

# Information on Financial Structure

With its capital backed by its strong shareholding structure since its foundation and its business philosophy focused on sustainable profitability in the branches in which it is active, Anadolu Hayat Emeklilik always succeeded in taking place among the industry's strongest companies with respect to financial structure.

A key indicator of a strong financial structure, the Capital Adequacy Statement is reported at regular intervals in line with the legal requirements, and as such, it is registered before the public authority that our Company possesses a capital in excess of the capital amount necessary to cover its liabilities.

Capital Adequacy Table presented hereinbelow show that the Company's shareholders' equity in 2018 is above the required shareholders' equity amounts.

<b>Capital Adequacy Table (31.12.2018) (*)</b>	
Required Capital for Asset Risks	231,533,824
Required Capital for Reinsurance Risks	1,612,489
Required Capital for Outstanding Claims	4,418,494
Required Capital for Underwriting Risks	29,974,380
Required Capital for Interest and FX Risks	641,906
<b>Total Required Capital</b>	<b>268,181,093</b>
<b>Current Capital (**)</b>	<b>968,342,236</b>
<b>Excessive Capital</b>	<b>700,161,143</b>

(\*) Capital Adequacy Table dated 31 December 2018 has not been submitted to the Undersecretariat of Treasury as of the date the annual report is released.

(\*\*) As per the legislation, equalization provision in the amount of TL 27,724,590 (31 December 2017: TL 22,043,278) was included in the equity capital.

## **An Assessment Regarding Operations of the Company's Segments**

Anadolu Hayat Emeklilik closed 2018 posting a technical profit of TL 237.6 million in life insurance, personal accident insurance and private pension branches in which it is active.

The distribution of balance sheet and income statement items according to branches was based on the distribution key that was set out in the "Circular on the Principles and Procedures for Keys Used in Financial Statements Drawn Up within the Frame of Uniform Chart of Accounts in Insurance" dated 4 January 2008 published by the Undersecretariat of Treasury.

The table below shows the contributions of the branches in which the Company is active to our financial structure with respect to asset sizes.

<b>31 December 2018 (TL)</b>	<b>Life</b>	<b>Private Pension</b>	<b>Personal Accident</b>	<b>Total</b>
Segment assets	2,377,905,967	17,798,788,288	44,820,438	20,221,514,693
<b>Total segment assets</b>	<b>2,377,905,967</b>	<b>17,798,788,288</b>	<b>44,820,438</b>	<b>20,221,514,693</b>
Segment liabilities	(2,340,210,700)	(17,837,335,103)	(43,968,890)	(20,221,514,693)
<b>Total segment liabilities</b>	<b>(2,340,210,700)</b>	<b>(17,837,335,103)</b>	<b>(43,968,890)</b>	<b>(20,221,514,693)</b>
<b>Other segment information</b>				
Depreciation and amortization	(9,568,782)	(12,575,431)	(180,359)	(22,324,572)

31 December 2018 (TL)	Life	Private Pension	Personal Accident	Total
<b>Continuing operations:</b>				
Technical income	1,004,266,003	369,185,665	603,996	1,374,055,664
Technical expense	(853,169,546)	(281,630,014)	(1,680,397)	(1,136,479,957)
Total of other income and expense	36,274,861	47,672,949	683,734	84,631,544
<b>Income before tax</b>	<b>187,371,318</b>	<b>135,228,600</b>	<b>(392,667)</b>	<b>322,207,251</b>
Income tax expense	-	-	-	(68,607,000)
<b>Net profit for the period</b>	<b>187,371,318</b>	<b>135,228,600</b>	<b>(392,667)</b>	<b>253,600,251</b>

### Financial Assets

Life insurance and private pension funds created before our Company are invested within the frame of processes, which are defined by the provisions of applicable legislation, and are constantly monitored by the public authorities. These invested funds are recognized in the balance sheet assets in line with the provisions of the International Accounting Standards, which we are obliged to comply with.

Our primary goal is to ensure maximization of benefits for our Company and for all our shareholders.

The Company manages financial assets into which the funds that belong to our Company and those into which life branch funds are invested. The Company's fund management principles are formulated in compliance with the requirements of effective cash and asset management. These assets are presented hereinbelow in order.

Financial Assets (TL)	Cost Value	Fair Value	Book Value
Financial Assets Held for Trading Purpose	54,241,423	55,437,380	55,437,380
Loans (receivables from reverse repo transactions)	47,200,000	47,231,715	47,231,715
Available-for-Sale Financial Assets	622,009,657	569,060,218	569,060,218
Total	723,451,080	671,729,313	671,729,313
Financial Investments with Risks on Saving Life Policyholders	1,775,814,424	1,662,767,119	1,662,767,119
Total	1,775,814,424	1,662,767,119	1,662,767,119

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In 2018, Private Pension funds, on the other hand, were managed by İş Asset Management, HSBC Asset Management, Ak Asset Management, Yapı Kredi Asset Management and TEB Asset Management, companies in line with the decisions passed by the relevant Fund Committees.

Private Pension Funds	Number	Amount (TL)
AH1 Bond Fund	40,533,267,485.50	2,322,069,827.71
AH2 Money Market Fund (*)	21,327,707,916.41	1,118,766,246.46
AH3 First Debt Instruments Fund (*)	16,591,145,296.56	1,216,744,822.61
AH4 Second Debt Instruments Fund (*)	10,052,648,933.72	603,762,094.96
AH5 Equity Fund	5,378,536,625.87	541,629,395.30
AH6 Developed Countries Flexible Fund (**)	7,303,911,899.88	461,446,546.01
AH8 Conservative Flexible Fund (*)	20,275,146,686.22	1,128,271,362.80
AH9 Balanced Flexible Fund (*)	27,975,847,381.21	1,809,785,542.94
AH0 Dynamic Flexible Fund (*)	9,632,969,756.81	942,200,771.91
AGE Participation Standard Fund	17,560,348,601.34	310,747,928.85
ABE BRIC Plus Fund	9,954,462,452.51	313,904,018.98
AHC Private Sector Debt Instruments Fund	25,387,278,568.77	503,252,023.07
AHL Aggressive Flexible Fund (*)	4,183,028,705.62	69,342,066.85
AET Contribution Fund	172,046,496,849.71	2,236,088,319.56
AER Participation Contribution Fund (*)	4,062,190,452.69	63,410,792.97
AEA Gold Fund	63,026,789,046.45	1,439,468,835.03
AG1 Group Bond Fund	3,514,838,687.57	199,305,412.94
AG2 Group Debt Instruments Fund (*)	954,428,564.27	52,149,022.32
AG3 Group Equity Fund	924,780,873.61	69,746,973.49
AG4 Grup Conservative Fund	2,643,813,957.95	151,035,803.79
HS1 Debt Instruments Fund (****)	8,088,824,492.85	302,117,594.81
AHB Second Equity Fund (*)	1,612,619,574.70	75,093,243.12
ATK Standard Fund	13,765,112,157.80	394,342,933.10
ATE İşbank Subsidiaries Index Fund	3,117,567,563.13	129,441,405.22
AO1 Initial Fund	5,725,401,825.47	74,968,411.50
AO2 Initial Participation Fund	4,128,566,576.47	51,586,439.37
AJA Auto Enrolment Aggressive Fund (***)	200,589,573.14	1,935,689.38
AJB Auto Enrolment Dynamic Fund (***)	256,637,276.80	2,698,540.97
AJC Auto Enrolment Balanced Fund (***)	251,810,369.81	2,791,821.57
AJF Auto Enrolment Conservative Fund (***)	119,769,742.17	1,369,926.31
AJG Auto Enrolment Aggressive Participation Fund (****)	83,550,828.75	791,309.90
AJH Auto Enrolment Dynamic Participation Fund (****)	118,289,991.32	1,221,462.45
AFH Auto Enrolment Standard Fund (****)	16,795,913,491.82	192,330,005.40
AFP Auto Enrolment Participation Standard Fund (***)	13,254,472,397.88	153,818,152.18

**Total** **16,937,634,743.83**

(\*) In accordance with the permission dated 15 December 2017 and numbered 13973 taken from the Capital Markets Board of Turkey, the business names of the funds were changed on 2 January 2018.

(\*\*) In accordance with the permission dated 18 December 2017 and numbered 14020 taken from the Capital Markets Board of Turkey, the business names of the funds were changed on 2 January 2018.

(\*\*\*) Funds were issued on 2 January 2018 in accordance with the permission of the Capital Markets Board of Turkey dated 21 August 2017 and numbered 9871 and also in accordance with the permission dated 22 November 2017 and numbered 13037.

(\*\*\*\*) In accordance with the permission dated 2 April 2018 and numbered 3736 taken from the Capital Markets Board of Turkey, the name of the fund was changed on 16 April 2018.