



ANADOLU HAYAT EMEKLİLİK A.Ş. COMPANY PRESENTATION

December 2014



**ANADOLU HAYAT
EMEKLİLİK**

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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

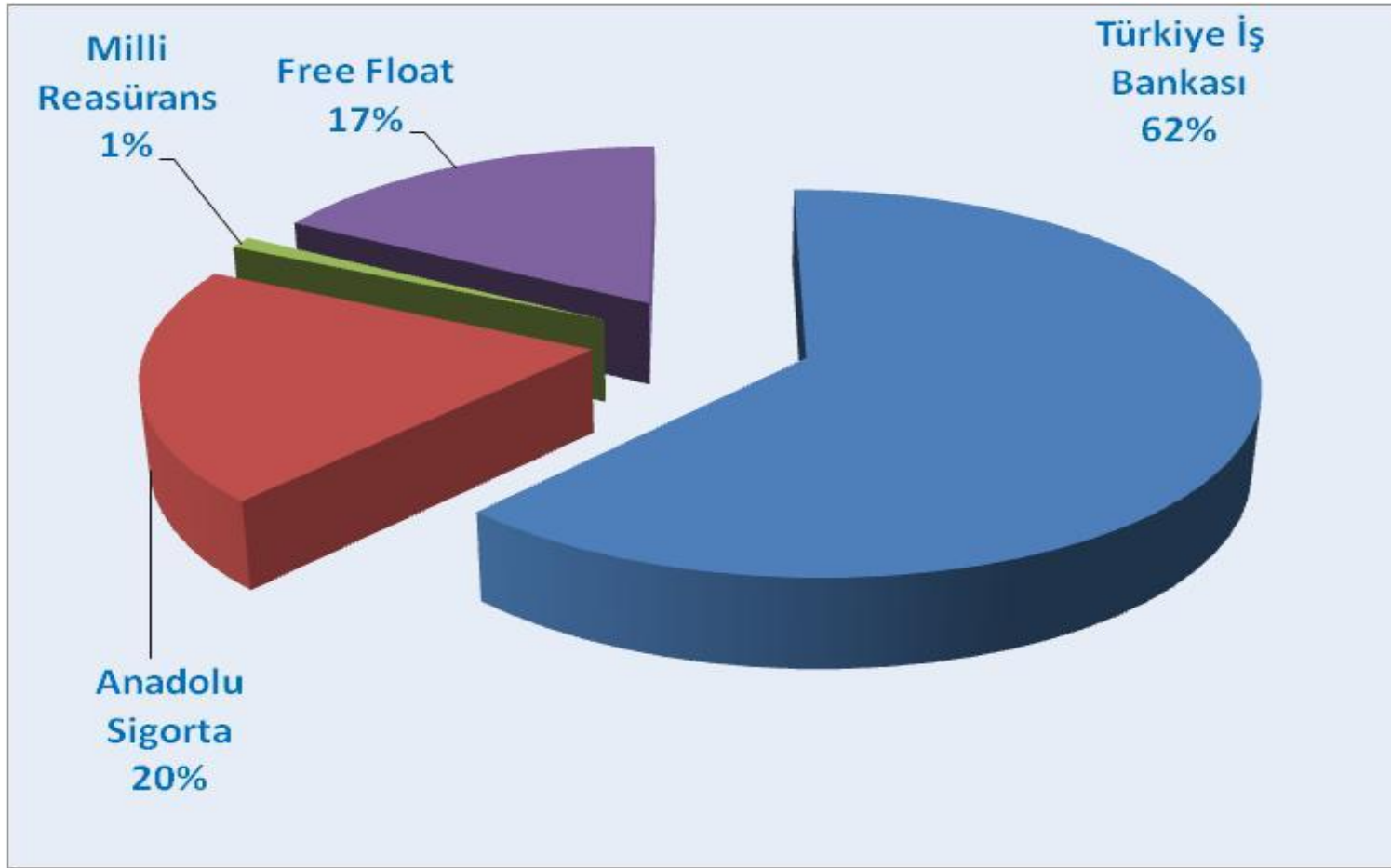
First life insurance company in Turkey

The first publicly traded Life & Pension company

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

Anadolu Hayat Emeklilik

Growth Strategy

Distribution Channel Strategy

- Focus on Bancassurance
 - Expanding Direct Sales Team
 - Improving Agency Profile

Improving Customer Service Quality

Improving HR quality

Focus on Corporate Pension Business

Corporate Profile

Lines of Business - Life & Pensions

Financials

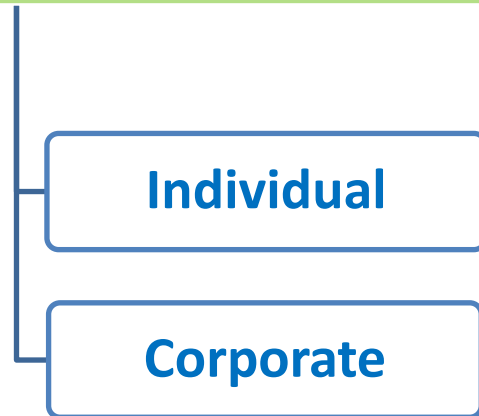
Stock Data



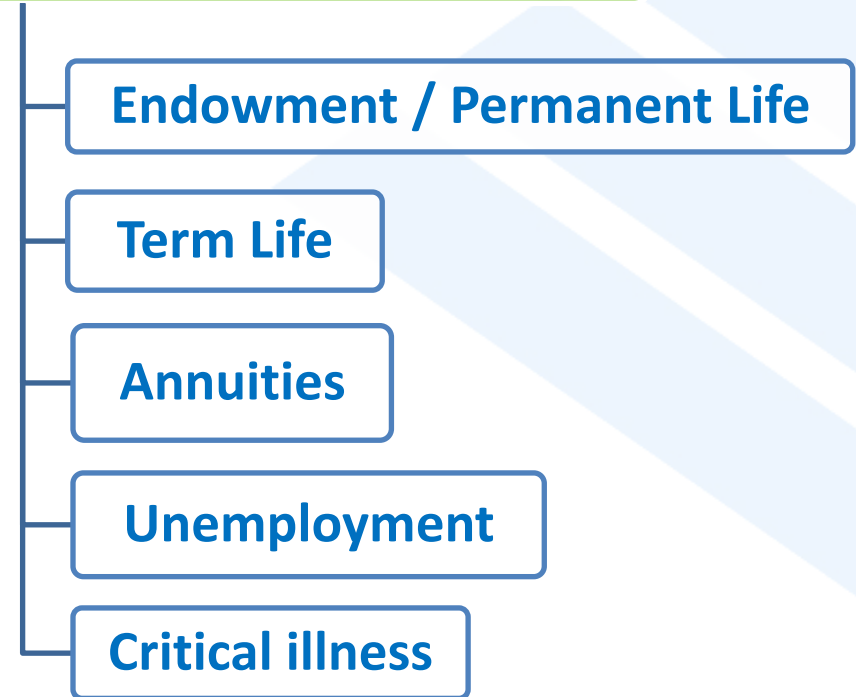
Anadolu Hayat Emeklilik

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
- Completion of 10 years in the system
- 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

Incentives – Current vs. Former Regulation

Contribution Stage

- Contributions were tax deductible up to %10 of income with a cap of annual minimum wage.
- Employer contributions were also tax deductible subject to the same limits.
- **By 01.01.2013;**
- **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.
- **By 01.01.2013;**
- **No change in the former regulation**

Benefit payments

- %25 of retirement payments were exempt from income tax.
- Residual was subject to a withholding tax of 5%.
- Early surrenders were subject to 15% or 10% (in case of completion of 10 years within the system) withholding tax with no exemption.
- **By 01.01.2013;**
- **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)**

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

Potential Regulation Changes

Fee Levels

- A reduction of fund management fees is planned to increase participants' satisfaction and to come down to international fee levels.
- Pension companies will be able to charge performance based fees to prompt asset management companies to outperform benchmarks.

Auto Enrollment

- According to the draft regulation, private pension accounts will be opened for all employees in the workforce.
- The employees will have the right to opt out if they want.
- It is aimed to increase general welfare and the society's awareness of the system.

Severance Payments

- According to the draft regulation, severance payments are aimed to be transferred to the private pension system.
- If enacted, the law will contribute to the transparency of severance payments system.

Anadolu Hayat Emeklilik

Distribution Network

Bancassurance



1352 Branches



298 Branches *



201 Branches



87 Branches



2 Branches

Total of
5 Banks &
1940
Branches

Direct Sales

•387 Licensed Salesperson

Agents & Brokers

•317 Exclusive Agencies
•60 Brokers

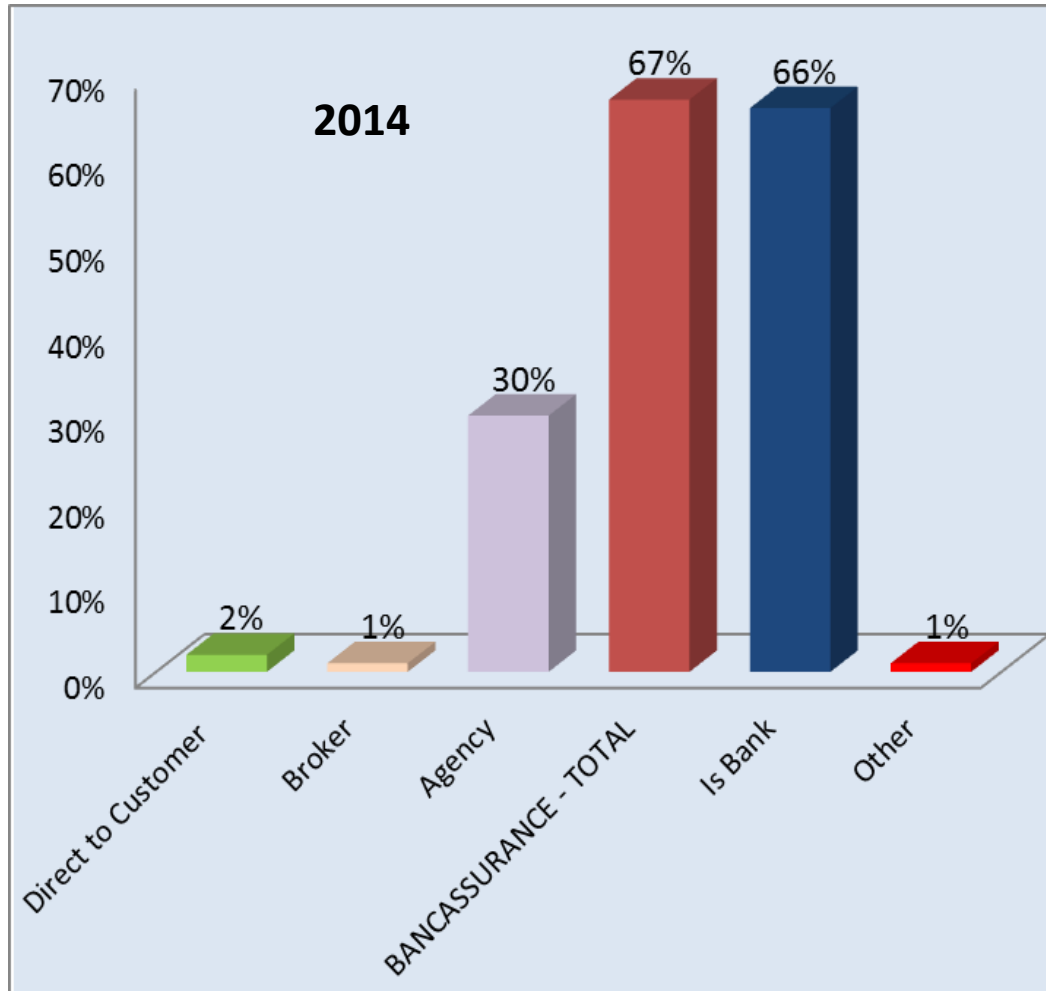
Other

•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

Anadolu Hayat Emeklilik

Pension Production By Channel (Initial Contribution Payments)



	2012	2013	2014
Direct to Customer	3%	6%	2%
Broker	1%	1%	1%
Agency	22%	21%	30%
BANCASSURANCE	74%	72%	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
- Government's target to increase savings
- Purchasing power
- Lack of confidence in the social security system

Advantages of Pension System

- New regulations
- Government support
- Transparency of the system
- Participation to the investment process
- Mobility of the pension accounts

Key Drivers For Our Market Leadership

Distribution network

Diversified products

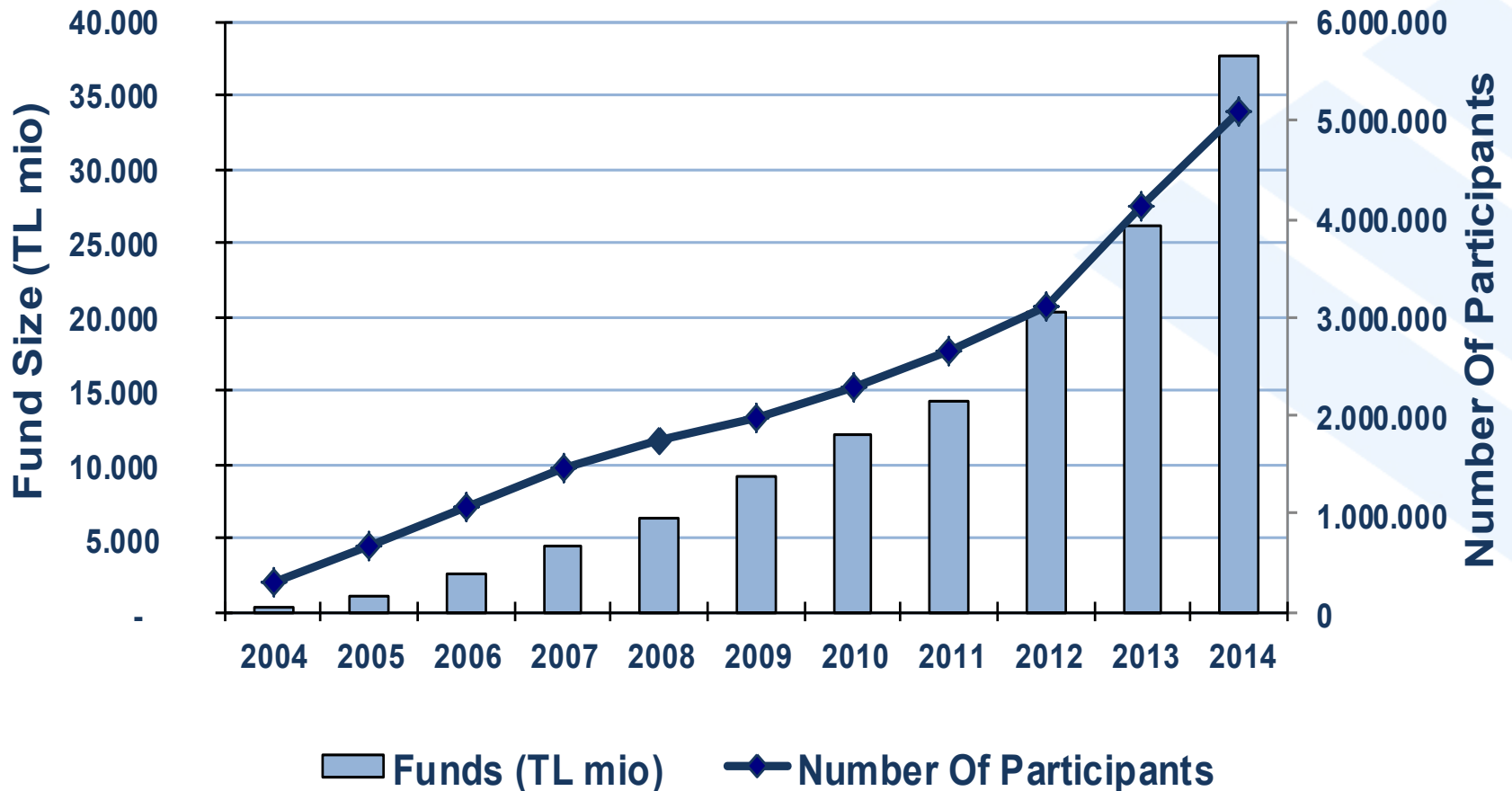
Fund performance

Charging structure

Service quality

Private Pension System In Turkey

Overview as of 31.12.2014



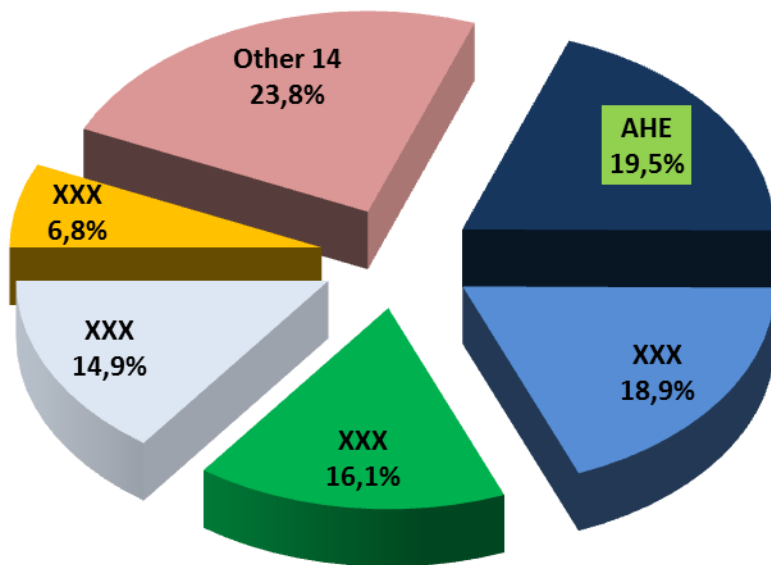
Pension System Outlook

	31.12.10	2011 % Change	31.12.11	2012 % Change	31.12.12	2013 % Change	31.12.13	2014 % Change	31.12.14
Fund Size (Million TL)									
AHE	2.620	16%	3.031	41%	4.278	22%	5.232	41%	7.386
Sector	12.017	19%	14.341	42%	20.357	29%	26.281	44%	37.799
Market Share	21,8%		21,1%		21,0%		19,9%		19,5%
Number of Participants (Thousand)									
AHE	503	14%	576	9%	629	17%	733	18%	864
Sector	2.274	16%	2.642	18%	3.128	33%	4.153	23%	5.098
Market Share	22,1%		21,8%		20,1%		17,7%		16,9%

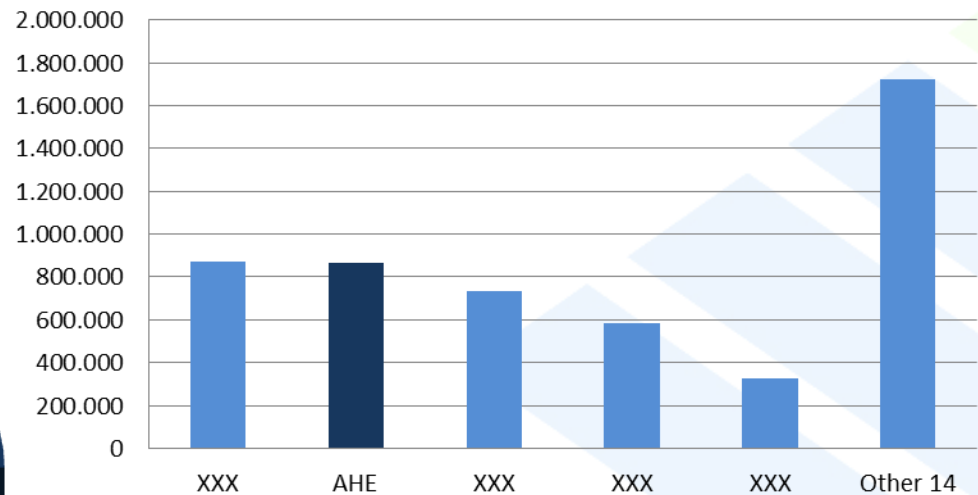
Private Pension System In Turkey

Overview as of 31.12.2014

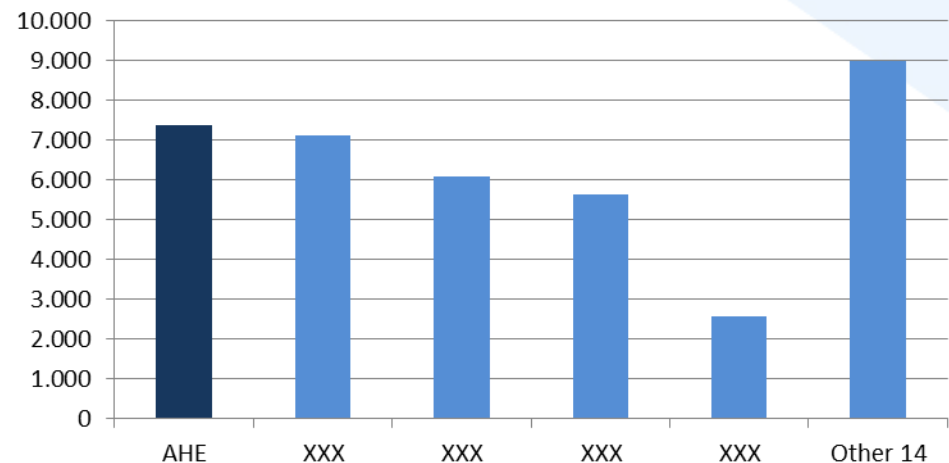
Market Share in Total Fund Size



Number of Participants

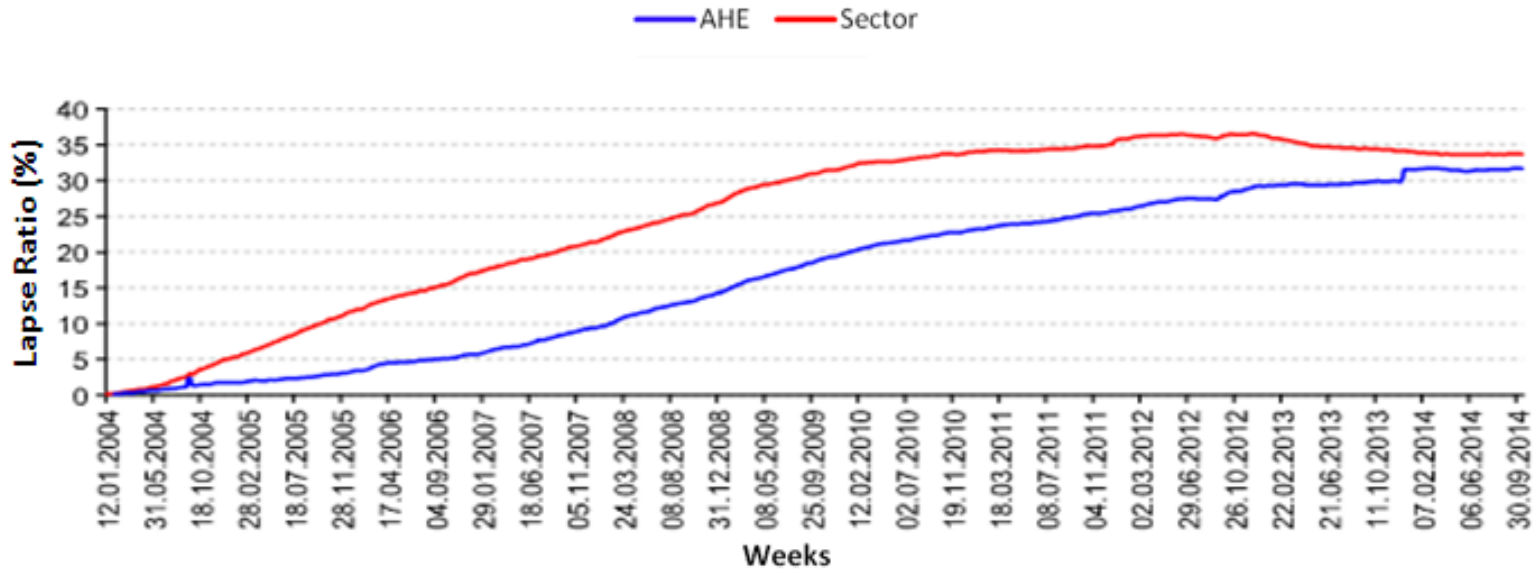


Funds (mio TL)



Private Pension System In Turkey

Lapse Ratio: Sector Average vs. Anadolu Hayat Emeklilik



01.01.2004 - 14.11.2014, Weekly Data

Source: Pension Monitoring Center

AHE Pension Funds – Investment Instruments

As of 31.12.2014

Conservative

- Treasury Bills
- Government Bonds
- Government Lease Certificates
- Revenue Indexed Bonds
- Private Sector Bonds & Bills
- Time Deposits
- Participation Accounts
- Reverse Repo
- Other Liquidity Market Instruments

54 %

Balanced

- T-Bills, Government Bonds & Lease Certificates
- Private Sector Bonds & Bills
- Time Deposits
- Reverse Repo
- Turkish Eurobonds \$/€
- Gold
- Turkish Stocks
- Mutual Funds
- Developed Countries' Stocks
- Other Liquidity and Money Market Instruments

30 %

Aggressive

- Turkish Stocks
- BRIC Stocks
- Mutual Funds
- Government Debt Instruments
- Private Sector Bonds & Bills
- Time Deposits
- Reverse Repo
- Gold
- Turkish Eurobonds \$/€
- Other Liquidity and Money Market Instruments

16 %

Pension Funds & Mutual Funds

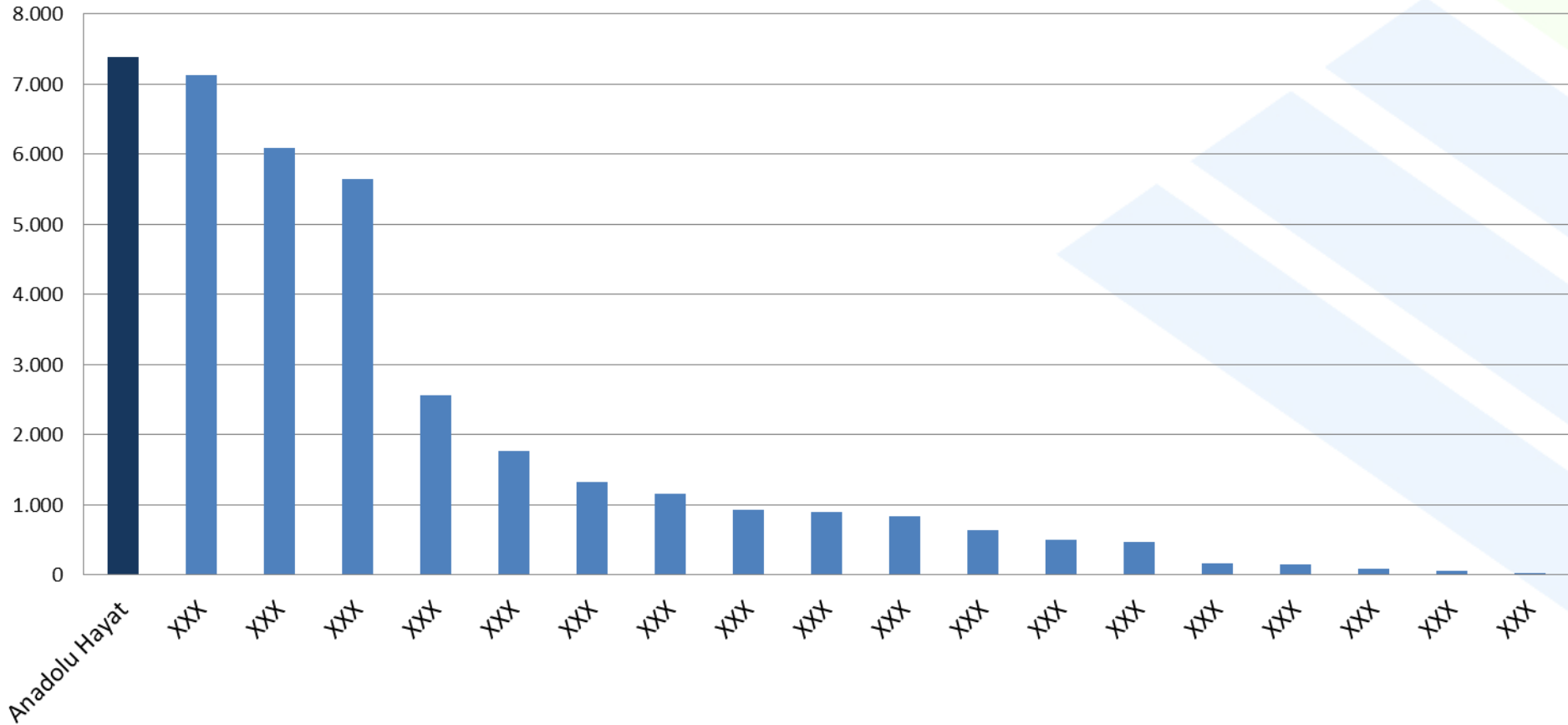
	Average Maturity (Days)	Net Asset Value (mio TL)	Equity (%)	T-Bills & G. Bonds (%)	Reverse Repo (%)	Money Market Inst. (%)	Foreign Currency Sec.(%)	T.Deposits & Other (%)
PRIVATE PENSION FUNDS								
02.01.2014	923	26.186	14,04	58,88	6,83	1,24	0,92	18,09
02.01.2015	1078	37.771	13,52	56,95	6,55	0,92	1,10	20,96
MUTUAL FUNDS – BANKS & Others								
02.01.2014	104	30.513	5,33	16,7	29,33	11,32	0,5	36,83
02.01.2015	162	33.315	5,44	11,26	19,68	12,12	1,35	50,15

Source: Capital Markets Board of Turkey

Pension Funds

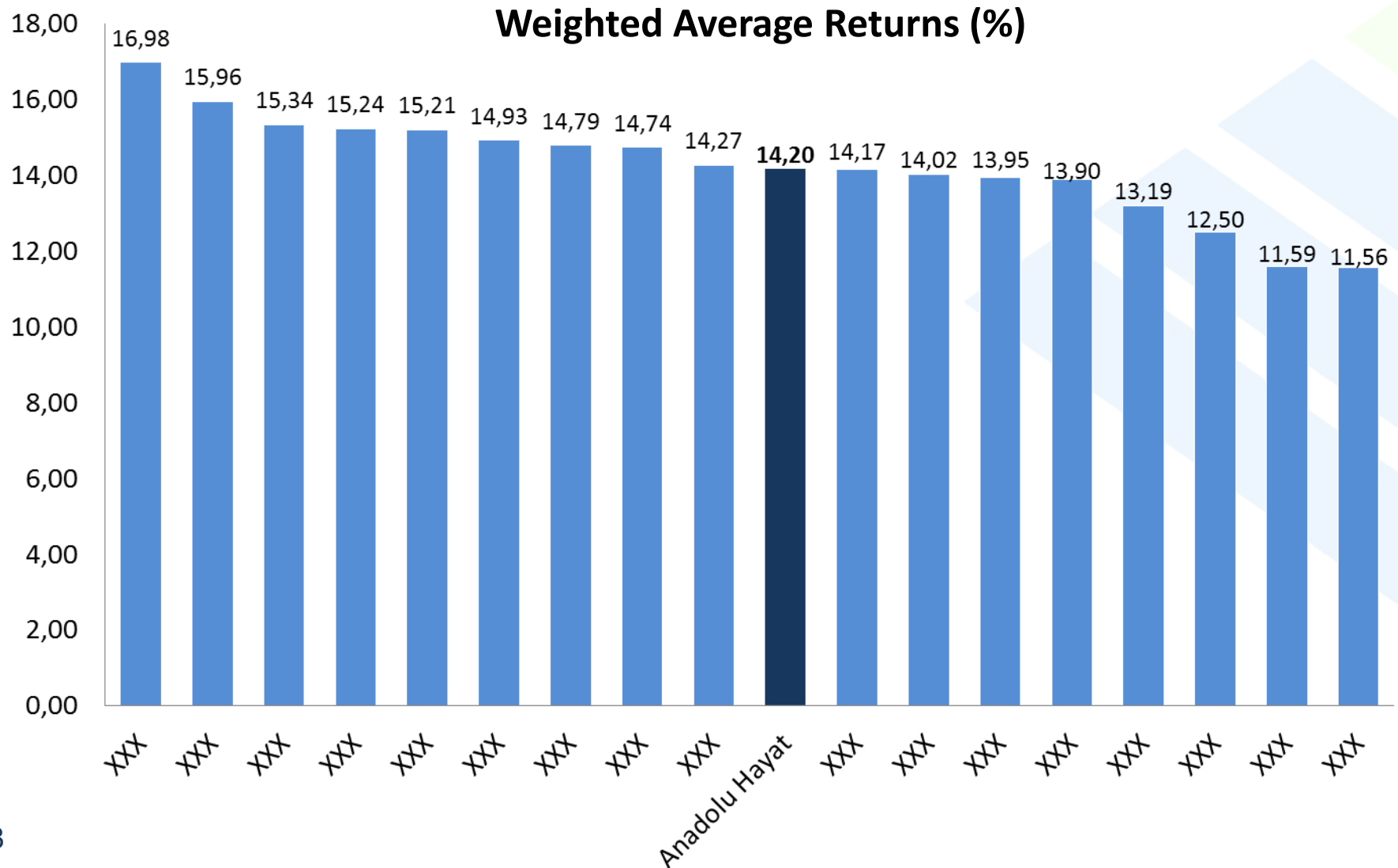
Net Asset Values as of 31.12.2014

Net Asset Value (mio TL)

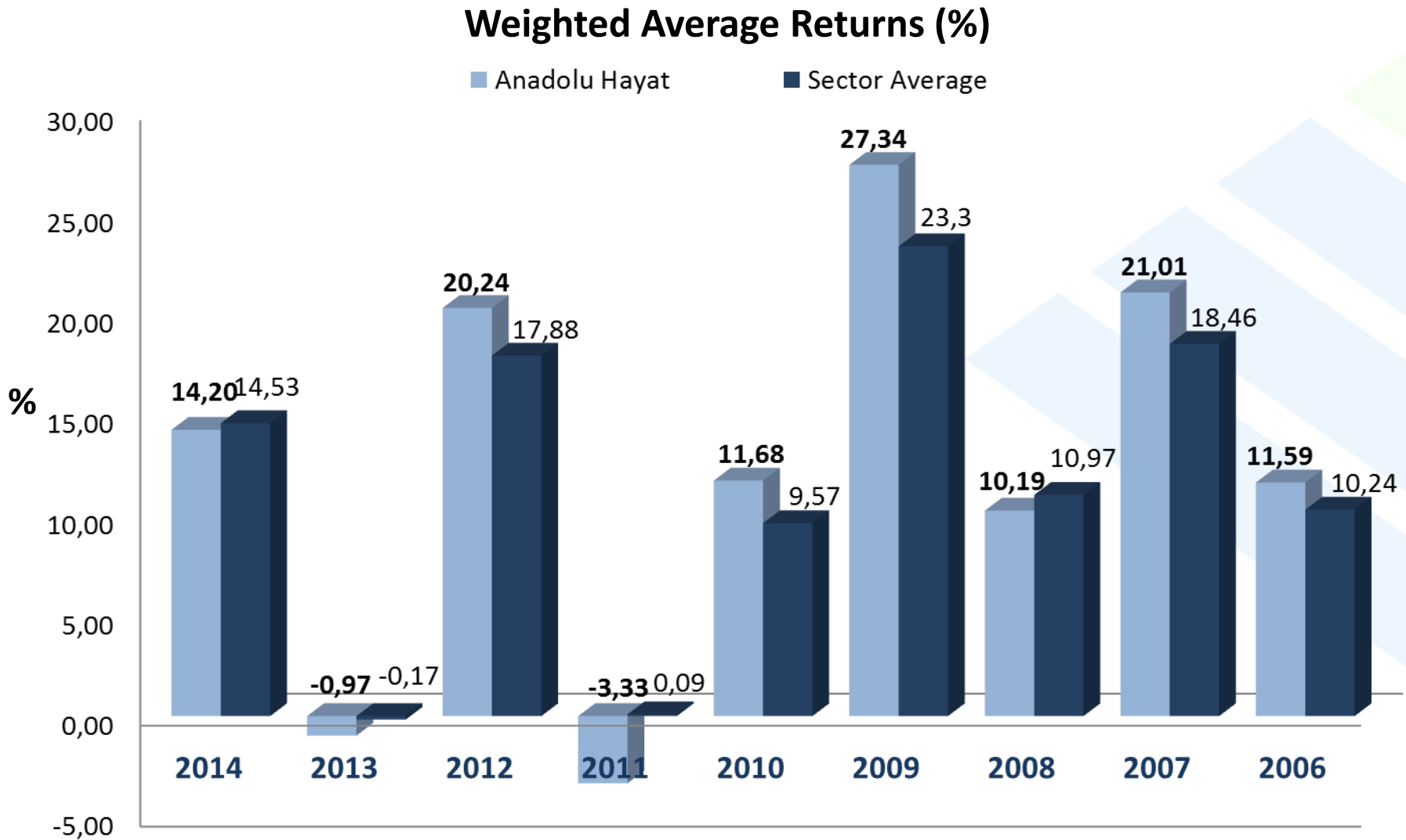


Pension Funds

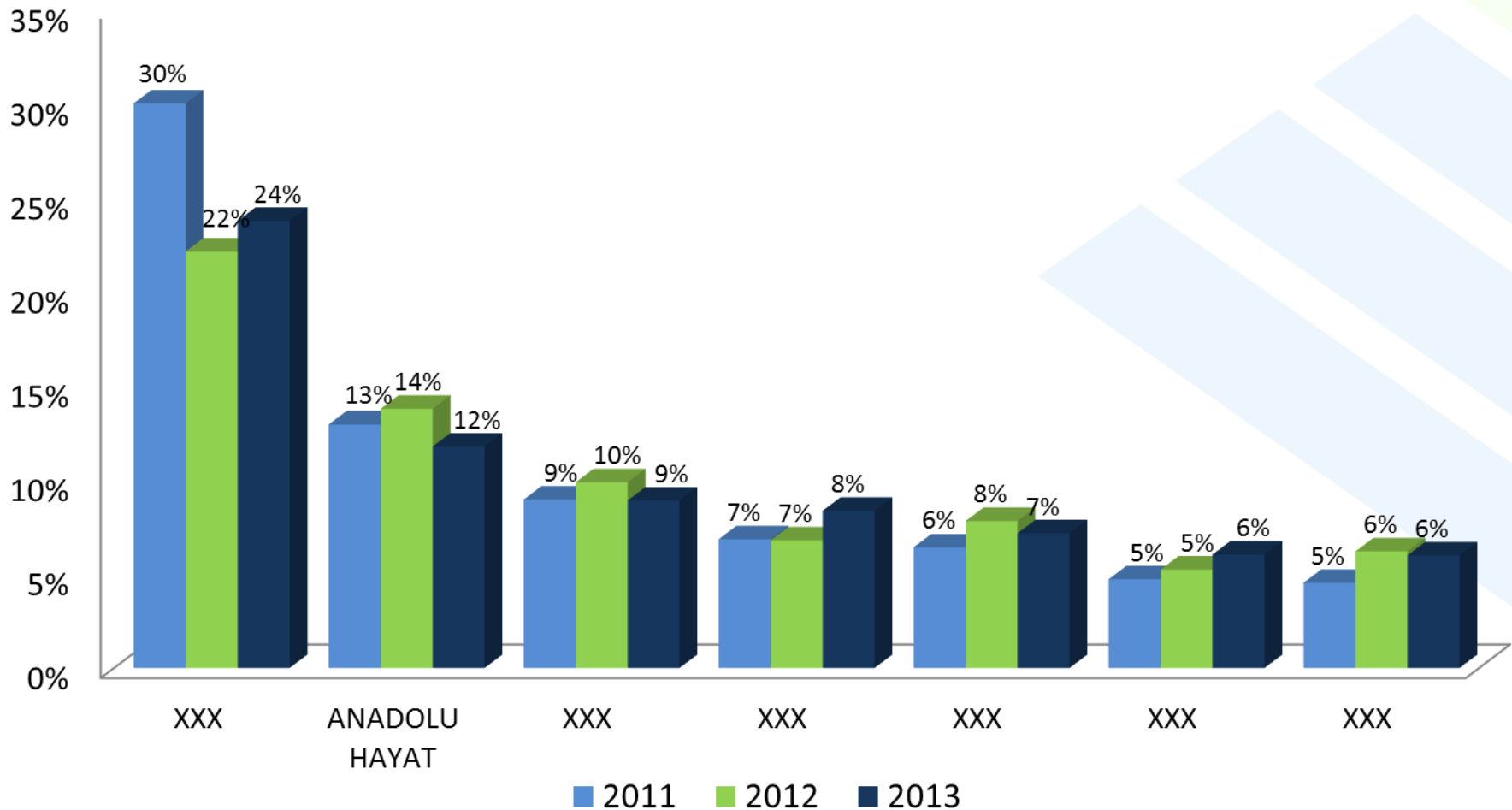
Weighted Average Returns as of 31.12.2014



Anadolu Hayat Emeklilik Pension Funds' Weighted Average Return Performance



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



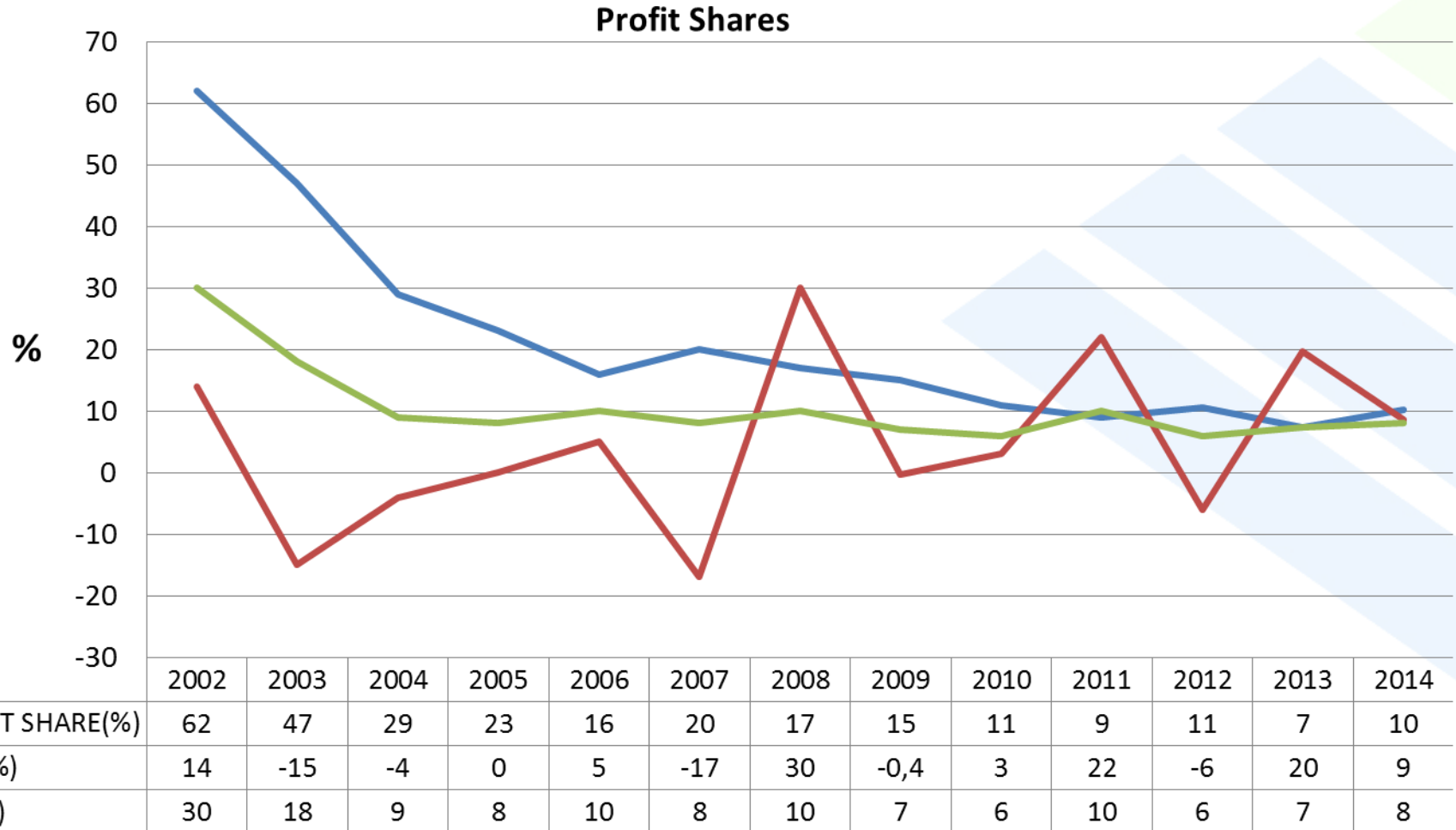
Life Insurance In Turkey

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

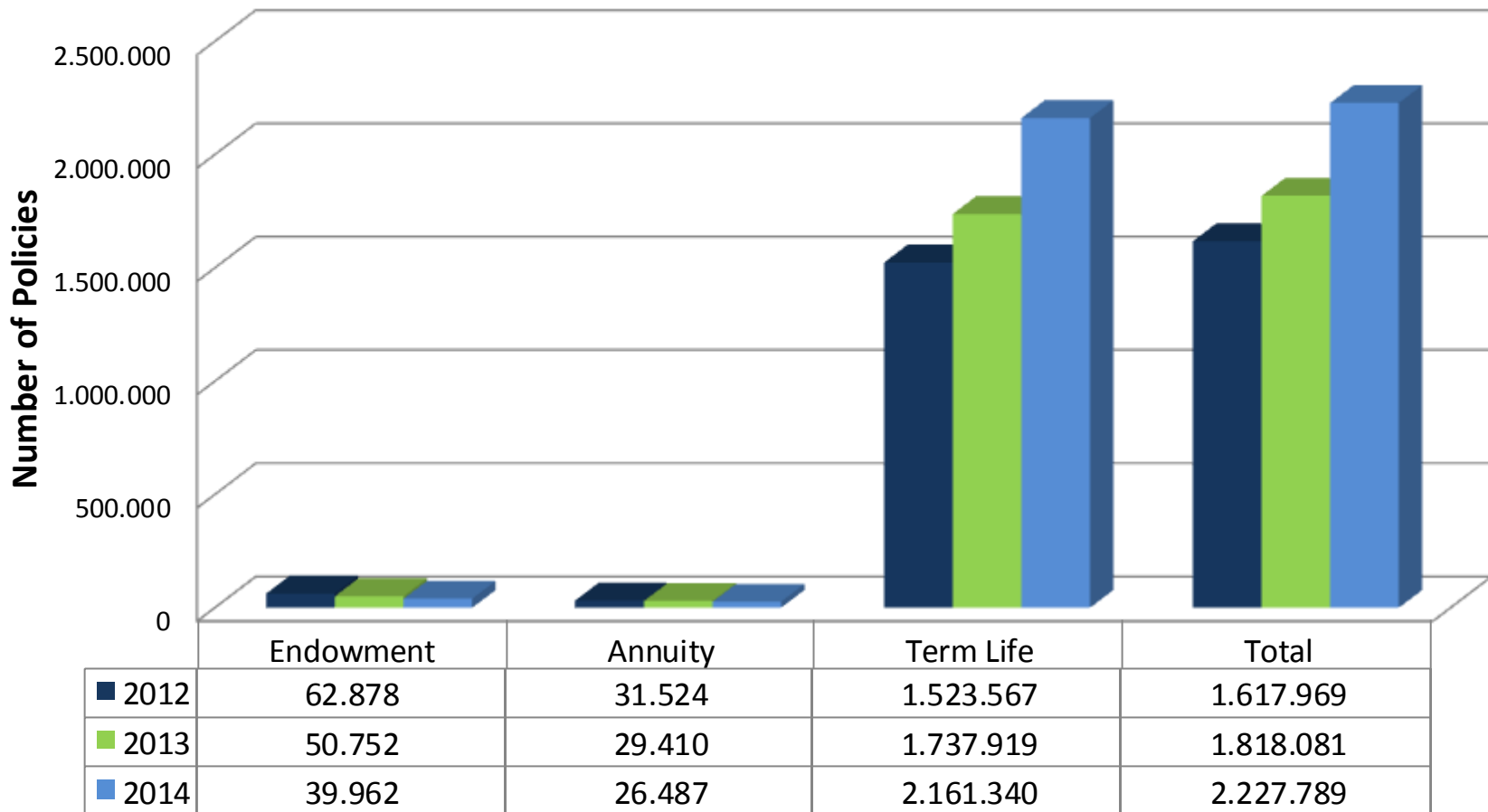
Profit Sharing Rates – TL Based Life Products



Anadolu Hayat Emeklilik - Life Portfolio

Total Number of Policies – 2012 - 2014

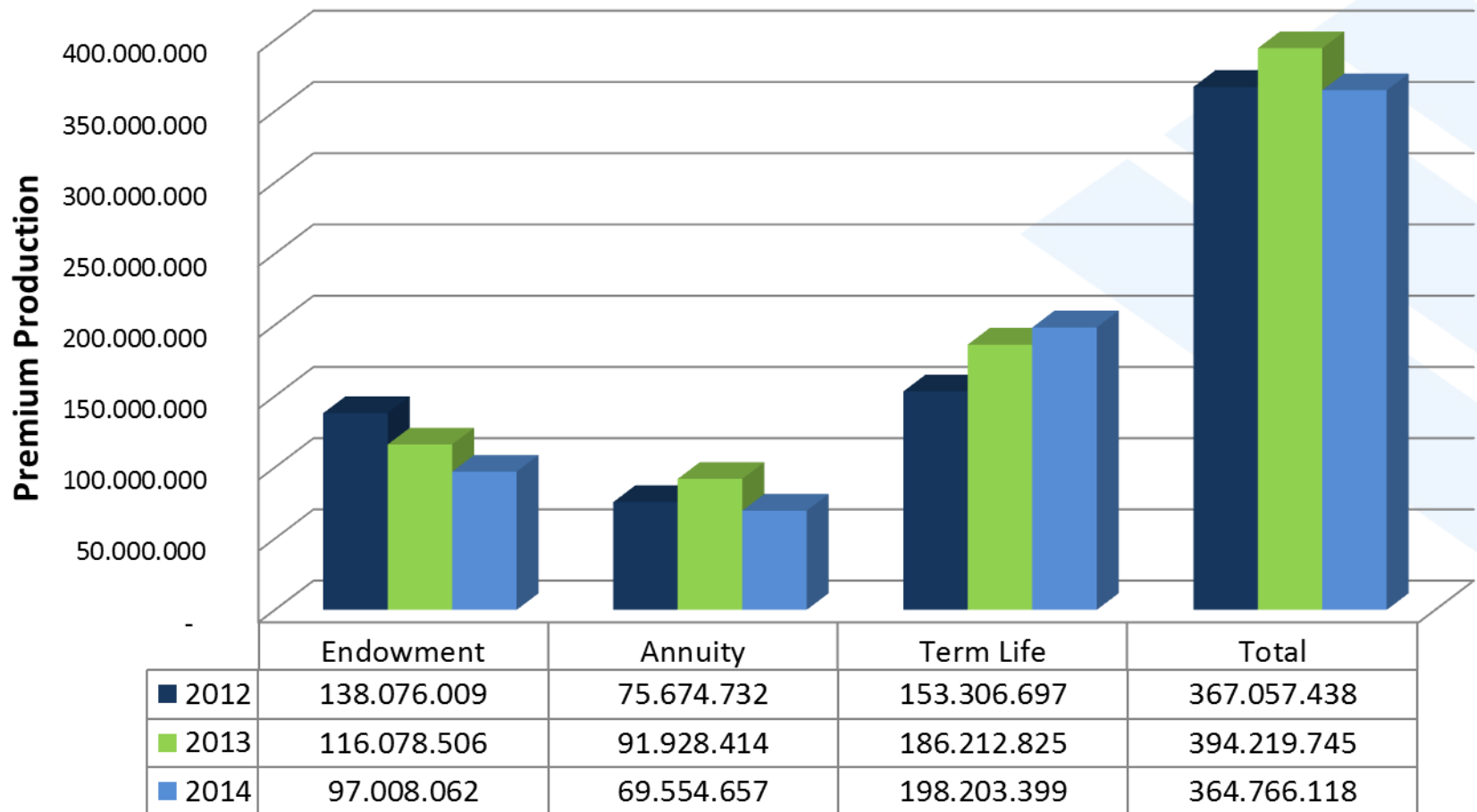
Life Portfolio - Number of Policies - 2012 - 2014



Anadolu Hayat Emeklilik - Life Portfolio

Total Premium Production (TL) – 2012 - 2014

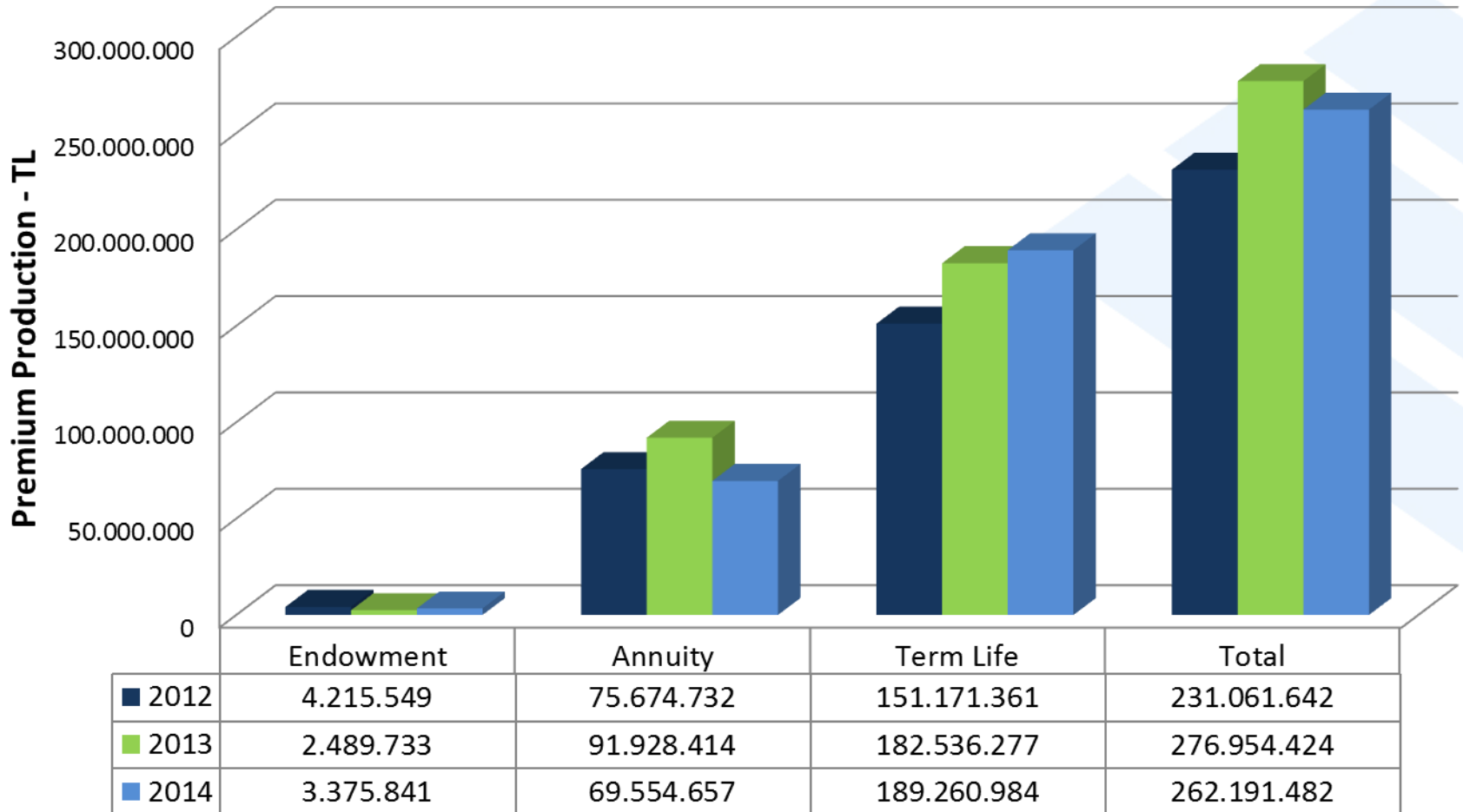
Life Portfolio - Total Premium Production (TL)



Anadolu Hayat Emeklilik - Life Portfolio

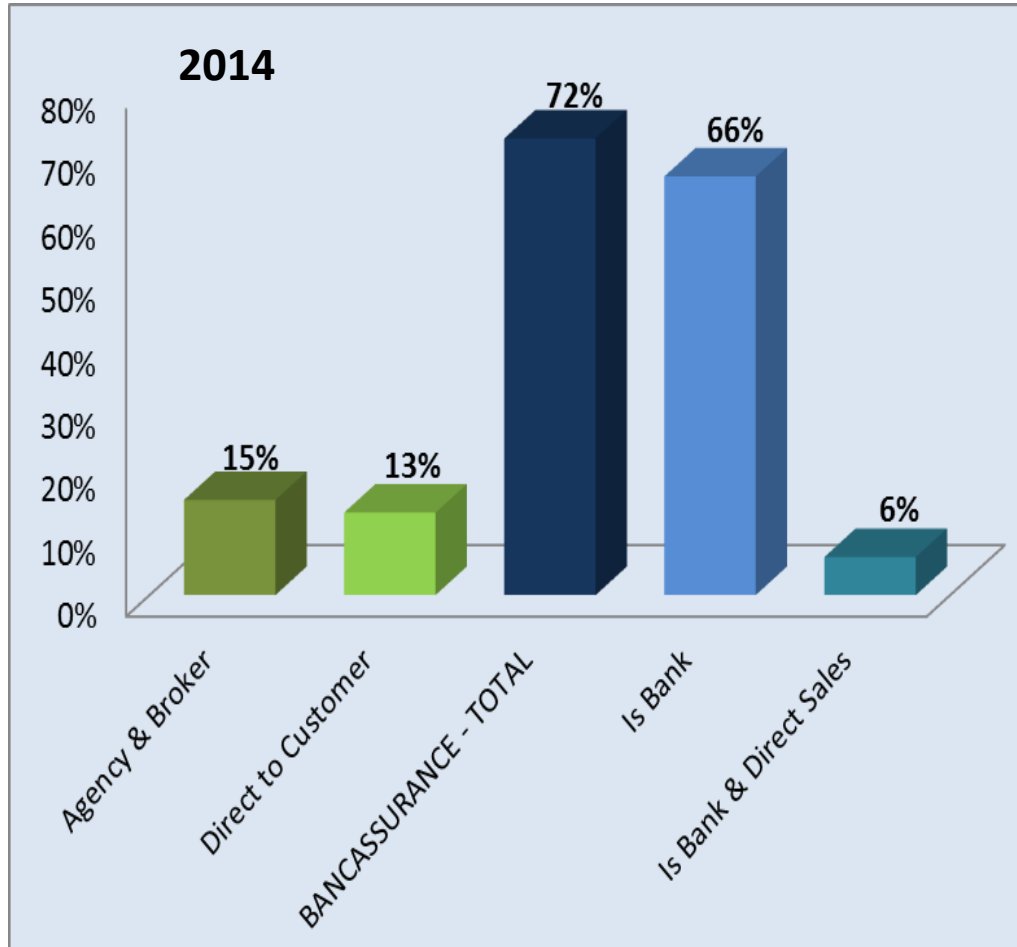
Premium Production – New Business (TL) – 2012 - 2014

Life Portfolio - New Business - 2011 - 2013



Anadolu Hayat Emeklilik

Life Production By Channel (Initial Premium Production)



	2012	2013	2014
Agency & Broker	18%	16%	15%
Direct to Customer	17%	19%	13%
BANCASSURANCE	65%	65%	72%
Is Bank	60%	60%	66%
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
Written Premium	348	367	395	366
General Technical Profit	34	53	52	67
Life Technical Profit	34	33	63	64
Private Pension Technical Profit	0	20	-11	3
Period Net Profit	65	80	83	98
Private Pension Net Fund Value	3.030	4.278	5.231	7.385
Math. & Profit Sharing Provisions	2.027	2.206	1.871	1.842
Shareholders' Equity	430	525	534	613
Paid-in Capital	300	300	350	380
Total Assets	5.648	7.222	7.902	10.154
Key Valuation Metrics	2011	2012	2013	2014
ROAE	15%	17%	16%	17%
Earnings Per Share	0,22	0,27	0,24	0,26
P/E	12,8	15,9	22,1	20,0
P/BV	1,9	2,4	3,4	3,2
ANHYT	2011	2012	2013	2014
Average Monthly Traded Volume (Million TL)	36,78	38,09	53,50	18,28

Anadolu Hayat Emeklilik

Dividend Payout

	2011*	2012*	2013*	2014*
Gross Profit (TL)	76.335.800	109.052.075	102.015.935	123.174.016**
Net Profit (TL)	62.920.800	82.952.075	86.705.935	95.059.016
Net Distributable Profit (TL)	59.687.324	78.873.301	82.447.605	90.177.092
Dividend to Shareholders (TL)	40.000.000	40.000.000	50.000.000	60.000.000
- Cash	40.000.000	40.000.000	50.000.000	60.000.000
- Bonus Share				
Cash / Net Profit (%)	63,57	48,22	57,67	63,12
Cash / Net Distributable Profit (%)	67,02	50,71	60,64	66,54
Bonus Share / Net Profit (%)	-	-	-	-
Bonus Share / Net Distributable Profit (%)	-	-	-	-
Dividend to Shareholders / Net Profit (%)	63,57	48,22	57,67	63,12
Dividend to Shareholders / Net Distributable Profit (%)	67,02	50,71	60,64	66,54

* Consolidated current year profit is used for profit distribution in accordance with the legislation.

**Profit not available for distribution amounting to TRY 2,371,764 is deducted from the year end profit.

Provision for dividend expense amounting to TRY 2,270,000 is added to the profit for the year end.

Anadolu Hayat Emeklilik

Capital Adequacy

	31.12.2012 (TL)	31.12.2013 (TL)	31.12.2014 (TL)
Capital required for Non-Life Branch	196.369	115.435	134.922
Capital required for Life Branch	108.496.682	109.078.343	107.844.908
Capital Required for Pension Branch	12.569.576	14.952.948	20.336.943
TOTAL CAPITAL REQUIRED	121.262.627	124.146.726	128.316.773
TOTAL CAPITAL	524.679.792	539.790.655	620.647.012*
EXCESS CAPITAL	403.417.165	415.643.929	492.330.239

*As a result of legal regulation, the equalization provision amounted TRY 8.129.447 is included in the total capital.

Anadolu Hayat Emeklilik

Income Statement

(mio TL)		2013	2014
TECHNICAL PART			
	NON-LIFE TECHNICAL INCOME	0,68	0,68
	NON-LIFE TECHNICAL EXPENSES	-0,66	-0,71
I -	NON-LIFE TECHNICAL PROFIT / LOSS	0,02	-0,03
	LIFE TECHNICAL INCOME	598,51	550,43
	LIFE TECHNICAL EXPENSES	-535,10	-486,63
II-	LIFE TECHNICAL PROFIT / LOSS	63,41	63,80
	PENSION FUND TECHNICAL INCOME	132,00	166,57
	PENSION FUND TECHNICAL EXPENSES	-143,14	-162,88
III-	PENSION FUND TECHNICAL PROFIT / LOSS	-11,14	3,69
IV-	GENERAL TECHNICAL PROFIT / LOSS	52,29	67,46
	INVESTMENT INCOME	65,44	70,18
	INVESTMENT EXPENSES	-17,05	-9,95
	PROFIT FROM OTHER & EXTRAORDINARY ACTIVITIES	-2,20	-1,83
V-	COMPANY ASSETS PROFIT / LOSS	46,19	58,40
VI-	PERIOD PROFIT / LOSS (IV+V)	98,48	125,86
VII-	PROVISION FOR TAX & OTHER LEGAL LIABILITIES	-15,31	-28,12
IX-	PERIOD NET PROFIT / LOSS (VII - VIII)	83,17	97,74

Anadolu Hayat Emeklilik

Balance Sheet

(mio TL)		2013	2014
ASSETS			
I-	LIQUID ASSETS	139	216
II-	MARKETABLE SECURITIES	2.406	2.417
III-	RECEIVABLES	5.308	7.458
IV-	INVESTMENTS	9	13
V-	FIXED ASSETS	27	39
VI-	OTHER ASSETS (NET)	13	11
TOTAL ASSETS		7.902	10.154
LIABILITIES AND SHAREHOLDERS' EQUITY			
I-	PAYABLES	5.370	7.563
II-	TECHNICAL PROVISIONS	1.973	1.940
III-	OTHER PROVISIONS	16	22
IV-	TAX PROVISIONS	9	16
V-	SHAREHOLDERS' EQUITY	534	613
TOTAL LIAB. AND SHAREHOLDERS' EQUITY		7.902	10.154

Corporate Profile

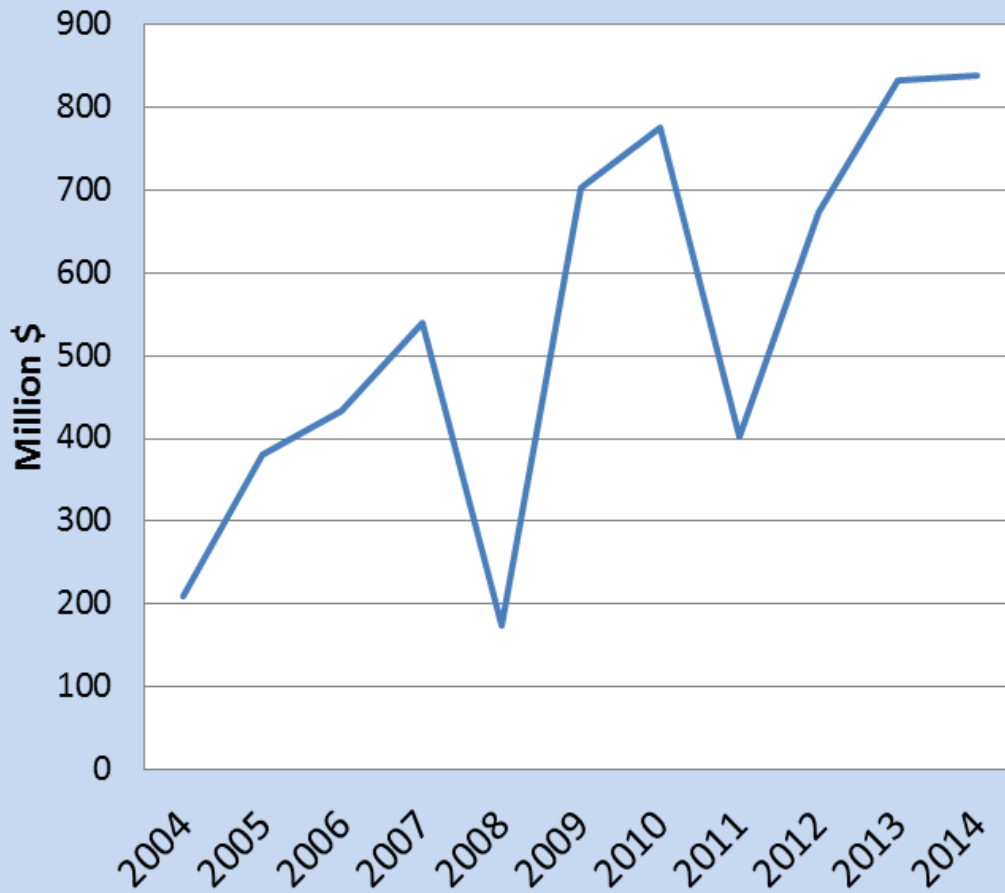
Lines of Business - Life & Pensions

Financials

Stock Data

Anadolu Hayat Emeklilik Stock Data

MCAP (Million \$)



Year	MCAP (Million \$)
2004	209
2005	380
2006	433
2007	540
2008	175
2009	703
2010	775
2011	403
2012	673
2013	832
2014	840

THANK YOU...

For further information:

investorrelations@anadoluhayat.com.tr

Website:

www.anadoluhayat.com.tr

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