

Aksigorta Q3 Earnings Call Presentation

26 October 2021

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AKSigorta
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1. Actual Performance vs. Guidance

2. *Aksigorta Financials (in TFRS)*

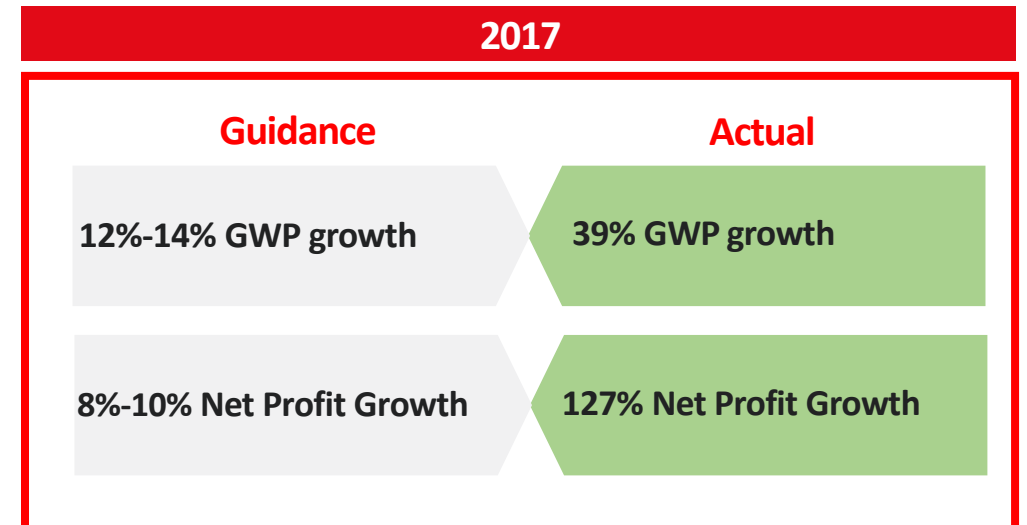
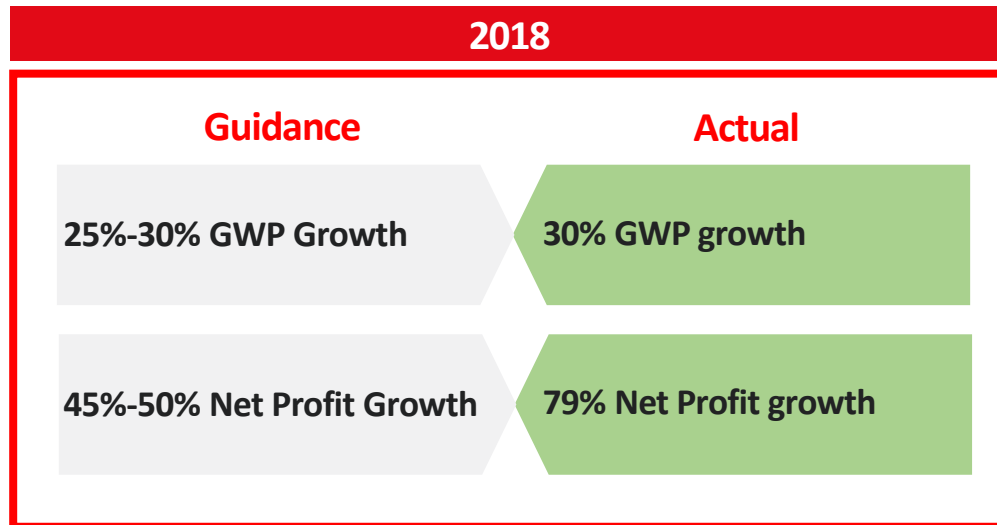
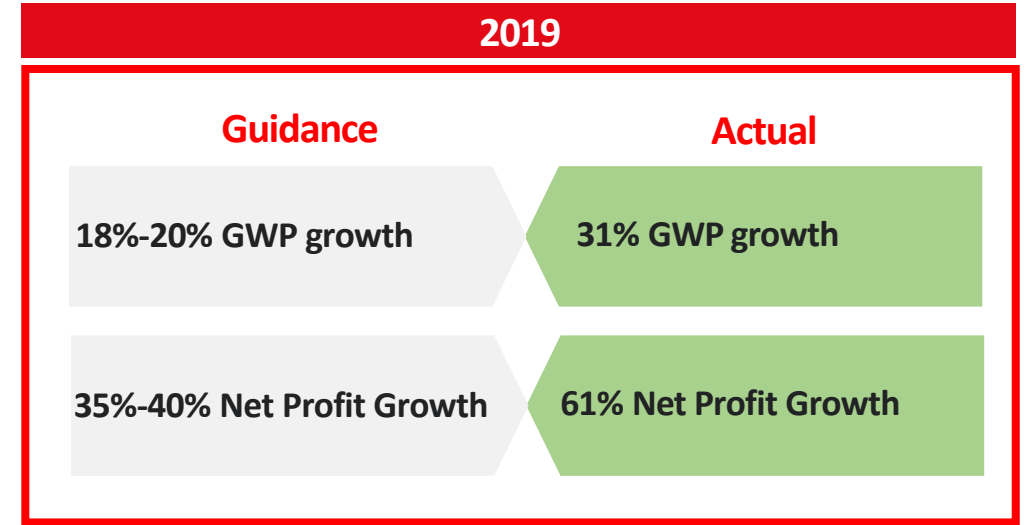
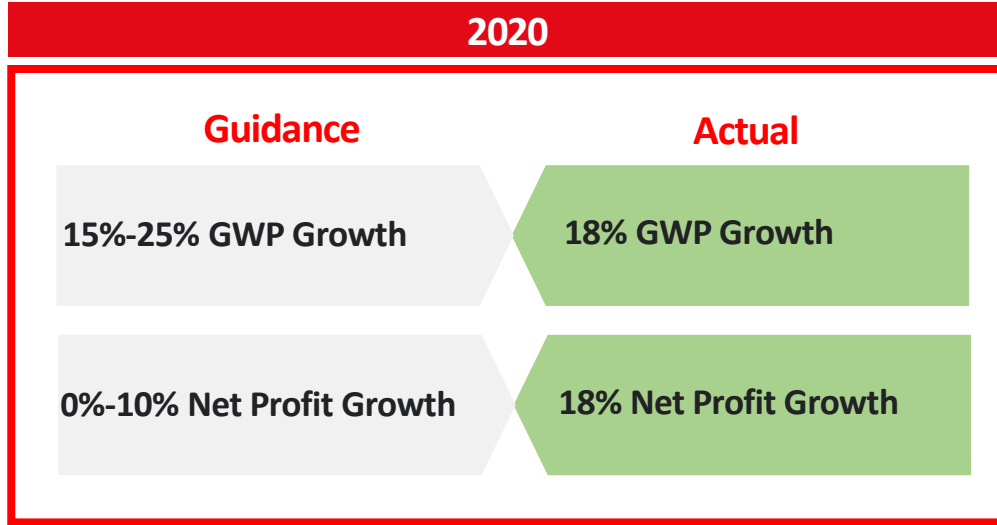
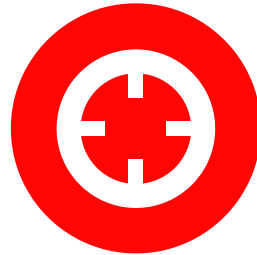
3. *What are the Risks & Opportunities?*

4. *2021 Guidance*

5. *Appendix*

Actual Performance vs. Guidance

Aksigorta overperformed annual guidance in the consecutive last 4 years



1. *Actual Performance vs. Guidance*

2. **Aksigorta Financials (in TFRS)**

3. *What are the Risks & Opportunities?*




4. *2021 Guidance*

5. *Appendix*

2021 Q3 – Financial Indicators (m TL) (YoY %)

1.471  16%	62  -28%	1.031  4%
Gross Written Premiums	Net Income	Total Equity

2021 Q2 – Operational Ratios (YoY %; pp)

86%  10pp	109%  9pp	30%  -18pp
Net Loss Ratio	Net Combined Ratio	RoE

Dividend Payment Out of 2020 Net Profit (m TL)

306	71%
Dividend Paid	Pay-out Ratio

2021 Q3 YTD – Financial Indicators (m TL) (YoY %)

4.471 ↑ 27% Gross Written Premiums	231 ↓ -33% Net Income	1.031 ↑ 4% Total Equity
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2021 Q3 YTD – Operational Ratios (YoY pp)

82% ↑ 15pp Net Loss Ratio	105% ↑ 14pp Net Combined Ratio	8,2% ↑ 0.3pp Market Share	30% ↓ -18pp RoE
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2021 Q3 YTD – Financial Income (m TL)

3.838 ↑ 25% AuM	16,5% Avr. Annualized Yield	461 ↑ 49% Financial Income
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Market GWP Distribution (%) (m TL)

20Q4

21Q1

21Q2

21Q3

21Q3 YTD

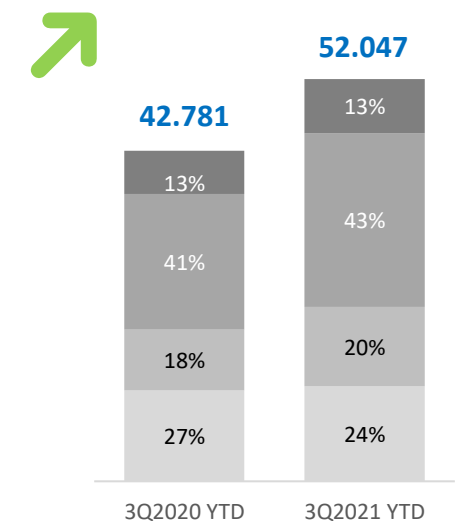
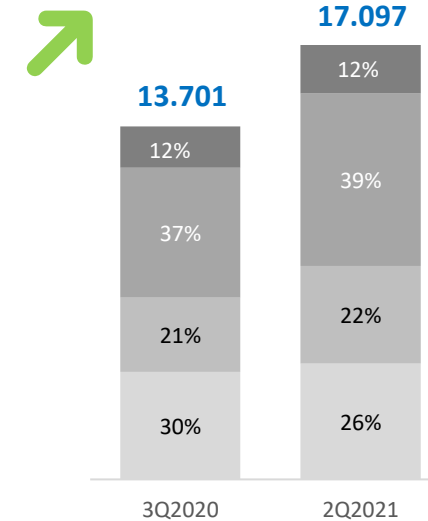
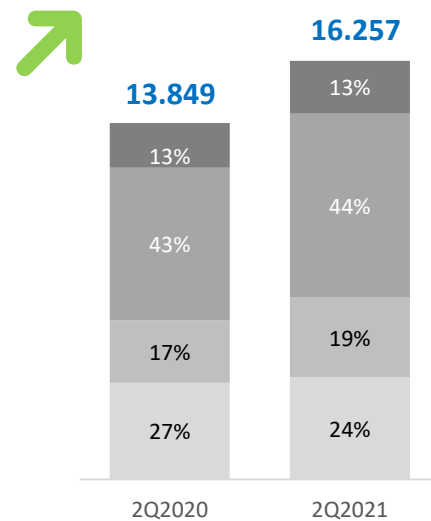
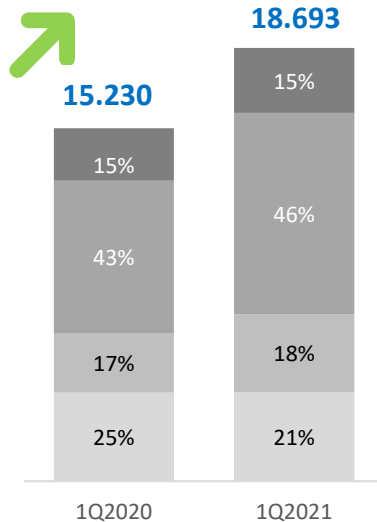
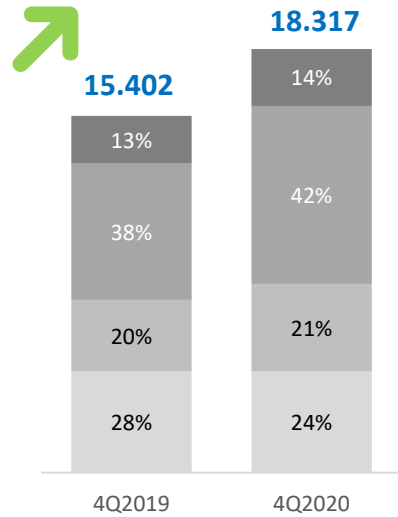
+19%

+23%

+17%

+25%

+22%



Portfolio Share

YoY			
MTPL	MOD	Non-motor	Health
+0%	+23%	+31%	+21%
Agency	Bank	Corporate	Market
+15%	+15%	+38%	+19%

Portfolio Share			
Agency	Bank	Corporate	Market
60%	15%	25%	100%

YoY			
MTPL	MOD	Non-motor	Health
+1%	+31%	+32%	+24%
Agency	Bank	Corporate	Market
+16%	+24%	+35%	+23%

Portfolio Share			
Agency	Bank	Corporate	Market
54%	17%	29%	100%

YoY			
MTPL	MOD	Non-motor	Health
+6%	+29%	+20%	+18%
Agency	Bank	Corporate	Market
+30%	+38%	-7%	+17%

Portfolio Share			
Agency	Bank	Corporate	Market
60%	14%	26%	100%

YoY			
MTPL	MOD	Non-motor	Health
+8%	+32%	+32%	+33%
Agency	Bank	Corporate	Market
+23%	+19%	+33%	+25%

Portfolio Share			
Agency	Bank	Corporate	Market
62%	13%	25%	100%

YoY			
MTPL	MOD	Non-motor	Health
+5%	+30%	+28%	+25%
Agency	Bank	Corporate	Market
+23%	+26%	+18%	+22%

Portfolio Share			
Agency	Bank	Corporate	Market
58%	14%	28%	100%

Note: Retro premiums from pools are excluded.



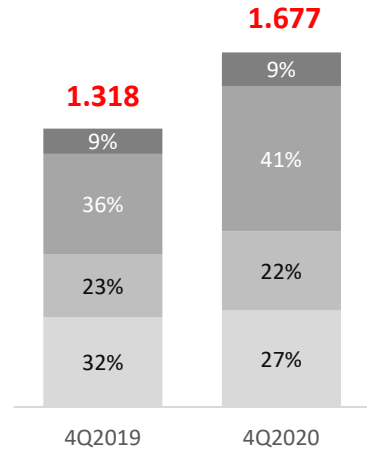
Aksigorta GWP Distribution (%) (m TL)

20Q4

+27%



Portfolio Share

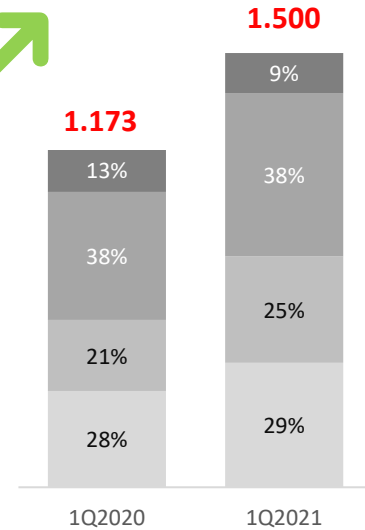


YoY			
MTPL	MOD	Non-motor	Health
+7%	+25%	+45%	+32%
Agency	Bank	Corporate	Company
+18%	+1%	+83%	+27%

Portfolio Share			
Agency	Bank	Corporate	Company
60%	12%	28%	%100

21Q1

+28%

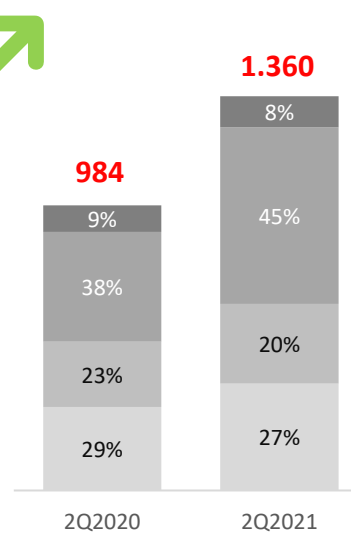


YoY			
MTPL	MOD	Non-motor	Health
+29%	+50%	+28%	-11%
Agency	Bank	Corporate	Company
+35%	+11%	+20%	+28%

Portfolio Share			
Agency	Bank	Corporate	Company
64%	10%	26%	100%

21Q2

+38%

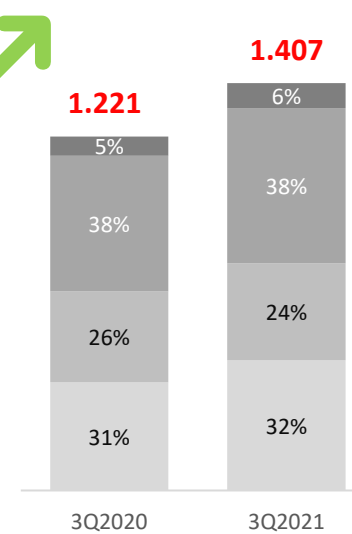


YoY			
MTPL	MOD	Non-motor	Health
+28%	+22%	+61%	+15%
Agency	Bank	Corporate	Company
+30%	+36%	+55%	+38%

Portfolio Share			
Agency	Bank	Corporate	Company
58%	10%	32%	100%

21Q3

+15%

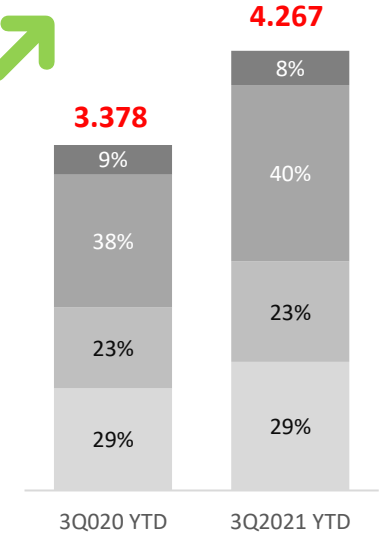


YoY			
MTPL	MOD	Non-motor	Health
+20%	+7%	+14%	+32%
Agency	Bank	Corporate	Company
+22%	+20%	+3%	+16%

Portfolio Share			
Agency	Bank	Corporate	Company
62%	11%	27%	100%

21Q3 YTD

+26%



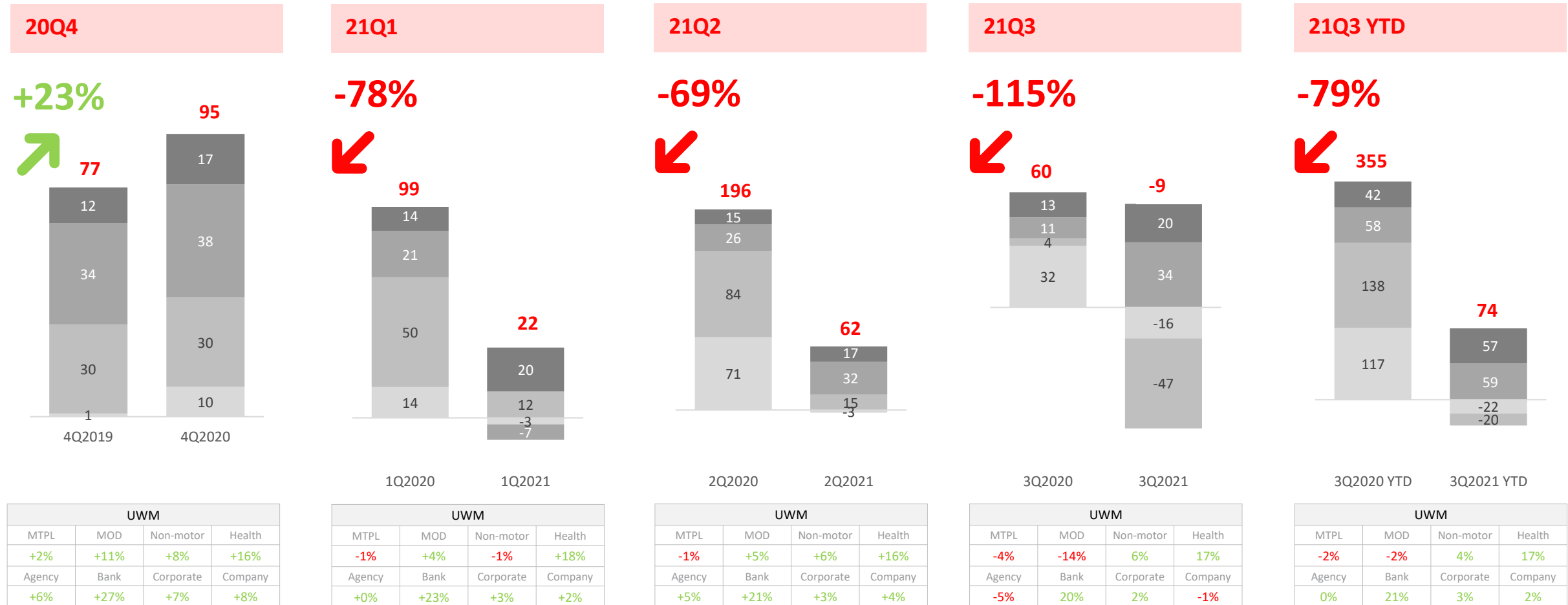
YoY			
MTPL	MOD	Non-motor	Health
+26%	+25%	+33%	+6%
Agency	Bank	Corporate	Company
+29%	+21%	+24%	+26%

Portfolio Share			
Agency	Bank	Corporate	Company
61%	11%	28%	100%

UWR Development

Decreasing positive impact of lock-down coupled with big claims led to a YoY decline in 21Q3 YTD UW result

UWR Business Mix (TL m)

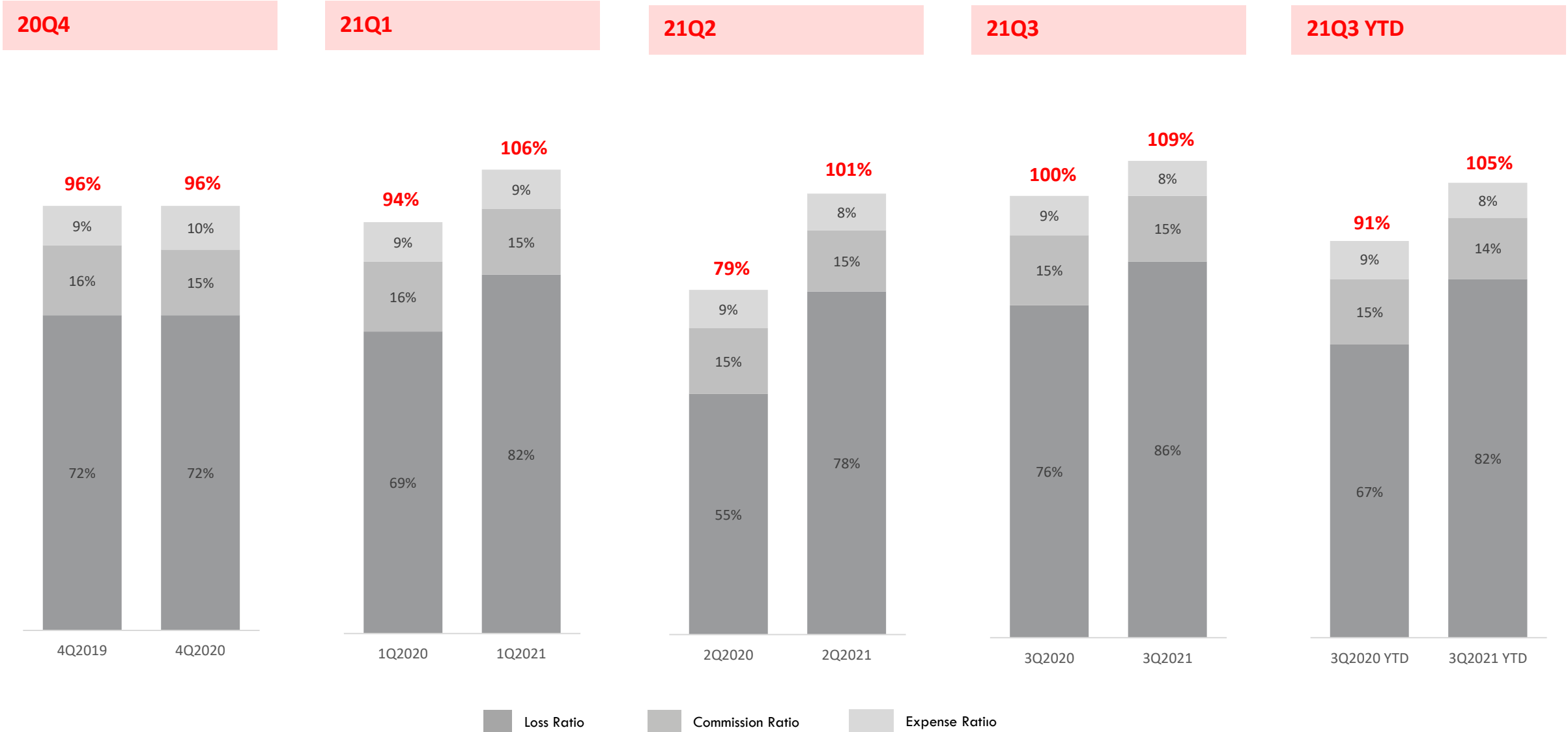


UWM: UWR / Gross earned premiums

Health Non-motor MOD MTPL

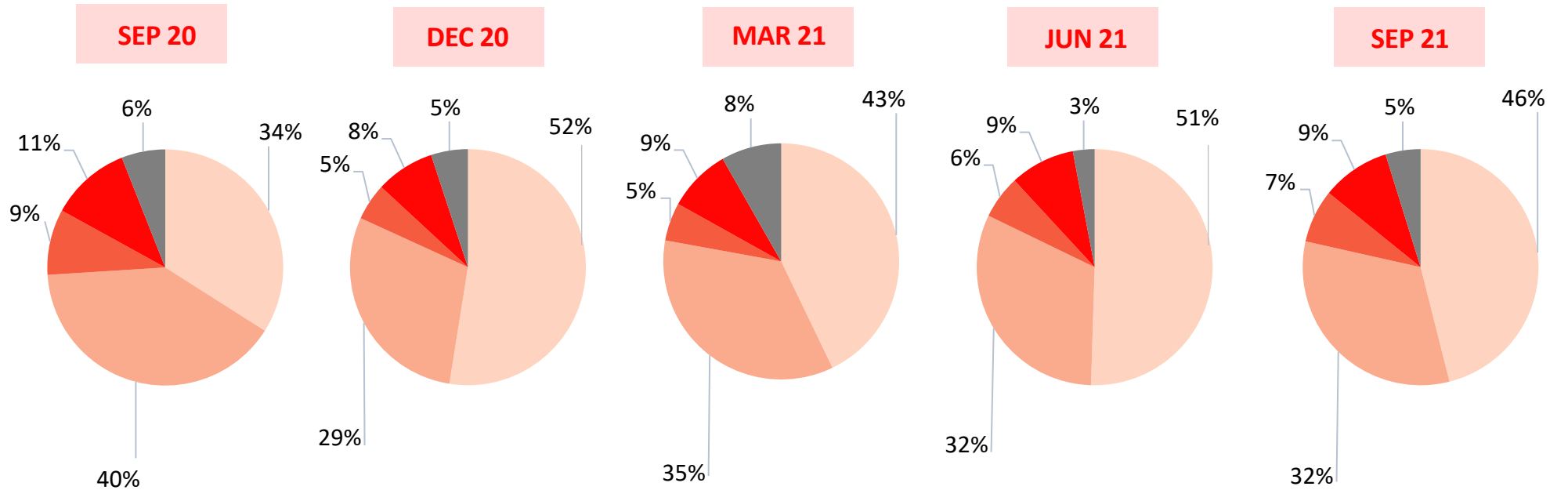
CoR Development

Decreasing positive impact of lock-down coupled with big claims resulted in increase in loss ratio, thus combined ratio in 3Q21 YTD



Financial Income Development

As of September 2021, AuM has reached TL 3.8b with 25% YoY growth



AuM TL	3,065m TL	3,280m TL	3,250m TL	3,671m TL	3,838m TL
Average annualized yield*	11%	14%	16%	16%	18%
Quarterly financial income**	121m TL	89m TL	154m TL	141m TL	166m TL

(*): Yield figures are net of BITT (BSMV), (**): Financial income includes FX gain / loss

Income Statement

Profit & Loss (mTL)	20Q3	20Q4	21Q1	21Q2	21Q3	21Q3 YTD	21Q3 YTD / 20Q3 YTD
Gross Written Premiums	1.270	1.736	1.578	1.422	1.471	4.471	27%
Gross Earned Premiums	1.186	1.264	1.354	1.466	1.533	4.352	27%
Net Earned Premiums	675	692	746	808	841	2.395	22%
Underwriting Result	60	95	22	62	-9	74	-79%
Expenses	-58	-68	-66	-68	-68	-202	14%
Net Financial Income	118	83	147	135	162	444	51%
Profit Before Tax	114	109	89	148	80	317	-29%
Net Profit	86	88	76	93	62	231	-33%
Combined Ratio	100%	96%	106%	101%	109%	105%	14pp
Loss Ratio	76%	72%	82%	78%	86%	82%	15pp
Commission Ratio	15%	15%	15%	14%	15%	14%	-1pp
Expense Ratio	9%	10%	9%	8%	8%	8%	-1pp
UW Margin	5%	8%	2%	4%	-1%	2%	-8pp

Balance Sheet (M TL)	20Q3	20Q4	21Q1	21Q2	21Q3	21Q3/21Q2
Receivables	1.618	1.885	2.062	1.861	1.765	-5%
AUM	3.065	3.280	3.250	3.671	3.838	5%
Total Assets	5.044	5.620	5.719	6.049	6.024	0%
Reserves	2.942	3.166	3.466	3.561	3.700	4%
Payables	807	946	974	968	931	-4%
Equity	995	1.123	851	968	1.031	7%
Total Liabilities	5.044	5.620	5.719	6.049	6.024	0%
RoE	48%	43%	42%	33%	30%	-3pp

Discounting of O/S claims is the major difference between two ledgers

as of September 2021 (TL m)	Equity	YTD P&L adjustment
TFRS result	1.031,2	230,9
Equalization reserve	109,9	13,3
Unexpired risk reserve	14,9	-9,0
Unallocated loss adjustment expenses	-23,8	-2,2
Discounting of outstanding claims	-384,3	-52,0
Deferred tax	58,6	11,9
IFRS result	806,5	193,0

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Risks and opportunities are factored in our 2021 year-end guidance

Risks

- Downsizing economy limits insurance growth
- Decreasing UW profit margin due to competition
- Uncertainty, high volatility on currency
- Natural disasters due to climate change (e.g.: hail, flood, fire, EQ etc.)
- Possible churn in individual segments due spending cut offs
- Deferred effect of producer price increase 43% on inflation
- Increase in FX rates makes stress on MOD claim cost
- Decrease in interest rates

Opportunities

- Increasing new vehicle and mortgage home sales due to diminishing interest rates
- Pandemic enabling new products opportunities in health and revealing of interest to health insurance
- Accelerating digital transformation with the pandemic
- Increasing efficiency, quality and innovation with remote working
- Higher premiums and improved UW Margin with the introduction of new products (cyber, credit etc.)
- High focus of industry on technology and analytics to generate value
- Increase in interest rates

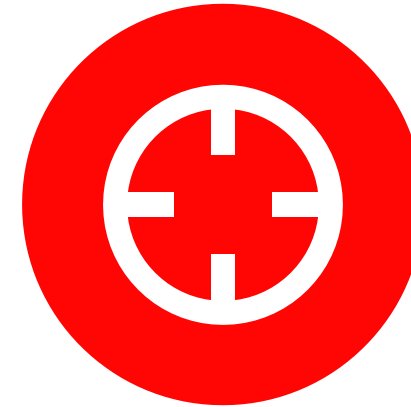
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Earnings Guidance

Risks and opportunities are factored in our 2021 year-end guidance

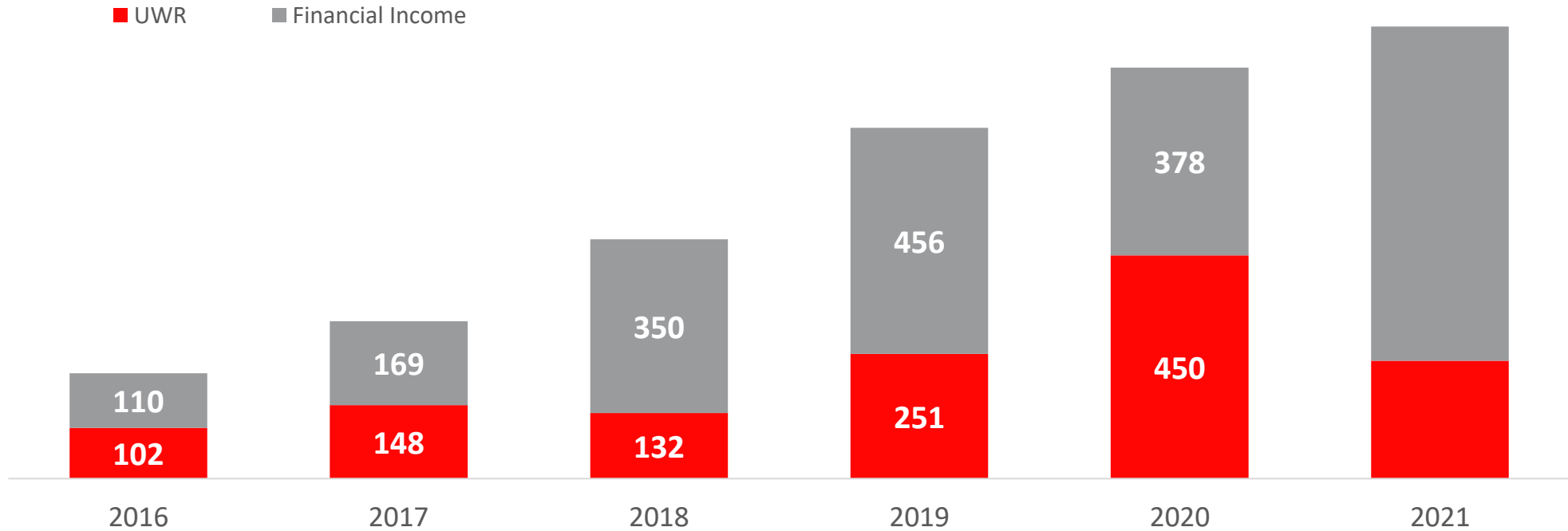
15%-25% growth in GWP

10%-20% increase in Net Profit



Competitive advantages

Strong revenue generation



SFRS Net Profit	48	127	228	366	432	+10%*
IFRS Net Profit	71	137	213	309	374	+10%*

(*) Excluding corporate tax rate change impact

Return on Equity

30%+

Market Cap

1.0Bn USD

Net Combined Ratio

95%

Market Share

10%

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Income Statement in IFRS

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Net Earned Premiums	675	692	746	808	841	2.395	22%
Underwriting Result	35	77	6	51	-33	24	-92%
Expenses	-58	-68	-66	-68	-68	-202	14%
Net Financial Income	118	83	147	135	162	444	51%
Profit Before Tax	87	89	79	115	58	252	-36%
Net Profit	67	71	63	89	41	193	-36%
Combined Ratio	104%	99%	108%	102%	112%	107%	14pp
Loss Ratio	79%	74%	84%	80%	89%	85%	16pp
Commission Ratio	16%	15%	15%	15%	15%	15%	0pp
Expense Ratio	9%	10%	9%	8%	8%	8%	-1pp
UW Margin	3%	6%	0%	4%	-2%	1%	-8pp

Balance Sheet in IFRS

Balance Sheet (M TL)	20Q3	20Q4	21Q1	21Q2	21Q3	21Q3/21Q2
Receivables	1.618	1.885	2.061	1.861	1.765	-5%
AUM	3.065	3.280	3.250	3.671	3.838	5%
Total Assets	5.161	5.697	5.825	6.137	6.183	1%
Reserves	3.157	3.399	3.715	3.821	3.984	4%
Payables	807	946	995	968	931	-4%
Equity	824	936	651	763	806	6%
Total Liabilities	5.161	5.697	5.875	6.137	6.183	1%
RoE	50%	44%	46%	34%	30%	-4pp

Technical Result Bridge btw TFRS & Management Reporting

	Technical result in TFRS	Re-classifications							UW result in management reporting
		1	2	3	4	5	6	7	
Net earned premiums	2.472	-16	-61	-	-	-	-	-	2.395
Claims, net (*)	-1.979	-	-	57	-12	-41	-	-	-1.975
Other technical income and expense	-68	16	61	-57	8	41	-	-	-
Commissions, net	-	-	-	-	-	-	-347	-	-347
General expenses	-518	-	-	-	-	-	518	-	-
Allocated financial income	461	-	-	-	-	-	-	-461	-
Total	367	-	-	-	-4	-	172	-461	74

1. Guarantee Fund (premiums ceded to Assurance Account as a % of MTPL production)
2. Assistance Premiums
3. Subrogation Accrual
4. Other Technical Inc. / Exp.
5. Bad Debt for Subrogation Receivables
6. Commissions vs. General Expense (only commissions are included in UWR in management reporting)
7. Allocated Financial Income : Interest income and FX gain/loss

(*) Claims, net in CMB reporting includes non-life technical expenses, namely incurred claims, bonus and rebates and other reserve provisions

The Covid-19 is a systematic risk that is unavoidable



Cash flows

Due to slowing down in mobility, trade and economic activities we foresee that the cash flows will be the biggest challenge in the coming periods.

We don't see any risk in our business since:

- 62% of our receivables have a credit card collateral,
- 4% of our receivables are collected via bank accounts,
- 12% of our receivables has other collaterals (such as letter of credit, cash etc.) provided by agency,
- Our bad debt ratio is less than 0,01%



Asset devaluations

Equity markets decreased by 30-40% all over the world. Weight of equities in our investment portfolio was limited at 5%.



Business continuity

is also another risk we all face today. Thanks to our last 10 years of investment in IT; 100% of our teams work home office very efficiently.



Health

Underwriting result in health business is not affected by Covid-19 due to full reinsurance.



Economic slowdown

New business sales get hurt but we do not foresee a major decline in our renewals.



Decline in claim frequency

Slowdown in mobility (curfews, lockdowns) leads to lower claim frequency in Motor.

AUM	Asset Under Management
Ceded Premiums	Premiums transferred to reinsurers
Combined Ratio	Total of Loss ratio, commission ratio and expense ratio
FI	Financial Income
FTE	Full-Time Employee
GWP	Gross Written Premiums
HC	Headcount
LoB	Line of Business
MOD	Motor Own Damage
MTPL	Motor Third Party Liability
NEP	Net Earned Premiums
Net Written Premiums	Premium net of reinsurer share
Retention Ratio	Net Written Premiums as a share in GWP
TCIP	Turkish Catastrophic Insurance Pool
Tech. Margin	Technical Margin, Technical Result as a share in NEP
Tech. Result	Technical Result = UWR + Financial Income + Expenses
UWM	Underwriting margin , Underwriting Result as a share in GEP
UWR	Underwriting Result

Thank you!

IR Officer

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