

# Aksigorta Investor Presentation – Q2'18

01/08/2018

The logo for AKSigorta, featuring the company name in a bold, red, sans-serif font. The letters are closely spaced, and the 'A' and 'K' are particularly prominent. The logo is positioned in the lower right quadrant of the slide, above a decorative wavy graphic that spans the width of the page. The graphic consists of several overlapping, curved bands in shades of blue, green, orange, and red, creating a dynamic, flowing effect.

## 1. Aksigorta Financials (in TFRS)

2. What are the Risks & Opportunities?

3. Future Guidance

4. Appendix

# 2018 Q2 – Aksigorta Scorecard

## 2018 Q2 – FINANCIAL INDICATORS (Mn TL)

<b>744</b> Gross Written Premiums	 <b>48%</b> (YoY)	<b>45</b> Net Income	 <b>31%</b> (YoY)	<b>616</b> Shareholders' Equity	 <b>32%</b> (YoY)	<b>3.102</b> Total Assets	 <b>37%</b> (YoY)	<b>59</b> Financial Income	 <b>54%</b> (YoY)
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## 2018 Q2 – OPERATIONAL RATIOS

<b>57%</b> Premium Retention Ratio	<b>+0 pp</b> (YoY)	<b>73%</b> Loss Ratio (Net)	<b>+7 pp</b> (YoY)	<b>98%</b> Combined Ratio (Net)	<b>+2 pp</b> (YoY)	<b>30%</b> Return on Equity (ROE)	<b>+1 pp</b> (YoY)
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## 2017 YE - CAPITAL ADEQUACY AND DIVIDEND

**110mTL**

Dividend  
Paid

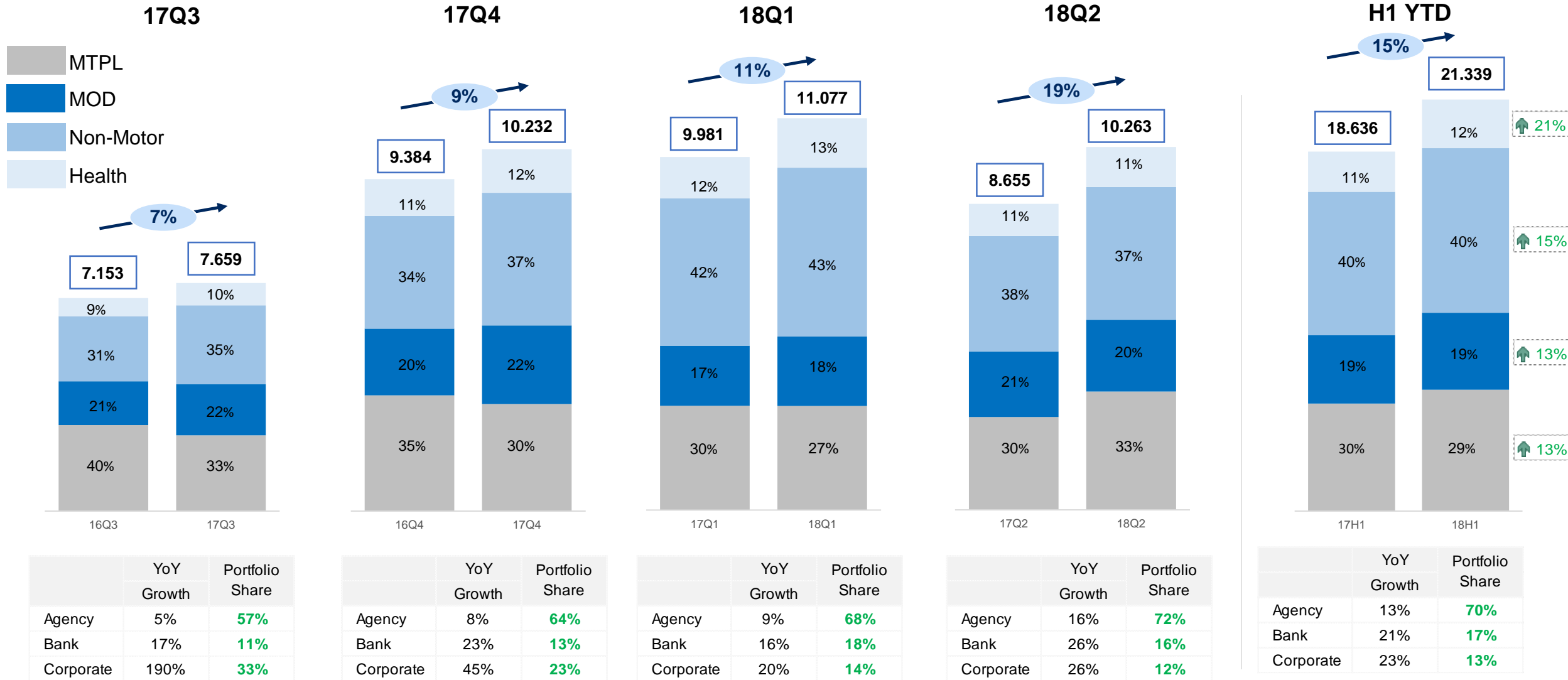
**87%**

Pay-out  
Ratio

**137%**

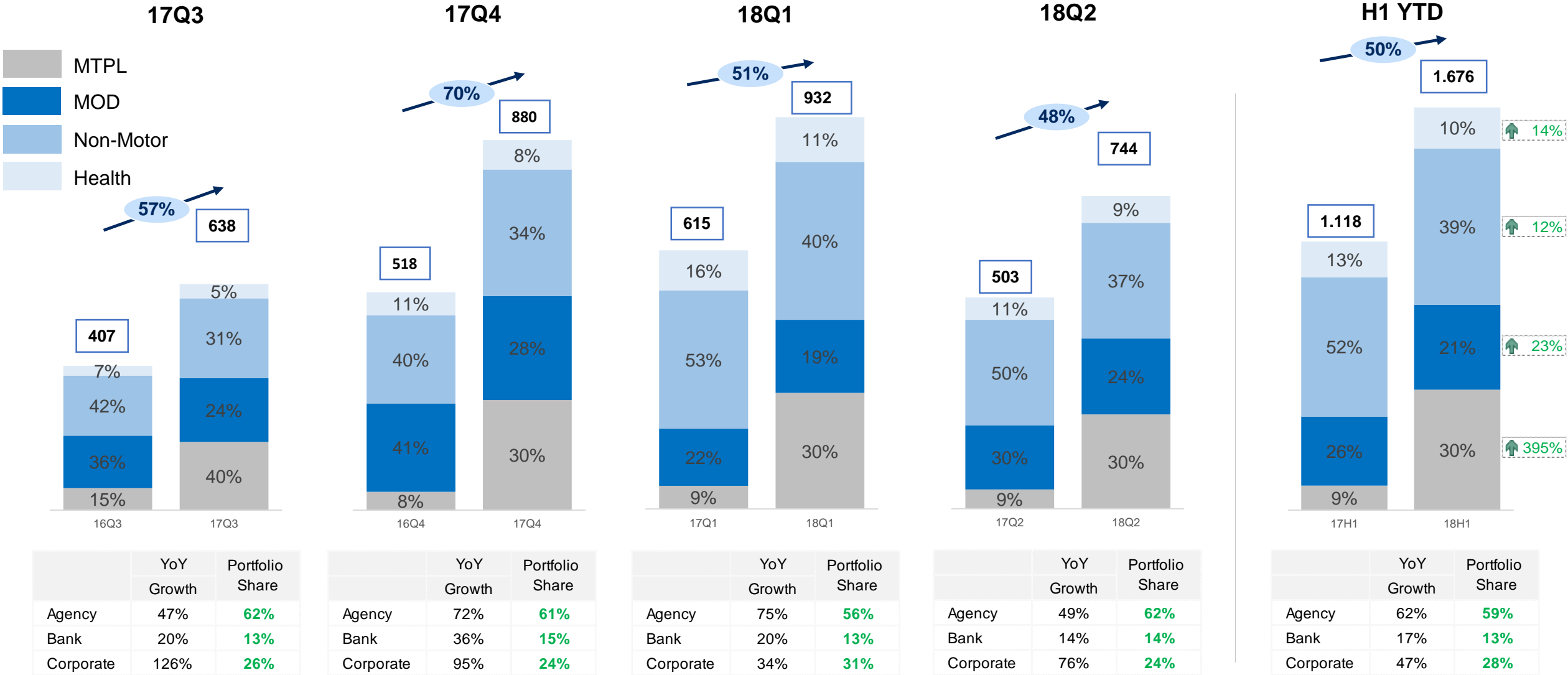
Capital Adequacy  
Ratio

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



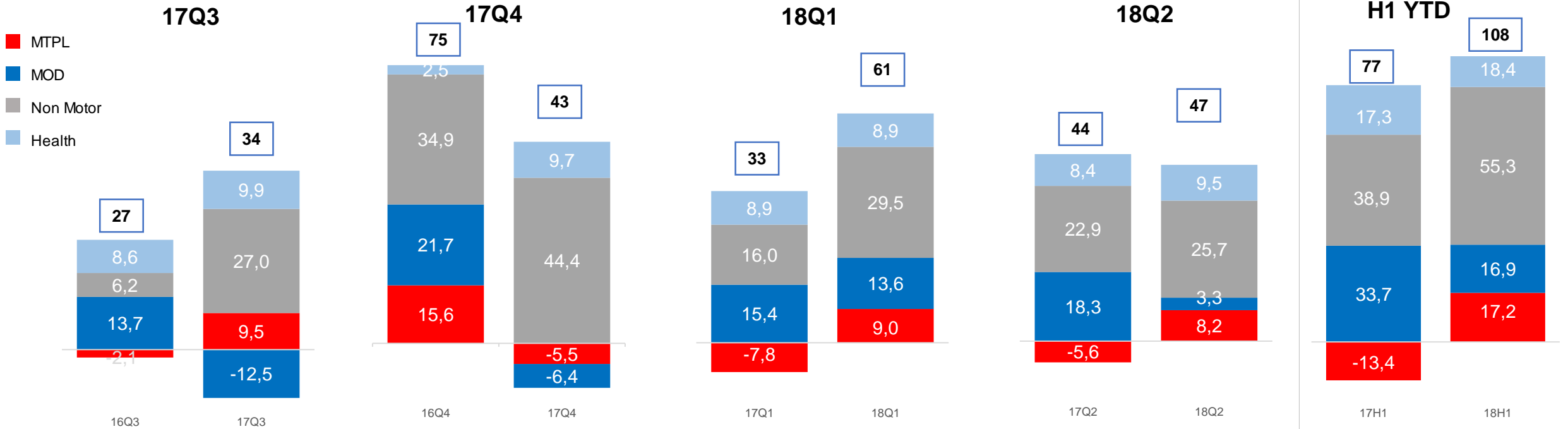
Kurum İçi Retroceded premiums from pools are excluded above.  
 As of June 2018, there is 1,6Billion TL retroceded premiums in the market.

# Aksigorta is outperforming the market in the last four consecutive quarters



# Topline growth and sustainable UW margins bring higher UW results

UWR Business Mix (Mn TL)



UWM			
MTPL	MOD	Non Motor	Health
17%	-8%	36%	16%
Agency	Bank	Corporate	Company
3%	28%	20%	11%

UWM			
MTPL	MOD	Non Motor	Health
-6%	-4%	57%	15%
Agency	Bank	Corporate	Company
8%	30%	9%	12%

UWM			
MTPL	MOD	Non Motor	Health
7%	8%	37%	14%
Agency	Bank	Corporate	Company
11%	31%	17%	15%

UWM			
MTPL	MOD	Non Motor	Health
5%	2%	32%	14%
Agency	Bank	Corporate	Company
4%	25%	42%	11%

UWM			
MTPL	MOD	Non Motor	Health
6%	5%	34%	14%
Agency	Bank	Corporate	Company
7%	28%	30%	13%

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

Combined Ratio	
Loss R	
Commission R	
Expense R	

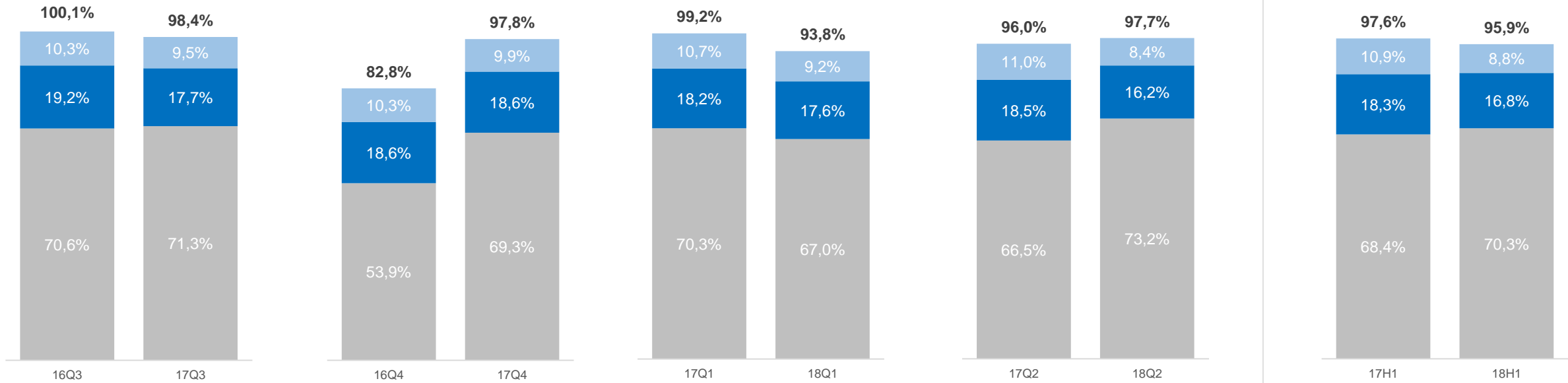
17Q3

17Q4

18Q1

18Q2

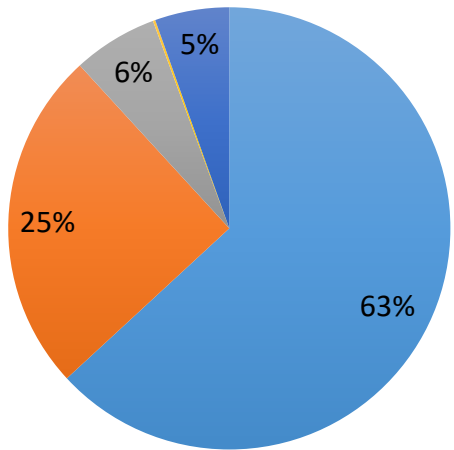
H1 YTD



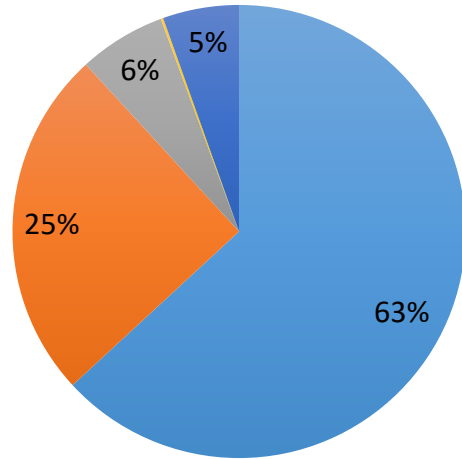
# As of June 2018, AUM reached to 1.744mTL with 32% increase YoY

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

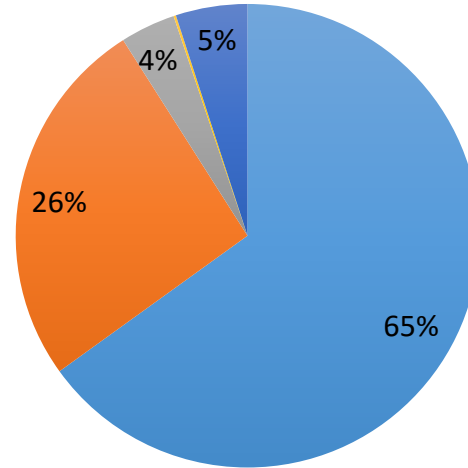
**June'17**



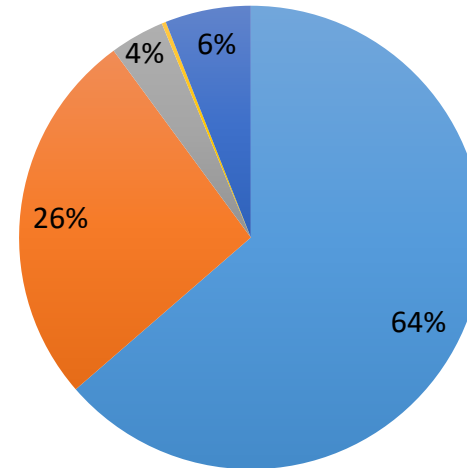
**September'17**



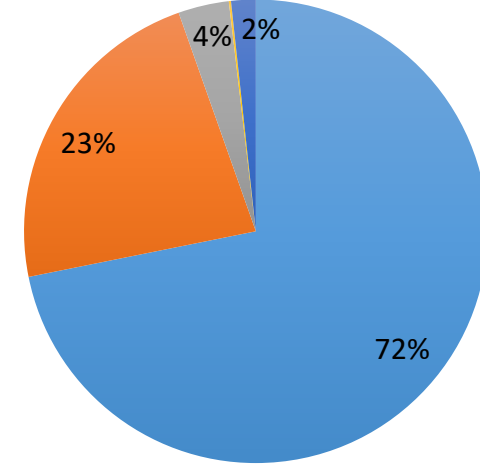
**December'17**



**March'18**



**June'18**



<b>AUM (mTL)</b>	1.321
<b>Average Yield</b>	11%
<b>Quarterly Financial Income (mTL)</b>	38

<b>AUM (mTL)</b>	1.478
<b>Average Yield</b>	11%
<b>Quarterly Financial Income (mTL)</b>	40

<b>AUM (mTL)</b>	1.486
<b>Average Yield</b>	15%
<b>Quarterly Financial Income (mTL)</b>	56

<b>AUM (mTL)</b>	1.574
<b>Average Yield</b>	14%
<b>Quarterly Financial Income (mTL)</b>	53

<b>AUM (mTL)</b>	1.744
<b>Average Yield</b>	14%
<b>Quarterly Financial Income (mTL)</b>	59



# Strong Financial Results, +25% ROE

Profit & Loss	17Q3	17Q4	18Q1	18Q2	17H1	18H1	18H1/ 17H1
<b>GWP</b>	637,7	880,0	932,1	744,0	1.117,9	1.676,1	49,9%
<b>NEP</b>	310,4	350,9	397,3	442,2	580,2	839,6	44,7%
<b>UWR</b>	34,3	42,4	61,2	47,3	76,9	108,4	40,9%
<b>Expenses</b>	-29,4	-34,8	-36,7	-37,1	-63,1	-73,8	-17,0%
<b>Financial Income</b>	39,5	55,6	53,3	58,7	73,9	112,0	51,6%
<b>PBT</b>	34,0	49,8	66,9	57,8	74,5	124,7	67,5%
<b>Net Profit</b>	27,1	41,2	51,3	44,7	58,8	96,0	63,4%
<b>Capital Adequacy</b>	147%	137%	113%	121%	124%	121%	-3,4pp

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	18Q2/ 17Q4
<b>Receivables</b>	692,7	974,3	1.083,2	1.036,8	6,4%
<b>AUM</b>	1.477,8	1.485,9	1.574,3	1.743,6	17,3%
<b>Total Assets</b>	2.436,3	2.757,8	2.990,5	3.102,2	12,5%
<b>Reserves</b>	1.342,9	1.536,6	1.645,9	1.706,9	11,1%
<b>Payables</b>	372,0	462,3	609,9	609,7	31,9%
<b>Equity</b>	587,1	629,0	570,7	616,0	-2,1%
<b>Total Liabilities</b>	2.436,3	2.757,8	2.990,5	3.102,2	12,5%
<b>RoE</b>	27%	25%	31%	30%	5,7pp

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

As of Jun'18	Equity	YtD P&L Adjust
<i>Million TL</i>		
<b>TFRS Result</b>	<b>616,0</b>	<b>96,0</b>
Equalization Reserve	76,1	5,5
Unexpired Risk Reserve	0,2	-0,3
Unallocated Loss Adjustment Expenses	-11,4	-1,9
Discounting of outstanding claims	-150,9	-19,0
Deferred Tax	16,7	3,5
<b>IFRS Result</b>	<b>546,8</b>	<b>83,9</b>

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# 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
- Stronger premium bases for renewal in MTPL in H2

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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

**2B TL**

Market Cap

**+2pp**

Market Share

**95%**

Combined Ratio  
(Net)

**25+%**

Return on Equity  
(ROE)

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# Summary Financial Statements in IFRS

Profit & Loss	17Q3	17Q4	18Q1	18Q2	17H1	18H1	18H1/ 17H1
<b>GWP</b>	637,7	880,0	932,1	743,9	1.117,9	1.676,1	49,9%
<b>NEP</b>	310,4	350,9	397,3	442,2	580,2	839,5	44,7%
<b>UWR</b>	31,3	39,0	55,1	37,6	96,4	92,7	-3,8%
<b>Expenses</b>	-28,8	-34,2	-36,1	-36,4	-62,4	-72,5	-16,3%
<b>Financial Income</b>	37,4	56,4	52,7	58,1	73,1	110,7	51,4%
<b>PBT</b>	31,0	46,4	60,8	48,2	93,9	109,0	16,0%
<b>Net Profit</b>	24,7	37,6	46,5	37,4	74,3	83,9	12,9%

<b>Capital Adequacy</b>	147%	137%	113%	121%	124%	121%	-3,4pp
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Balance Sheet	17Q3	17Q4	18Q1	18Q2	18Q2/ 17Q4
<b>Receivables</b>	692,7	974,3	1.083,2	1.036,8	6,4%
<b>AUM</b>	1.477,8	1.485,9	1.574,3	1.743,6	17,3%
<b>Total Assets</b>	2.449,7	2.771,0	3.005,1	3.118,9	12,6%
<b>Reserves</b>	1.409,8	1.607,0	1.722,3	1.793,0	11,6%
<b>Payables</b>	372,0	462,3	609,9	609,7	31,9%
<b>Equity</b>	533,6	571,8	508,7	546,6	-4,4%
<b>Total Liabilities</b>	2.449,7	2.771,0	3.005,1	3.118,9	12,6%

<b>RoE</b>	25%	24%	27%	28%	3,7pp
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# Capital Adequacy

	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18	
<b>Required Capital</b>	<b>429,5</b>	<b>443,9</b>	<b>510,1</b>	<b>570,9</b>	<b>573,5</b>	<b>Main drivers:</b>
Asset risk	180,4	187,2	225,0	257,7	241,4	by asset size
RI risk	48,9	48,9	45,3	46,2	46,2	by re-insurance portfolio
Reserve risk	51,7	45,6	46,4	49,1	55,0	by growth
Uw risk	142,4	157,9	188,4	212,0	230,3	by growth
Fx risk	6,0	4,3	5,0	6,0	0,6	by fx exposure
<b>Available Capital</b>	<b>533,2</b>	<b>654,0</b>	<b>699,7</b>	<b>644,0</b>	<b>692,3</b>	
<b>Free Capital (over 100% CAR)</b>	<b>103,8</b>	<b>210,1</b>	<b>189,5</b>	<b>73,1</b>	<b>118,8</b>	
<b>Dividend Distribution</b>				<b>-110,6</b>		
<b>Generated Free Capital (Last Quarter Basis)</b>	72,0	106,4	-20,6	-5,9	45,7	
<b>Capital Adequacy Ratio</b>	<b>124%</b>	<b>147%</b>	<b>137%</b>	<b>113%</b>	<b>121%</b>	

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# AKSigorta

Investor Relations, August 2018