



ANADOLU HAYAT EMEKLİLİK A.Ş. COMPANY PRESENTATION

September 2014

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Turkish Economy 2013

Population (End of 2013)	76.667.864
Urban Population (%)	91,3
Civil Employment (Age15+)	25.524.000
Unemployment Rate (%)	9,7

Gross Domestic Product-Current Prices (TL billion)	1.562
Gross Domestic Product (USD billion)	820
GDP Growth Rate (%)	4,00
GDP per Capita - Current Prices (USD)	10.782
Budget Deficit to GDP (%)	1,18
Current Deficit to GDP (%)	7,91
Consumer Price Index (%)	7,40
Producer Price Index (%)	6,97

Insurance Premium Income (TL billion)	24,23
Insurance Premium Income/GDP (%)	1,55

Source: Central Bank of Republic of Turkey, Insurance Association of Turkey, Turkish Statistical Institute

Anadolu Hayat Emeklilik

Corporate Profile

Established in 1990 as a subsidiary of Türkiye İş Bankası

First life insurance company in Turkey

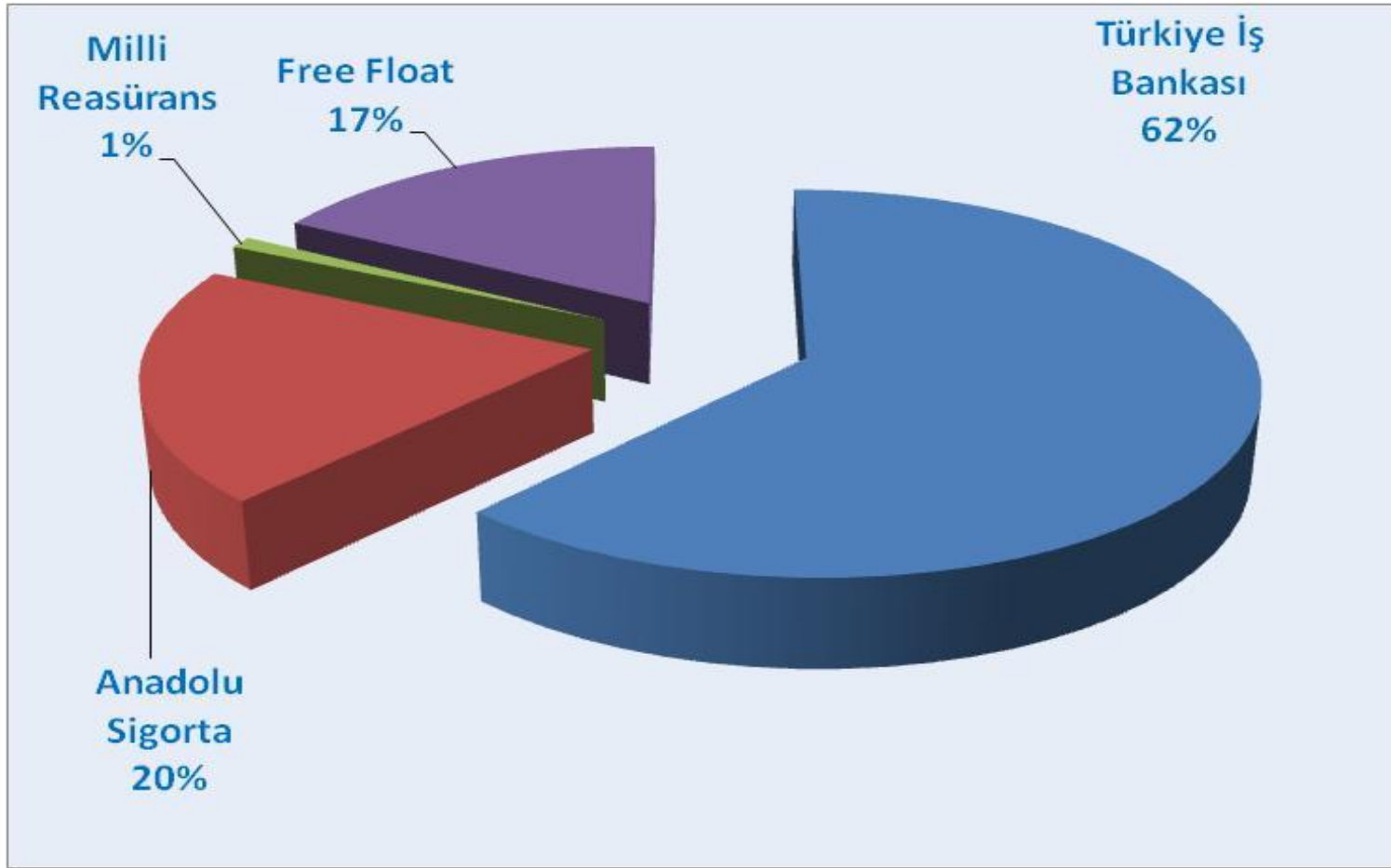
The only Life & Pension company publicly traded since 2000

Has been operating in pension business since 27.10.2003

Market leader in life insurance and private pension business

Anadolu Hayat Emeklilik

Ownership Structure



INSURANCE SECTOR IN TURKEY

Total Number of Companies - 31.12.2013

Insurance Companies	62
- Non-Life	36
- Life	8
- Life & Pension	18
Reinsurance Companies	1

Source: Insurance Association of Turkey

INSURANCE SECTOR IN TURKEY

Premium Productions

	2013
Total Premium Per Capita (USD)	166
Non-Life Premium Per Capita (USD)	143
Life Premium Per Capita (USD)	23
Total Premium Production (Billion USD)	12,7
Total Premium Production / GDP	1,55%

Source: Treasury & Insurance Association of Turkey

PRIVATE PENSION SYSTEM IN TURKEY

Contributions as of 31.12.2013*

Total Pension Fund System Contributions Per Capita (USD)	150
Total Pension Fund System Contributions (Billion USD)	11,5
Total Pension Fund System Contributions / GDP	1,4%
Total Pension System Fund Size / GDP	1,7%

* Temporary

Source: Pension Monitoring Center

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Growth Strategy

Distribution Channel Strategy

- Focus on Bancassurance
 - Expanding Direct Sales Team
 - Improve agency profile

Improve Customer Service Quality

Improve HR quality

Focus on Corporate Pension Business

Corporate Profile

Lines of Business - Life & Pensions

Financials

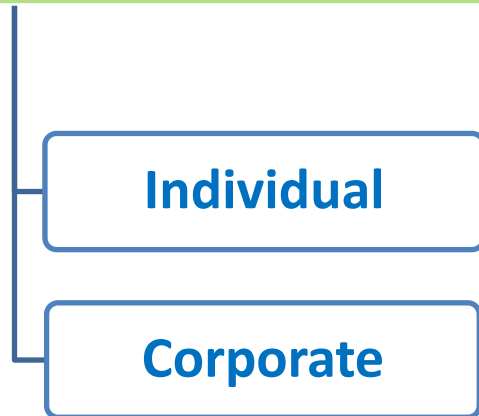
Stock Data



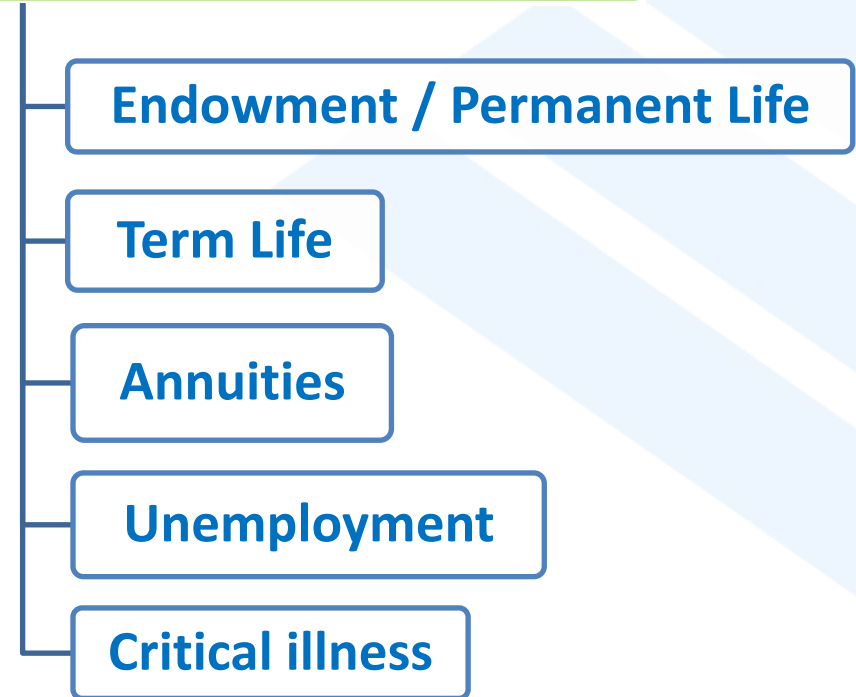
Anadolu Hayat Emeklilik

Lines of Business

Private Pension



Life Insurance



PRIVATE PENSION SYSTEM IN TURKEY

Basic Features

- Started on 27.10.2003
- 19 Licensed pension companies
- Third pillar system
- Defined contribution
- Voluntary participation
- Incentives for both participant & employer
- Fully funded system
- Minimum 10 years of contribution payment
- Minimum retirement age is 56
- Funds are managed by asset management companies
- Separate pension accounts for each participant
- Participants have the right to;
 - Switch funds or pension plans
 - Transfer accounts between pension companies
 - Merge their separate pension accounts at retirement
 - Cease contribution payments
 - Leave anytime

PRIVATE PENSION SYSTEM IN TURKEY

Tax Incentives – Former Regulation

Contribution Stage

- Contributions are tax deductible up to %10 of income with a cap of annual minimum wage.
- Employer contributions are also tax deductible subject to the same limits.

Investment Stage

- Investment income of pension funds are tax exempt.
- No stamp tax in setting up pension funds.
- No tax on transactions in pension system.

Benefit payments

- %25 of retirement payments are exempt from income tax.
- Residual is subject to a withholding tax of 5%.
- Early surrenders are subject to 15% or 10% (in case of completion of 10 yrs within the system) withholding tax with no exemption.

PRIVATE PENSION SYSTEM IN TURKEY

Tax Incentives – Current Regulation

Government Contribution

- Government installs an amount equal to 25% of each contribution made by the participant, with a cap of 25% of annual minimum wage.
- Vesting Period - Earned Government Support:
 - % 15 at the end of 3 years
 - % 35 at the end of 6 years
 - % 60 at the end of 10 years
 - % 100 at retirement date

Investment Stage

- Investment income of pension funds are tax exempt.
- No stamp tax in setting up pension funds.
- No tax on transactions in pension system.

Benefit payments

- Withholding tax applies only on the investment income:
 - 5% (completion of 10 years in the system & 56 years of age)
 - 10% (completion of 10 years in the system)
 - 15% (early leave, before completion of 10 years in the system & 56 years of age)

PRIVATE PENSION SYSTEM IN TURKEY

New Regulation – What Is **New**?

1. Government will install an amount equal to 25% of each contribution made by the participant, with a cap of 25% of annual minimum wage.
2. Withholding tax applies only on the investment income (enforcement date: 29.08.2012).
3. Precious metal based pension funds are available.
4. Real estate based pension funds will be established after the announcement of processing complementary regulations.
5. After completing the initial two years in the system, participants will be able to change their pension companies once a year.
6. To increase participant satisfaction, government decreased 'Fund Management' and 'Management' fees (enforcement date: 01.01.2013).

Pension Products

Charging Structure – What Is **New** ?

Entrance Fee

- At the phase of entrance to the System for each pension account
- Can be deferred till the leaving date or can be collected by installments
- Max. Limit: ½ of gross monthly minimum wage
- **By 01.01.2013;**
- Can be charged only once for the first account of the participant.
- Can be deferred for a maximum of 10 years, depending on the vesting period
- Max.%10 of the entrance fee can be collected in advance
- Max. Limit: Gross monthly minimum wage

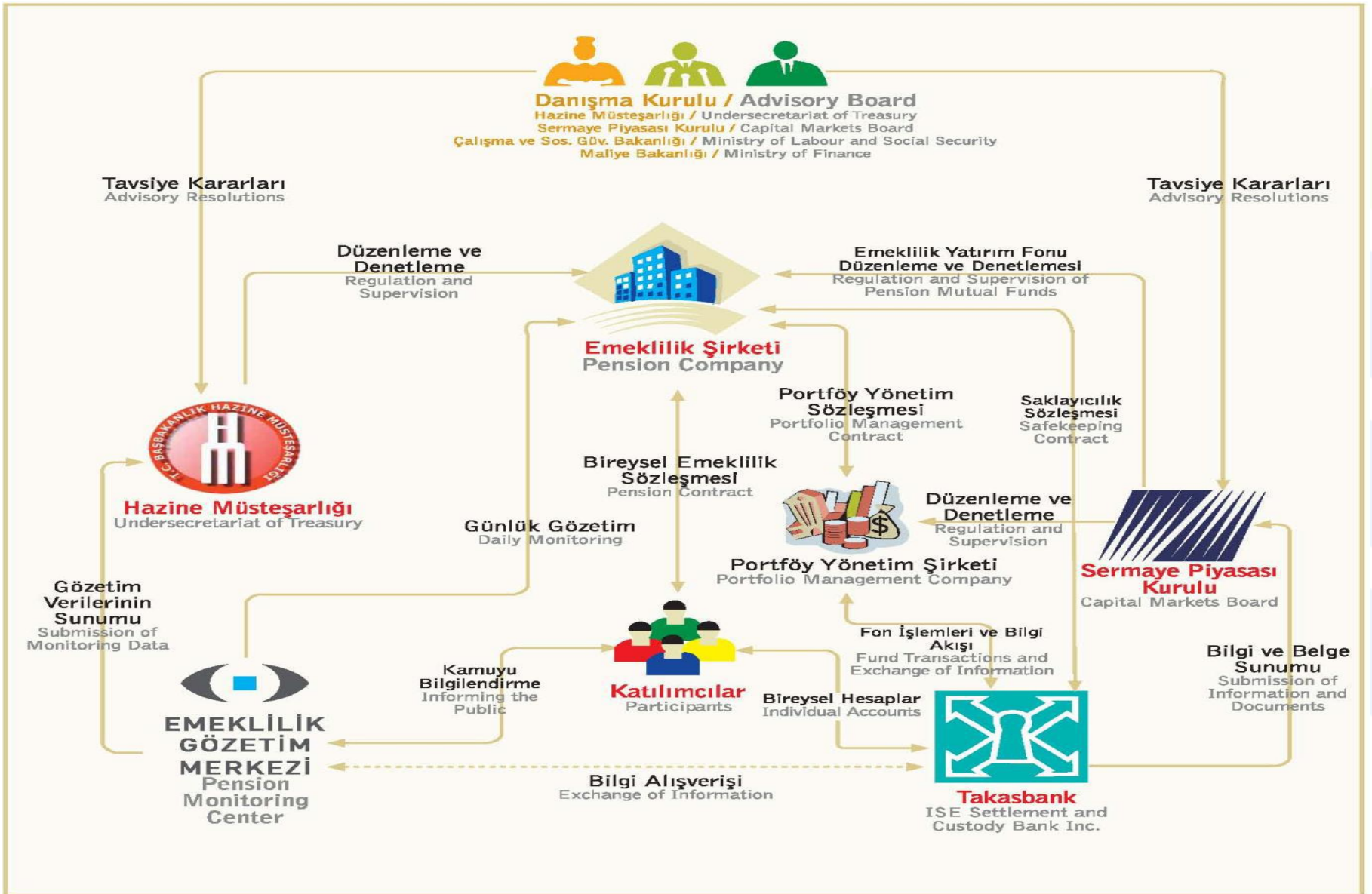
Management Fee

- To cover administrative expenses
- On contributions
- Legal upper limit: 8 %
- **By 01.01.2013;**
- To cover administrative expenses
- On contributions
- Legal upper limit: 2 %
- Extra management fee can be charged in case of ceasing contribution payments

Fund Management Fee

- To cover fund management expenses
- On NAV of each fund
- Legal upper limit: 1/10,000 (daily) ≈ 3,65% (annual)
- **By 01.01.2013;**
- To cover fund management expenses
- Defined as “Total Fund Charges” including “Fund Management Fee”
- On NAV of each fund
- Depending on the risk categories of funds, legal upper limits for total fund charges are:
 - 1,09% (annual) for liquid/cash funds
 - 1,91% (annual) for conservative funds
 - 2,28% (annual) for actively managed and equity funds

Private Pension System In Turkey



Anadolu Hayat Emeklilik

Distribution Network

Bancassurance



1342 Branches



311 Branches *



187 Branches



87 Branches



2 Branches

Total of
5 Banks &
1929
Branches

Direct Sales

•378 Licensed Salesperson

Agents & Brokers

•313 Exclusive Agencies
•59 Brokers

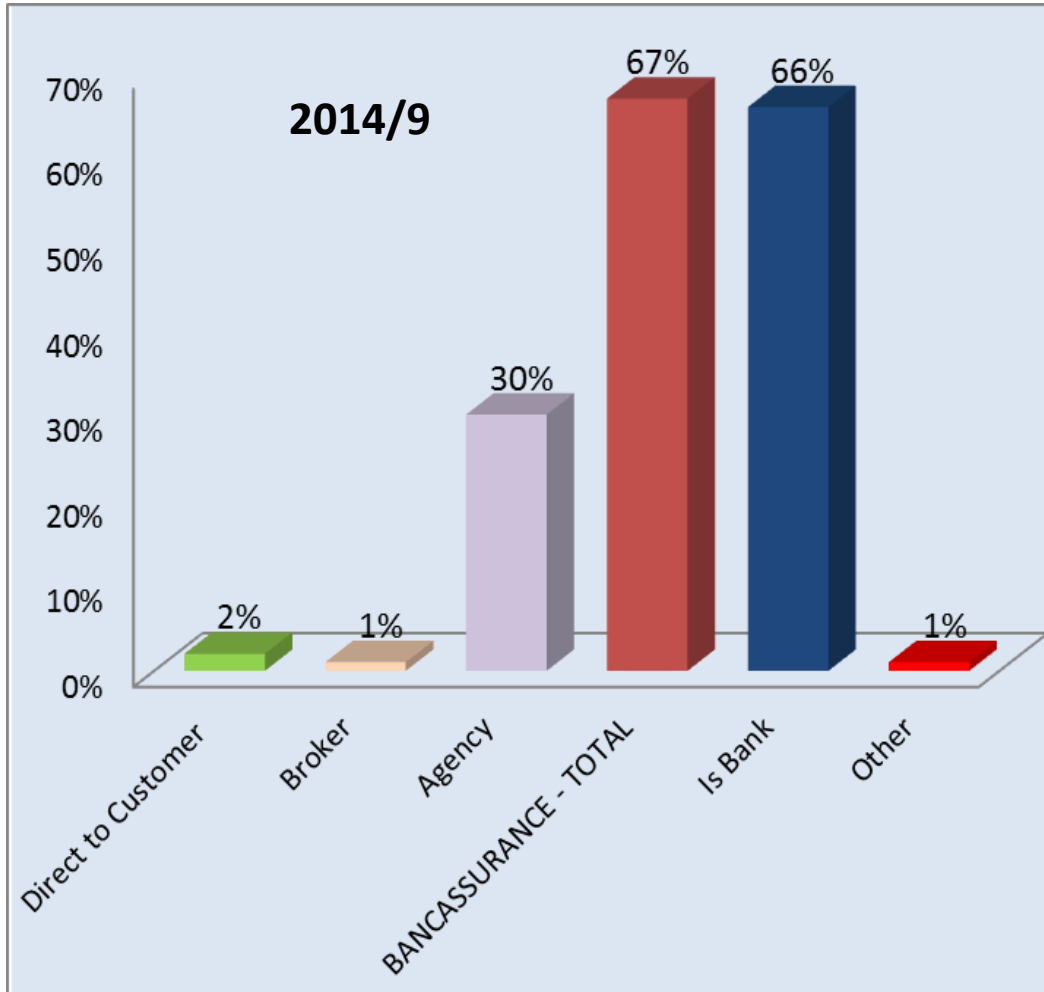
Other

•Internet
•Call Centre

* By July 2013 there are no new pension productions via HSBC channel due to the termination of our cooperation in pension business

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Pension Production By Channel (Initial Contribution Payments)



	2012	2013	2014/9
Direct to Customer	3%	6%	2%
Broker	1%	1%	1%
Agency	22%	21%	30%
BANCASSURANCE	73%	71%	67%
Is Bank	1%	1%	1%
Is Bank + Direct Sales	41%	58%	52%
Is Bank + Agency	12%	8%	13%
HSBC*	19%	4%	0%
Other	1%	1%	1%
Total	100%	100%	100%

Key Drivers For Growth In Pension Business

Economic Environment in Turkey

- Extended maturities
- Purchasing power
- Lack of confidence in the social security system

Advantages of Pension System

- New regulations
- Incentives
- Transparent system
- Participating to the investment process
- Mobility of the pension accounts

Key Drivers For Our Market Leadership

Distribution network

Diversified products

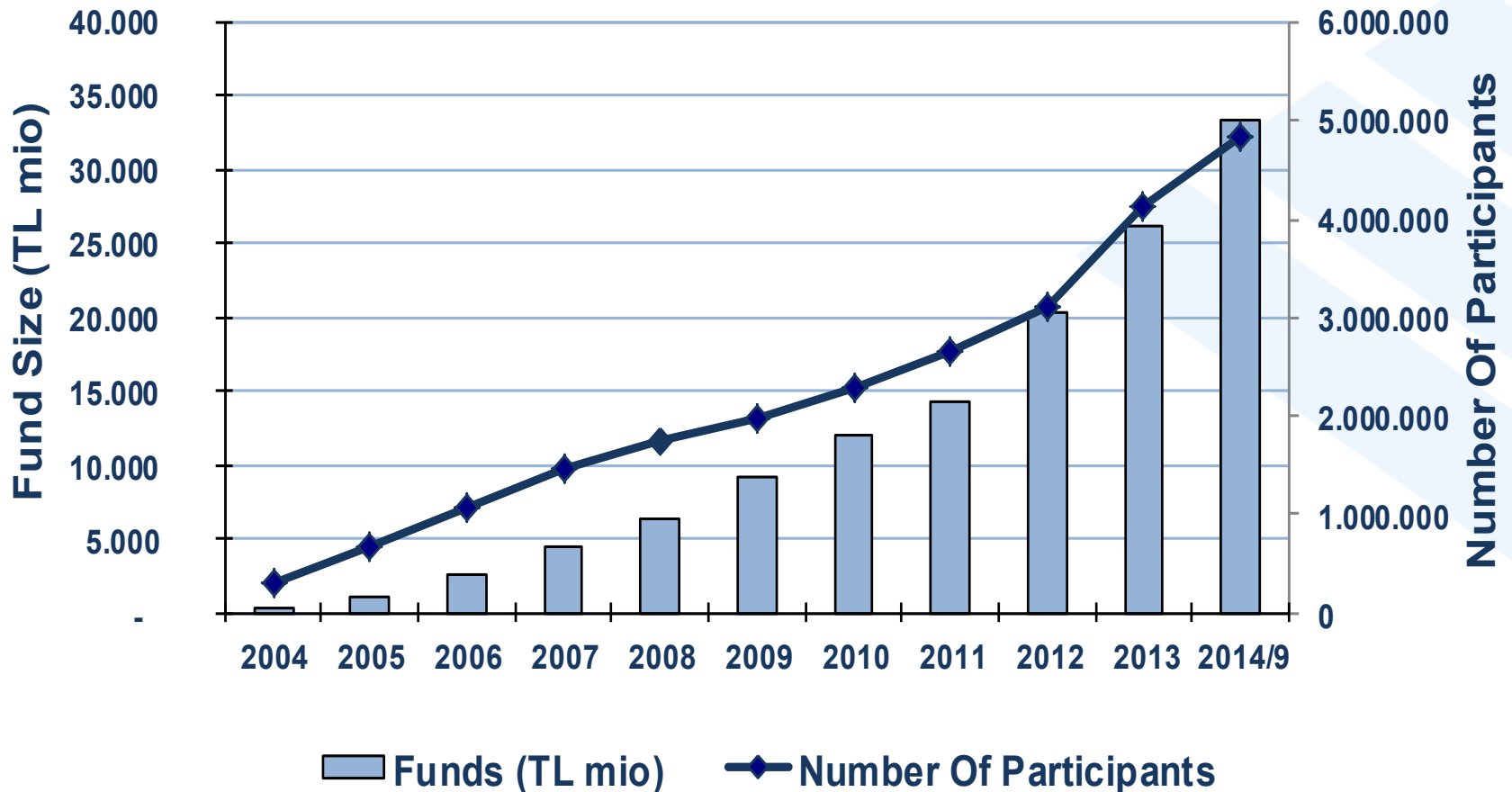
Fund performance

Charging structure

Service quality

Private Pension System In Turkey

Overview as of 30.09.2014



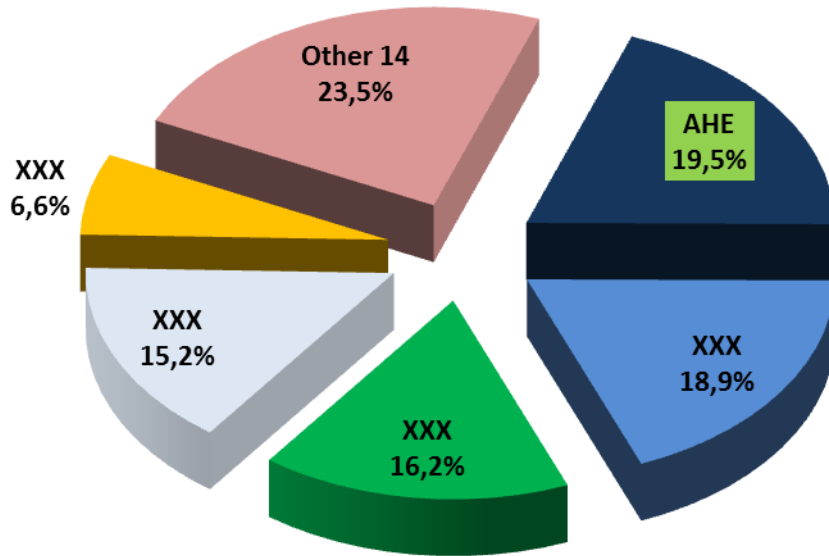
Pension System Outlook

	31.12.10	2011 % Change	31.12.11	2012 % Change	31.12.12	2013 % Change	31.12.13	2014 % Change	30.09.14
Fund Size (Million TL)									
AHE	2.620	16%	3.031	41%	4.278	22%	5.232	25%	6.522
Sector	12.017	19%	14.341	42%	20.357	29%	26.281	27%	33.382
Market Share	21,8%		21,1%		21,0%		19,9%		19,5%
Number of Participants (Thousand)									
AHE	503	14%	576	9%	629	17%	733	13%	828
Sector	2.274	16%	2.642	18%	3.128	33%	4.153	16%	4.838
Market Share	22,1%		21,8%		20,1%		17,7%		17,1%

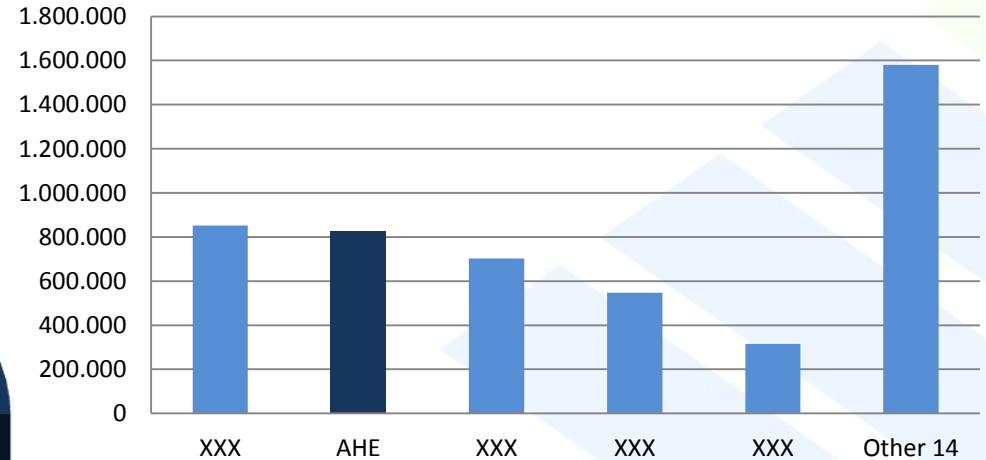
Private Pension System In Turkey

Overview as of 30.09.2014

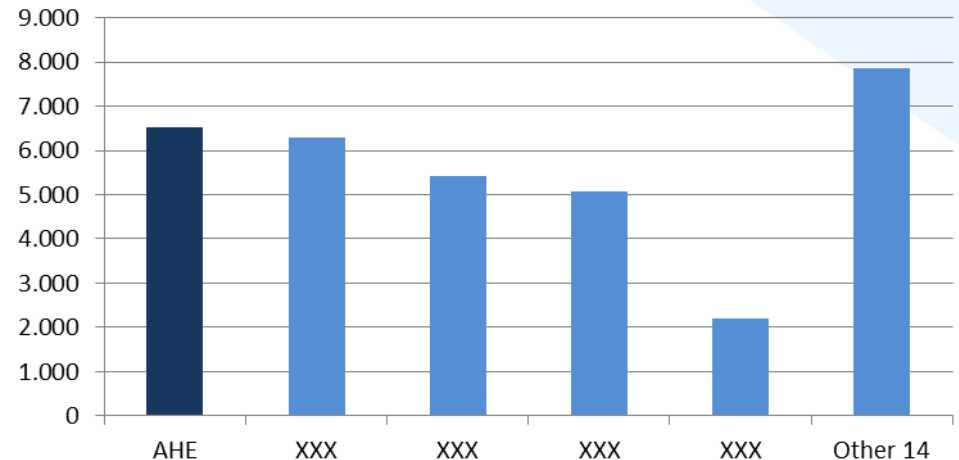
Market Share in Total Fund Size



Number of Participants

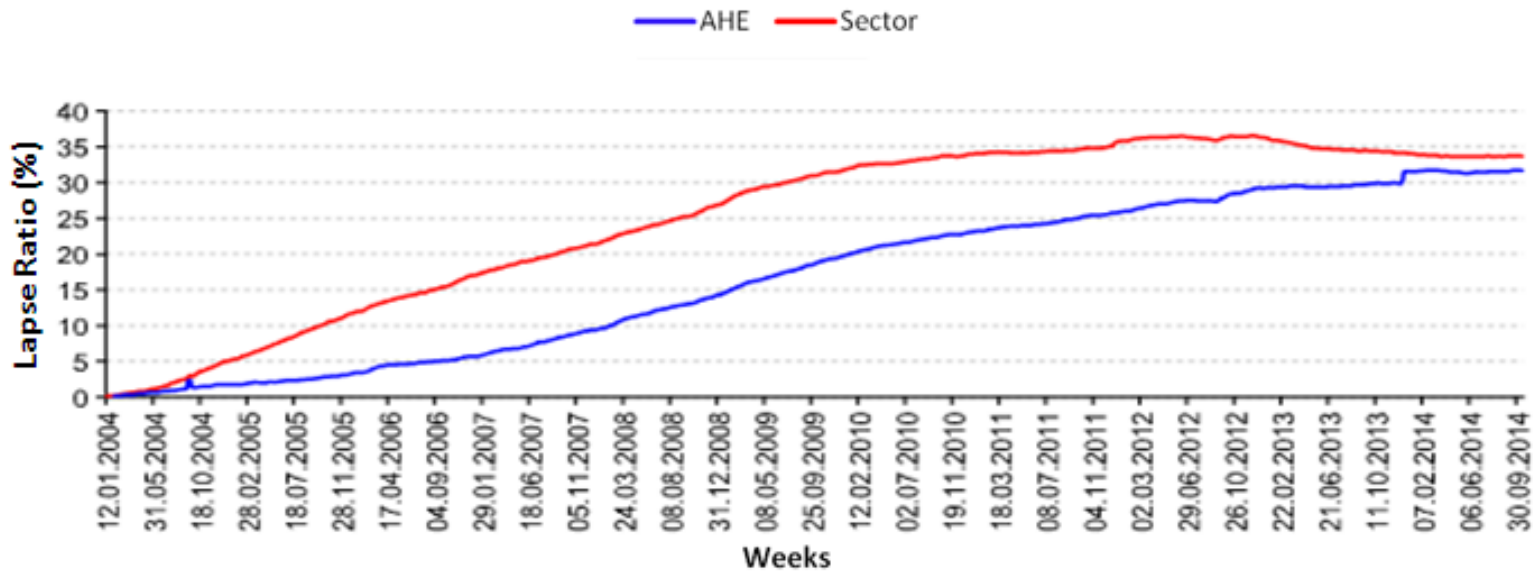


Funds (mio TL)



Private Pension System In Turkey

Lapse Ratio: Sector Average vs. Anadolu Hayat Emeklilik



01.01.2004 - 10.10.2014, Weekly Data

Source: Pension Monitoring Center

AHE Pension Products Fund Menu

As of 30.09.2014

Conservative

Cash Fund

Conservative Fund

Contribution Fund

Bond Fund

54 %

Balanced

International Mixed Fund

Eurobond \$/€ Fund

Alternative Balanced F.

Balanced Fund

Gold Fund

29 %

Aggressive

Equity Fund

Agressive Fund

BRIC Fund

17 %

Pension Funds & Mutual Funds

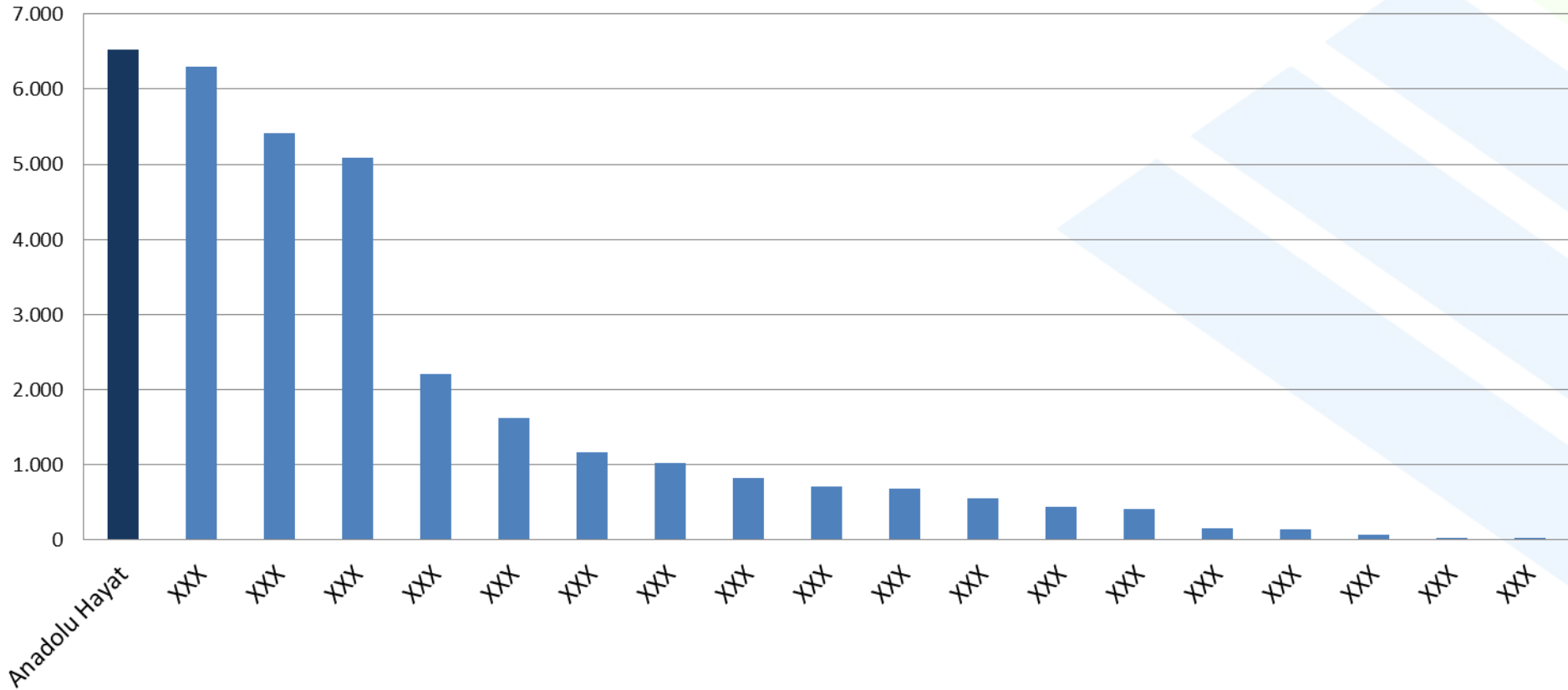
	Average Maturity (Days)	Net Asset Value (mio TL)	Equity (%)	T-Bills & G. Bonds (%)	Reverse Repo (%)	Money Market Inst. (%)	Foreign Currency Sec.(%)	T.Deposits & Other (%)
PRIVATE PENSION FUNDS								
02.01.2014	923	26.186	14,04	58,88	6,83	1,24	0,92	18,09
01.10.2014	1121	33.352	12,27	58,87	7,05	0,79	1,12	19,90
MUTUAL FUNDS – BANKS & Others								
02.01.2014	104	30.513	5,33	16,7	29,33	11,32	0,5	36,83
01.10.2014	156	33.610	5,15	11,05	22,25	11,52	0,76	49,27

Source: Capital Markets Board of Turkey

Pension Funds

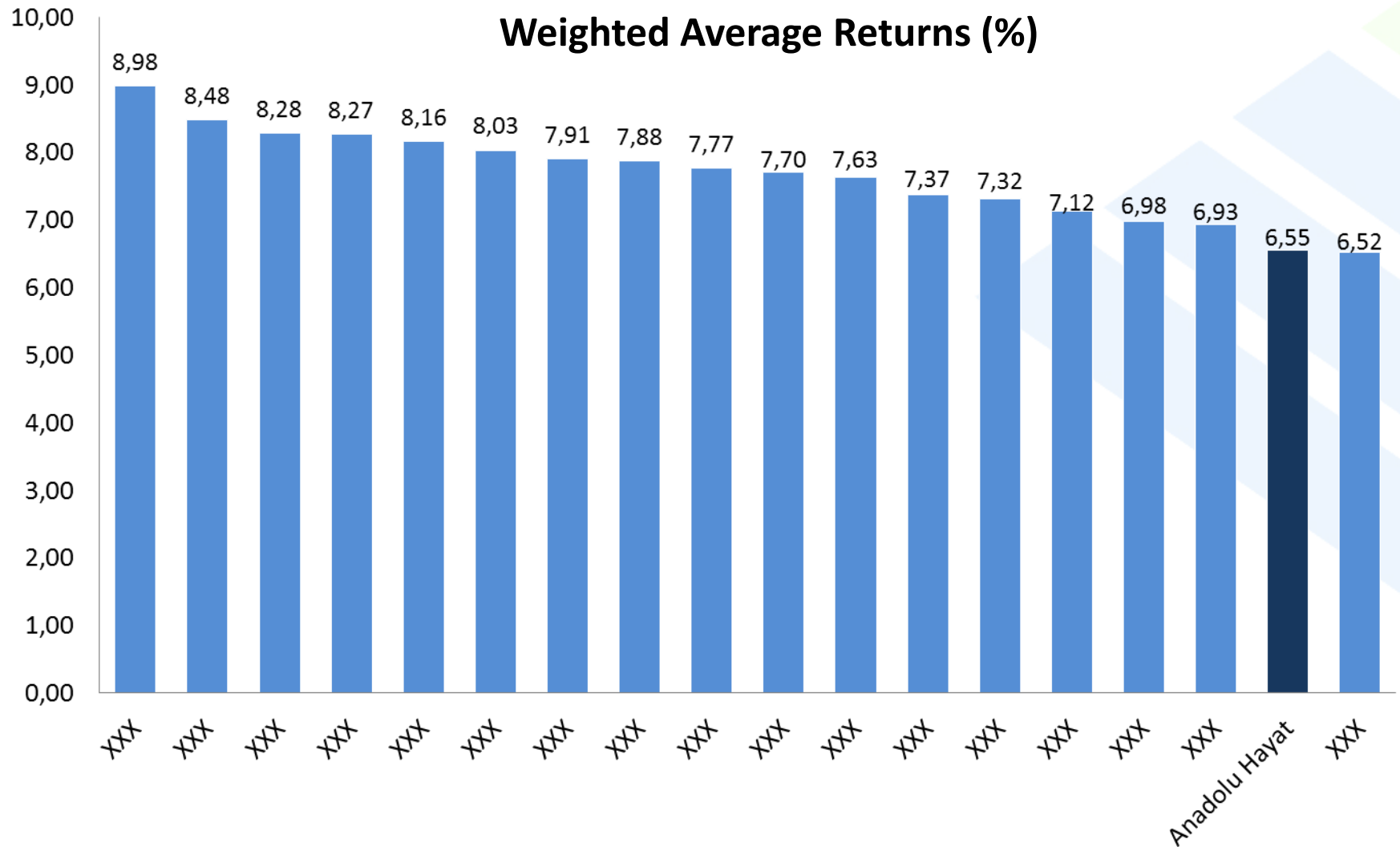
Net Asset Values as of 30.09.2014

Net Asset Value (mio TL)

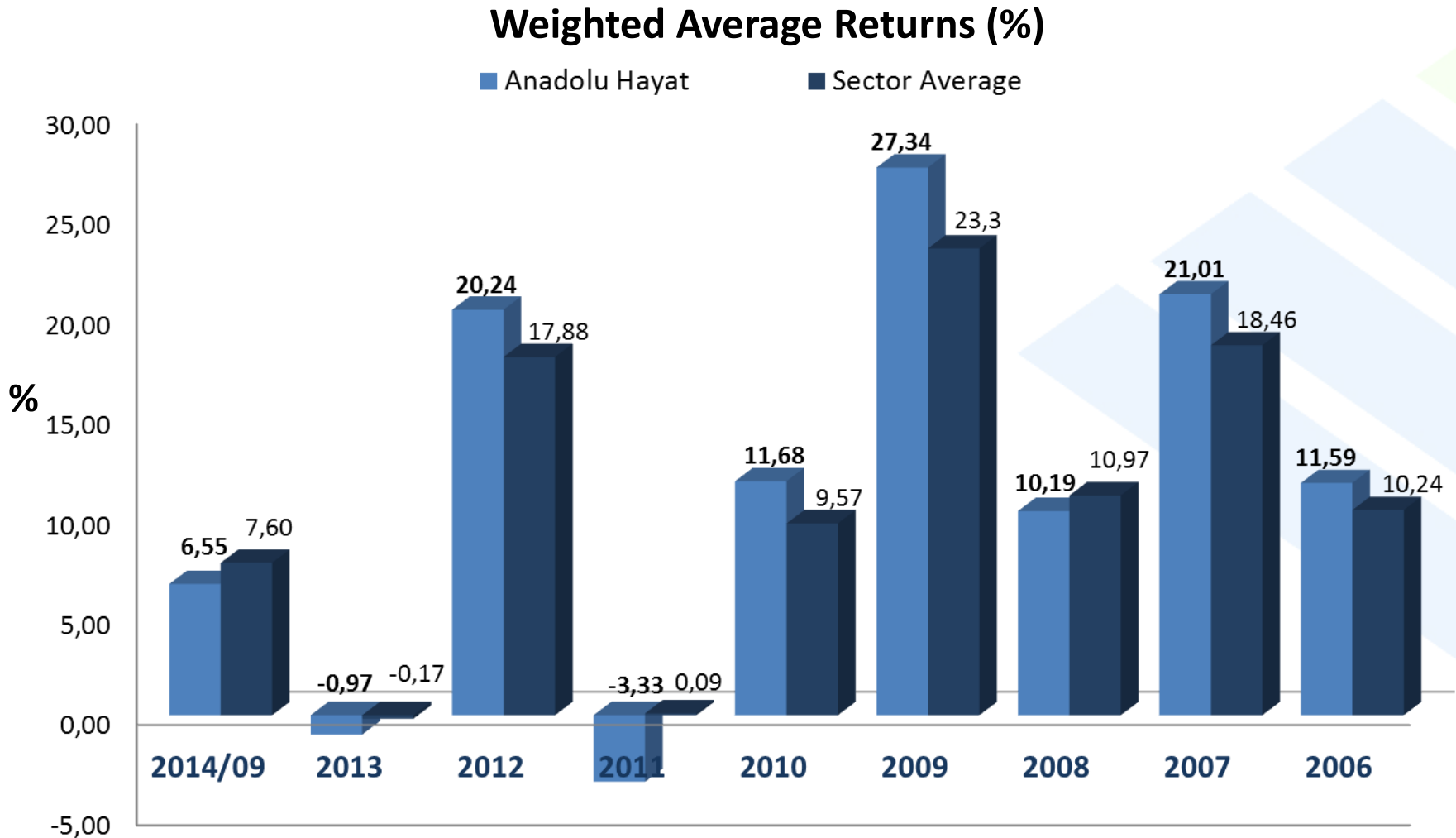


Pension Funds

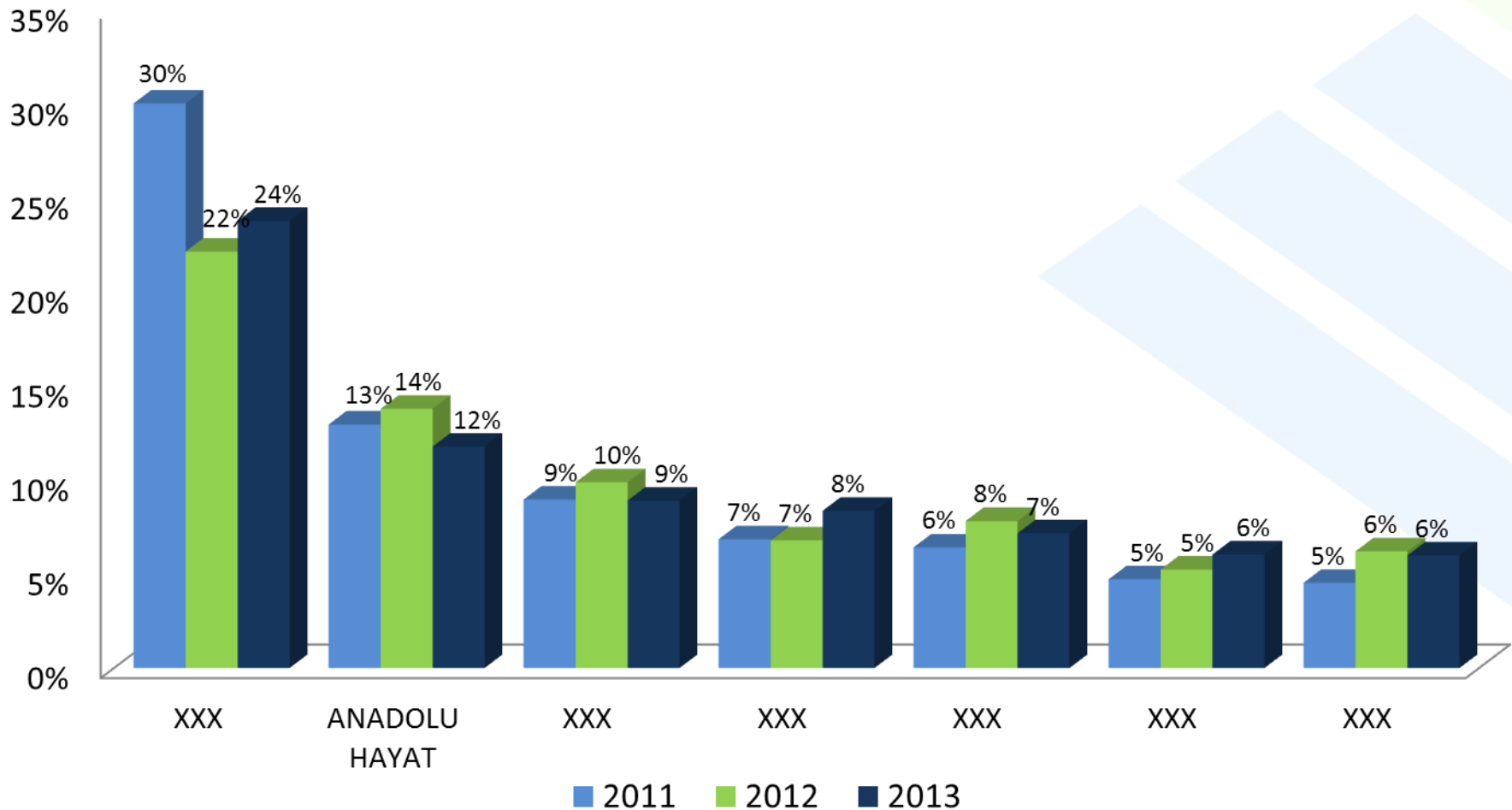
Weighted Average Returns as of 30.09.2014



Anadolu Hayat Emeklilik Pension Funds' Weighted Average Return Performance



Life Insurance In Turkey Market Shares (Top 7 in Premium Production)



Life Insurance In Turkey

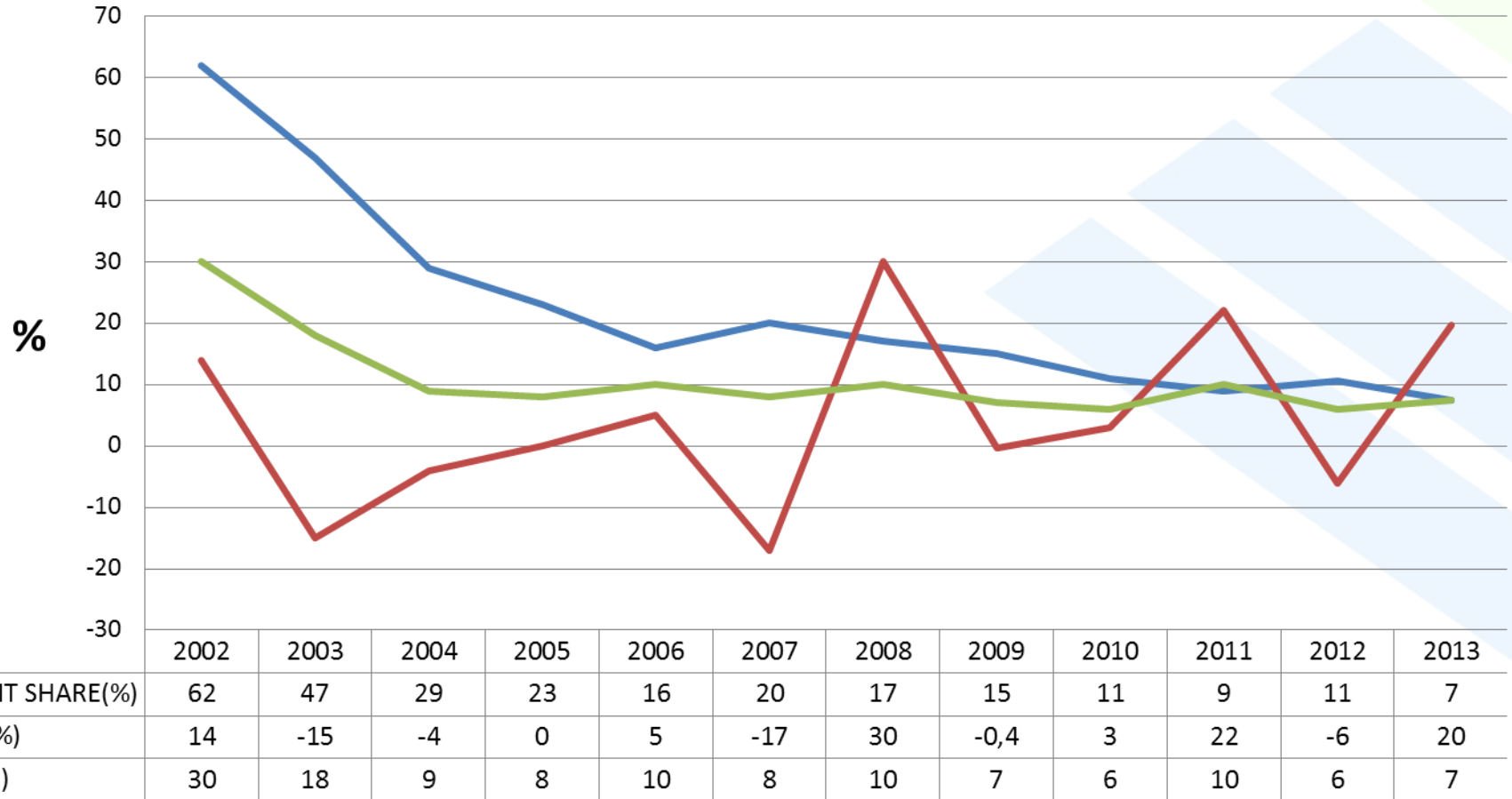
Market Shares (Mathematical Reserves)

	2011		2012		2013	
	%	(Mio TL)	%	(Mio TL)	%	(Mio TL)
ANADOLU HAYAT	36%	2.025	36%	1.966	34%	1.881
XXX	11%	612	12%	669	15%	805
XXX	10%	549	9%	507	9%	477
XXX	8%	463	8%	441	8%	421
XXX	7%	416	7%	379	6%	349
XXX	5%	285	6%	313	6%	319
Others	22%	1202	22%	1215	23%	1274
TOTAL	100%	5.553	100%	5.490	100%	5.527

Anadolu Hayat Emeklilik

Profit Sharing Rates – TL Based Life Products

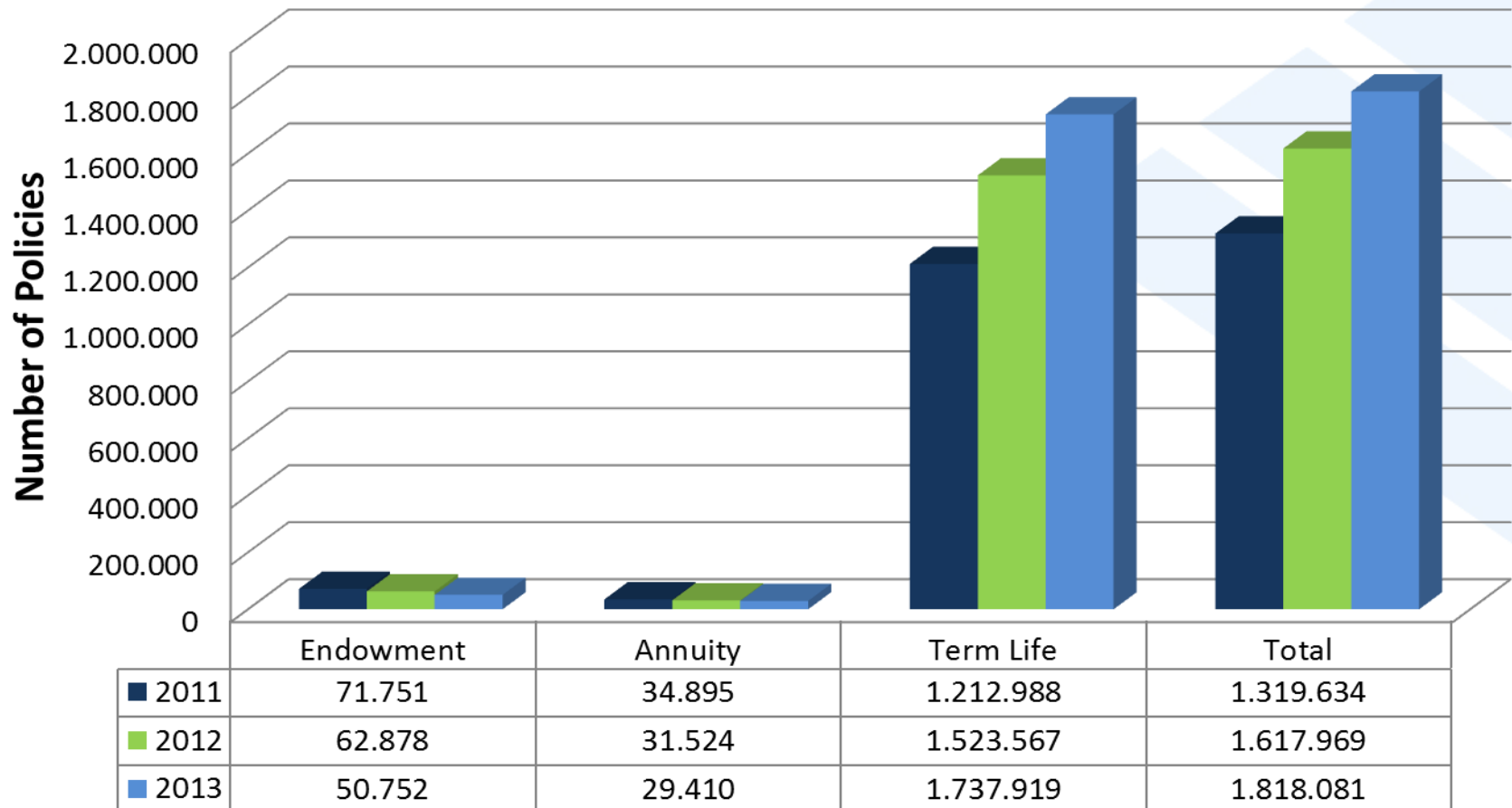
Profit Shares



Anadolu Hayat Emeklilik - Life Portfolio

Total Number of Policies – 2011 - 2013

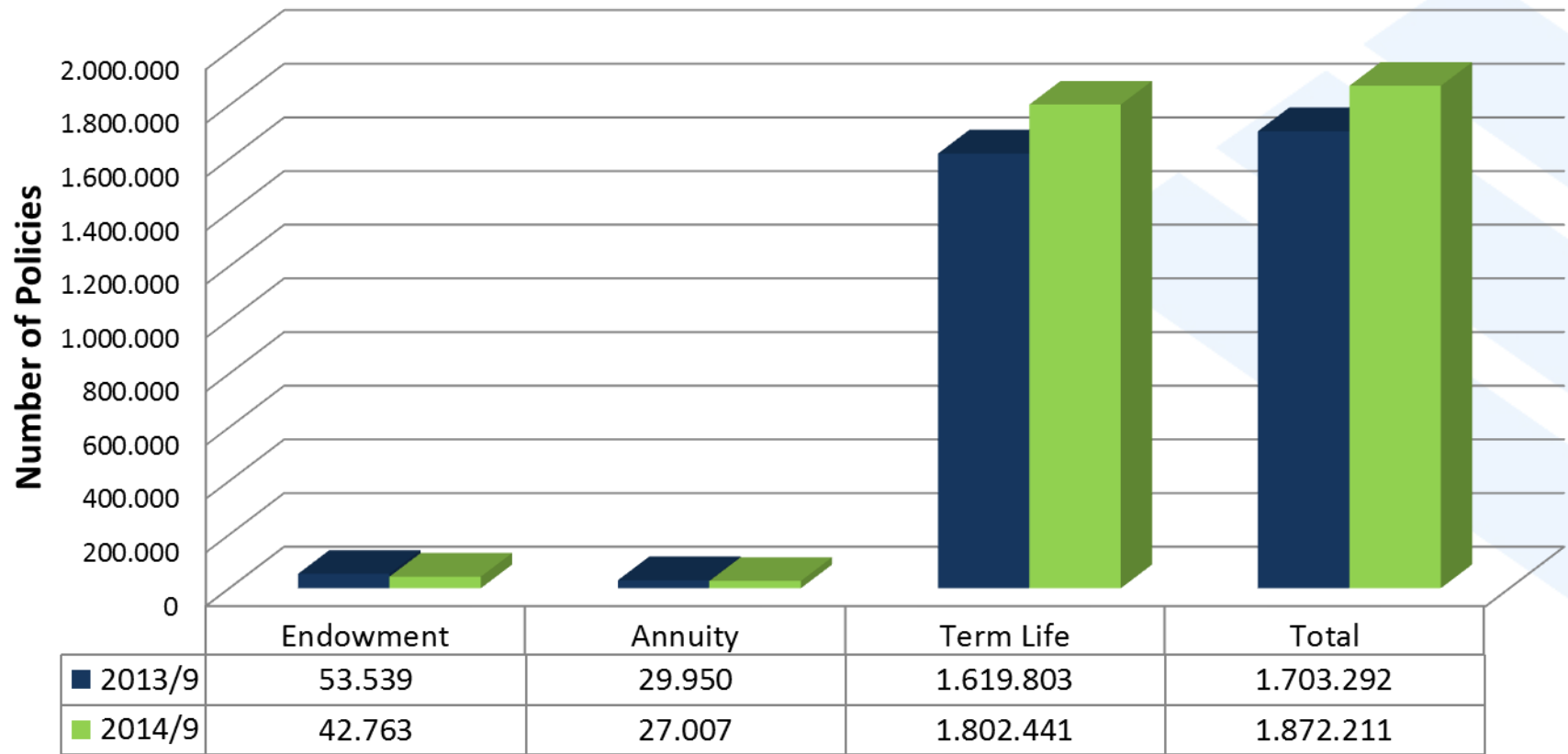
Life Portfolio - Number of Policies - 2011 - 2013



Anadolu Hayat Emeklilik - Life Portfolio

Total Number of Policies – 2013/9 vs. 2014/9

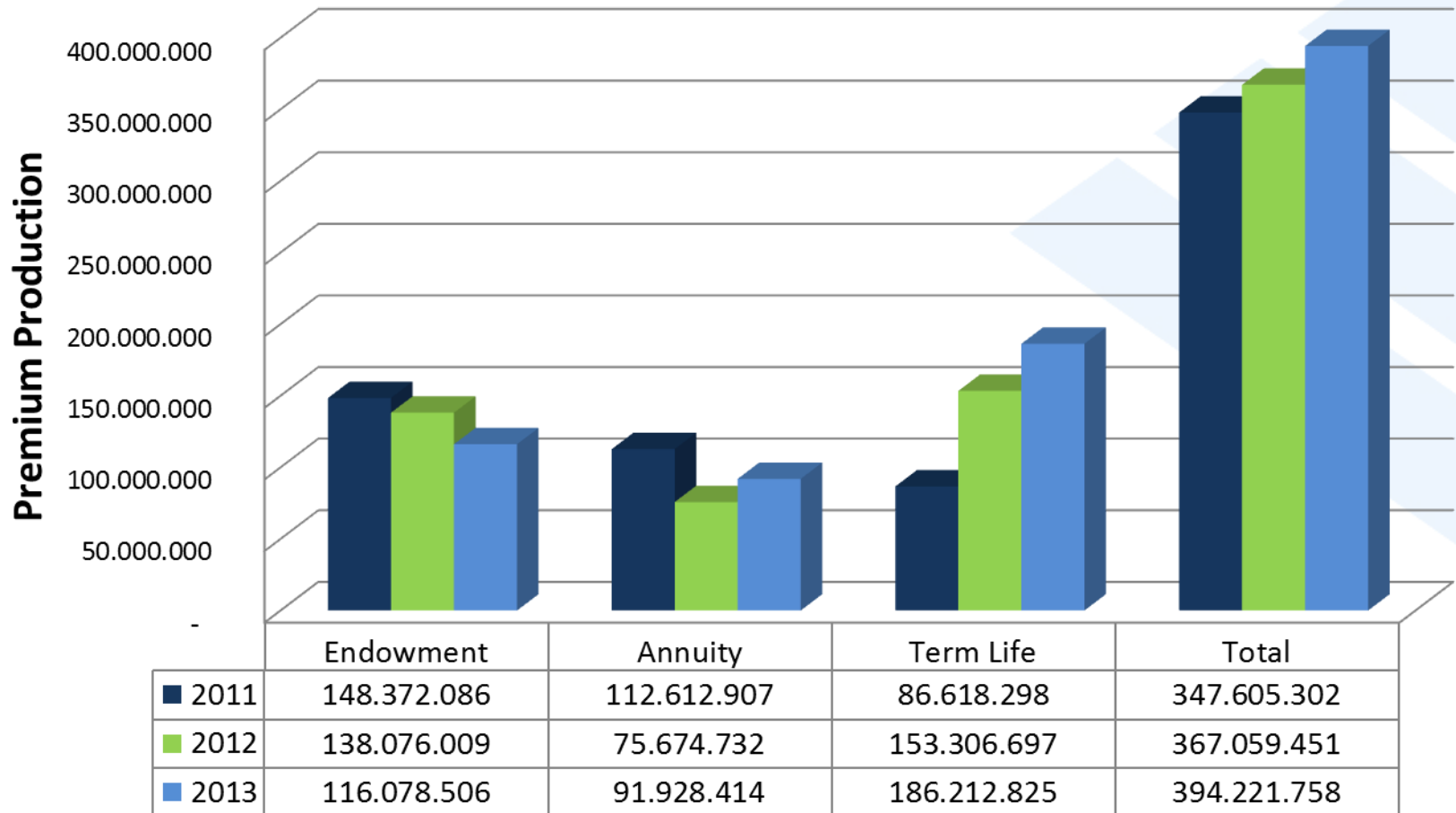
Life Portfolio - 2013/9 vs 2014/9



Anadolu Hayat Emeklilik - Life Portfolio

Total Premium Production (TL) – 2011 - 2013

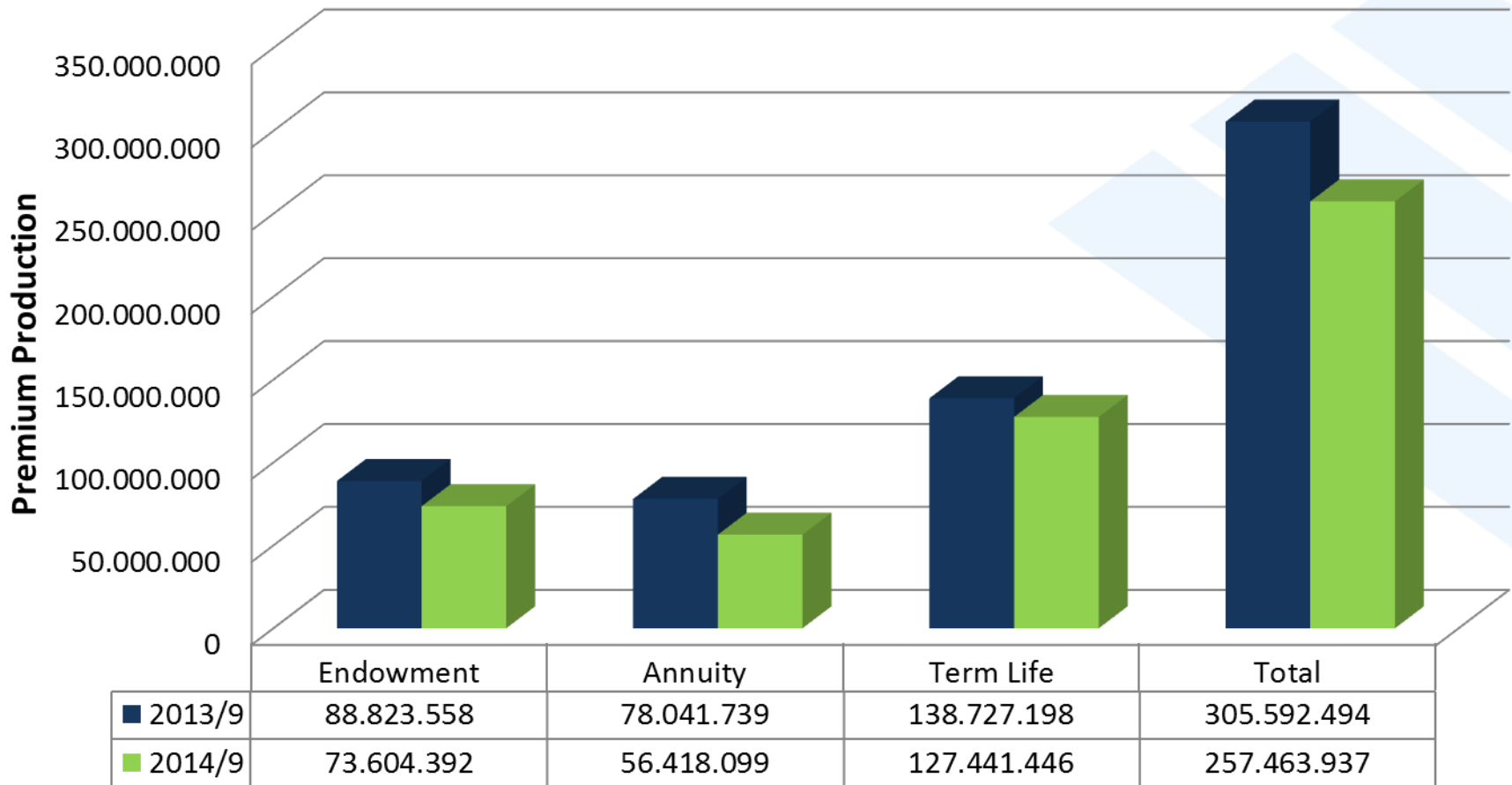
Life Portfolio - Total Premium Production (TL)



Anadolu Hayat Emeklilik - Life Portfolio

Total Premium Production (TL) – 2013/9 vs. 2014/9

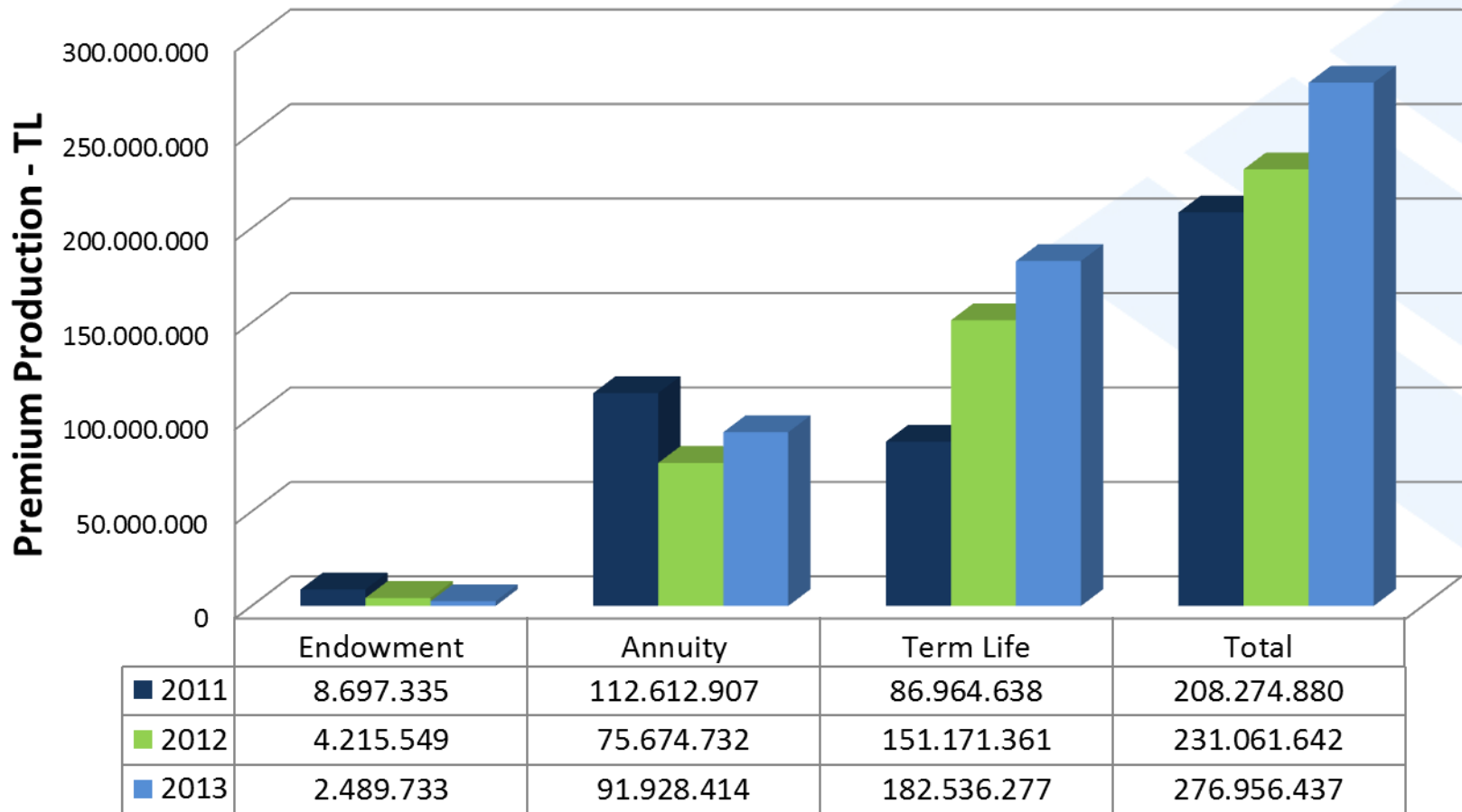
Life Portfolio - Total Premium Production 2013/9 vs 2014/9



Anadolu Hayat Emeklilik - Life Portfolio

Premium Production – New Business (TL) - 2011 - 2013

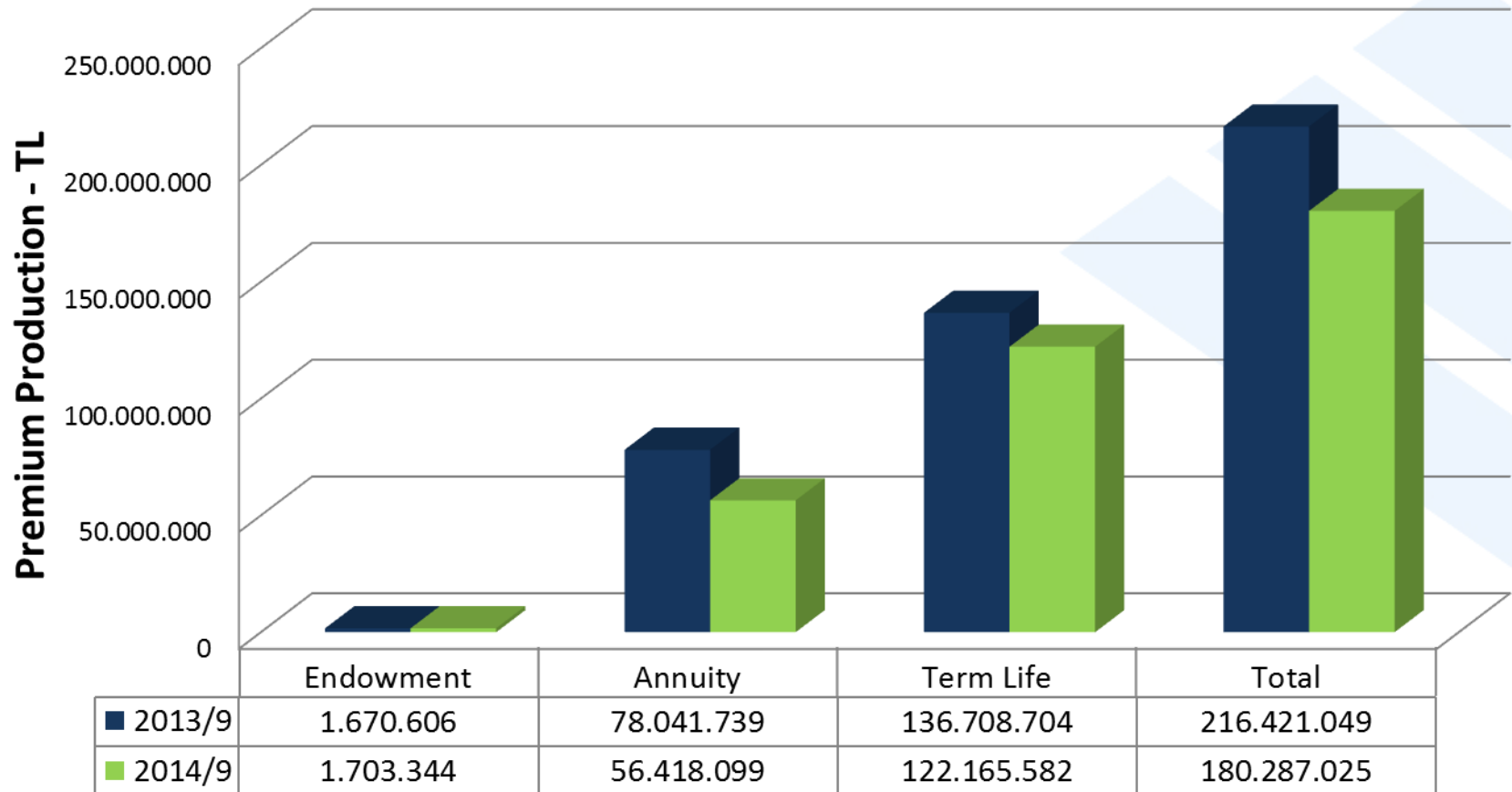
Life Portfolio - New Business - 2011 - 2013



Anadolu Hayat Emeklilik - Life Portfolio

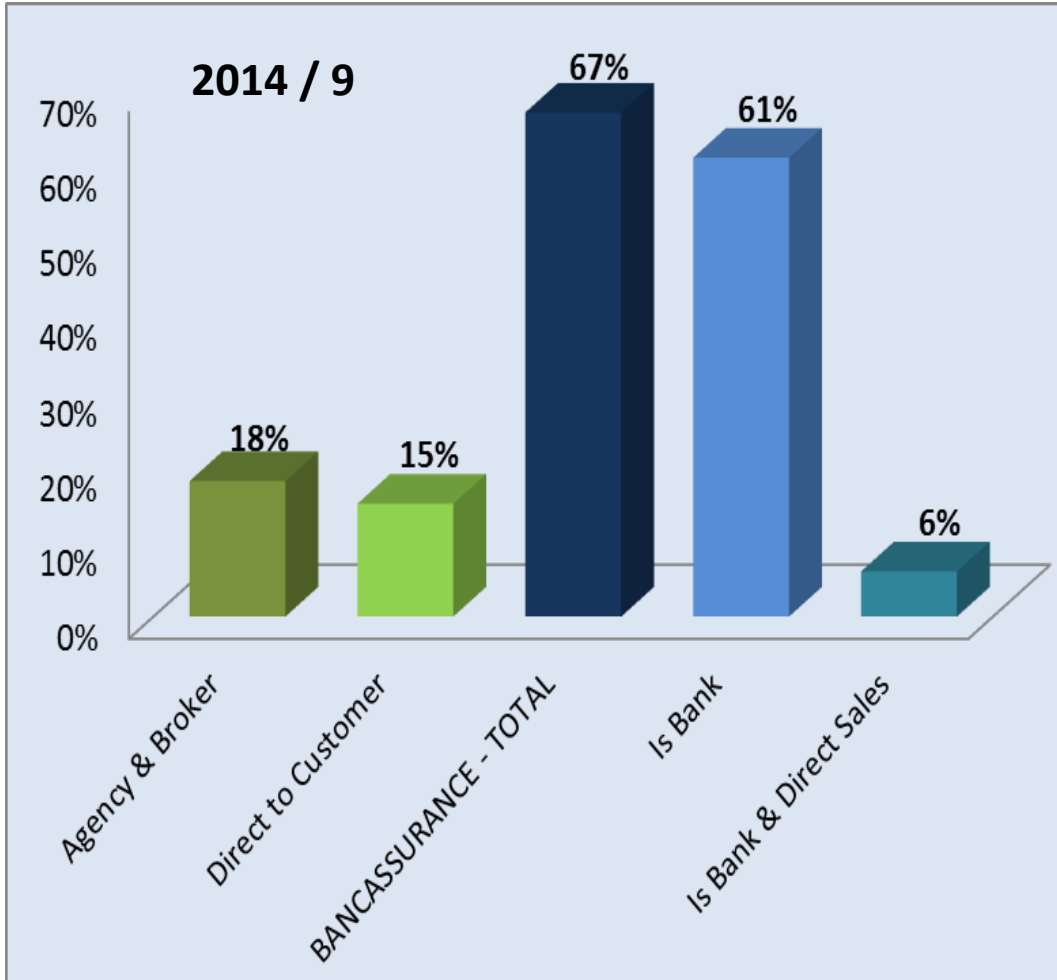
Premium Production – New Business (TL) – 2013/9 vs. 2014/9

Life Portfolio - New Business - 2013/9 vs 2014/9



Anadolu Hayat Emeklilik

Life Production By Channel (Initial Premium Production)



	2012	2013	2014 / 9
Agency & Broker	18%	16%	18%
Direct to Customer	17%	19%	15%
BANCASSURANCE	65%	65%	67%
Is Bank	60%	60%	61%
Is Bank & Direct Sales & Agency	5%	5%	6%
Total	100%	100%	100%

Life Products Charging Structure

Agency Commission

- Paid out to our distribution channels
- Charged on premiums
- No limits since 05.11.2007

Management Fee

- To cover administrative expenses
- Charged on premiums
- No limits

Fund Charge

- To cover fund management expenses
- Charged on current year's returns
- Max. 15% of the returns

Corporate Profile

Lines of Business - Life & Pensions

Financials

Stock Data

Anadolu Hayat Emeklilik

Financial Highlights & Key Metrics

TL Million	2011	2012	2013	2014/9
Written Premium	348	367	395	258
General Technical Profit	34	53	52	44
Life Technical Profit	34	33	63	39
Private Pension Technical Profit	0	20	-11	5
Period Net Profit	65	80	83	63
Private Pension Net Fund Value	3.030	4.278	5.231	6.522
Math. & Profit Sharing Provisions	2.027	2.206	1.871	1.791
Shareholders' Equity	430	525	534	550
Paid-in Capital	300	300	350	380
Total Assets	5.648	7.222	7.902	9.144
Key Valuation Metrics	2011	2012	2013	2014/9
ROAE	15%	17%	16%	12%
Earnings Per Share	0,22	0,27	0,24	0,17
P/E	12,8	15,9	22,1	27,6
P/BV	1,9	2,4	3,4	3,2
ANHYT	2011	2012	2013	2014/9
Average Monthly Traded Volume (Million TL)	36,78	38,09	53,50	18,64

Anadolu Hayat Emeklilik

Dividend Payout

	2010*	2011*	2012*	2013*
Gross Profit (TL)	88.179.608	76.335.800	109.052.075**	102.015.935**
Net Profit (TL)	72.744.608	62.920.800	82.952.075	86.705.935
Net Distributable Profit (TL)	69.176.772	59.687.324	78.873.301	82.447.605
Dividend to Shareholders (TL)	40.000.000	40.000.000	40.000.000	50.000.000
- Cash	40.000.000	40.000.000	40.000.000	50.000.000
- Bonus Share	-	-	-	-
Cash / Net Profit (%)	54,99	63,57	48,22	57,67
Cash / Net Distributable Profit (%)	57,82	67,02	50,71	60,64
Bonus Share / Net Profit (%)	-	-	-	-
Bonus Share / Net Distributable Profit (%)	-	-	-	-
Dividend to Shareholders / Net Profit (%)	54,99	63,57	48,22	57,67
Dividend to Shareholders / Net Distributable Profit (%)	57,82	67,02	50,71	60,64

* Consolidated

**Provision for dividend expense amounting to TRY 2,000,000 is added to the profit for the year end.

Anadolu Hayat Emeklilik

Capital Adequacy

	31.12.2011 (TL)	31.12.2012 (TL)	31.12.2013 (TL)
Capital required for Non-Life Branch	186.997	196.369	115.435
Capital required for Life Branch	106.373.431	108.496.682	109.078.343
Capital Required for Pension Branch	9.450.175	12.569.576	14.952.948
TOTAL CAPITAL REQUIRED	116.010.603	121.262.627	124.146.726
TOTAL CAPITAL	430.162.083	524.679.792	539.790.655*
EXCESS CAPITAL	314.151.480	403.417.165	415.643.929

*As a result of legal regulation, the equalization provision amounted TRY 5.921.429 is included in the current capital.

Anadolu Hayat Emeklilik Income Statement

(mio TL)		2012	2013
TECHNICAL PART			
	NON-LIFE TECHNICAL INCOME	0,68	0,68
	NON-LIFE TECHNICAL EXPENSES	-0,66	-0,66
I -	NON-LIFE TECHNICAL PROFIT / LOSS	0,02	0,02
	LIFE TECHNICAL INCOME	502,67	598,51
	LIFE TECHNICAL EXPENSES	-469,26	-535,10
II-	LIFE TECHNICAL PROFIT / LOSS	33,41	63,41
	PENSION FUND TECHNICAL INCOME	139,03	132,00
	PENSION FUND TECHNICAL EXPENSES	-119,53	-143,14
III-	PENSION FUND TECHNICAL PROFIT / LOSS	19,50	-11,14
IV-	GENERAL TECHNICAL PROFIT / LOSS	52,93	52,29
	INVESTMENT INCOME	63,51	65,44
	INVESTMENT EXPENSES	-7,18	-17,05
	PROFIT FROM OTHER & EXTRAORDINARY ACTIVITIES	-3,58	-2,20
V-	COMPANY ASSETS PROFIT / LOSS	52,75	46,19
VI-	PERIOD PROFIT / LOSS (IV+V)	105,68	98,48
VII-	PROVISION FOR TAX & OTHER LEGAL LIABILITIES	-26,10	-15,31
IX-	PERIOD NET PROFIT / LOSS (VII - VIII)	79,58	83,17

Anadolu Hayat Emeklilik Income Statement

(mio TL)		2013 / 09	2014/ 09
TECHNICAL PART			
	NON-LIFE TECHNICAL INCOME	0,47	0,51
	NON-LIFE TECHNICAL EXPENSES	-0,86	-0,51
I -	NON-LIFE TECHNICAL PROFIT / LOSS	-0,39	0,00
	LIFE TECHNICAL INCOME	454,56	397,06
	LIFE TECHNICAL EXPENSES	-407,74	-357,50
II-	LIFE TECHNICAL PROFIT / LOSS	46,82	39,56
	PENSION FUND TECHNICAL INCOME	95,59	120,63
	PENSION FUND TECHNICAL EXPENSES	-102,61	-115,90
III-	PENSION FUND TECHNICAL PROFIT / LOSS	-7,02	4,73
IV-	GENERAL TECHNICAL PROFIT / LOSS	39,41	44,29
	INVESTMENT INCOME	47,57	46,95
	INVESTMENT EXPENSES	-9,23	-7,26
	PROFIT FROM OTHER & EXTRAORDINARY ACTIVITIES	-3,36	-2,55
V-	COMPANY ASSETS PROFIT / LOSS	34,98	37,14
VI-	PERIOD PROFIT / LOSS (IV+V)	74,39	81,43
VII-	PROVISION FOR TAX & OTHER LEGAL LIABILITIES	-11,44	-18,02
IX-	PERIOD NET PROFIT / LOSS (VII - VIII)	62,95	63,41

Anadolu Hayat Emeklilik Balance Sheet

(mio TL)		2012	2013
ASSETS			
I-	LIQUID ASSETS	142	139
II-	MARKETABLE SECURITIES	2.682	2.406
III-	RECEIVABLES	4.350	5.308
IV-	INVESTMENTS	9	9
V-	FIXED ASSETS	26	27
VI-	OTHER ASSETS (NET)	13	13
TOTAL ASSETS		7.222	7.902
LIABILITIES AND SHAREHOLDERS' EQUITY			
I-	PAYABLES	4.378	5.370
II-	TECHNICAL PROVISIONS	2.288	1.973
III-	OTHER PROVISIONS	20	16
IV-	TAX PROVISIONS	11	9
V-	SHAREHOLDERS' EQUITY	525	534
TOTAL LIAB. AND SHAREHOLDERS' EQUITY		7.222	7.902

Anadolu Hayat Emeklilik

Balance Sheet

(mio TL)		2013 / 09	2014 / 09
ASSETS			
I-	LIQUID ASSETS	126	150
II-	MARKETABLE SECURITIES	2.503	2.344
III-	RECEIVABLES	5.080	6.597
IV-	INVESTMENTS	9	9
V-	FIXED ASSETS	27	33
VI-	OTHER ASSETS (NET)	11	11
TOTAL ASSETS		7.756	9.144
LIABILITIES AND SHAREHOLDERS' EQUITY			
I-	PAYABLES	5.126	6.676
II-	TECHNICAL PROVISIONS	2.084	1.887
III-	OTHER PROVISIONS	18	17
IV-	TAX PROVISIONS	9	14
V-	SHAREHOLDERS' EQUITY	519	550
TOTAL LIAB. AND SHAREHOLDERS' EQUITY		7.756	9.144

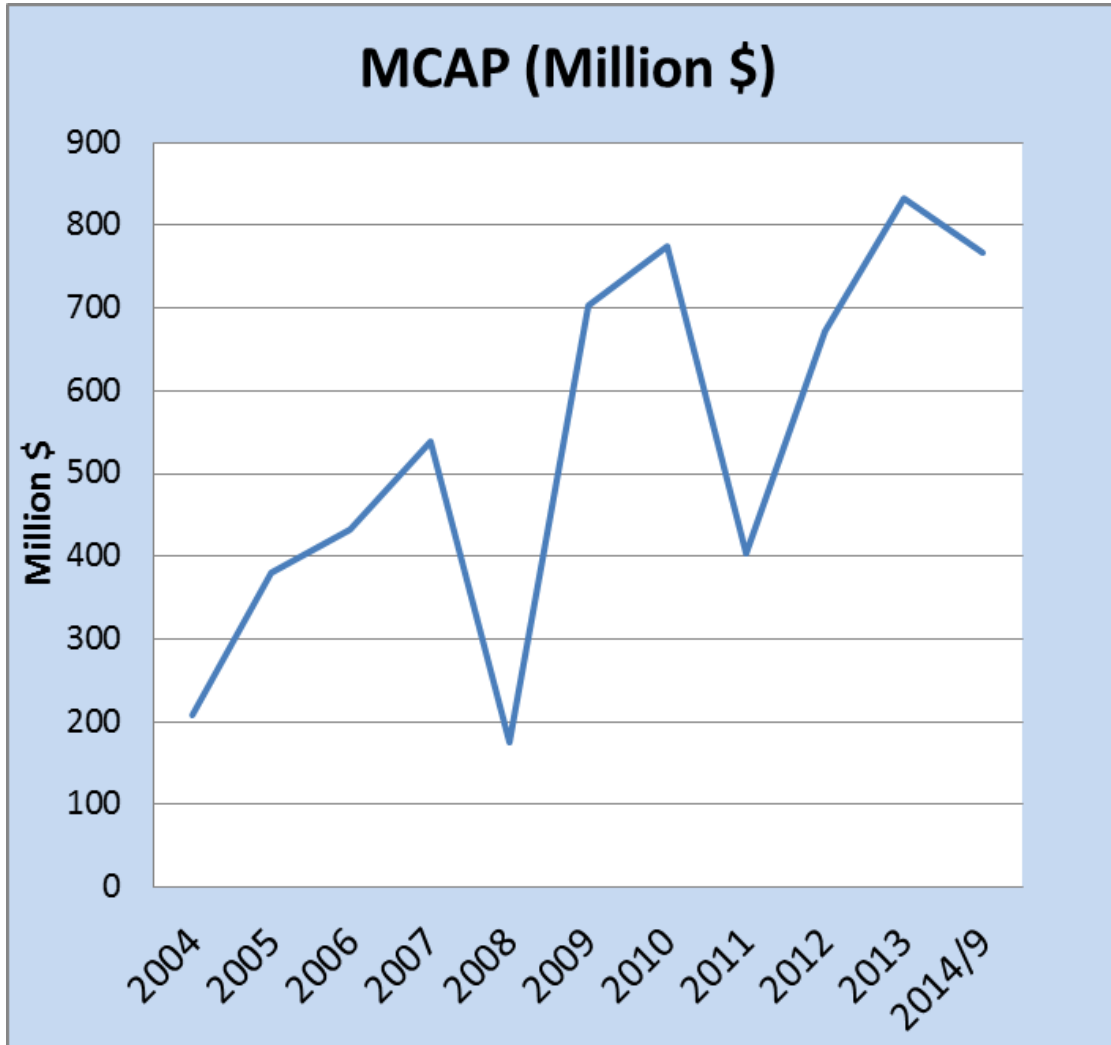
Corporate Profile

Lines of Business - Life & Pensions

Financials

Stock Data

Anadolu Hayat Emeklilik Stock Data



Year	MCAP (Million \$)
2004	209
2005	380
2006	433
2007	540
2008	175
2009	703
2010	775
2011	403
2012	673
2013	832
2014 / 09	768

THANK YOU...

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