

**2017 Second Quarter**

**Financial Results**

**Earnings Call Presentation**



**AKSigorta**  
*Think well, live well!*

# Non-Motor is the driver of the growth in the Market

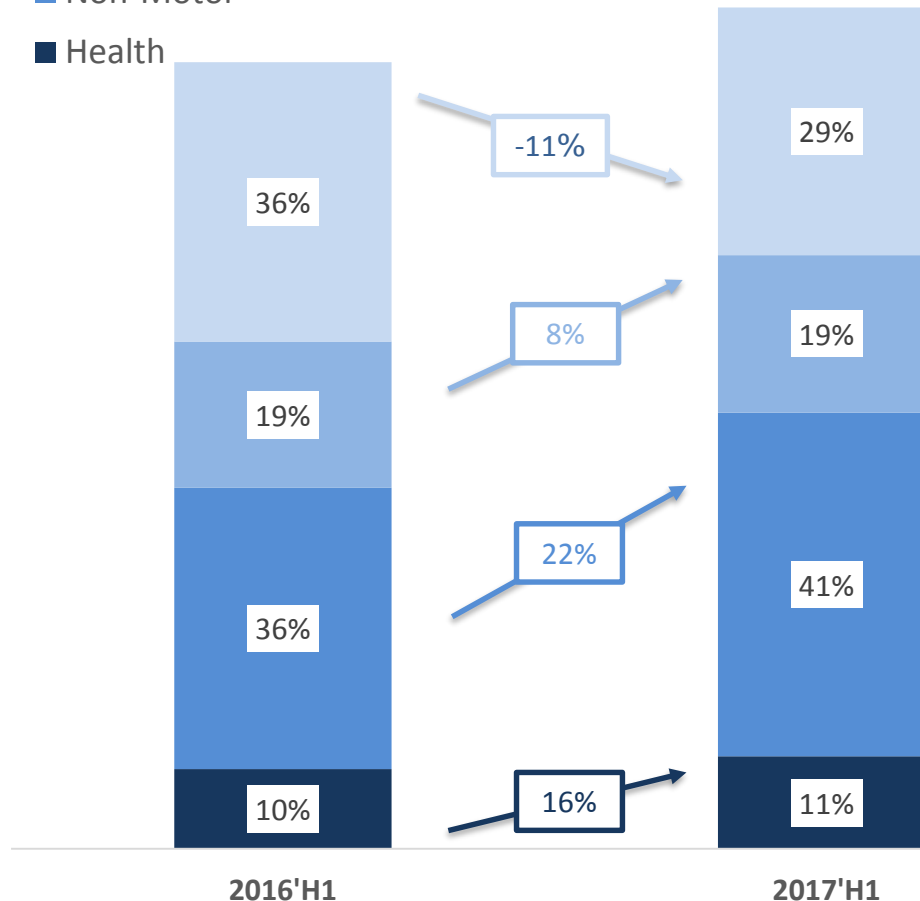
## Premiums in the Market

17.721 mTL

18.950 mTL

- MTPL
- MOD
- Non-Motor
- Health

Overall 7%  
Excl. MTPL 17%



### Motor Third Party Liability

Compulsory motor product  
77% penetration in 22m motor vehicles  
Average price is 30% lower than it was in June 2016.

### Motor Own Damage

27% penetration in 22m motor vehicles  
Average price is 6% higher than 2016

### Non Motor

UW profit margin +20.7% as of 17 Q1.  
Liability. single unprofitable LoB as of 17 Q1.

### Health

4% penetration in 79m population  
UW profit margin +11% at 2015YE. +10% at 2016 Q4



# Bank channel gained 2 pp portfolio share in the Market

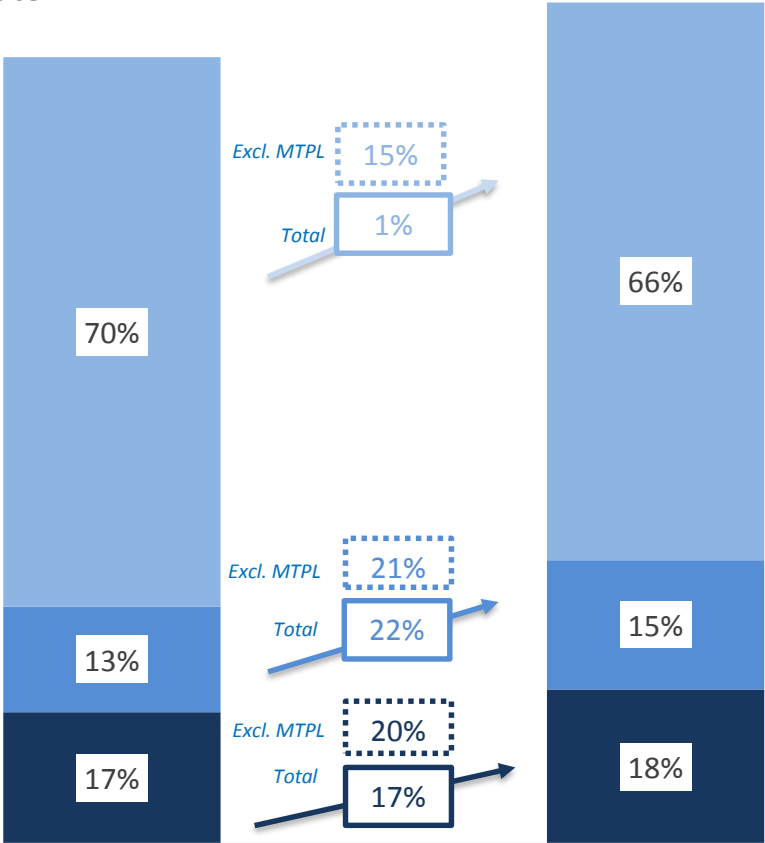
## Premiums in the Market

17.721 mTL

18.950 mTL

- Agency
- Bank
- Corporate

Overall 7%  
Excl. MTPL 17%



### Agency

Driven by Motor products, especially by MTPL:  
➤ 41% MTPL. 27% Non Motor. 23% MOD and 9% Health.

### Bank

Driven by Non Motor products:  
➤ 73% Non Motor. 10% Health. 12% MOD. and 4% MTPL.

### Corporate

Driven by corporate risks and group health products:  
➤ 63% Non Motor. 20% Health. 9% MTPL and 8% MOD

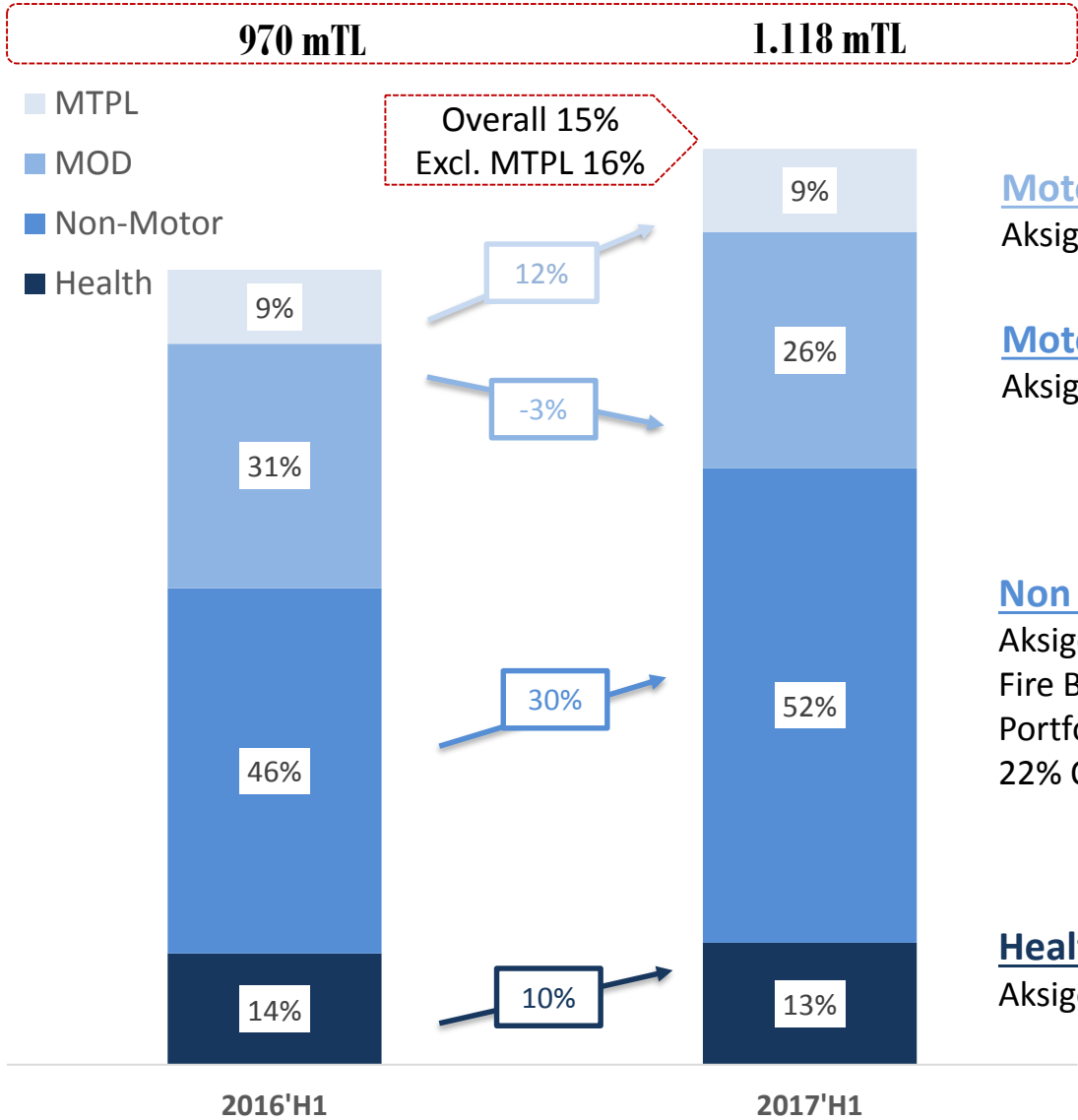
2016'H1

2017'H1



# Aksigorta's growth is 8pp higher than market both overall and in Non-Motor

## Premiums in the Market



### Motor Third Party Liability

Aksigorta MS in MTPL is 1.8% as of 17 YtD.

### Motor Own Damage

Aksigorta MS in MOD is 8% as of 17 YtD.

### Non Motor

Aksigorta MS is 7.6% in Non Motor lines and 10.1% in Fire Business as of 17 YtD.

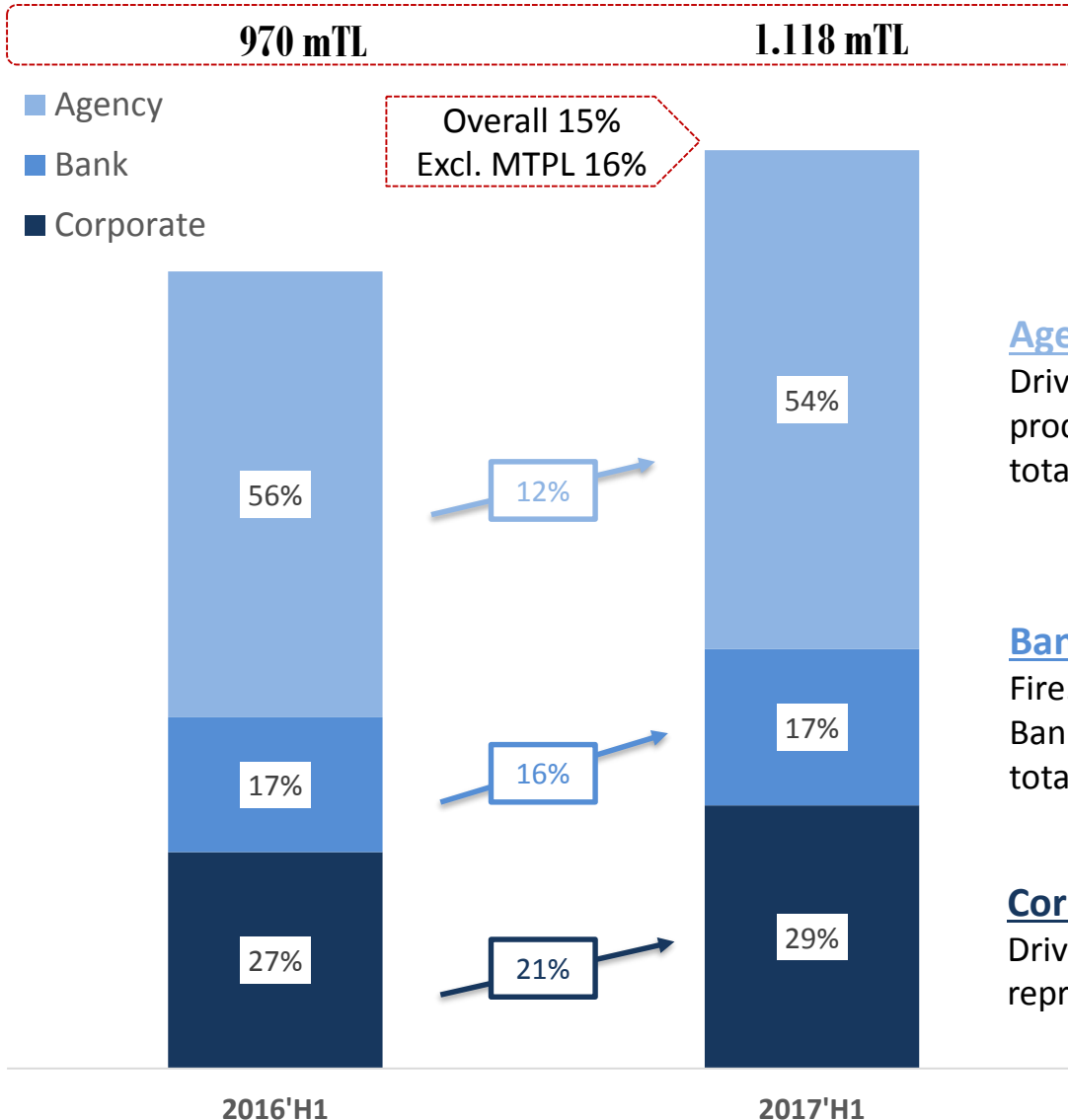
Portfolio Breakdown: 50% Fire. 24% General Losses 22% Other Losses. 5% Marine

### Health

Aksigorta MS is 7% in Health as of 17 YtD.



## Premiums in the Market



### Agency

Driven by Motor products. especially by MOD product (MOD and MTPL constitute 44% and 15% of total premiums in agency channel respectively).

### Bank

Fire. Health and G.Losses are the main drivers of Bank channel. Together they represent 77% of Bank's total production.

### Corporate

Driven by Fire. G.Losses and Health. Together they represent 81% of total corporate sales.

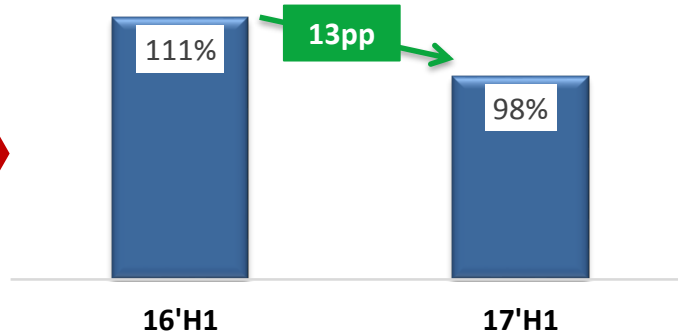


# 2017 June Statutory Financial Results



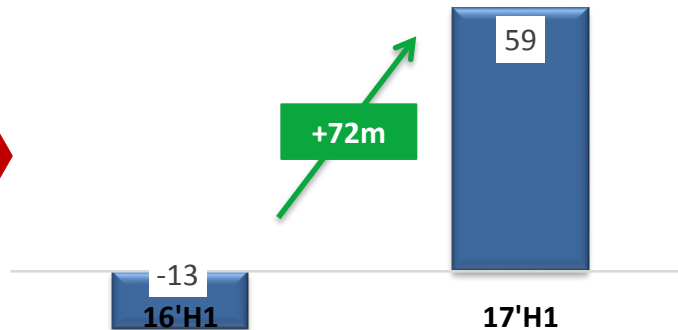
# Excellent Performance in 2017 H1

## Combined Ratio



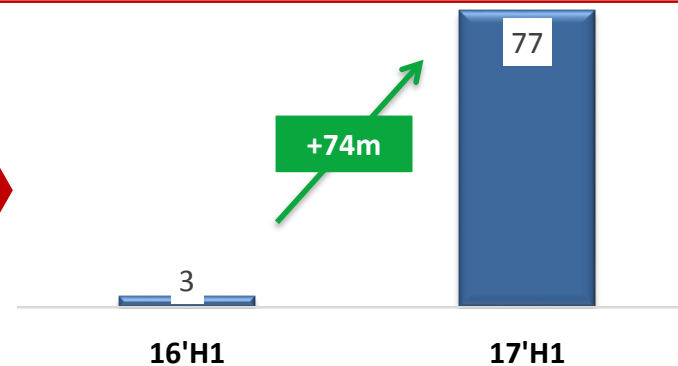
- CoR is 98% as of 2017'H1 indicating 13pp improvement YoY, mainly due to the improvement in loss ratio.

## Net Income/Loss (million TL)



- Net Profit realized as 59m in 2017 H1, following a trend better than the initial year-end guidance.

## UWR (million TL)

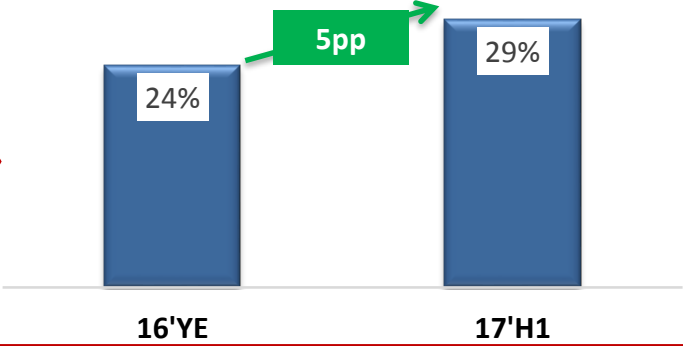


- UW Profit realized as 77m in 2017 H1, mostly coming from the improvement in loss ratio.



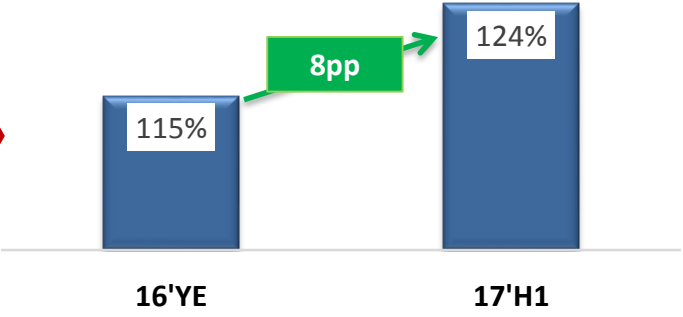
# Excellent Performance in 2017 H1

## ROE



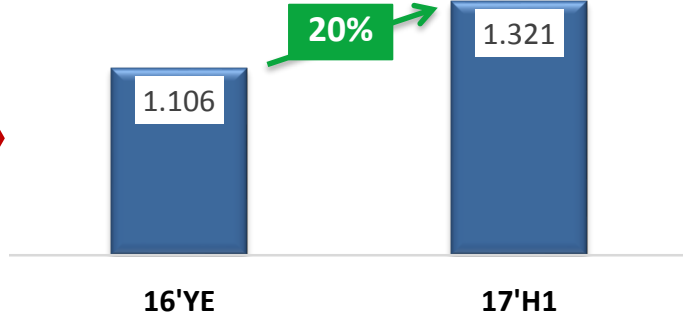
- Positive bottomline boosting ROE.

## Capital Adequacy



- Strong Balance Sheet reflected by Capital Adequacy (the figure presented for June 2017 is an estimate and subject to change as the final solvency template has not been announced yet)

## AUM



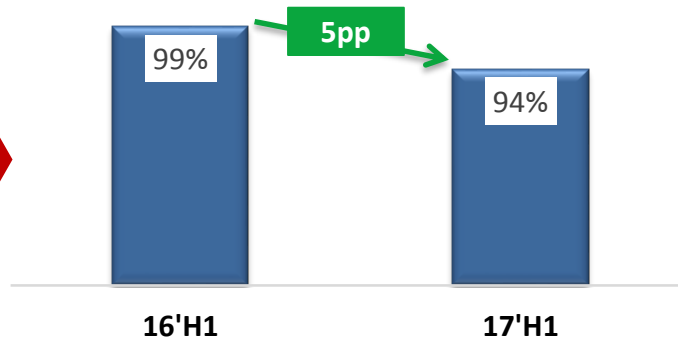
- Investment Portfolio increased by 20%. by the contribution of premium growth and the improvement in loss ratio.



# 2017 June IFRS Financial Results

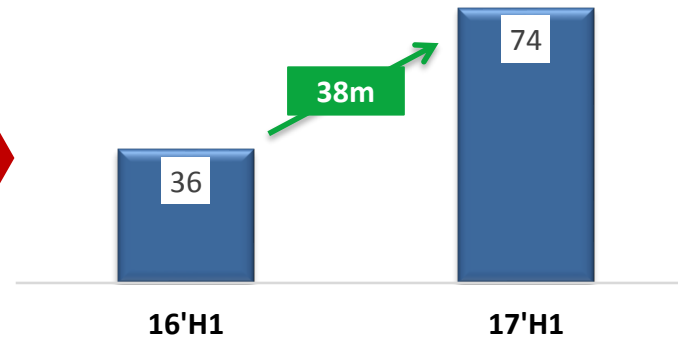
# Excellent Performance in 2017 H1

## Combined Ratio



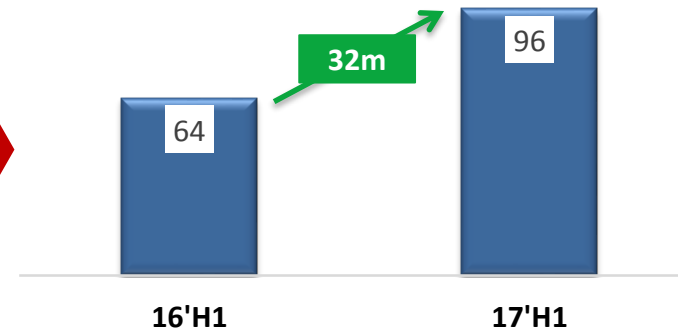
- Combined ratio improved 5pp in 2017'H1 YoY, mainly due to the improvement in loss ratio.

## Net Income/Loss (million TL)



- Aksigorta realized 74m Net Profit in 2017'H1, following a trend better than the initial year-end guidance.

## UW Result (million TL)



- Aksigorta generated 96m UW Result in 2017'H1, mostly coming from the improvement in loss ratio.

# Statutory and IFRS Reconciliation as of June 2017

<i>Million TL</i>	Equity	YtD P&L Adjust
<b>TFRS Result</b>	<b>467,2</b>	<b>58,8</b>
Equalization	66,0	6,3
Unexpired Risk Reserves	-7,4	13,2
Unallocated Loss Adjustment Expenses	-8,8	-0,1
Deferred Tax	-10,0	-3,9
<b>IFRS Result</b>	<b>507,0</b>	<b>74,3</b>

# 2017 June Investment Portfolio



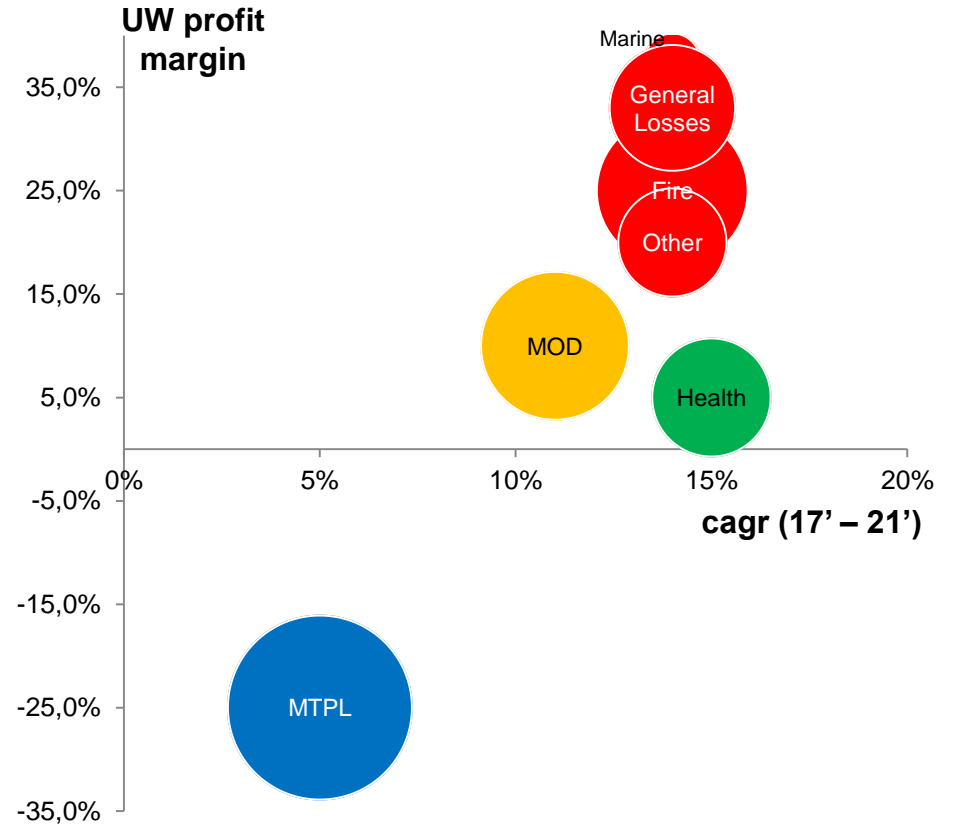
# 2017 Year End Guidance

**Non-motor and MOD is expected to continue to be the profitable growth engines of the market.**

**Market UW Margin**

Line of Business		16YE	21E
<b>Motor</b>	MOD	12%	10%
	MTPL	-5%	-25%
<b>Non-motor</b>	Fire	15%	20-25%
	Marine	53%	35-40%
	Other	32%	20-25%
	General Losses	40%	30-35%
	Health	10%	5-10%

**2021 Market Profitability & Growth Outlook**



## TFRS

### NET PROFIT

**130-135 m TL**

2016 → 48m TL

### ROE

**30%**

2016 → 24%

## IFRS

### NET PROFIT

**150-155 m TL**

2016 → 71m TL

### ROE

**30%**

2016 → 18%



# Appendix

# Recent changes in Insurance related Regulation

The pool for high risk segments in MTPL was officially announced in July 2017. Following is some details about the definition of the pool:

- The pool will contain the following segments: 1-2-3 NCD levels for all vehicles types + all NCD levels for minibus/midibus/bus/truck/trailer/taxi.
- The capped premiums will remain at the same level for 1-2-3 NCD but the cap will go up for 5-6-7 NCDs for minibus/midibus/bus/truck/trailer/taxi (ranging from 5% to 27%).
- All MTPL licensed companies will participate in the pool and the participation level will be determined as follows: 50% of the pool will be distributed equally. the remaining 50% to be distributed according to the average MTPL market share of the company for the last 3 years.
- In terms of premium. the pool accounts for around 20-25% of the total market.
- All premiums and claims to be shared by the companies according to the above participation calculations.
- The agency commission level is fixed at 8% for the pool.
- All participants of the pool will receive a commission of 5% for the administration of policy processing/claims.
- Motorlu Taşıt Bürosu (Bureau of Motor Insurers') will run the pool.
- Avoiding policy issuing would have hard consequences.
- The rules in terms of accounting will be announced by the Regulator in the following days.

# MTPL Pool – Premium Based

	Vehicle Type/NCD	1	2	3	4	5	6	7	TOTAL
<b>Non Pool</b>	<i>Car</i>	0.05%	0.21%	1.20%	14.39%	11.50%	7.34%	18.18%	52.89%
	<i>LCV</i>	0.10%	0.20%	0.70%	5.54%	4.25%	2.76%	6.62%	20.17%
	<i>Motorcycle</i>	0.00%	0.01%	0.04%	0.95%	0.64%	0.38%	0.76%	2.78%
	<i>Construction Vehicle</i>	0.00%	0.00%	0.01%	0.08%	0.06%	0.04%	0.11%	0.30%
	<i>Special Purp. Vehicle</i>	0.01%	0.01%	0.03%	0.11%	0.14%	0.08%	0.16%	0.54%
	<i>Romork</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<i>Tanker</i>	0.00%	0.01%	0.02%	0.07%	0.06%	0.04%	0.08%	0.27%
	<i>Tractor</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
	<i>Agricultural Veh.</i>	0.00%	0.01%	0.02%	0.32%	0.30%	0.17%	0.51%	1.33%
<b>Pool</b>	<i>Midibus</i>	0.06%	0.07%	0.15%	0.53%	0.48%	0.35%	0.71%	2.35%
	<i>Minibus</i>	0.03%	0.06%	0.17%	1.03%	0.96%	0.60%	1.22%	4.07%
	<i>Truck</i>	0.20%	0.22%	0.45%	1.37%	1.22%	0.87%	2.32%	6.66%
	<i>Trailer</i>	0.15%	0.20%	0.46%	1.60%	1.34%	0.85%	1.30%	5.90%
	<i>Bus</i>	0.03%	0.05%	0.11%	0.28%	0.29%	0.20%	0.39%	1.34%
	<i>Taxi</i>	0.02%	0.04%	0.09%	0.26%	0.27%	0.22%	0.48%	1.38%
	<b>TOTAL</b>	<b>0.67%</b>	<b>1.08%</b>	<b>3.44%</b>	<b>26.53%</b>	<b>21.51%</b>	<b>13.92%</b>	<b>32.85%</b>	<b>100.00%</b>

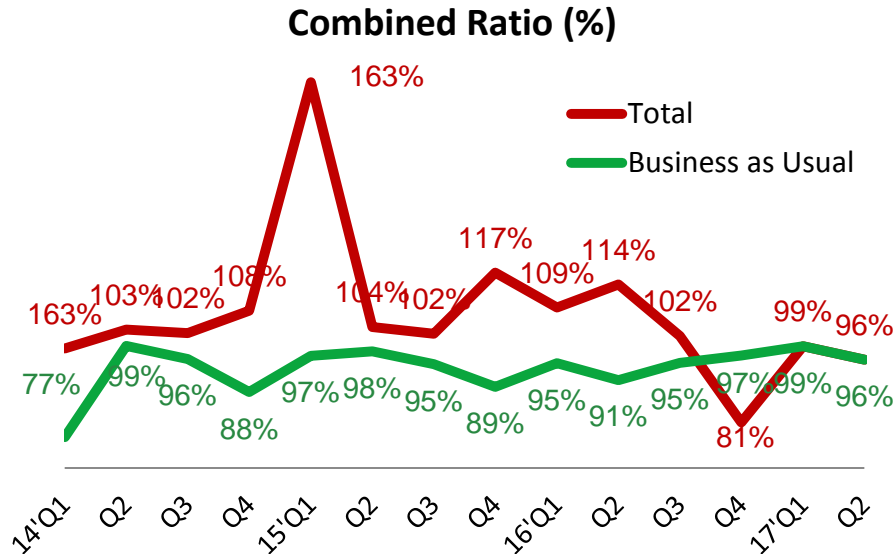
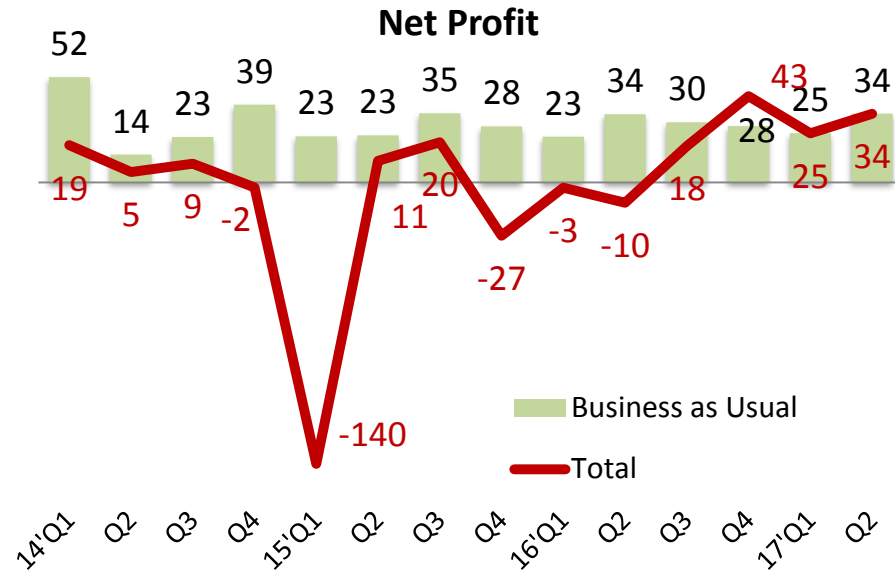
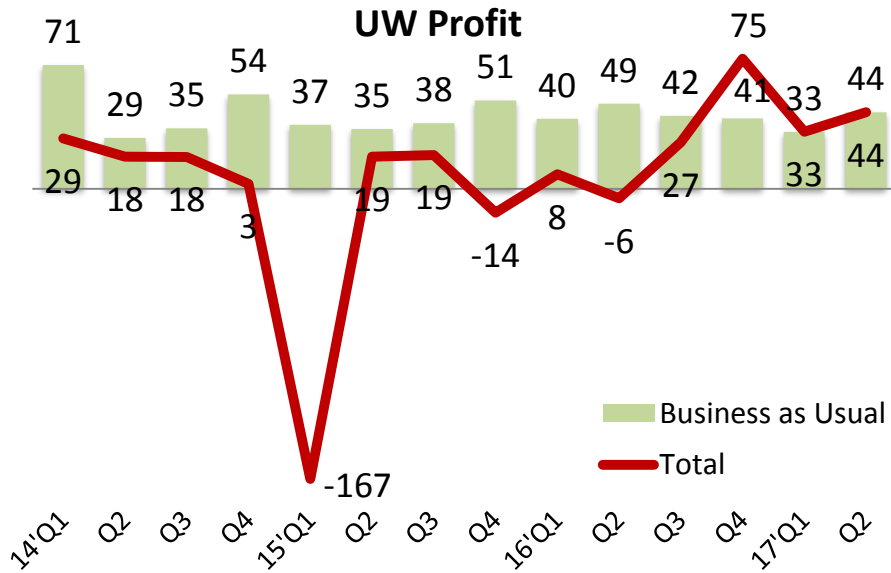
- Due to avoidance from 1st. 2nd and 3rd level MTPL policies. pool for high risky parts of market portfolio was announced.
- Pool policies constitute %25 of whole market which colored with grey on the table above.
- Premiums will be transferred by Companies to pool with %5 commission. Claims will be paid with sharing by companies by market share.

# MTPL Pool – # of Policy Based

	Vehicle Type/NCD	1	2	3	4	5	6	7	TOTAL
<b>Non Pool</b>	<i>Car</i>	0.02%	0.10%	0.68%	12.68%	12.50%	9.45%	27.97%	63.40%
	<i>LCV</i>	0.04%	0.09%	0.32%	3.84%	3.38%	2.51%	7.44%	17.62%
	<i>Motorcycle</i>	0.00%	0.01%	0.03%	1.48%	1.25%	0.91%	2.59%	6.28%
	<i>Construction Vehicle</i>	0.00%	0.00%	0.00%	0.08%	0.06%	0.04%	0.13%	0.31%
	<i>Special Purp. Vehicle</i>	0.00%	0.00%	0.01%	0.03%	0.05%	0.03%	0.07%	0.18%
	<i>Romork</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
	<i>Tanker</i>	0.00%	0.00%	0.00%	0.02%	0.02%	0.02%	0.05%	0.11%
	<i>Tractor</i>	0.00%	0.01%	0.03%	0.95%	1.06%	0.70%	2.23%	4.99%
	<i>Agricultural Veh.</i>	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%	0.01%	0.02%
<b>Pool</b>	<i>Midibus</i>	0.01%	0.01%	0.02%	0.15%	0.15%	0.12%	0.32%	0.78%
	<i>Minibus</i>	0.01%	0.01%	0.05%	0.46%	0.44%	0.34%	0.92%	2.22%
	<i>Truck</i>	0.03%	0.03%	0.07%	0.35%	0.37%	0.31%	1.08%	2.24%
	<i>Trailer</i>	0.01%	0.02%	0.05%	0.34%	0.26%	0.19%	0.37%	1.24%
	<i>Bus</i>	0.00%	0.00%	0.01%	0.03%	0.04%	0.03%	0.07%	0.19%
	<i>Taxi</i>	0.00%	0.01%	0.02%	0.06%	0.07%	0.07%	0.20%	0.41%
	<b>TOTAL</b>	<b>0.13%</b>	<b>0.29%</b>	<b>1.28%</b>	<b>20.47%</b>	<b>19.65%</b>	<b>14.73%</b>	<b>43.43%</b>	<b>100.00%</b>

➤ Table above shows the # of policy distribution of Market Portfolio by Segments. Pool policies constitute of 8.45% of whole market.

# Sustainable Profitability Trend Continues with Positive Bottomline - TFRS



- 35-50m TL UW result per each quarter
- 90-97% Combined Ratio per each quarter
- 25-35m TL Net profit per each quarter

# Statutory Results – Technical Results and Margins continue to improve

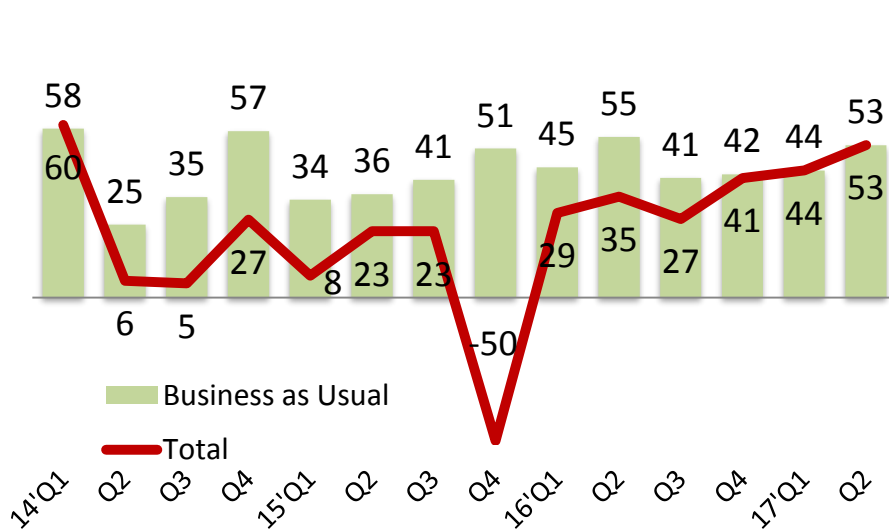
<i>Income Statement (million TL)</i>	16Q1	16Q2	16Q3	16Q4	2016 YE	17Q1	17Q2	17Q2 YtD	17Q2/ 16Q2	17Q2/ 17Q1
Gross Written Premiums	499	471	407	518	1.896	615	503	1.118	7%	-18%
Net Earned Premiums	245	246	262	273	1.026	286	294	580	19%	3%
Claims (net)	-190	-207	-185	-191	-729	-201	-196	-397	6%	3%
Commissions (net)	-47	-45	-50	-51	-193	-52	-54	-106	-21%	-4%
<b>Underwriting Result (net)</b>	<b>8</b>	<b>-6</b>	<b>27</b>	<b>31</b>	<b>104</b>	<b>33</b>	<b>44</b>	<b>77</b>	<b>892%</b>	<b>34%</b>
G&A Expenses	-34	-35	-33	-31	-132	-31	-32	-63	6%	-6%
Net Financial Income	22	28	29	9	88	36	38	74	36%	7%
Profit Before Tax	-4	-12	23	53	60	31	43	74	463%	39%
Tax	1	2	-5	-10	-12	-7	-9	-16	-613%	-39%
<b>Net Profit</b>	<b>-3</b>	<b>-10</b>	<b>18</b>	<b>43</b>	<b>48</b>	<b>25</b>	<b>34</b>	<b>59</b>	<b>436%</b>	<b>40%</b>
<b>Combined Ratio</b>	<b>109%</b>	<b>114%</b>	<b>102%</b>	<b>97%</b>	<b>101%</b>	<b>99%</b>	<b>96%</b>	<b>98%</b>	<b>-18pp</b>	<b>-3pp</b>
Loss Ratio	77%	84%	71%	70%	71%	70%	67%	68%	-17pp	-3pp
Commission Ratio	19%	18%	19%	19%	19%	18%	18%	18%	0pp	0pp
Expense Ratio	12%	12%	12%	9%	11%	11%	11%	11%	-1pp	0pp
<b>UW Margin</b>	<b>3%</b>	<b>-2%</b>	<b>10%</b>	<b>11%</b>	<b>10%</b>	<b>11%</b>	<b>15%</b>	<b>13%</b>	<b>17pp</b>	<b>4pp</b>

# Statutory Balance Sheet

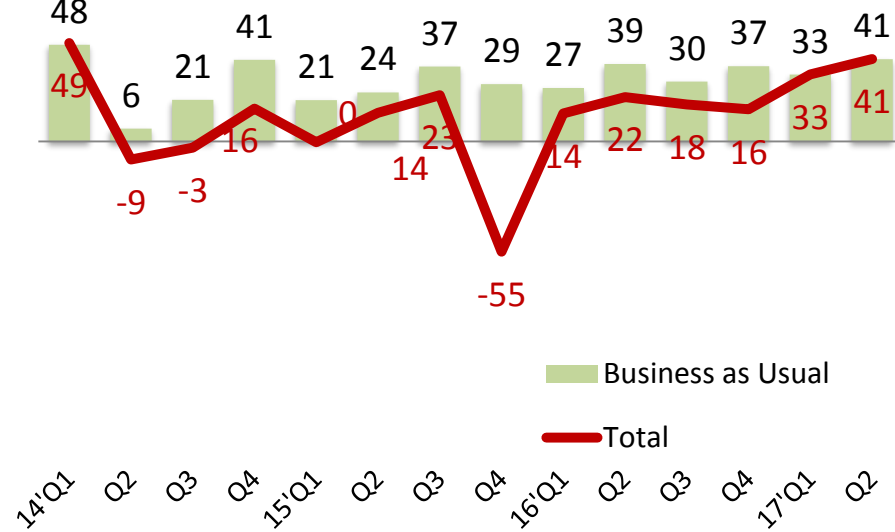
<i>(TL Million)</i>	16Q1	16Q2	16Q3	16Q4	17'Q1	17'Q2	17Q2/ 16Q2	17Q2/ 17Q1
Cash and Marketable Securities	959	1.000	1.067	1.106	1.160	1.321	32%	14%
Receivables	632	656	583	654	748	666	1%	-11%
Other Assets	205	219	204	197	222	211	-3%	-5%
Participations	8	8	8	0	0	0	-100%	
Fixed Assets	59	62	63	69	67	69	11%	3%
<b>Total Assets</b>	<b>1.863</b>	<b>1.945</b>	<b>1.926</b>	<b>2.025</b>	<b>2.197</b>	<b>2.268</b>	<b>17%</b>	<b>3%</b>
Payables	310	297	228	228	335	349	17%	4%
Technical Reserves	1.103	1.196	1.240	1.262	1.292	1.323	11%	2%
Other Liabilities	104	111	100	133	139	128	15%	-8%
Total Shareholders' Equity	346	340	358	403	431	467	37%	8%
<b>Total Liabilities and Equity</b>	<b>1.863</b>	<b>1.945</b>	<b>1.926</b>	<b>2.025</b>	<b>2.197</b>	<b>2.268</b>	<b>17%</b>	<b>3%</b>

# Sustainable Profitability Trend Continues with Positive Bottomline - IFRS

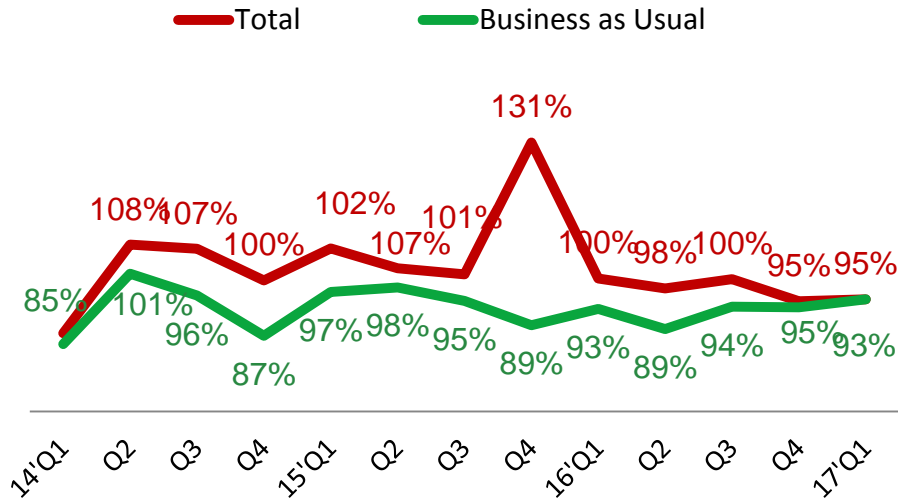
### UW Profit



### Net Profit



### Combined Ratio (%)



- 35-50m TL UW result per each quarter
- 90-95% Combined Ratio per each quarter
- 30-40m TL Net profit per each quarter



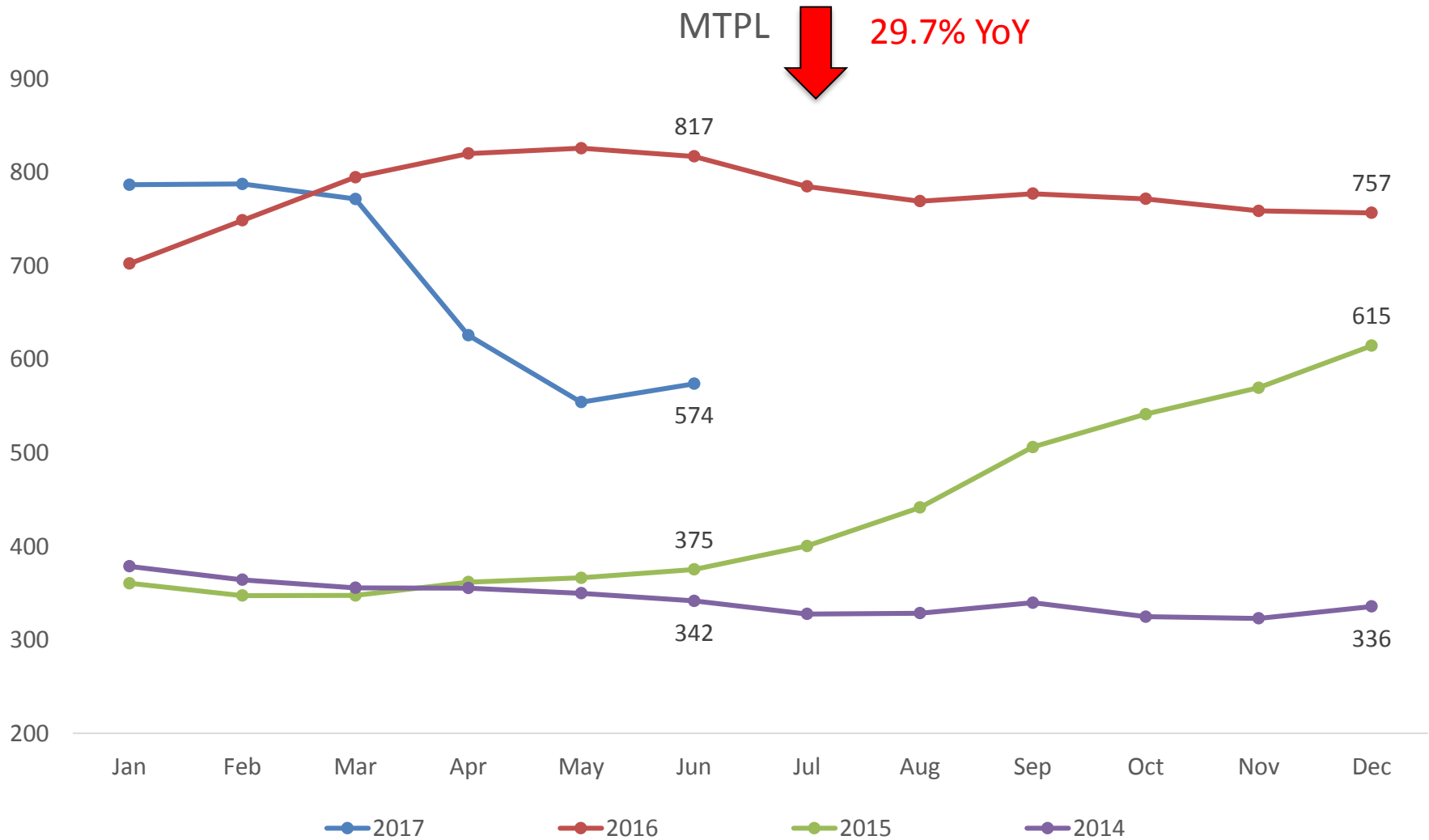
# IFRS Results – Technical Results and Margins continue to improve

<i>Income Statement (million TL)</i>	16Q1	16Q2	16Q3	16Q4	2016 YE	17Q1	17Q2	17Q2 YtD	17Q2/ 16Q2	17Q2/ 17Q1
Gross Written Premiums	499	471	407	518	1.896	615	503	1.118	7%	-18%
Net Earned Premiums	245	246	262	273	1.026	286	294	580	19%	3%
Claims (net)	-169	-167	-185	-181	-701	-190	-187	-377	12%	-2%
Commissions (net)	-47	-45	-50	-51	-193	-52	-54	-106	21%	4%
<b>Underwriting Result (net)</b>	<b>29</b>	<b>35</b>	<b>27</b>	<b>41</b>	<b>132</b>	<b>44</b>	<b>53</b>	<b>96</b>	<b>51%</b>	<b>20%</b>
G&A Expenses	-34	-34	-32	-30	-131	-30	-32	-62	-7%	5%
Net Financial Income	22	28	28	9	87	35	38	73	35%	7%
Profit Before Tax	17	28	23	20	88	42	52	94	82%	23%
Tax	-3	-6	-5	-4	-18	-9	-11	-20	72%	23%
<b>Net Profit</b>	<b>14</b>	<b>22</b>	<b>18</b>	<b>16</b>	<b>71</b>	<b>33</b>	<b>41</b>	<b>74</b>	<b>85%</b>	<b>23%</b>
<b>Combined Ratio</b>	<b>100%</b>	<b>98%</b>	<b>100%</b>	<b>95%</b>	<b>98%</b>	<b>95%</b>	<b>93%</b>	<b>94%</b>	<b>-5pp</b>	<b>-2pp</b>
Loss Ratio	69%	68%	70%	66%	68%	66%	64%	65%	-4pp	-2pp
Commission Ratio	19%	18%	19%	19%	19%	18%	18%	18%	0pp	0pp
Expense Ratio	12%	12%	10%	10%	11%	11%	11%	11%	-1pp	0pp
<b>UW Margin</b>	<b>12%</b>	<b>14%</b>	<b>10%</b>	<b>15%</b>	<b>13%</b>	<b>15%</b>	<b>18%</b>	<b>17%</b>	<b>4pp</b>	<b>3pp</b>

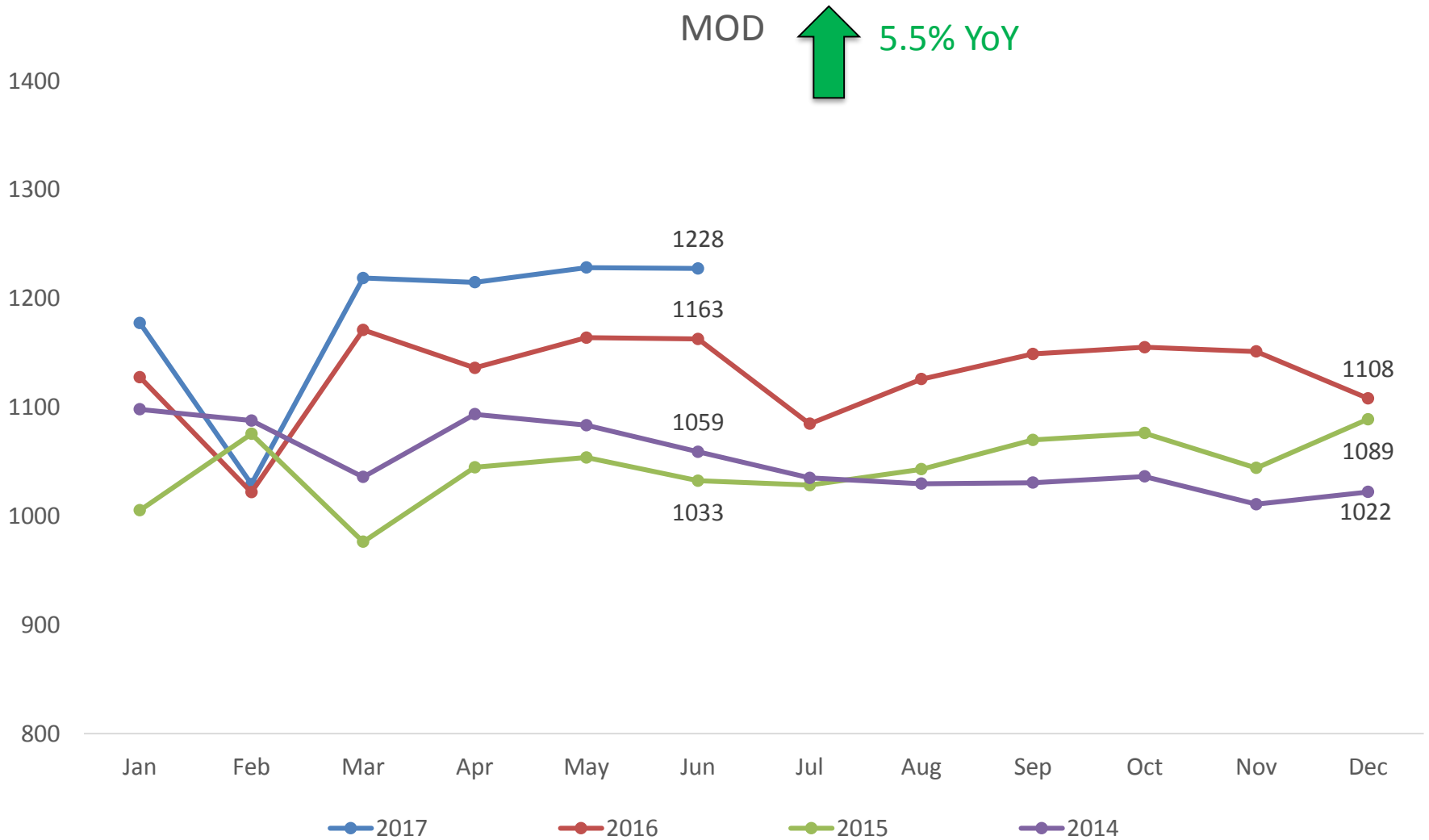
# IFRS Balance Sheet

<i>(TL Million)</i>	16Q1	16Q2	16Q3	16Q4	17'Q1	17'Q2	17Q2/ 16Q2	17Q2/ 17Q1
Cash and Marketable Securities	959	1.000	1.067	1.106	1.160	1.321	32%	14%
Receivables	632	656	583	654	748	666	1%	-11%
Other Assets	201	206	191	190	214	202	-2%	-6%
Participations	8	8	8	0	0	0	-100%	
Fixed Assets	59	62	63	69	67	69	11%	3%
<b>Total Assets</b>	<b>1.859</b>	<b>1.932</b>	<b>1.913</b>	<b>2.019</b>	<b>2.188</b>	<b>2.258</b>	<b>17%</b>	<b>3%</b>
Payables	310	297	228	228	335	348	17%	4%
Technical Reserves	1.080	1.132	1.176	1.231	1.250	1.273	12%	2%
Other Liabilities	104	111	100	133	139	129	16%	-7%
Total Shareholders' Equity	365	391	409	427	464	507	30%	9%
<b>Total Liabilities and Equity</b>	<b>1.859</b>	<b>1.932</b>	<b>1.913</b>	<b>2.019</b>	<b>2.188</b>	<b>2.258</b>	<b>17%</b>	<b>3%</b>

# Average Premium in the Market - MTPL



# Average Premium in the Market - MOD



# Contact Information & Disclaimer

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