Recommendation and Target Price

Bloomberg Ticker	**ANHYT TI**
Recommendation	**Outperform**
Price per Share, TRY	106.00
Target Price per Share, TRY	**173.70**
Upside	64%
Free Float	17%
Market cap, TRY mln	45,580

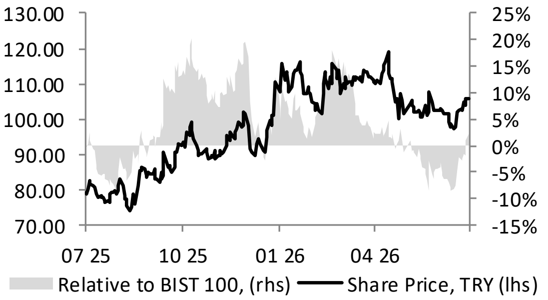
Price & Market Cap. as of 27-Jul

Key Financial Data

TRY mln	2024	2025	2026E	2027E
Life Premiums	12,415	20,674	27,044	35,739
Life Opr. Inc.	1,632	2,913	4,282	4,244
Life Opr. Marg.	13.1%	14.1%	15.8%	11.9%
Pensioners (000)	1,563	1,736	1,802	1,839
Pension Fund Size	176,580	314,246	426,470	648,153
Pension Fund Flow	8,244	18,478	19,204	23,193
Pension Opr. Inc.	501	652	428	1,835
Net Income	4,070	5,599	7,276	10,576
Assets	259,944	442,880	615,196	930,045
Equity	9,676	12,864	16,758	23,695
RoAE	53.5%	54.8%	53.6%	55.7%
P/E	8.86	6.99	6.26	4.31
P/BV	3.73	3.04	2.72	1.92
Dividend Yield	6.5%	6.1%	8.0%	11.6%
EPS Growth	47%	38%	30%	45%

Source: Company data, PhillipCapital Research

Share Price Performance



Source: PhillipCapital Research

	1m	3m	6m	1y
Nominal	3.4%	-6.9%	9.5%	33.7%
Relative	7.1%	-1.4%	0.7%	2.3%
Trd. Vol. TRY mln	76	99	122	120

Source: PhillipCapital Research

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Anadolu Hayat ve Emeklilik (ANHYT TI)

2Q26 Earnings Review

Slightly Positive

Anadolu Hayat ve Emeklilik (AHE) posted TRY1,877 mln net income in 2Q26 financials (+13% q/q and +42% y/y), slightly beating the market consensus of TRY1.83 bln and yielding in 63.6% RoAE . We maintain our Market Outperform recommendation for the stock due to i) Defensive business model, ii) Sustained high level of interest rates, iii) Muted relative performance over BIST-100 despite the strong profitability that is doubling the inflation and iv) attractive 1y fw price multiples of 5.3x P/E and 2.3x P/B . Our target price is TRY173.70 per share revised up from TRY165.00.

- 35% y/y expansion life premiums grew parallel to the inflation, while life insurance reserves expanded by 43% y/y . The profitability of life insurance segment showed a spectacular performance thanks to the strong TRY3.1 bln contribution from investment income , mostly driven by the revaluation gain on AfS securities portfolio. We expect a decelerating investment income performance in 2H26. The profitability may slightly improve in the final quarter with the support of anticipated speed up in banking sector retail loans.

- There is nothing exciting on the pension business side . The fund size remained almost unchanged over the previous quarter, while contributions showed 32% y/y expansion, parallel to the inflation.

- AHE's own financial portfolio size reached near TRY23 bln, up by ~42% y/y, resulting in a limited TRY675 mln in 2Q26.

Anadolu Hayat & Emeklilik

Standalone financials, TRY mln

	06 25	09 25	12 25	03 26	06 26	q/q	y/y
Gross Life Premiums	4,587	5,576	6,116	5,676	6,184	*9%*	*35%*
Retained Premiums	4,422	5,334	5,987	5,422	5,981	*10%*	*35%*
Retention Ratio	*96.4%*	*95.7%*	*97.9%*	*95.5%*	*96.7%*		
Claims Paid	-861	-1,213	-1,286	-1,463	-1,429	*n.a.*	*n.a.*
Claims Ratio	*-19.5%*	*-22.7%*	*-21.5%*	*-27.0%*	*-23.9%*		
Provisions	-4,118	-3,904	-4,229	-3,458	-4,431	*n.a.*	*n.a.*
Provisions/Gross Premiums	*-89.8%*	*-70.0%*	*-69.2%*	*-60.9%*	*-71.7%*		
Opex	-1,386	-1,776	-1,281	-1,656	-1,960	*n.a.*	*n.a.*
Other technical income/loss	208	183	209	206	284	*38%*	*36%*
Investment Income	2,243	1,928	1,831	1,777	3,073	*73%*	*37%*
Net Technical Income	**508**	**552**	**1,231**	**827**	**1,518**	*84%*	*199%*
Net Technical Margin	*11.1%*	*9.9%*	*20.1%*	*14.6%*	*24.6%*		
Fund Size	222,236	262,596	314,246	334,529	333,278	*0%*	*50%*
Pensioners (000)	1,620	1,648	1,736	1,757	1,784	*2%*	*10%*
Contributions	9,875	12,392	18,478	18,919	13,060	*-31%*	*32%*
Fund Management Fees, net	703	865	998	1,095	1,127	*3%*	*60%*
Fund Management Fee Margin	*0.33%*	*0.36%*	*0.35%*	*0.34%*	*0.34%*		
Service Fees	582	601	631	897	820	*-9%*	*41%*
Service Fee Margin	*5.9%*	*4.8%*	*3.4%*	*4.7%*	*6.3%*		
Other Technical Income/Expense	-65	-72	-74	-83	-109	*n.a.*	*n.a.*
Opex	-1,027	-1,194	-1,477	-1,725	-1,562	*n.a.*	*n.a.*
Pension Technical Income	**192**	**200**	**78**	**185**	**276**	*49%*	*44%*
Net Financial Income	**1,071**	**1,194**	**1,363**	**1,274**	**743**	***-42%***	***-31%***
Interest Income	952	1,014	1,324	1,192	611	*-49%*	*-36%*
Net FX Gain/Loss	76	63	47	33	64	*93%*	*-15%*
Net Derivative Gain/Loss	0	0	0	0	0	*n.a.*	*n.a.*
Depreciation	-30	-33	-40	-45	-48	*n.a.*	*n.a.*
Dividend	0	0	0	200	0	*n.a.*	*n.a.*
Other	73	150	32	-106	116	*n.a.*	*59%*
Pre-Tax Income	1,771	1,947	2,672	2,286	2,538	*11%*	*43%*
Net Income	**1,326**	**1,440**	**1,790**	**1,661**	**1,877**	***13%***	***42%***
Cash and Banks	5,406	7,393	8,218	6,878	6,732	*-2%*	*25%*
Securities Portfolio	10,708	11,446	14,342	13,030	16,099	*24%*	*50%*
Life Insurance Financial Assets	30,238	33,738	37,238	37,607	41,941	*12%*	*39%*
Pension Assets	2,893	3,298	3,785	4,522	5,022	*11%*	*74%*
Long-Term Assets	270,566	315,876	374,769	400,656	407,707	*2%*	*51%*
Total Assets	**323,277**	**375,956**	**442,880**	**467,100**	**481,924**	***3%***	***49%***
Life Mathematical Reserves	34,928	39,015	43,114	44,860	49,779	*11%*	*43%*
Pension Liabilities	270,024	315,420	374,095	399,983	406,984	*2%*	*51%*
Other Liabilities	8,761	10,468	12,806	11,657	12,141	*4%*	*39%*
Equity	**9,561**	**11,052**	**12,864**	**10,599**	**13,020**	***23%***	***36%***
RoAE	*60.6%*	*55.9%*	*59.9%*	*56.6%*	*63.6%*		

Source: Company data, PhillipCapital Research

Anadolu Hayat & Emeklilik

Standalone financials, TRY mln

	2023	2024	2025	2026E	2027E	2024 y/y	2025 y/y	2026 y/y	2027 y/y
Gross Life Premiums	7,067	12,415	20,674	27,044	35,739	76%	67%	31%	32%
Retained Premiums	6,841	12,023	19,988	26,055	34,488	76%	66%	30%	32%
Retention Ratio	96.8%	96.8%	96.6%	96.3%	96.5%				
Claims Paid	-1,264	-2,181	-4,170	-6,555	-7,760	n.a.	n.a.	n.a.	n.a.
Claims Ratio	-18.6%	-18.2%	-20.7%	-25.2%	-22.5%				
Provisions	-9,064	-9,899	-16,391	-18,050	-27,699	n.a.	n.a.	n.a.	n.a.
Provisions/Gross Premiums	-128.3%	-79.7%	-79.3%	-66.7%	-77.5%				
Opex	-1,639	-3,342	-5,528	-8,554	-11,389	n.a.	n.a.	n.a.	n.a.
Other technical income/loss	281	340	769	861	831	21%	126%	12%	-3%
Investment Income	5,788	4,690	8,245	10,524	15,773	-19%	76%	28%	50%
Net Technical Income	**942**	**1,632**	**2,913**	**4,282**	**4,244**	73%	79%	47%	-1%
Net Technical Margin	13.3%	13.1%	14.1%	15.8%	11.9%				
Fund Size	111,314	176,580	314,246	426,470	648,153	59%	78%	36%	52%
Pensioners (000)	1,428	1,563	1,736	1,802	1,839	9%	11%	4%	2%
Contributions	12,235	25,164	50,326	69,232	87,038	106%	100%	38%	26%
Fund Management Fees, net	1,214	2,175	3,247	4,877	7,464	79%	49%	50%	53%
Fund Management Fee Margin	0.36%	0.37%	0.35%	0.34%	0.35%				
Service Fees	607	1,469	2,347	3,487	4,134	142%	60%	49%	19%
Service Fee Margin	5.46%	5.98%	4.93%	5.13%	4.75%				
Other Technical Income/Expense	-99	-196	-273	-424	-696	n.a.	n.a.	n.a.	n.a.
Opex	-1,432	-2,946	-4,668	-7,512	-9,067	n.a.	n.a.	n.a.	n.a.
Pension Technical Income	**290**	**501**	**652**	**428**	**1,835**	73%	30%	-34%	328%
Net Financial Income	**2,402**	**3,369**	**4,186**	**4,906**	**7,479**	**40%**	**24%**	**17%**	**52%**
Interest Income	1,931	3,139	3,605	4,472	6,890	63%	15%	24%	54%
Net FX Gain/Loss	431	242	222	191	97	-44%	-8%	-14%	-49%
Net Derivative Gain/Loss	4	0	0	0	0	-100%	n.a.	n.a.	n.a.
Depreciation	-50	-79	-130	-126	-64	n.a.	n.a.	n.a.	n.a.
Dividend	16	0	20	200	300	n.a.	n.a.	900%	50%
Other	70	68	469	169	255	-3%	594%	-64%	51%
Pre-Tax Income	3,633	5,502	7,751	9,617	13,558	51%	41%	24%	41%
Net Income	**2,778**	**4,070**	**5,599**	**7,276**	**10,576**	**47%**	**38%**	**30%**	**45%**
Cash and Banks	1,691	3,186	8,218	8,389	11,825	88%	158%	2%	41%
Securities Portfolio	8,046	11,933	14,342	20,060	28,276	48%	20%	40%	41%
Life Insurance Financial Assets	15,843	23,520	37,238	52,930	79,658	48%	58%	42%	50%
Pension Assets	1,123	1,987	3,785	6,426	9,766	77%	91%	70%	52%
Long-Term Assets	1,691	3,186	8,218	8,389	11,825	88%	158%	2%	41%
Total Assets	**162,708**	**259,944**	**442,880**	**615,196**	**930,045**	**60%**	**70%**	**39%**	**51%**
Insurance Provisions	19,116	29,107	46,754	68,267	101,494	52%	61%	46%	49%
Pension Liabilities	15,843	23,520	37,238	52,930	79,658	48%	58%	42%	50%
Other Liabilities	134,996	217,353	376,049	523,681	794,992	61%	73%	39%	52%
Equity	**6,293**	**9,676**	**12,864**	**16,758**	**23,695**	**54%**	**33%**	**30%**	**41%**
RoAE	61.3%	53.5%	54.8%	53.6%	55.7%				

Source: Company data, PhillipCapital Research

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Report Methodology

The target value of a stock represents the value the analyst expects it to reach at the end of our 12-month performance horizon.

Outperform (OP)

Where this rating is assigned, it indicates that the stock is expected to deliver superior returns relative to the index over the medium to long term. This rating does not, of course, guarantee that the stock will appreciate or outperform the index. Any change in market conditions, macroeconomic developments, global economic trends, or company-specific news following the publication of this report may cause us to revise this rating.

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Where a stock is assigned a "Market Perform" rating, this may be for a variety of reasons. It may reflect that the company's latest data suggests its forward-looking estimates will not differ materially from historical performance, or that the stock's current price is trading close to its fair value. A "Market Perform" rating does not imply that the stock will not move in either direction. In general, this rating indicates that the stock is expected to deliver returns broadly in line with the index over the medium to long term. However, any new developments or shifts in market conditions may prompt a revision to this rating.

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