

Aksigorta Q1 Earnings Call Presentation

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AKSigorta
Bambařka.





1. Aksigorta Financials (in TFRS)

2. *What are the Risks & Opportunities?*




3. *Income Mix*

4. *Appendix*


22'Q1 – Financial Indicators (m TL) (YoY %)

2.482  57%	-254  -377%	795  -24%
Gross Written Premiums	Net Income	Total Equity

22'Q1 – Operational Ratios (YoY pp)

140%  60pp	164%  60pp	7,2%  -0.8pp
Net Loss Ratio	Net Combined Ratio	Market Share

22'Q1 – Financial Income (m TL)

4.290  32%	27%	285  86%
AuM	Avr. Annualized Yield	Financial Income

Please note that YoY fluctuation figures are based on restated 2021 financials.

Market GWP Distribution (%) (m TL)

21Q1

21Q2

21Q3

21Q4

22Q1

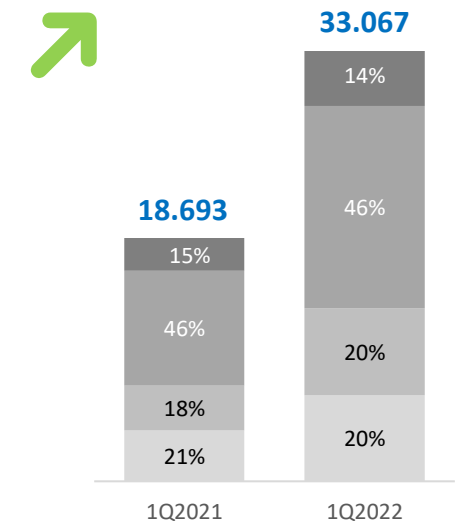
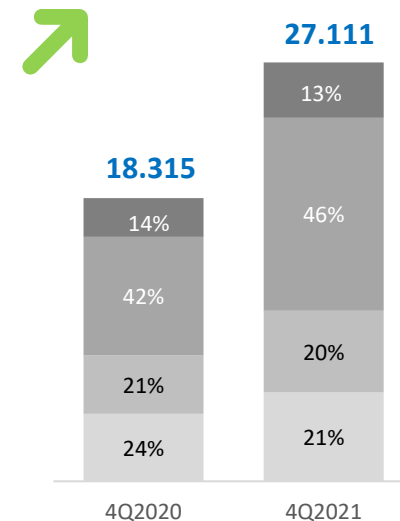
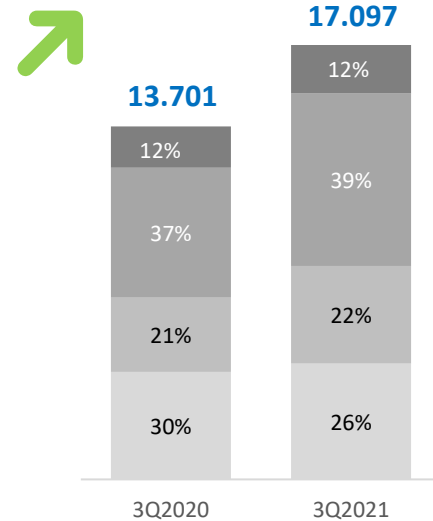
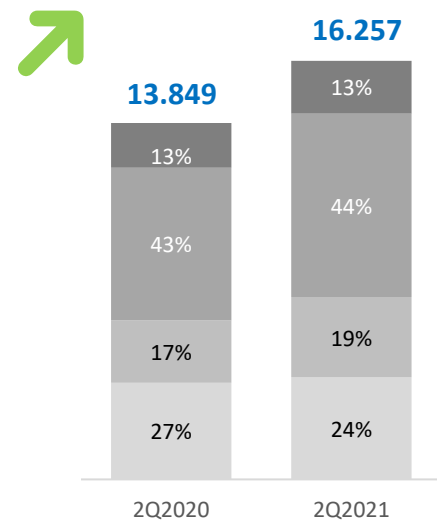
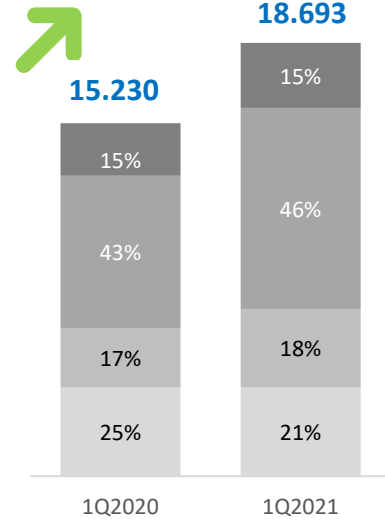
+23%

+17%

+25%

+48%

+77%



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

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

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

YoY			
MTPL	MOD	Non-motor	Health
+32%	+40%	+63%	+44%
Agency	Bank	Corporate	Market
+41%	+46%	+56%	+48%

YoY			
MTPL	MOD	Non-motor	Health
+69%	+95%	+76%	+68%
Agency	Bank	Corporate	Market
+76%	+52%	+82%	+77%

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

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

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

Portfolio Share			
Agency	Bank	Corporate	Market
58%	15%	27%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
55%	14%	31%	100%

Aksigorta GWP Distribution (%) (m TL)

21Q1

21Q2

21Q3

21Q4

22Q1

+28%

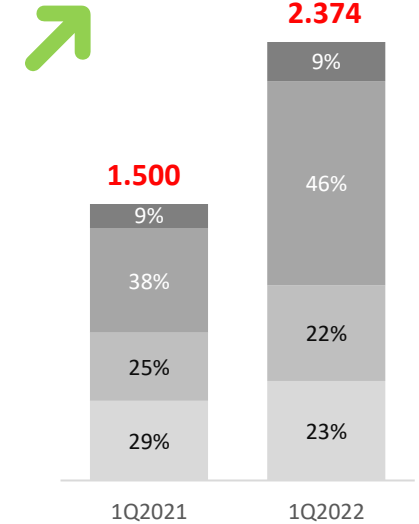
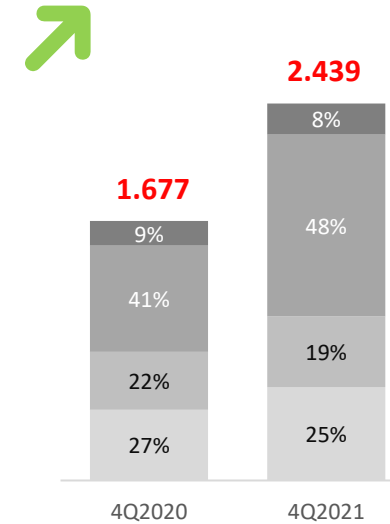
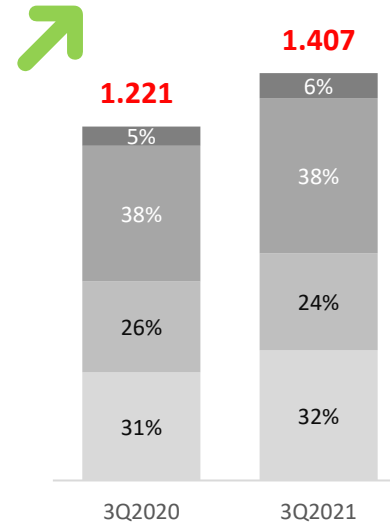
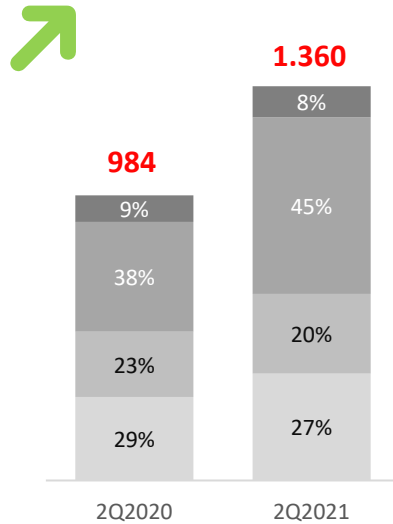
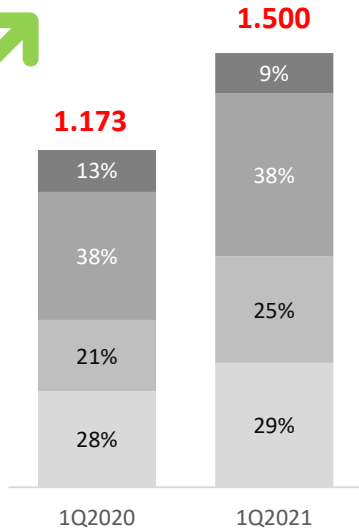
+38%

+15%

+45%

+58%

Portfolio Share



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

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

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

YoY			
MTPL	MOD	Non-motor	Health
+32%	+23%	+71%	+26%
Agency	Bank	Corporate	Company
+40%	+33%	+60%	+45%

YoY			
MTPL	MOD	Non-motor	Health
+25%	+40%	+95%	+59%
Agency	Bank	Corporate	Company
+47%	+17%	+98%	+78%

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

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

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

Portfolio Share			
Agency	Bank	Corporate	Company
59%	11%	30%	100%

Portfolio Share			
Agency	Bank	Corporate	Company
59%	8%	33%	100%

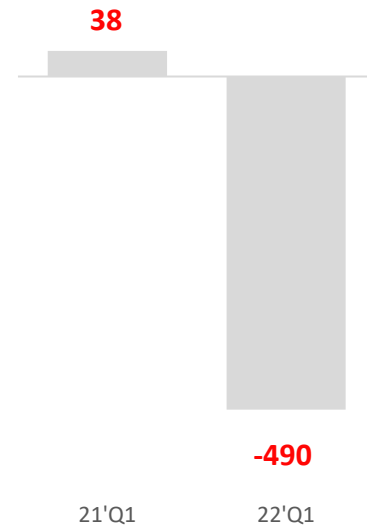
UWR and Combined Ratio Development

Revision in MTPL pool ULR from 107% to 132%; in-force portfolio loss and increase severity of non-motor claims led to YoY decline in UWR

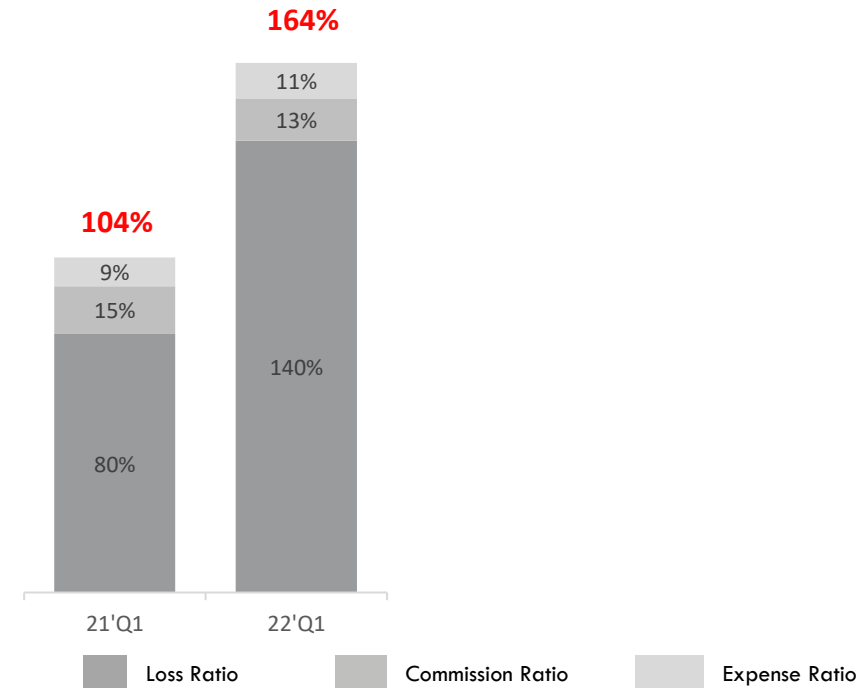
UWR and Combined Ratio (TL m; %)

UW Margin

UWM	
21'Q1	22'Q1
+3%	-27%



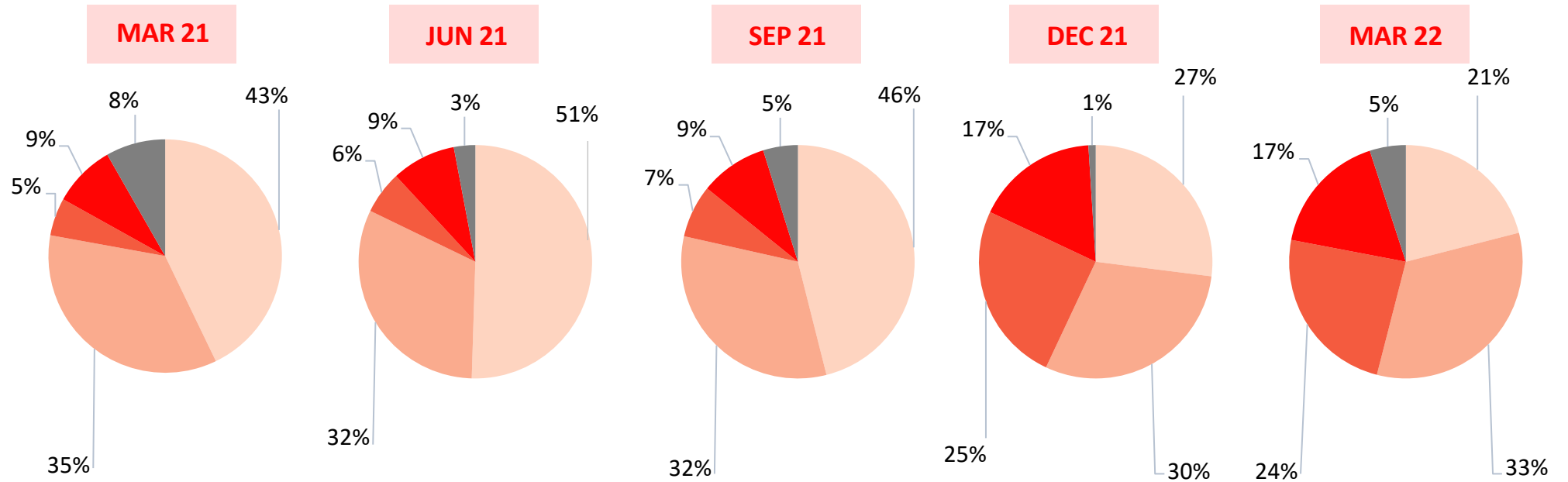
Combined Ratio



UWM: UWR / Gross earned premiums

Financial Income Development

As of March 2022, AuM has reached TL 4.3b with 32% YoY growth



AuM m TL	3,250m TL	3,671m TL	3,838m TL	4,043m TL	4,290m TL
Average annualized yield	19%	16%	18%	43%	27%
Average annualized yield**	16%	16%	18%	26%	21%
Quarterly financial income*	154m TL	141m TL	166m TL	420m TL	285m TL

(*): Includes FX gain / loss

(**): Excluding FX gain / loss

Note: Financial income figures are after BITT (net off tax).



Income Statement

	21'Q1	22'Q1	21'Q1/22'Q1
Gross Written Premiums	1.578	2.482	57%
Gross Earned Premiums	1.354	1.846	36%
Net Earned Premiums	746	923	24%
Underwriting Result	38	-490	n/a
Expenses	-66	-101	-52%
Financial Income	147	273	86%
Profit Before Tax	105	-254	-341%
Net Profit	92	-254	-377%
Combined Ratio	104%	164%	60pp
Loss Ratio	80%	140%	60pp
Commission Ratio	15%	13%	-2pp
Expense Ratio	9%	11%	2pp
UW Margin	3%	-27%	-30pp

Balance Sheet (M TL)	21'Q4	22'Q1	21'Q4/22'Q1
Receivables	1.578	1.769	12%
AUM	4.043	4.290	6%
Total Assets	7.388	7.887	7%
Reserves	4.193	4.777	14%
Payables	1.658	1.829	10%
Equity	1.049	795	-24%
Total Liabilities	7.388	7.887	7%
RoE	17%	n/a	n/a

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

as of March 2022 (TL m)	Equity	YTD P&L adjustment
TFRS result	795	-254
Equalization reserve	125	7
Unexpired risk reserve	292	198
Unallocated loss adjustment expenses	-31	-3
Litigation Win Ratio outstanding claims discount	-136	-9
Deferred tax	-57	-33
IFRS result	987	-94

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2. **What are the Risks & Opportunities?**

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Risks

- Negative UW profit margin due to claim cost inflation
- Negative real interest rates limit financial income
- Downsizing economy limits insurance growth
- 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 on inflation
- Increase in FX rates makes stress on MOD claim cost

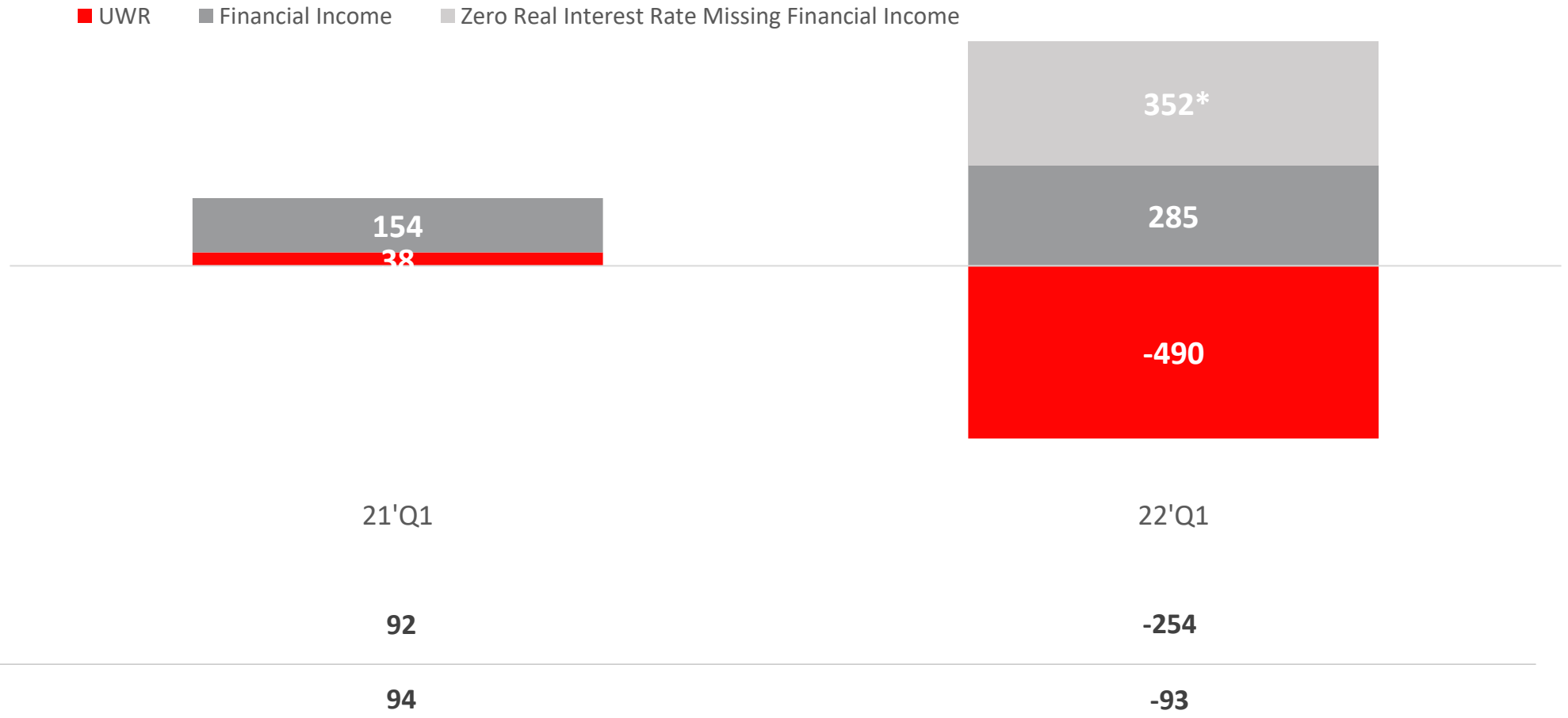
Opportunities

- 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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Competitive advantages

Because of macro economic instability both financial income and UW income is under stress «double-dip scenario»



(*): If real interest rate was zero rather than negative, our financial income would be 352 million TL higher at 637 million TL.

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Income Statement in IFRS

	21'Q1	22'Q1	21'Q1/22'Q1
Gross Written Premiums	1.578	2.482	57%
Gross Earned Premiums	1.354	1.846	36%
Net Earned Premiums	746	923	24%
Underwriting Result	37	-297	n/a
Expenses	-66	-101	-52%
Financial Income	147	273	86%
Profit Before Tax	120	-123	-202%
Net Profit	94	-93	-199%
Combined Ratio	104%	143%	39pp
Loss Ratio	80%	119%	39pp
Commission Ratio	15%	13%	-2pp
Expense Ratio	9%	11%	2pp
UW Margin	3%	-16%	-19pp

Balance Sheet (M TL)	21'Q4	22'Q1	21'Q4/22'Q1
Receivables	1.578	1.769	12%
AUM	4.043	4.290	6%
Total Assets	11.711	12.967	11%
Reserves	8.721	9.990	15%
Payables	1.658	1.829	10%
Equity	1.081	987	-9%
Total Liabilities	11.711	12.967	11%
RoE	30%	n/a	n/a

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	948	-6	-19	-	-	-	-	-	923
Claims, net (*)	-1.091	-	-	37	-209	-29	-	-	-1.293
Other technical income and expense	-225	6	19	-37	207	29	-	-	-
Commissions, net	-	-	-	-	-	-	-121	-	-121
General expenses	-210	-	-	-	-	-	210	-	-
Allocated financial income	285	-	-	-	-	-	-	-285	-
Total	-293	-	-	-	-2	-	90	-285	-490

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

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!

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