TASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning July 1, 2010. Early application is permitted.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

- TFRS 3 Business Combinations, effective for annual periods beginning on or after July 1, 2010.
- TFRS 7 Financial Instruments: Disclosures, effective for annual periods beginning on or after January 1, 2011.
- TAS 1 Presentation of Financial Statements, effective for annual periods beginning on or after January 1, 2011.
- TAS 27 Consolidated and Separate Financial Statements, effective for annual periods beginning on or after July 1, 2010.
- TAS 34 Interim Financial Reporting, effective for annual periods beginning on or after January 1, 2011.
- TFRIC 13 Customer Loyalty Programmes, effective for annual periods beginning on or after January 1, 2011.

TFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended),

The amendment is effective for annual periods beginning on or after July 1, 2011. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

2.2 Consolidation

The Company does not have any affiliates or subsidiaries.

2.3 Segment reporting

As of December 31, 2010 and 2009, the Company operates in Turkey in private pension business segment and as of March 10, 2010 and August 16, 2010, the Company has started to operate in life and personal accident insurance, respectively. Moreover, the Company is not listed. Due to these facts, segment reporting is not disclosed.

2.4 Transactions in foreign currencies

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

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

2.5 Property and equipment

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

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

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

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

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Notes to financial statements as of December 31, 2010 (continued)

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

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

Property and equipment are depreciated with useful lives stated below :

	Useful life
Machinery and equipment	5 yıl
Vehicles	4 yıl
Fixtures	5 yıl
Leasehold improvements	5 yıl

2.6 Investment properties

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

2.7 Intangible assets

Intangible assets acquired

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

Computer software

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

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

2.8 Financial assets

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

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

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

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

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Effective interest method

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

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

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

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

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

Loans and receivables

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

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Notes to financial statements as of December 31, 2010 (continued)

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

2.9 Impairment of assets

Impairment of non-financial assets

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

Impairment of financial assets

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

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

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

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

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

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

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

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

2.10 Derivative financial instruments

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

2.11 Offsetting of financial assets and liabilities

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

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Notes to financial statements as of December 31, 2010 (continued)

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2.12 Cash and cash equivalents

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

2.13 Share capital

As of December 31, 2010, the Company’s nominal capital is TL 45,000,000, and is formed by 45,000,000 shares with a par value of TL 1 (one) per share. (As of December 31, 2009, the Company’s nominal capital is TL 45,000,000, and is formed by 45,000,000 shares with a par value of TL 1 (one) per share.)

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

There is no capital increase in the current year.

2.14 Insurance and investment contracts-classification

Insurance contracts:

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

The Company records policies on the date the insurance risk is transferred and keeps them under insurance policies until all rights and obligations relating to the policy have expired and/or matured (December 31, 2009: None)

Investment contracts:

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

Reinsurance agreements:

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

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

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

2.15 Insurance and investment contracts with discretionary participation features

None.

2.16 Investment contracts without discretionary participation features

None.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

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Notes to financial statements as of December 31, 2010 (continued)

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

2.17 Borrowings

Contractual financial liabilities are liabilities which foresee the Company:

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

As of December 31, 2010, the Company has no borrowing liability.

2.18 Deferred tax

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

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

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

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

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

2.19 Employee benefits

(a) Defined benefit plans :

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

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

(b) Defined contribution plans:

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

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Notes to financial statements as of December 31, 2010 (continued)

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

2.20 Provisions

Provisions, contingent liabilities and contingent assets

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

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

As of balance sheet date the amount of the lawsuits filed against the Company is TL 864,657 and TL 884,639 is reserved for in the accompanying financial statements (December 31, 2010-TL 392,010). There is a case amounting TL 105,337 that the Company has filed against third parties (December 31, 2009-TL 105,337). There are no other claims filed against the Company after December 31, 2010 which may have material effect on the financial statements of the Company.

Technical provisions

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

Unearned premium reserve

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

According to paragraph five of article five of the same Decree, commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium are recorded under deferred expenses and income and other related accounts. Deferred commission expense and income as of December 31, 2010 TL 502,637 TL and TL 12,422, respectively (December 31, 2009-None).

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Notes to financial statements as of December 31, 2010 (continued)

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Unexpired risks reserve

According to Article 6 of the Decree on Technical Reserves, the Company can provide provision at accepted branches that assumed risk level is not compatible with distribution of earned premiums, in case of if the unearned premiums cannot meet with assumed risk and expected costs to unearned premiums reserves. As of December 31, 2010 there is no requirement for unexpired risk reserve for the Company (December 31, 2009-None)

Outstanding claim reserve

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

Insurance companies are required to account additional reserves for incurred but not reported claims (IBNR). In calculation of IBNR, the Company is required to consider five years' historic information. Since the Company has started to issue life and personal accident policies since March 10, 2010 and August 16, 2010, respectively, there is not sufficient statistical dataset. Hence the Company has considered sector averages published in The Association of Insurance and Reinsurance Companies' circular dated September 17, 2010 No. 2010/451 in the calculation of IBNR. As of December 31, 2010, the company recognized TL 438,310 gross IBNR, TL 13,555 ceded IBNR and TL 140,310 outstanding claim reserve.

Since the Company does not have sufficient actuarial dataset as of December 31, 2010, the actuarial chain ladder method (ACLM) has not been calculated.

Life mathematical reserves

Life mathematical reserves comprise of actuarial mathematical reserves determined according to the technical principles set out in the tariffs for all of the policies in force and represent the Company's total liability to the policyholders in the life branch. The mathematical reserves are the difference between the present values of the claims that are committed to be paid to the insured and dependants and premiums received for the risk undertaken. Actuarial mathematical reserves are provided according to the formulations in the technical principles of tariffs for the life policies over one year. Actuarial mathematical reserves are calculated as the difference between the present values of the liabilities to be fulfilled by the insurance company in the future and premiums to be paid by the insured in the future (prospective method). However, in the case where actuarial mathematical reserves are calculated as the difference between the total of premiums paid by the insured and the result of the risk undertaken by the insurance company (retrospective method) or according to the general accepted actuarial methods, actuarial mathematical reserves can not be lower than this total. Negative results are considered as nil. Actuarial mathematical reserves can be calculated according to accrual or collection principle based on the technical characteristics of the tariff. The company recognized TL 10,435,706 life mathematical reserve as of December 31, 2010 (December 31, 2009-None).

Equalization reserve

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

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Notes to financial statements as of December 31, 2010 (continued)

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Based on the sector announcement numbered 2009/9 dated March 27, 2009, insurance companies are required to recognize equalization reserve for the insurance contracts including additional earthquake coverage in life and personal accident branches for death and disability due to earthquake. In addition, the calculation technique of the equalization reserves determined by the Treasury by Decree numbered 27655 and dated July 28, 2010 has been changed. According to the related fifth paragraph of article 9 of the same Decree entitled as “Equalization Reserves”, insurance companies can use their own statistical dataset for calculation of the equalization reserves for the life policies that have death coverage, but entities not having their own statistical dataset, are required to provide equalization reserve via considering 11% of the amount of premium related to death coverage (also include costs share) as earthquake premium and 12% of the same amount as equalization reserve. As of December 31, 2010 the Company made equalization provision amounting to TL 233,761 (31 December 2009-None).

2.21 Revenue recognition

Written premiums

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

Received and paid commissions

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

Fund management income

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

Administrative (management) expense charges

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

Income from the entrance (subscription) fee

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

Interest income from capital advance

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

Pension underwriting expenses

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

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Notes to financial statements as of December 31, 2010 (continued)

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Agency commissions

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

Interest income and expense

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

Dividend income

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

2.22 Leasing-the Company as lessor

The Company has no leasing receivables as of the balance sheet date.

2.23 Profit share distribution

Dividend per share

None.

2.24 Related parties

Parties are considered related to the Company if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control (this includes parents, subsidiary and fellow subsidiary);
 - (ii) has an interest that gives it significant influence; or
 - (iii) has joint control;
- (b) the party is an associate;
- (c) the party is a joint venture;
- (d) the party is a member of the key management personnel;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees or of any entity that is a related party.

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

ING Group of companies, other than shareholders and senior managers have been identified as other related parties in disclosures of December 31, 2010 and December 31, 2009 financials.

2. 25 Additional paragraph for convenience translation to English:

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

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Notes to financial statements as of December 31, 2010 (continued)

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

3. Significant accounting estimates and judgements

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

Deferred tax

The Company has TL 4,035,149 carry forward tax losses as of the current year end available against taxable profits (December 31, 2009: TL 10,103,760). The Company has not recognized deferred tax assets for these losses considering the future projections and with respect to the principle of prudence (As of December 31, 2009 the Company estimates that TL 5,067,361 of these tax losses will be deducted from taxable profits based on projections for the following 5 years and TL 1,013,472 deferred tax asset was recognized as of the balance sheet date)

Doubtful receivables provision

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

Defined benefit plans

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

Provisions for lawsuits

As of December 31, 2010 and December 31, 2009, in accordance with advices received from lawyer of the Company, the Company has recognized a provision for 15% of the principal amount of moral cases and full provision for other cases, including all lawyer fees totally amounting to TL 884,639 based on the consideration that the case will be lost and cash outflow is expected (2009-TL 392,010). There is no claim case filed against a third party in favor of the Company.

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

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4. Insurance and financial risk management

4.1 Risk management and insurance risk

4.1.1 Risk management process, operational risk and compliance risk

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

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

Goals of the operational risk function:

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

Risk management of the Company is as follows:

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

Risk management process is composed of following steps:

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

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Operational risk categories are as follows:

- Control risk,
- Unauthorised Activity Risk,
- Processing Risk,
- Employment Practice & Workplace Security Risk,
- Information (Technology) Risk,
- Business Continuity Risk,
- Compliance Risk,
- Internal Fraud Risk,
- External Fraud Risk.

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

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

Compliance Risk Management is as follows:

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

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

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

4.1.2 Information about insurance risk (before and after reinsurance)

4.1.2.1 Sensitivity to insurance risk

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

The Company has surplus and catastrophic excess of loss treaties in life and non-life businesses. In addition to that, the Company can engage in facultative agreements for those risks exceeding automatic treaty limit. The Company has set TL 130,000 limit per the insured in its 2010 surplus treaty.

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4.1.2.2 Concentration risk (geographical, nature and currency)

The Company issues policies in life and personal accident branch. According to this, insurance concentration in terms of nature is disclosed below as gross and net (December 31, 2009-None).

December 31, 2010	Total gross risk coverage	Total ceded risk coverage	Net risk coverage
Life	1,876,825,141	21,008,053	1,855,817,088
Personal accident	911,404,308	78,916,907	832,487,401
Total	2,788,229,449	99,924,960	2,688,304,489

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

Current year's incurred losses are disclosed below (December 31, 2009-None).

December 31, 2010	Gross	Ceded	Net
Incurred loss-Life	1,173,735	6,980	1,166,755
Incurred loss-Personal accident	26,878	6,575	20,303
Total	1,200,613	13,555	1,187,058

4.1.2.4 Impacts of assumption changes in the financial statements (material)

Reserves and their balance sheet impacts as of December 31, 2010 are as follows.

- Unexpired risks reserve

It is the reserve provided for the possibility that the liabilities related to the insurance contracts are greater than the unearned premium reserve. It is calculated for the prior 12 months for each reporting period.

Impact on balance sheet at December 31, 2010: The Company started to operate in life and personal accident businesses on March 10, 2010 and August 16, 2010, respectively, therefore, no reserve is provided (December 31, 2009-None).

- IBNR and ACLM

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

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

Impact on balance sheet at December 31, 2010: In the calculation of IBNR, the Company is required to consider the 5 years dataset. The Company started to operate in life and personal accident businesses on March 10, 2010 and August 16, 2010, respectively, therefore, no reserve is provided. As a result, sector averages announced are used. Sector IBNR averages announced in the circular dated September 17, 2010 and numbered 2010/451 by Association of the Insurance and Reinsurance Companies of Turkey are considered. The Company accounted TL 438,310 gross IBNR and TL 13,555 ceded IBNR in the financial statements as of December 31, 2010 (December 31, 2009-None).

The Company has not performed a calculation for ACLM since there is no statistical dataset as of December 31, 2010 (December 31, 2009-None).

• Unearned premium reserve

According to the 5th article of the Decree on the Technical Reserves, the Company accounted for gross unearned premium reserve calculated on a daily basis for all policies in force without deducting commissions or any other expenses after January 1, 2008.

Impact on balance sheet at December 31, 2010: Gross unearned premiums reserves accounted as of December 31, 2010 by the Company are TL 808,598 and TL 671,107 for life and personal accident branches, respectively (December 31, 2009-None).

• Equalization reserve

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

Impact on balance sheet at December 31, 2010: Gross equalization reserve accounted as of December 31, 2010 by the Company are TL 257,777 and TL 17,506 for life and personal accident branches, respectively (December 31, 2009-None).

• Life mathematical reserves

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

Impact on balance sheet at December 31, 2010: Gross reserve set by the Company as of December 31, 2010 is TL 10,467,587 (December 31, 2009-None).

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Notes to financial statements as of December 31, 2010 (continued)

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

4.2 Financial risk

4.2.1 Capital risk management and disclosures about the capital requirement

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

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

Summarized capital adequacy table	December 31, 2010	December 31, 2009
1. Method		
Required capital for non-life branches	103,113	-
Required capital for life branch	3,203,813	-
Required capital for pension branch	3,474,400	3,149,752
Total required capital	6,781,326	3,149,752
2. Method		
Asset risk	3,213,099	2,576,562
Reinsurance risk	8,901	-
Excess premium risk	-	-
Outstanding claims risk	14,127	-
Underwriting risk	1,006,916	-
Exchange and interest rate risk	14,459	18,776
Total required capital	4,257,502	2,595,338
Shareholders' equity	27,850,054	29,443,754
Required capital	6,781,326	3,149,752
Capital adequacy result	21,068,728	26,294,002

4.2.2 Financial risk factors

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

Market risk

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

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Notes to financial statements as of December 31, 2010 (continued)

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Foreign currency risk

The Company’s foreign currency denominated assets and liabilities are exposed to currency risk. The details of the foreign currency denominated assets and liabilities as of December 31, 2010 and December 31, 2009 are stated below:

	December 31, 2010			December 31, 2009		
	Foreign currency amount	Exchange rate (buying)	Amount TL	Foreign currency amount	Exchange rate (buying)	Amount TL
Foreign currency assets						
Banks (foreign currency):						
US Dollars	224,579	1.5460	347,200	217,587	1.5057	327,621
Euro	23,364	2.0491	47,875	23,084	2.1603	49,868
Total			395,075			377,489

	December 31, 2010			December 31, 2009		
	Foreign currency amount	Exchange rate (buying)	Amount TL	Foreign currency amount	Exchange rate (buying)	Amount TL
Foreign currency liabilities						
Deposits and guarantees received:						
US Dollars	20,859	1.5460	32,248	22,869	1.5057	34,434
Euro	12,757	2.0491	26,140	13,857	2.1603	29,935
Expense accruals:						
Euro	44,587	2.0491	91,363	29,055	2.1603	62,767
US Dollars	33,984	1.5460	52,539			
Total			202,290			127,136
Net position			192,785			250,353

Foreign currency sensitivity

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

	December 31, 2010		December 31, 2009	
	USD impact	Euro impact	USD impact	Euro impact
Profit/ (loss)-increase	26,241	(6,963)	29,319	(4,283)
Profit/ (loss)-decrease	(26,241)	6,963	(29,319)	4,283

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Notes to financial statements as of December 31, 2010 (continued)

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

Interest rate risk

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

Below table indicates the impacts of a 5% increase/(decrease) in market interest rates on profit and profit reserves, ceteris paribus (December 31, 2009-None). The logic used in this analysis utilizes the correlation between the average TL bond rate fluctuations, used as the benchmark, and the average interest rate fluctuations of other bonds. Using this correlation, the effect of the 5% change in TL bonds is extrapolated to calculate the effect on other bonds, finding new interest rates and consequently calculating new prices.

December 31, 2010	Impact on profit and profit reserves
Market interest increase/(decrease)	TL
%5 increase	16,487
%5 decrease	(16,621)
Available for sale financial assets	Impact on profit/loss
Market interest increase/(decrease)	TL
%5 increase	(16,487)
%5 decrease	16,621
Cash and cash equivalents	Impact on profit/loss
Market interest increase/(decrease)	TL
%5 increase	(3,383)
%5 decrease	3,398

Price risk

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

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

December 31, 201	Market price increase/(decrease)	Impact on assets
	5%	294,469
	(5%)	(294,469)

Credit risk

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

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

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

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Notes to financial statements as of December 31, 2010 (continued)

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

Liquidity risk

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

Categories of financial instruments:

December 31, 2010									
	Overdue	On demand	Up to 1 Month	1-3 Month	3 Month-1 year	1-5 years	More than 1 year	Unallocated	Total
Cash and cash equivalents	-	9,435,220	29,546,913	-	-	-	-	-	38,982,133
Financial assets	-	-	-	-	-	3,895,277	1,994,100	263,222	6,152,599
Trade receivables	16,252	-	6,062,750	268,490	1,542,738	119,841	-	639,760,041	647,770,112
Due from related parties	91,203	-	59,371	104,036	659,617	-	-	-	914,227
Tangible assets	-	-	-	-	-	-	-	1,327,610	1,327,610
Intangible assets	-	-	-	-	-	-	-	1,318,056	1,318,056
Deferred tax assets	-	-	-	-	-	384,001	-	-	384,001
Other receivables and current assets	-	-	-	5,711	496,926	-	-	490,560	993,197
Total assets	107,455	9,435,220	35,669,034	378,237	2,699,281	4,399,119	1,994,100	643,159,489	697,841,935
Financial liabilities	-	-	-	-	-	-	-	-	-
Trade payables	-	-	13,343,596	-	-	-	-	639,760,041	653,103,637
Due to related parties	-	-	708,421	-	-	-	-	-	708,421
Provisions	-	-	13,480	16,216	1,919,776	10,435,706	-	2,079,524	14,464,702
Total equity	-	-	-	-	-	-	-	27,616,293	27,616,293
Other liabilities	-	-	1,662,782	-	12,422	182,252	-	91,426	1,948,882
Total liabilities and equity	-	-	15,728,279	16,216	1,932,198	10,617,958	-	669,547,284	697,841,935
Net liquidity surplus/(deficit)	107,455	9,435,220	19,940,755	362,021	767,083	(6,218,839)	1,994,100	(26,387,795)	-

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ING Emeklilik Anonim Şirketi**Notes to financial statements as of December 31, 2010 (continued)**

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

December 31, 2009									
	Overdue	On demand	Up to 1 Month	1-3 Month	3 Month-1 year	1-5 years	More than 1 year	Unallocated	Total
Cash and cash equivalents	-	9,262,517	377,489	25,869,690	-	-	-	-	35,509,696
Financial assets	-	-	-	-	-	-	-	263,222	263,222
Trade receivables	6,320	-	5,308,491	375,954	663,247	-	-	509,953,668	516,307,680
Due from related parties	-	-	8,834	74,743	721,300	-	-	-	804,877
Tangible assets	-	-	-	-	-	-	-	880,157	880,157
Intangible assets	-	-	-	-	-	-	-	646,972	646,972
Deferred tax assets	-	-	-	-	-	1,339,555	-	-	1,339,555
Other receivables and current assets	-	-	-	-	-	-	-	291,256	291,256
Total assets	6,320	9,262,517	5,694,814	26,320,387	1,384,547	1,339,555	-	512,035,275	556,043,415
Financial liabilities	-	-	-	-	-	-	-	-	-
Trade payables	-	-	13,081,691	-	-	-	-	509,901,000	522,982,691
Due to related parties	-	-	508,195	-	-	-	-	-	508,195
Provisions	-	-	820,914	-	789,157	-	-	-	1,610,071
Total equity	-	-	-	-	-	-	-	29,443,754	29,443,754
Other liabilities	-	-	1,289,740	-	-	115,409	-	93,555	1,498,704
Total liabilities and equity	-	-	15,700,540	-	789,157	115,409	-	539,438,309	556,043,415
Net liquidity surplus/(deficit)	6,320	9,262,517	(10,005,726)	26,320,387	595,390	1,224,146	-	(27,403,034)	-

Fair value of financial instruments

	December 31, 2010		December 31, 2009	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash at hand	1,895	1,895	1,543	1,543
Cash at banks	38,848,644	38,848,644	35,393,110	35,393,110
Other cash and cash equivalents	131,594	131,594	115,043	115,043
Available-for-sale financial assets	6,152,599	6,152,599(*)	263,222	263,222(*)
Receivables	8,010,071	8,010,071	6,406,680	6,406,680
Due from related parties	914,227	914,227	804,877	804,877
Other receivables	22,719	22,719	6,928	6,928
Total financial assets	54,081,749	54,081,749	42,991,403	42,991,403
Financial liabilities				
Payables	13,343,596	13,343,596	13,081,691	13,081,691
Due to related parties	708,421	708,421	508,195	508,195
Deposits and guarantees received	91,424	91,424	93,555	93,555
Other	386,551	386,551	125,503	125,503
Total financial liabilities	14,529,992	14,529,992	13,808,944	13,808,944

(*) The fair value of Emeklilik Gözetim Merkezi A.Ş shares can not be calculated (book value: TL 263,222).

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.

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

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

Financial assets:

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

Financial liabilities:

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

Fair values of financial assets and liabilities are determined as follows:

Level 1: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.

Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.

Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

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

2010	Level 1	Level 2	Level 3
Available for sale financial assets			
Government bonds	5,889,377	-	-
	5,889,377	-	-

December 31, 2009-None.

5. Segment reporting

Segment reporting is disclosed in note 2.3.

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Notes to financial statements as of December 31, 2010 (continued)

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

6. Tangible assets

	Motor vehicles	Machinery and equipment	Furniture and fixtures	Other tangible assets	Total
Cost					
Opening balance as of January 1, 2010	65,788	2,249,795	615,309	330,124	3,261,016
Additions	-	831,633	24,607	25,923	882,163
Disposals	-	(185,450)	(674)	(12,217)	(198,341)
Closing balance as of December 31, 2010	65,788	2,895,978	639,242	343,830	3,944,838
Accumulated depreciation					
Opening balance as of January 1, 2010	(25,666)	(1,723,483)	(360,843)	(270,867)	(2,380,859)
Charge for the period	(16,377)	(336,072)	(45,016)	(23,210)	(420,675)
Disposals	-	173,498	674	10,134	184,306
Closing balance as of December 31, 2010	(42,043)	(1,886,057)	(405,185)	(283,943)	(2,617,228)
NBV balance as of December 31, 2010	23,745	1,009,921	234,057	59,887	1,327,610

There is no impairment loss recognized for tangible assets in the period.

The Company does not have any pledges and mortgages on tangible assets.

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Notes to financial statements as of December 31, 2010 (continued)

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

	Motor vehicles	Machinery and equipment	Furniture and fixtures	Other tangible assets	Total
Cost					
Opening balance as of January 1, 2009	65,788	2,133,701	577,531	402,240	3,179,260
Additions	-	167,326	43,223	25,113	235,662
Disposals	-	(51,232)	(5,445)	(97,229)	(153,906)
Closing balance as of December 31, 2009	65,788	2,249,795	615,309	330,124	3,261,016
Accumulated depreciation					
Opening balance as of January 1, 2009	(12,563)	(1,574,055)	(264,281)	(269,387)	(2,120,286)
Charge for the period	(13,103)	(187,489)	(102,007)	(35,725)	(338,324)
Disposals	-	38,061	5,445	34,245	77,751
Closing balance as of December 31, 2009	(25,666)	(1,723,483)	(360,843)	(270,867)	(2,380,859)
NBV balance as of December 31, 2009	40,122	526,312	254,466	59,257	880,157

There is no impairment loss recognized for tangible assets in the period.

The Company does not have any pledges and mortgages on tangible assets.

7. Investment properties

None.

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Notes to financial statements as of December 31, 2010 (continued)

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

8. Intangible assets

Cost	Rights	Construction in progress*	Total
Opening balance as of January 1, 2010	2,371,134	250,000	2,621,134
Additions	808,491	150,000	958,491
Disposals	(197)	-	(197)
Transfers	250,000	(250,000)	-
Closing balance as of December 31, 2010	3,429,428	150,000	3,579,428
Accumulated amortization			
Opening balance as of January 1, 2010	(1,974,162)	-	(1,974,162)
Charge for the period	(287,407)	-	(287,407)
Disposals	197	-	197
Closing balance as of December 31, 2010	(2,261,372)	-	(2,261,372)
NBV balance as of December 31, 2010	1,168,056	150,000	1,318,056

Cost	Rights	Construction in progress*	Total
Opening balance as of January 1, 2009	2,279,139	-	2,279,139
Additions	136,348	250,000	386,348
Disposals	(44,353)	-	(44,353)
Closing balance as of December 31, 2009	2,371,134	250,000	2,621,134
Accumulated amortization			
Opening balance as of January 1, 2009	(1,812,221)	-	(1,812,221)
Charge for the period	(206,294)	-	(206,294)
Disposals	44,353	-	44,353
Closing balance as of December 31, 2009	(1,974,162)	-	(1,974,162)
NBV balance as of December 31, 2009	396,972	250,000	646,972

(*) Construction in progress consists of the advance amounts given for the software that will be used in life insurance.

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

The Company does not have any goodwill.

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Notes to financial statements as of December 31, 2010 (continued)

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9. Investments in associates

As of December 31, 2010, the Company has no investments in associates (December 31, 2009-None).

10. Reinsurance assets

The amounts relating to reinsurance transactions from insurance policies accounted in the balance sheet and the income statement are as follows:

	December 31, 2010	December 31, 2009
Ceded unearned premiums reserve (Not 17.15)	52,597	-
Ceded outstanding claim reserve (Not 17.15)	13,555	-
Ceded equalization reserve (Not 17.15)	41,522	-
Ceded mathematical reserve (Not 17.15)	31,881	-
Payables to reinsurance companies	(35,197)	-
Total reinsurance assets/ (liabilities)	104,358	-

	December 31, 2010	December 31, 2009
Premium ceded to reinsurers (Note 24)	(148,605)	-
Commission income from reinsurers	42,841	-
Ceded paid claim	-	-
Change in ceded outstanding claims reserve (Note 17)	13,555	-
Change in ceded actuarial mathematical reserve (Note 17)	31,881	-
Change in ceded equalization reserves (Note 17)	41,522	-
Change in ceded unearned premiums reserve (Note 17)	52,597	-
Total reinsurance income/(expense)	33,791	-

11. Financial assets

11.1 Subcategories of financial assets

	December 31, 2010	December 31, 2009
Available-for-sale financial assets	6,152,599	263,222
Total	6,152,599	263,222

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Notes to financial statements as of December 31, 2010 (continued)

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

	Cost December 31, 2010	Market value December 31, 2010	Carrying amount December 31, 2010
Available-for-sale financial assets			
Emeklilik Gözetim Merkezi A.Ş.(*)	225,000	-	263,222
Government Bonds	5,548,120	5,889,377	5,889,377
Total	5,773,120	5,889,377	6,152,599

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

	Cost December 31, 2010	Market value December 31, 2010	Carrying amount December 31, 2010
Available-for-sale financial assets			
Emeklilik Gözetim Merkezi A.Ş.(*)	225,000	-	263,222
Total	225,000	-	263,222

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

11.2 Securities other than equity shares issued in the current period

None.

11.3 Debt instruments issued in the current period

None.

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

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

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

None.

11.6 Value increases of financial assets in the last three periods

Value increases reflect the difference between the carrying amount and cost of the financial assets. There is no value increase in the financial assets of the Company in the last 3 years.

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Notes to financial statements as of December 31, 2010 (continued)

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

11.7 Financial instruments

- i) Information helping the financial statement users to evaluate the financial position and performance of the Company is disclosed in note 4.
- ii) Information on the carrying amount of the financial assets is disclosed in note 11.1.
- iii) Comparison of the fair value and carrying amount of financial assets is disclosed in note 11.1.
- iv) The overdue but not impaired balance of the receivables of the Company is TL 107,455 (December 31, 2009-TL 6,320).

The movement of financial assets available for sale for the year ended December 31, 2010 is as follows:

	2010	2009
January 1	263,222	263,222
Purchases	5,548,120	-
Sales	-	-
Disposals by redemption	-	-
Amount recorded in the income statement	147,493	-
Amount recorded under equity	193,764	-
December 31	6,152,599	263,222

12. Receivables and payables

12.1 Details of the Company’s receivables:

	December 31, 2010	December 31, 2009
Receivables from pension operations	7.906.367	6,406,680
Receivables from insurance operations	99.606	-
Doubtful receivables from pension operations	363.007	327,212
Provisions for doubtful receivables from pension operations (-)	(358.909)	(327,212)
	8,010,071	6,406,680
Receivables from pension operations		
-Due from related parties	914,227	804,877
Total	8,924,298	7,211,557

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

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Notes to financial statements as of December 31, 2010 (continued)

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

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

	December 31, 2010	December 31, 2009
0-30 days	6.122.121	5,317,325
31-90 days	372.526	450,697
90 days-1 year	2.202.355	1,384,547
1 year-2 years	119.841	-
Overdue receivables (*)	107.455	6,320
Unallocated	-	52,668
Total	8,924,298	7,211,557

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

Guarantees received for receivables are stated below:

	December 31, 2010	December 31, 2009
Letter of guarantee	405,500	428,000
Mortgages	685,000	525,000
Restricted cash	66,652	65,912
Other	556,273	295,588
Total	1,713,425	1,314,500

Movement of provision for doubtful receivables is stated below:

Movement of provision for doubtful receivables	December 31, 2010	December 31, 2009
Opening balance	327,212	162,820
Charge for the period	31,697	164,392
		-
Closing balance	358,909	327,212

Total doubtful receivables from pension operations amount to TL 363,007 (December 31, 2009-327,212 TL). Due to guarantees received from the agencies against the doubtful receivables, TL 358,909 provision has been booked.

Aging of overdue and impaired receivables is stated below:

	December 31, 2010	December 31, 2009
Over 60 days	363,007	327,212
	363,007	327,212

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

	December 31, 2010	December 31, 2009
Up to 1 month	64,602	4,909
Up to 2 months	42,853	1,411
	107,455	6,320

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

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

December 31, 2010 Related parties	Trade receivable	Trade payable	Non trade payable
ING Bank A.Ş.	914,227	215,794	-
ING Portföy Yön. AŞ.	-	334,769	-
ING Continental Europe Holdings B.V.	-	91,364	-
ING Bank NV	-	52,526	-
Payables to employees	-	-	13,968
Total	914,227	694,453	13,968

December 31, 2010 Related parties	Trade receivable	Trade payable	Non trade payable
ING Bank A.Ş.	804,877	159,051	-
ING Portföy Yön. AŞ.	-	278,966	-
ING Continental Europe Holdings B.V.	-	62,767	-
Payables to employees	-	-	7,411
Total	804,877	500,784	7,411

12.3 Pledges and other guarantees received for receivables :

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

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

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

13. Derivative instruments

None.

14. Cash and cash equivalents

	December 31, 2010	December 31, 2009
Cash	1,895	1,543
Cash at banks	38,848,644	35,393,110
Demand deposits	9,435,220	9,260,974
Time deposits	29,413,424	26,132,136
Other cash equivalents	131,594	115,043
Total	38,982,133	35,509,696
Interest accruals on cash and cash equivalents (-)	(198,067)	(94,802)
Total for cash flow	38,784,066	35,414,894

Cash at banks amounting to TL 8,723,391 represents the restricted credit card balance (December 31, 2009-8,924,096 TL).

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Notes to financial statements as of December 31, 2010 (continued)

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

As of December 31, 2010 and December 31, 2009 cash and cash equivalents in foreign currencies are stated below:

December 31, 2010	Foreign currency	Foreign currency amount	TL amount
Banks			
	ABD Dolar	224,579	347,200
	Avro	23,364	47,875
Total			395,075

December 31, 2010	Foreign currency	Foreign currency amount	TL amount
Banks			
	ABD Dolar	217,587	327,621
	Avro	23,084	49,868
Total			377,489

As of December 31, 2010 and December 31, 2009, details of time deposits are stated below:

December 31, 2010 Original currency	Maturity	Interest rate	Amount
TL	October 7, 2010-January 14, 2011	%2.5-%9.25	29,018,349
US Dollars	December 13, 2010-January 14, 2011	%1.5	347,200
Euro	December 13, 2010-January 14, 2011	%1.5	47,875
			29,413,424

December 31, 2010 Original currency	Maturity	Interest rate	Amount
TL	December 14, 2009-February 12, 2010	%7-%11	25,754,647
US Dollars	December 21, 2009-January 22, 2010	%2	327,621
Euro	December 21, 2009-January 22, 2010	%2	49,868
			26,132,136

15. Share capital

The Company's shareholder structure is stated in note 1.1

As of December 31, 2010 the nominal share capital of the Company is TL 45,000,000 and composed of 45,000,000 shares with a par value of TL 1 per share. (As of December 31, 2009 the Nominal share capital of the Company is TL 45,000,000 and composed of 45,000,000 shares with a par value of TL 1 per share). There is no privileged equity share of the Company. There is no equity transaction after balance sheet date.

Valuation of financial assets

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

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Notes to financial statements as of December 31, 2010 (continued)

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

The movement of valuation of financial assets is as below:

	2010	2009
January 1	-	-
Net increase/(decrease) in fair value	193,764	-
Deferred tax effect under shareholders’ equity	2,107	-
December 31	195,871	-

16. Other provisions and capital component of discretionary participation

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

As of the balance sheet date, the Company has TL 195,871 income accrued under shareholders’ equity (December 31, 2009-None).

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

None (December 31, 2009-None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2009-None).

16.4 Hedge transactions for the financial risk

None (December 31, 2009-None).

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

None (December 31, 2009-None).

16.6 Revaluation increases in property and equipment

None (December 31, 2009-None).

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

As of December 31, 2010 the Company has TL 2,107 deferred tax income due to the valuation of available for sale financial assets recognized directly under equity (December 31, 2009-None).

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

17. Insurance reserves and reinsurance assets

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

Branch	December 31, 2010	
	Required	Provided
Life	11,796,970	6,793,127
Non-life	228,970	167,000
Total	12,025,940	6,960,127

The Company has fulfilled the difference in required and provided guarantees with the time deposit blockage amounting to TL 7,663,000 on February 28, 2011. This time deposit has expired on March 1, 2011 and below assets have been provided to the Treasury as guarantee. (December 31, 2009-None).

Life	Provided
Government bonds	7,459,200
Time deposits	4,250,501
Total	11,979,701
Non-life	Tesis edilen tutar
Time deposits	229,972
Total	229,972

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

	December 31, 2010	
	December 31, 2010 Number	Mathematical reserve
Opening	-	-
Entry	193,799	11,600,989
Exit	7,644	1,133,402
End of period	186,155	10,467,587

The movement of policies in the relevant period and active policies as at December 31, 2010 are given in the table above. As of December 31, 2010, unearned premium reserve for one year policies is TL 808,598 and the mathematical reserve for the policies over one year is TL 10,467,587 (December 31, 2009-None)

17.3 Insurance coverages given as branches to non life insurance branches

The Company has started to issue personal accident insurance policies starting from August 16, 2010. The total gross and net coverages are TL 911,404,308 and TL 832,487,401.

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Notes to financial statements as of December 31, 2010 (continued)

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

17.4 Pension funds established by the Company and their unit prices

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

Name of funds	December 31, 2010	December 31, 2009
	Unit price (TL)	Unit price (TL)
Gelir Amaçlı Kamu Borçlanma Araçları E.Y.F.	0.031424	0.029179
Gelir Amaçlı Esnek E.Y.F.	0.017167	0.016612
Büyüme Amaçlı Karma E.Y.F.	0.048219	0.043144
Büyüme Amaçlı Hisse Senedi E.Y.F.	0.057154	0.045652
Likit E.Y.F.	0.026759	0.025317
Esnek E.Y.F.	0.029236	0.027203
Kamu Borçlanma Araçları E.Y.F.	0.021735	0.019845
Büyüme Amaçlı Esnek E.Y.F	0.016126	0.014594

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

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

Participation certificates in circulation (EYF)	December 31, 2010	
	Unit	Amount
Gelir Amaçlı Kamu Borçlan. Ar. E.Y.F.	7,533,674,763	236,739,702
Gelir Amaçlı Esnek E.Y.F.	1,409,240,742	24,191,823
Büyüme Amaçlı Karma E.Y.F.	2,166,102,875	104,447,617
Büyüme Amaçlı Hisse Sen.E.Y.F.	652,469,465	37,291,565
Likit E.Y.F.	2,637,333,251	70,571,954
Esnek E.Y.F.	3,513,416,342	102,717,193
Kamu Borçlanma Araçları E.Y.F.	2,431,497,189	52,849,796
Büyüme Amaçlı Esnek EYF	679,052,714	10,950,391
		639,760,041

Participation certificates in circulation (EYF)	December 31, 2009	
	Unit	Amount
Gelir Amaçlı Kamu Borçlan. Ar. E.Y.F.	6,957,732,727	203,020,980
Gelir Amaçlı Esnek E.Y.F.	1,399,185,716	23,243,130
Büyüme Amaçlı Karma E.Y.F.	1,811,099,718	78,137,393
Büyüme Amaçlı Hisse Sen.E.Y.F.	553,171,188	25,253,452
Likit E.Y.F.	3,017,285,539	76,387,491
Esnek E.Y.F.	2,829,159,965	76,960,839
Kamu Borçlanma Araçları E.Y.F.	1,244,582,322	24,698,225
Büyüme Amaçlı Esnek EYF	150,709,268	2,199,490
		509,901,000

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

17.6 Numbers and portfolio values of additions, disposals and reversals and current pension participants

Numbers and portfolio values of additions, disposals, reversals and current individual and group pension participants are stated below:

December 31, 2010	Individual		Individual	
	Unit	Portfolio amount	Unit	Portfolio amount
Addition	27,627	61,272,739	7,166	4,765,948
Disposal	18,051	88,636,315	4,782	18,443,973
Current	153,396	492,573,079	28,914	142,117,195

(*) The total portfolio value of the 1,248 spolicies in the proposal phase is TL 5,057,724 (December 31, 2009-TL 2,962,876).

(**) Collections not associated with policies amount to TL 10,824 (December 31, 2009-TL 10,406).

(***) The net of transfers during 2010 from group to individual and individual to group policies which were in effect as of December 31, 2009, is 45 policies in favor of the group plans.

December 31, 2009	Individual		Individual	
	Unit	Portfolio amount	Unit	Portfolio amount
Addition	32,930	56,647,630	3,999	2,142,856
Disposal	24,118	84,334,071	6,147	18,592,983
Current	143,820	390,134,287	26,530	116,795,288

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

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

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

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

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

None.

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Notes to financial statements as of December 31, 2010 (continued)

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

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

December 31, 2010	Unit	Contribution share (Gross) TL	Contribution share (Net) TL
Individual	27,627	62,723,646	61,740,696
Corporate	7,166	4,947,361	4,896,143
Total	34,793	67,671,007	66,636,839

December 31, 2009	Unit	Contribution share (Gross) TL	Contribution share (Net) TL
Individual	32,930	56,482,881	55,422,313
Corporate	3,999	2,195,928	2,153,649
Total	36,929	58,678,809	57,575,962

17.9 Number of additions from

December 31, 2010	Unit	Contribution share (Gross) TL	Contribution share (Net) TL
Individual	2,027	30,199,037	30,117,938
Corporate	133	1,482,698	1,481,921
Total	2,160	31,681,735	31,599,859

December 31, 2009	Unit	Contribution share (Gross) TL	Contribution share (Net) TL
Individual	2,653	35,367,628	35,234,982
Corporate	76	485,658	484,564
Total	2,729	35,853,286	35,719,546

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

None.

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

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Notes to financial statements as of December 31, 2010 (continued)

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

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

December 31, 2010	Unit	Contribution share (Gross) TL	Contribution share (Net) TL
Individual	18,051	88,636,315	79,696,370
Corporate	4,782	18,443,973	16,252,724
Total	22,833	107,080,288	95,949,094

(*) The participants exiting the Company's pension plans from January 1, 2010 to December 31, 2010.

(**) Fund sales amount due to exits.

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

December 31, 2009	Unit	Contribution share (Gross) TL	Contribution share (Net) TL
Individual	24,118	84,334,071	73,804,301
Corporate	6,147	18,592,983	16,036,306
Total	30,265	102,927,054	89,840,607

(*) The participants exiting the Company's pension plans from January 1, 2009 to December 31, 2010.

(**) Fund sales amount due to exits.

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

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

	Unit	Gross premium TL	Net premium TL
Individual	26,843	779,592	714,309
Corporate	166,956	20,761,096	20,703,238
Total	193,799	21,540,688	21,417,547

(December 31, 2009-None).

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

	Gross premium TL	Net premium TL	Unit	Mathematical reserves TL
Individual	21.227	14.846	277	-
Corporate	1.232.527	1.264.372	7.367	1.133.402
Total	1.253.754	1.279.218	7.644	1.133.402

(December 31, 2009-None)

17.14 Profit share distribution rate in the current period

None (December 31, 2009-None).

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Notes to financial statements as of December 31, 2010 (continued)

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

17.15 Amounts from insurance contracts in the financial statements

	December 31, 2010	December 31, 2009
Gross technical reserves		
Unearned premium reserve	1,479,705	-
Outstanding claim reserve	578,620	-
Equalization reserve	275,283	-
Life mathematical reserves	10,467,587	-
Total	12,801,195	-
Ceded technical reserves		
Unearned premium reserve	52,597	-
Outstanding claim reserve	13,555	-
Equalization reserve	41,522	-
Life mathematical reserves	31,881	-
Total	139,555	-
Net technical reserves		
Unearned premium reserve	1,427,108	-
Outstanding claim reserve	565,065	-
Equalization reserve	233,761	-
Life mathematical reserves	10,435,706	-
Total	12,661,640	-

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Notes to financial statements as of December 31, 2010 (continued)

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

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

	December 31, 2010			December 31, 2009		
	Gross	Ceded	Net	Gross	Ceded	Net
January 1	-	-	-	-	-	-
Claims paid (*)	(343,339)	-	(343,339)	-	-	-
Increase/(Decrease)						
-Current year outstanding claims	921,959	(13,555)	908,404	-	-	-
-Prior years outstanding claims	-	-	-	-	-	-
December 31	578,620	(13,555)	565,065	-	-	-
Case reserves	140,310	-	140,310	-	-	-
IBNR	438,310	(13,555)	424,755	-	-	-
Total	578,620	(13,555)	565,065	-	-	-

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

Equalization reserve movement table:

	December 31, 2010			December 31, 2009		
	Gross	Ceded	Net	Gross	Ceded	Net
Equalization reserve						
January 1	-	-	-	-	-	-
Net change	275,283	(41,522)	233,761	-	-	-
December 31	275,283	(41,522)	233,761	-	-	-

Unearned premium reserve movement table:

	December 31, 2010			December 31, 2009		
	Gross	Ceded	Net	Gross	Ceded	Net
Unearned premium reserve movement table						
January 1	-	-	-	-	-	-
Increase (decrease)						
-Current year unearned premium reserve	1,479,704	(52,597)	1,427,107	-	-	-
-Prior years unearned premium reserve	-	-	-	-	-	-
Net change	1,479,704	(52,597)	1,427,107	-	-	-
December 31	1,479,704	(52,597)	1,427,107	-	-	-

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Notes to financial statements as of December 31, 2010 (continued)

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

The Company’s claim development table is as follows:

Accident year	2010	Total
Ultimate loss estimate		
In the year of the accident	140,310	140,310
1 year later	-	-
2 years later	-	-
3 years later	-	-
4 years later	-	-
5 years later	-	-
6 years later	-	-
7 years later	-	-
Outstanding claims per development table	140,310	140,310
IBNR		424,755
Total outstanding claim reserve as of December 31, 2010		565,065

(December 31, 2009: None).

18. Investment contract liabilities

None (December 31, 2009: None).

19. Trade and other payables, deferred income

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

	December 31, 2010	December 31, 2009
	TL	TL
Payables due to pension operations-short term	13,343,596	13,081,691
Payables due to pension operations-long term	639,760,041	509,901,000
Other payables-short term	386,551	125,503
Deferred income	12,422	-
Deposits and guarantees taken	91,424	93,555
	653,594,034	523,201,749

19.2 Related parties

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

20. Borrowings

None (December 31, 2009-None).

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Notes to financial statements as of December 31, 2010 (continued)

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

21. Deferred tax

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

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

Deferred tax assets/(liabilities) :	December 31, 2010	December 31, 2009
Depreciation/amortization life differences of tangible and intangible assets	(135,911)	(75,319)
Provision for employment termination benefits	36,450	23,082
Unused vacation pay liability	101,777	44,328
Doubtful receivable provision	71,782	65,442
Equalization reserve	46,752	-
Expense accruals	258,836	277,686
Carry forward tax losses	-	1,013,472
Other	4,315	(9,136)
	384,001	1,339,555

The Company has TL 4,035,149 carry forward tax losses which can be offset from taxable income in the following years. The Company has not accounted for deferred tax asset for these losses in the financial statements as of December 31, 2010.

Expiration	December 31, 2010	December 31, 2009
2010	-	6,068,611
2011	4,035,149	4,035,149
	4,035,149	10,103,760

(December 31, 2009: The Company has TL 10,103,760 carry forward tax losses which can be offset from taxable income in the following years. Based on the estimated taxable profits for the following years, TL 5,067,361 of accumulated deficit is estimated to be offset. The amount of TL 1,013,472 is recorded as deferred tax asset on such tax losses.)

The movement of deferred tax asset as of December 31, 2010 and December 31, 2009 is stated below:

Movement of deferred tax asset/(liability):	December 31, 2010	December 31, 2009
Opening balance	1,339,555	2,137,927
Charged to income statement	(957,661)	(798,372)
Charged to equity	2,107	-
Closing balance	384,001	1,339,555

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

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated assuming an annual inflation rate of 5.1 % and a discount rate of 10%, resulting in a real discount rate of approximately 4.66%.

Such payments are calculated on the basis of 30 days’ pay and limited to a maximum historical TL 2,517.01 as of December 31, 2010 (December 31, 2009: TL 2,365.16).

	December 31, 2010	December 31, 2009
Provision at January 1,	115,409	98,171
Service cost (actuarial (gains)/losses included)	96,623	69,023
Interest cost	13,664	5,812
Retirement pay paid	(43,444)	(57,597)
Provision	182,252	115,409

23. Other liabilities and expense accruals

	December 31, 2010	December 31, 2009
Unused vacation pay accrual	508,884	221,641
Provision for lawsuits	884,639	392,010
Bonus accrual (*)	-	820,914
Other provisions	409,539	175,504
Total	1,803,062	1,610,071

(*) Due to the economic conditions, bonus payment is not foreseen for the year 2010, therefore the Company has not recognized any bonus accrual in the accompanying financial statements as of December 31, 2010.

Unused vacation pay liability movement is disclosed below:

	December 31, 2010	December 31, 2009
As of January 1	221,641	138,308
Charge for the current period, net	287,243	83,333
Liability as of December 31	508,884	221,641

(Convenience translation of a report and financial statements originally issued in Turkish See Note 2.25)

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Notes to financial statements as of December 31, 2010 (continued)

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

Total of commitments and contingent liabilities:

	December 31, 2010	December 31, 2009
Guarantees given Letters of guarantees	158,240	146,430
Insurance coverages (net)		
Life	1,855,817,088	-
Personal accident	832,487,401	-
	2,688,462,729	146,430

Had the operational lease agreements been cancelled, the Company would have contingent liability amounting to TL 529,066.

24. Net written premium

	Gross	Ceded	Net
Life	19,528,571	89,703	19,438,868
Personal accident	758,363	58,902	699,461
	20,286,934	148,605	20,138,329

(December 31, 2009-None).

25. Subscription fee

	December 31, 2010	December 31, 2009
Service income/(expense)		
Entrance fee when participating	2,474,414	2,986,594
Entrance fee when leaving	2,055,652	2,774,609
Total	4,530,066	5,761,203

26. Investment income

	December 31, 2010	December 31, 2009
Interest on time deposits	2,373,959	2,898,186
Income from liquidation of financial investments	-	61,193
Valuation of financial investments	147,493	-
Total	2,521,452	2,959,379

27. Net income accrual on financial assets

The Company has TL 198,067 interest accrual on deposits (December 31, 2009-TL 94,802) and TL 147,493 interest accrual on available for sale financial assets (December 31, 2009-None) as of December 31, 2010.

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Notes to financial statements as of December 31, 2010 (continued)

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

28. Assets held at fair value through profit and loss

None.

29. Insurance rights and claims

Insurance rights and claims are presented in note 17 (December 31, 2009-None).

30. Investment agreement rights

None.

31. Essential other expenses

	January 1-December 31, 2010	January 1-December 31 2009
Underwriting expenses classified under technical expenses		
Life	8,327,712	-
Pensions	24,158,671	21,848,145
Personal accident	79,811	-
Total	32,566,194	21,848,145

Details of underwriting expenses are presented in note 32.

32. Underwriting expenses

	December 31, 2010	December 31, 2009
Personnel wages and other benefits	9,766,699	9,132,907
General administrative expenses	3,277,727	2,613,772
Commission expenses, net	11,133,885	5,148,374
Marketing, sales and distribution expenses	5,340,210	2,419,161
Social benefit expenses	1,110,802	1,253,391
Rent expenses	480,451	513,765
Miscellaneous services	880,309	587,217
Communication expenses	576,111	179,558
	32,566,194	21,848,145

33. Personnel wages and other benefits

	December 31, 2010	December 31, 2009
Wages paid to personnel	6.539.963	5,576,160
Wages and other related benefits paid to executive management	2.226.720	2,568,889
Retirement payments	43.444	57,597
Legal obligations	956.572	930,261
Total	9,766,699	9,132,907

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

34. Financial expense

There is no financing expense.

35. Income tax

	December 31, 2010	December 31, 2009
Current tax liability:		
Corporate tax payable	-	-
Less: Prepaid taxes and funds (*)	-	-

Tax expense/(income) is composed of the items below:

	December 31, 2010	December 31, 2009
Current tax charge	-	-
Deferred tax expense/(income)	957,661	798,372
Total tax expense/ (income)	957,661	798,372

(*) As of December 31, 2010, the Company has TL 54,824 prepaid withholding tax (December 31, 2009-TL 18,180).

Corporate tax

The Company is subject to corporate tax legislation applicable in Turkey. Estimated provision is made in the accompanying financial statements.

Corporate tax is applied on taxable corporate income which is calculated from the statutory accounting profit by adding back disallowable expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate used in 2010 is 20% (2009-20%)

In Turkey, advance tax returns (temporary income tax) are filed on a quarterly basis. The temporary income tax rate used in 2010 is 20%. Losses are allowed to be carried forward 5 years at maximum for deducting from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns between April 1-25th of the following year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. The Company does not expect any additional obligation regarding unaudited periods.

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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Withholding taxes

In addition to corporate taxes, companies should also calculate 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 withholding tax was 10% between April 24, 2003 and July 22, 2006. However, this rate has been changed to 15% on July 22, 2006 upon the minute no: 2006/10731 of the Board of Ministers. Undistributed dividends incorporated in share capital are not subject to withholding taxes.

Inflation adjusted legal tax calculation

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

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

Reconciliation of tax for the period is below:

	December 31, 2010	December 31, 2009
Tax reconciliation:		
Profit/(loss) before tax	(1,065,671)	433,982
Calculated tax: 20%	213,134	(86,796)
Impact of disallowable expense	(15,040)	(16,239)
Impact of other permanent differences and net impact of unrecognized deferred tax assets	(1,155,755)	(695,337)
Deferred tax expense	(957,661)	(798,372)

36. Net foreign exchange gain and losses

	December 31, 2010	December 31, 2009
Foreign exchange gain	23,580	227,960
Arising from current transactions	1,369	2,458
Arising from deposit transactions	22,211	225,502
Foreign exchange loss	(55,312)	(337,429)
Arising from current transactions	(54,485)	(132,581)
Arising from deposit transactions	(827)	(204,848)
	(31,732)	(109,469)

37. Earnings per share

The Companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share according to TAS 33 “Earnings Per Share”. Because the Company’s shares are not publicly traded, earnings per share is not disclosed in the accompanying financial statements.

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Notes to financial statements as of December 31, 2010 (continued)

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

38. Dividends per share

None (December 31, 2009-None)

39. Cash generated from the operations

Statement of cash flow is presented with the financial statements. The Company's net cash flows from operating activities and investing activities, amount to TL 9,013,315 and (TL 5,657,464), respectively. The net cash flow from financing activities is nil. (As December 31, 2009, the Company's net cash flows from operating activities, investing activities, and financing activities amount to TL (TL 3,403,478), TL 2,837,809 and (TL 143,986), respectively).

40. Bonds convertible to equity shares

None.

41. Preferred equity shares convertible to cash

None.

42. Risks

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

43. Commitments

Information on commitments is presented in note 23.

44. Business combinations

None.

45. Related parties

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

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

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Notes to financial statements as of December 31, 2010 (continued)

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

	December 31, 2010	December 31, 2009
Service purchases from related parties		
ING Portföy Yönetimi A.Ş.	3,619,151	2,879,449
ING Continental Europe Holdings B.V.	2,177,206	1,139,571
ING Bank N.V.	419,068	-
Rent expenses to related parties		
ING Bank A.Ş.	17,703	10,143
Commission expenses to related parties		
ING Bank A.Ş.	7,009,246	1,993,894
Interest income from related parties		
ING Bank A.Ş.	232,040	1,413,737

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

	January 1-December 31, 2010	January 1- December 31,2009
Short-term benefits	2,226,720	2,568,889
	2,226,720	2,568,889

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

46. Subsequent events

The financial statements of the Company have been approved on March 11, 2011 via Board of Directors Minute numbered 182.

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

47. Other

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

Other receivables	December 31, 2010	December 31, 2009
Deposits and guarantees given	22,719	6,928
	22,719	6,928

Other payables	December 31, 2010	December 31, 2009
Payables to suppliers	216,971	75,401
Others	169,580	50,102
	386,551	125,503

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

None (December 31, 2009-None).

47.3 Subrogation receivables followed under the off-balance sheet accounts

None (December 31, 2009-None).

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

None (December 31, 2009-None).

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ING Emeklilik Anonim Şirketi

Notes to financial statements as of December 31, 2010 (continued)

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

47.5 Other notes to be disclosed

Rediscount and provision expenses for the period

	January 1-December 31, 2010	January 1- December 31,2009
Retirement pay liability	66,843	17,238
Provision for doubtful receivables	31,697	164,392
Provision for potential losses	545,297	284,910
Unused vacation pay liability	287,243	83,333
Bonus accrual	-	820,914
Unearned premium reserve	1,427,108	-
Outstanding claim reserve	565,065	-
Life mathematical reserves	10,435,706	-
Equalization reserves	233,761	-
Total	13,592,720	1,370,787

47.6 Profit distribution table

Since the Company has generated loss as of December 31, 2010 and 2009, profit distribution is not performed.

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