

Aksigorta Earnings Call Presentation – Q3'18

25/10/2018

The logo for AKSigorta, featuring the company name in a bold, red, sans-serif font. The logo is positioned in the lower right quadrant of the slide, partially overlaid by a large, wavy graphic element. This graphic consists of several overlapping, curved bands in shades of blue, green, orange, and red, creating a dynamic, flowing effect across the bottom half of the slide.

AKSigorta

1. Aksigorta Financials (in TFRS)

2. What are the Risks & Opportunities?

3. Future Guidance

4. Appendix

2018 Q3 – Aksigorta Scorecard

2018 Q3 – FINANCIAL INDICATORS (Mn TL)

770 Gross Written Premiums	 21% (YoY)	69 Net Income	 155% (YoY)	683 Shareholders' Equity	 16% (YoY)	3.305 Total Assets	 36% (YoY)	72 Financial Income	 85% (YoY)
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2018 Q3 – OPERATIONAL RATIOS

63% Premium Retention Ratio	 1 pp (YoY)	76% Loss Ratio (Net)	 5 pp (YoY)	100% Combined Ratio (Net)	 1 pp (YoY)	33% Return on Equity (ROE)	 5 pp (YoY)
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2017 YE - CAPITAL ADEQUACY AND DIVIDEND

110mTL

Dividend
Paid

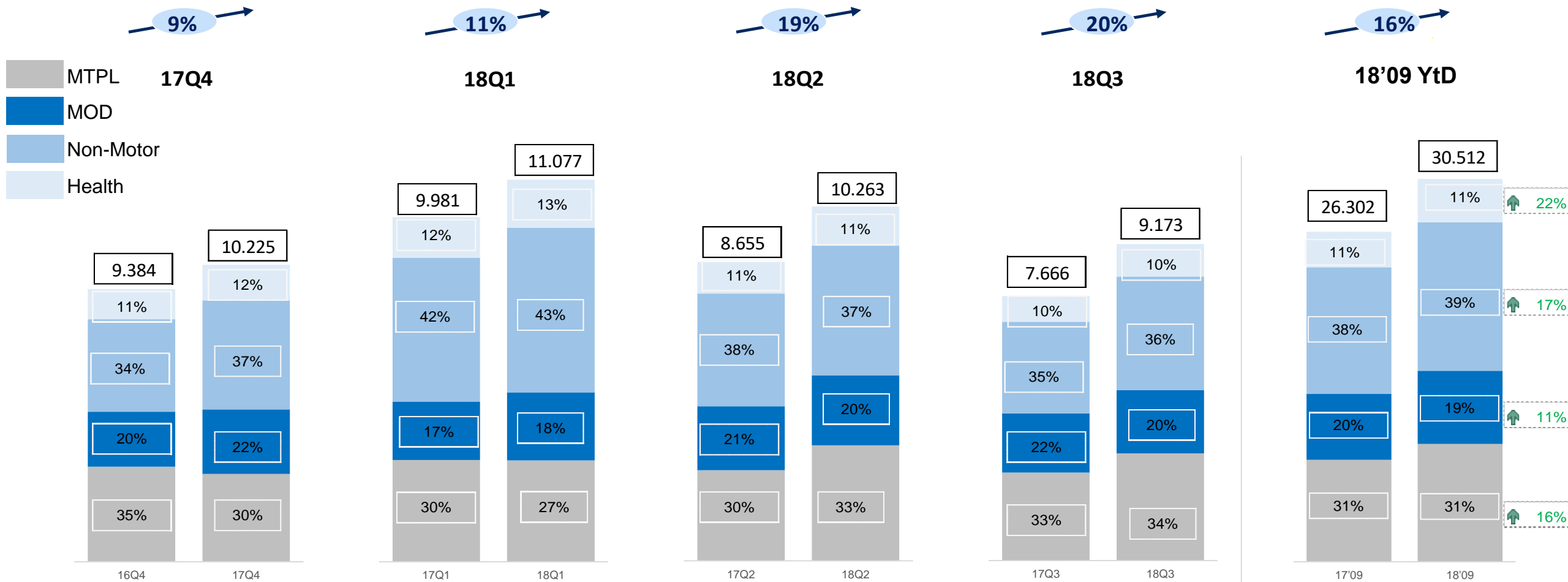
87%

Pay-out
Ratio

137%

Capital Adequacy
Ratio

Market is growing in low penetrated products such as non motor & health



	YoY	Portfolio
	Growth	Share
Agency	8%	69%
Bank	23%	14%
Corporate	3%	17%

	YoY	Portfolio
	Growth	Share
Agency	9%	64%
Bank	16%	17%
Corporate	13%	18%

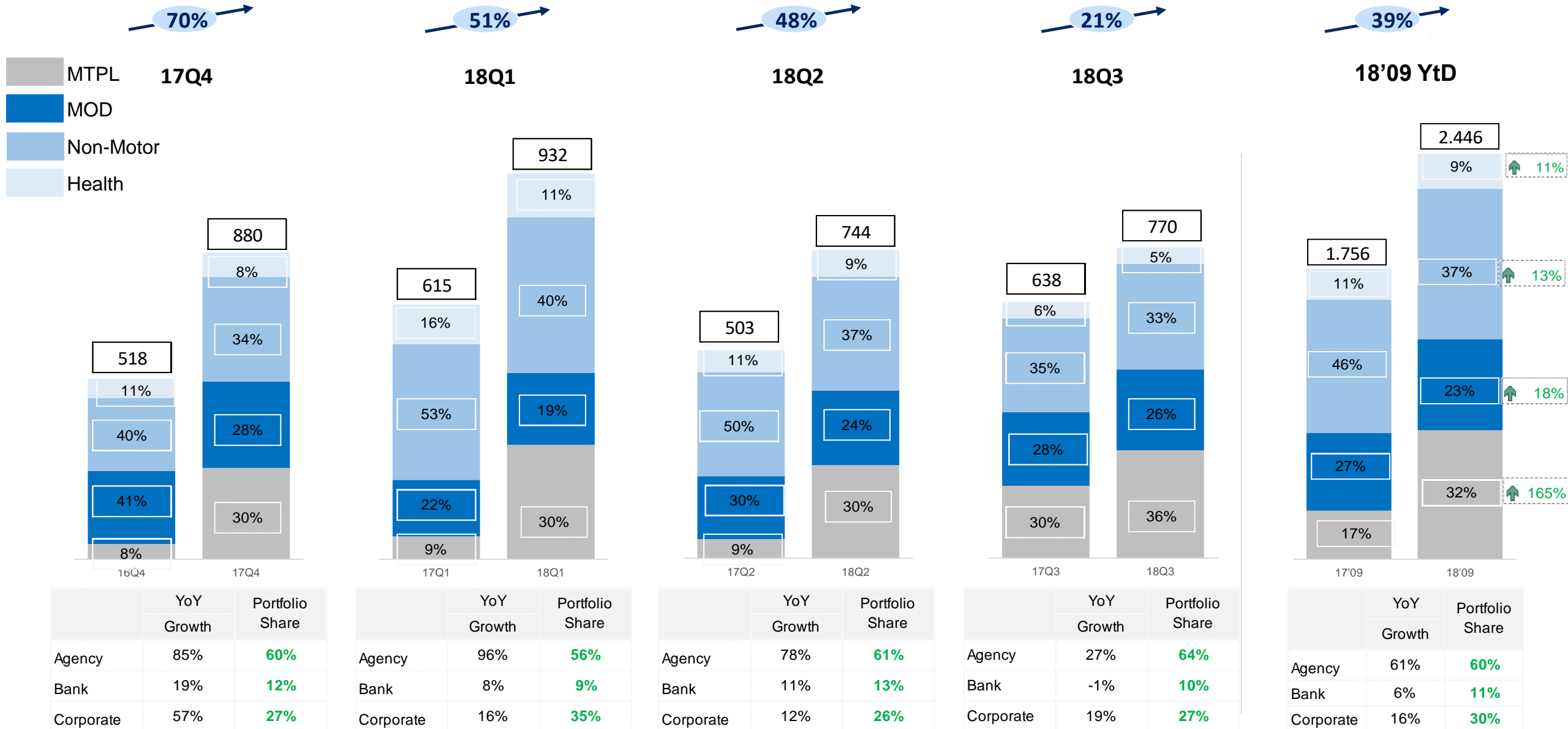
	YoY	Portfolio
	Growth	Share
Agency	16%	69%
Bank	26%	15%
Corporate	21%	16%

	YoY	Portfolio
	Growth	Share
Agency	15%	69%
Bank	14%	13%
Corporate	46%	18%

	YoY	Portfolio
	Growth	Share
Agency	13%	67%
Bank	19%	15%
Corporate	24%	18%

Retroceded premiums from pools are excluded above.
As of September 2018, there is 2,1Billion TL retroceded premiums in the market.

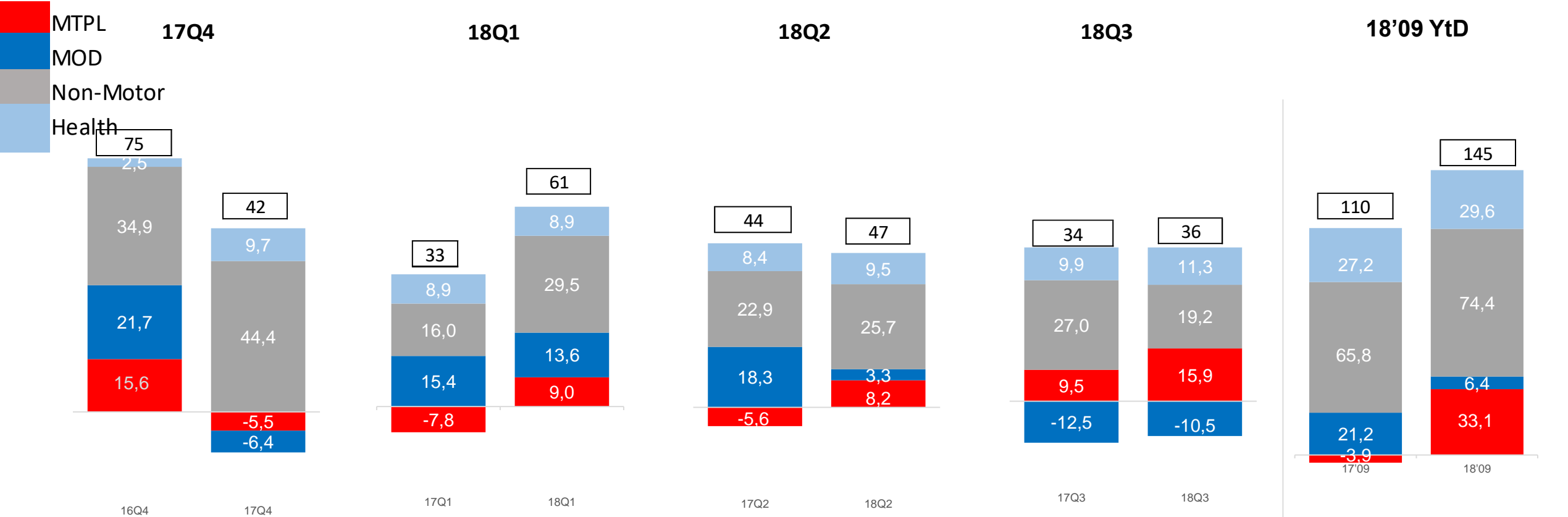
Aksigorta is outperforming the market consecutive quarters



Based on Aksigorta product group

Topline growth and sustainable UW margins bring higher UW results

UWR Business Mix (Mn TL)



UWM			
MTPL	MOD	Non Motor	Health
-6%	-4%	56%	47%
Agency	Bank	Corporate	Company
8%	30%	9%	12%

UWM			
MTPL	MOD	Non Motor	Health
7%	8%	37%	42%
Agency	Bank	Corporate	Company
11%	31%	18%	15%

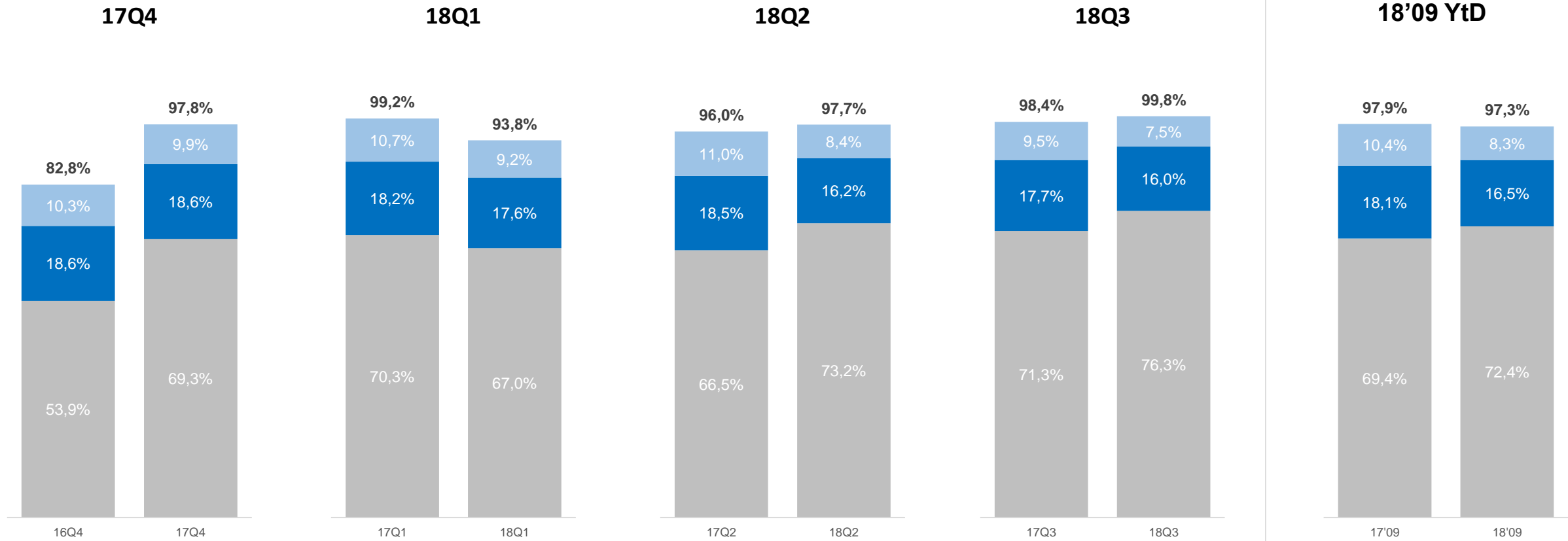
UWM			
MTPL	MOD	Non Motor	Health
5%	2%	32%	43%
Agency	Bank	Corporate	Company
4%	25%	42%	11%

UWM			
MTPL	MOD	Non Motor	Health
9%	-6%	24%	50%
Agency	Bank	Corporate	Company
1%	24%	13%	8%

UWM			
MTPL	MOD	Non Motor	Health
7%	1%	31%	45%
Agency	Bank	Corporate	Company
5%	26%	24%	11%

Combined ratio is sustained at targeted levels (95-97%)

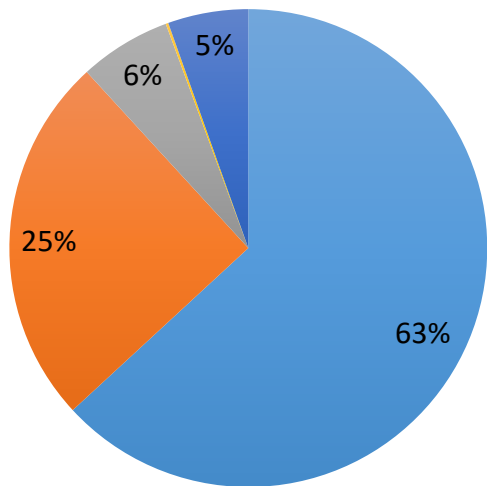
Combined Ratio	
Loss R	
Commission R	
Expense R	



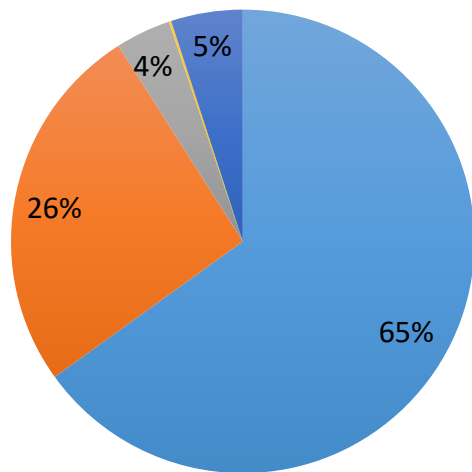
As of Sept'2018, AUM reached to 1.948mTL with 32% increase YoY

- ◆ Time Deposit
- ◆ Eurobond
- ◆ Corporate Bond
- ◆ Government Bond
- ◆ Equities

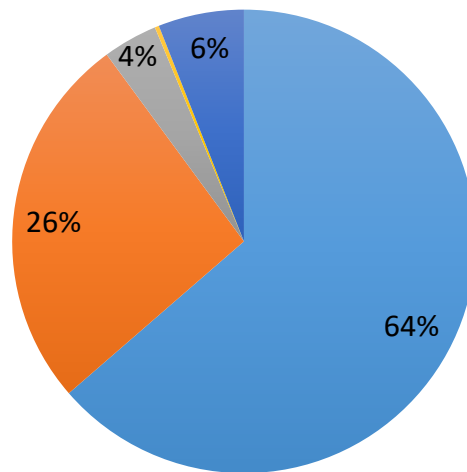
September'17



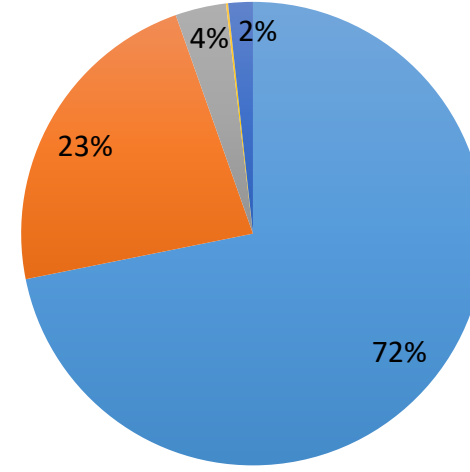
December'17



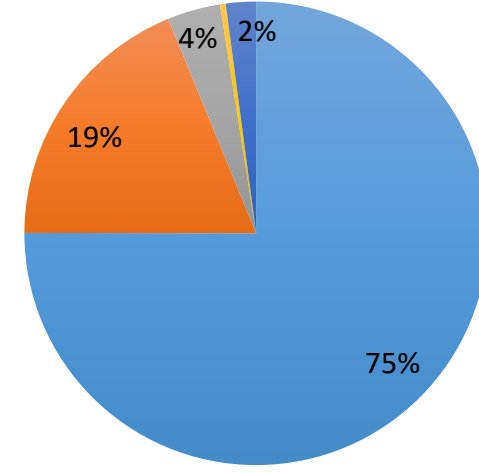
March'18



June'18



September'18



AUM (mTL) 1.478
Average Yield 11%
Quarterly Financial Income (mTL) 40

AUM (mTL) 1.486
Average Yield 15%
Quarterly Financial Income (mTL) 56

AUM (mTL) 1.574
Average Yield 14%
Quarterly Financial Income (mTL) 53

AUM (mTL) 1.744
Average Yield 14%
Quarterly Financial Income (mTL) 59

AUM (mTL) 1.948
Average Yield 22%
Quarterly Financial Income (mTL) 72

Strong Financial Results, +30% ROE

Profit & Loss	17Q3	17Q4	18Q1	18Q2	18Q3	17'09	18'09	18'09/ 17'09
GWP	638	880	932	744	770	1.756	2.446	39,4%
NEP	310	351	397	442	471	891	1.311	47,2%
UWR	34	42	61	47	36	111	145	30,0%
Expenses	-29	-35	-37	-37	-36	-93	-109	-18,0%
Financial Income	39	55	51	75	72	111	198	78,9%
PBT	34	50	67	58	90	108	215	98,0%
Net Profit	27	41	51	45	69	86	165	92,5%
Capital Adequacy	147%	137%	113%	121%	129%	147%	129%	-18pp

Quarterly CARs are not final figures but shown for representative purposes. 2017 Year End figure is the official result..

Flood and Hail impact
is 44mTL before tax,
36mTL after tax.

Balance Sheet	17Q3	17Q4	18Q1	18Q2	18Q3	18Q3/ 17Q4
Receivables	693	974	1.083	1.037	1.041	6,8%
AUM	1.478	1.486	1.574	1.743	1.948	31,1%
Total Assets	2.436	2.758	2.991	3.102	3.305	19,8%
Reserves	1.343	1.537	1.646	1.707	1.837	19,5%
Payables	372	462	610	610	587	27,1%
Equity	587	629	571	616	683	8,5%
Total Liabilities	2.436	2.758	2.991	3.102	3.305	19,8%
RoE	27%	25%	31%	30%	33%	7,9pp

TFRS vs IFRS: Discounting of O/S claims is the major difference between two ledgers

as of Sept ' 2018	Equity	YtD P&L Adjust
<i>Million TL</i>		
TFRS Result	682,7	165,2
Equalization Reserve	78,1	7,5
Unexpired Risk Reserve	3,6	3,1
Unallocated Loss Adjustment Expenses	-13,0	-3,5
Discounting of outstanding claims	-168,4	-36,5
Deferred Tax	19,6	6,4
IFRS Result	602,6	142,2

1. *Aksigorta Financials (in TFRS)*
- 2. What are the Risks & Opportunities?**
3. *Future Guidance*
4. *Appendix*

Risks & opportunities are factored in our year-end guidance

Risks

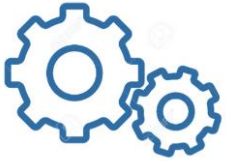
- Economic slowdown in H2'18
- Volatility in FX rates, difficulty in pricing risk
- Deterioration in MOD UW profitability
- Natural disasters due to climate change (e.g: hail and flood, EQ etc.)

Opportunities

- Higher interest rates bringing higher financial income
- Higher premiums and improved UW Margin in MOD with the contribution of of newly launched complementary MTPL product.

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We keep our year-end guidance



25-30% growth in GWP



45%-50% increase in Net Profit



Targeting 115% CAR for dividend payout



Aksigorta's performance is aligned with strategic targets

1B \$

Market Cap

+2pp

Market Share

95%

Combined Ratio
(Net)

30+%

Return on Equity
(ROE)

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Summary Financial Statements in IFRS

Profit & Loss	17Q3	17Q4	18Q1	18Q2	18Q3	17'09	18'09	18'09/ 17'09
GWP	638	880	932	744	770	1.756	2.446	39,4%
NEP	310	351	397	442	471	891	1.311	47,2%
UWR	31	39	55	37	22	128	115	-9,9%
Expenses	-29	-35	-37	-37	-36	-93	-109	-18,0%
Financial Income	39	55	51	75	72	111	198	78,9%
PBT	31	46	61	48	76	125	185	48,2%
Net Profit	25	38	47	37	56	99	142	43,6%
Capital Adequacy	147%	137%	113%	121%	129%	147%	129%	-18pp

Balance Sheet	17Q3	17Q4	18Q1	18Q2	18Q3	18Q3/ 17Q4
Receivables	680	961	1.069	1.018	1.026	6,8%
AUM	1.478	1.486	1.574	1.743	1.948	31,1%
Total Assets	2.450	2.771	3.005	3.119	3.325	20,0%
Reserves	1.410	1.607	1.722	1.793	1.937	20,5%
Payables	340	403	555	568	513	27,2%
Equity	534	572	509	547	602	5,4%
Total Liabilities	2.450	2.771	3.005	3.119	3.325	20,0%
RoE	25%	24%	27%	28%	32%	8pp

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Capital Adequacy

	Sep'17	Dec'17	Mar'18	Jun'18	Sep'18	
Required Capital	444	510	571	573	588	Main drivers:
<i>Asset risk</i>	187	225	258	241	233	<i>by asset size</i>
<i>RI risk</i>	49	45	46	46	46	<i>by re-insurance portfolio</i>
<i>Reserve risk</i>	46	46	49	55	63	<i>by growth</i>
<i>Uw risk</i>	158	188	212	230	244	<i>by growth</i>
<i>Fx risk</i>	4	5	6	1	2	<i>by fx exposure</i>
Available Capital	654	700	644	692	761	
Free Capital (over 100% CAR)	210	190	73	119	172	
Dividend Distribution			-111			
Generated Free Capital (Last Quarter Basis)	106	-21	-116	46	54	
Capital Adequacy Ratio	147%	137%	113%	121%	129%	

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Investor Relations, September 2018