

Assessment of Financial Standing, Profitability and Claims Payment Ability

2018 has been a remarkable year that saw increased density in auto enrolment participations and significant levels reached in the number of participants. Having posted successful results in 2018, Anadolu Hayat Emeklilik was able to sustain its stable and profitable growth. The Company kept producing added value for the sector and the national economy thanks to its solid shareholding structure, robust financial structure and the corporate culture it possesses.

Remaining the sector's leader in total funds in the private pension and life insurance branches combined, Anadolu Hayat Emeklilik increased its total assets by 13%, its gross profit by 15% and its technical profit by 19% year-over-year as at year-end 2018.

Asset Performance

The Company increased its total assets by 13% and reached an asset size of TL 20,222 million.

Within asset items, "Receivables from Main Operations" and "Financial Assets and Investments with Risks on Policyholders" items take the top places in terms of size. Financial investments with risks on policyholders, which make up 71% of the latter, refer to the amount of financial assets into which the policyholders' funds under the Company's management are invested.

Receivables from pension operations, which mostly refer to the total amount of accumulation in Private Pension Funds reached by the contributions deposited by our participants with the Company under the private pension system, grew 15% year-on and rose from TL 14,741 million to TL 16,967 million.

In 2018, private pension funds made up 91% of the total funds managed by our Company that were worth TL 18,707 million.

Taking place among our asset items, FX assets amounting to TL 790 million cover 100% of our existing FX liabilities.

Liability Performance

In Anadolu Hayat Emeklilik's balance sheet, liabilities consist of payables due to pension operations by 85%, technical provisions by 9%, and shareholders' equity and other liability items by 6%.

Running in reciprocation with the receivables from pension operations under assets with respect to the private pension portfolio, the payables due to pension operations item registered 15% year-on growth, driven by the performance displayed in the valorization of savings of existing participants as well as in new productions.

As of 31 December 2018, the minimum amount of shareholders' equity necessary for the Company as calculated on the principles set by the Turkish Treasury was TL 268 million; the Company's equity capital as of the said date stood at TL 968 million, including the equalization provision. Carrying on its activities in life insurance and private pension branches as the sectoral leader, our Company has maintained its strong shareholders' equity ever since its foundation.

Claims Payment Ability

Claims paid in life insurance branch by the Company in 2018 for policy maturity and death benefits totaled TL 200 million.

Our claim payments for policy maturity and death benefits consist of life insurance and accumulation-based products from the prior periods, and items related to our production covering both aspects.

The amount paid by the Company on accumulating products at the expiration of the insurance period was TL 138 million.

These disbursements are basically covered through disposal of marketable securities that belong to our policyholders and registered under the Company's assets.

Our claim payments for death benefits amounted to TL 62 million in 2018 with a rise of 19% year-on-year.

When our existing capital structure, shareholders' equity and profit generation potential are taken into consideration in addition to the above-mentioned matters, our Company's claims payment ability is regarded quite high.