

Aksigorta Q1 Earnings Call Presentation

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1. Aksigorta Financials (in TFRS)

2. What are the Risks & Opportunities?

3. Income Mix

4. Appendix

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

5.171 Gross Written Premiums	↑ 108%	131 Net Income	↑ 152%	2.078 Total Equity	↑ 161%
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23'Q1 – Operational Ratios (YoY pp)

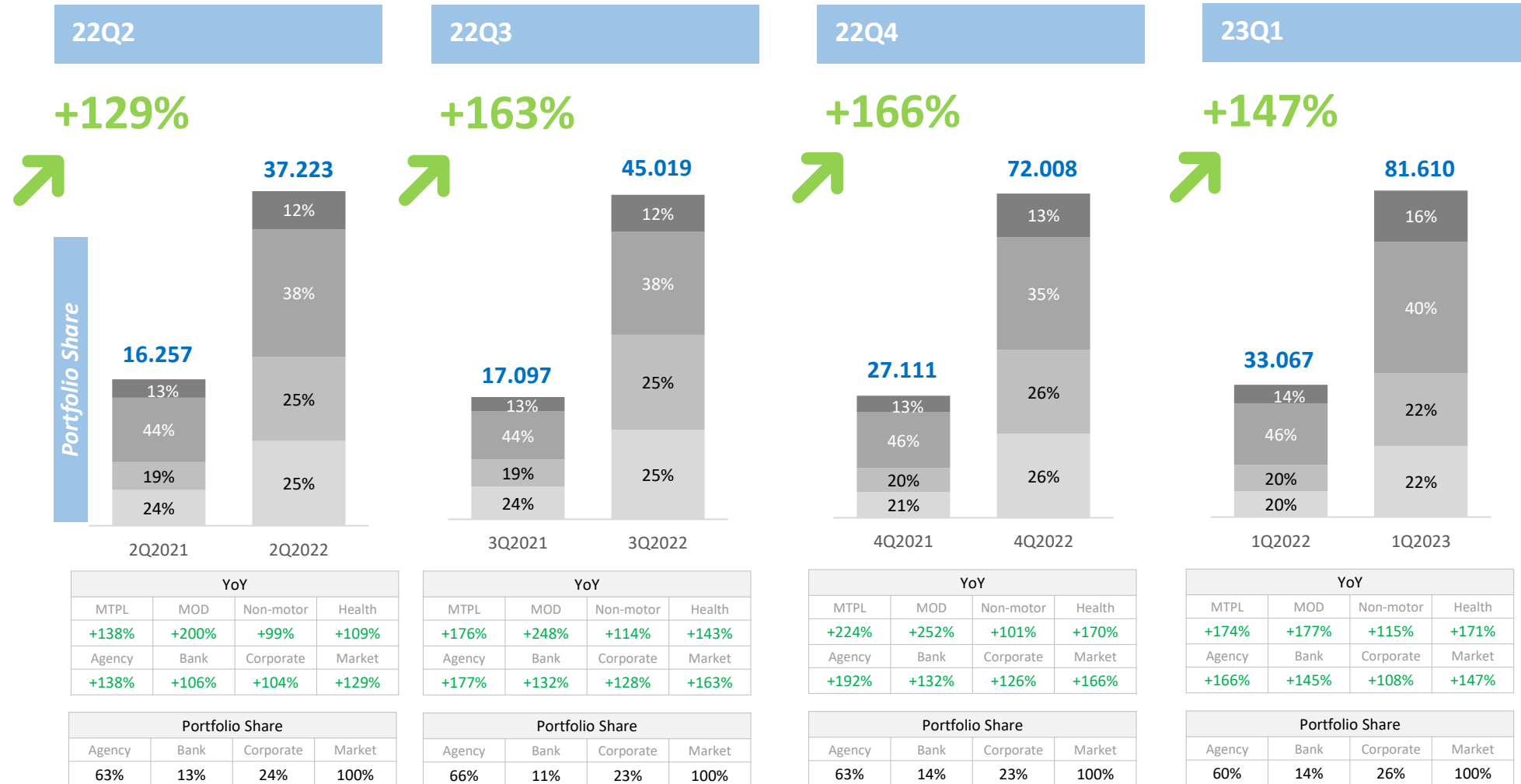
86% Net Loss Ratio	↓ -54pp	112% Net Combined Ratio	↓ -52pp	6,1% Market Share	↓ -1.1pp
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23'Q1 – Financial Income (m TL)

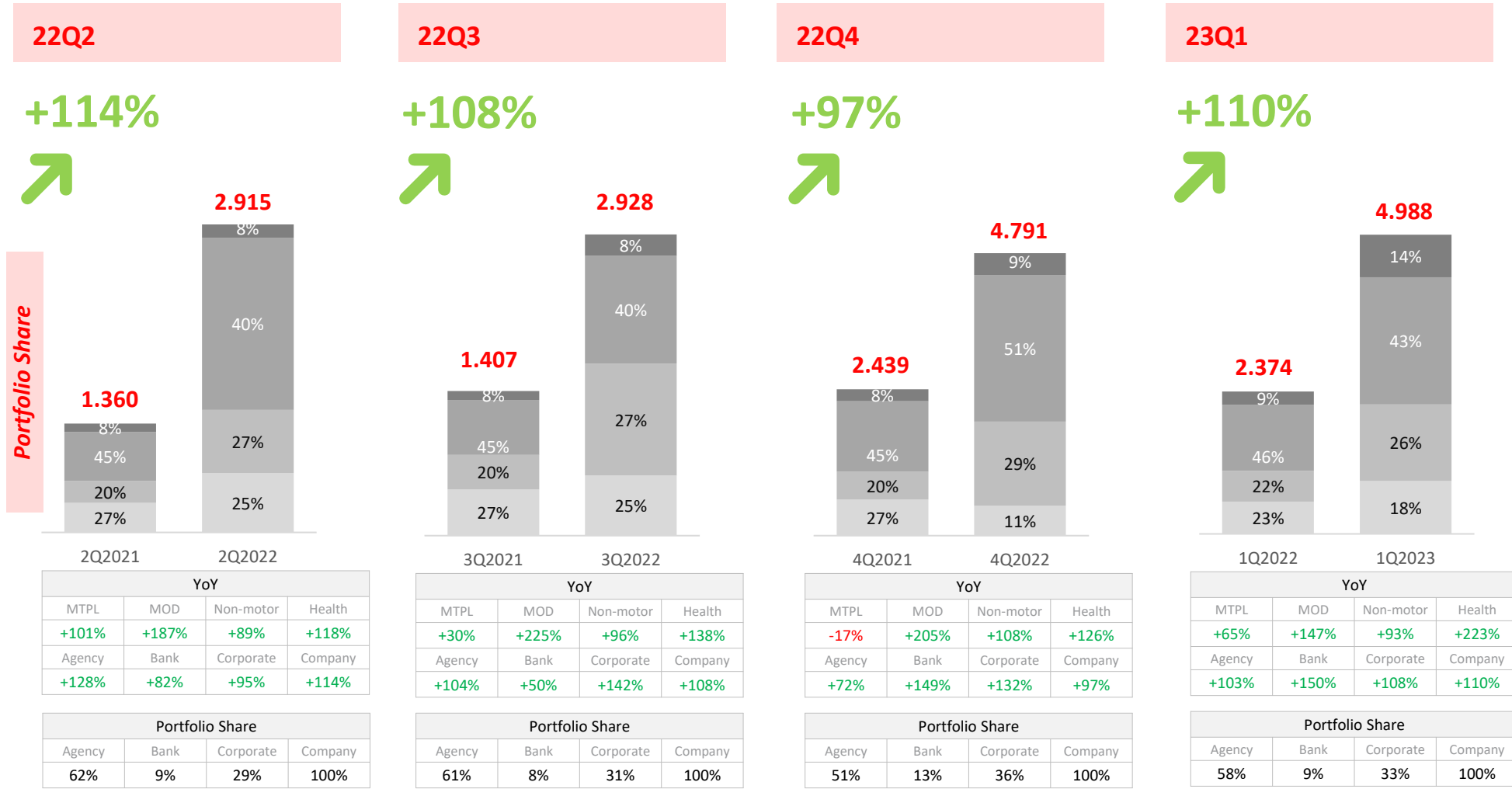
8.660 AuM	↑ 102%	24% Avr. Annualized Yield*	↓ -3pp	462 Financial Income*	↑ 62%
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(*): Includes interest income + FX gain/(loss)

Market GWP Distribution (%) (m TL)



Aksigorta GWP Distribution (%) (m TL)



Note: Retro premiums from pools are excluded.



UW Result and Combined Ratio Development

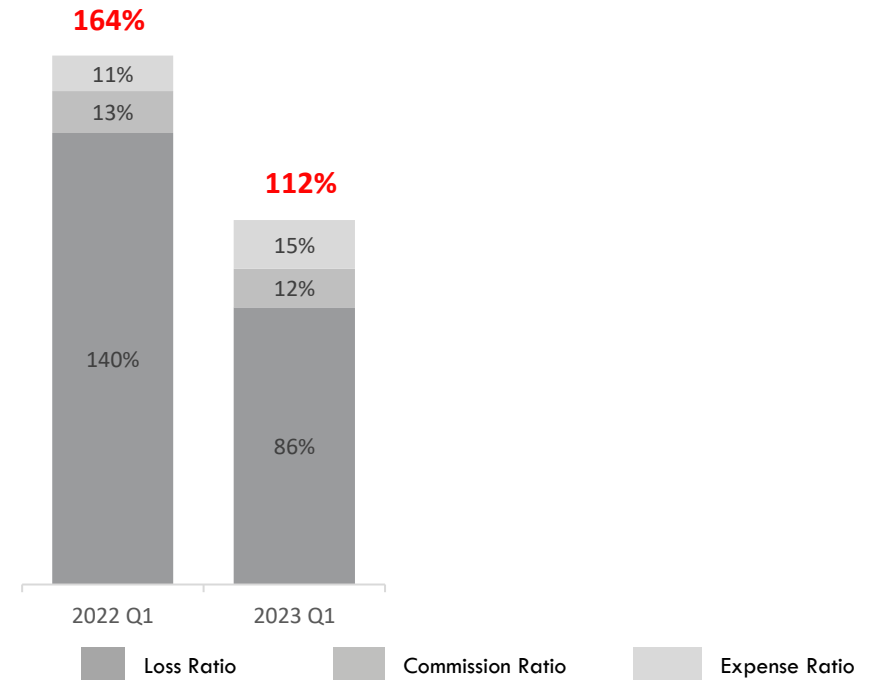
Decrease in MOD & non-motor loss ratio led to YoY increase in UWR

UW Result and Combined Ratio (TL m; %)

UW Result



Net Combined Ratio

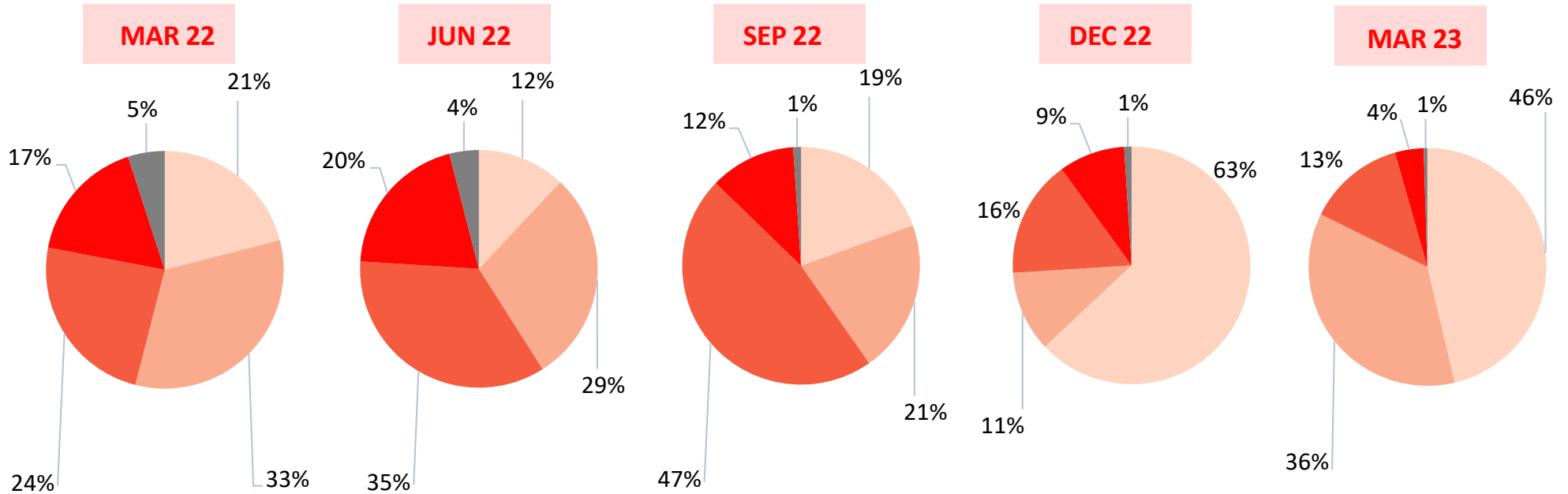


UWM	
2022 Q1	2023 Q1
-26,6%	+1,3%

UWM: UWR / Gross earned premiums

Financial Income Development

As of March 2023, AuM has reached TL 8.7b with 102% YoY growth



AuM m TL	4,290m TL	4,521m TL	6,509m TL	7,659m TL	8,660m TL
Average annualized yield*	27%	29%	33%	25%	24%
Quarterly financial income*	285m TL	340m TL	529m TL	436m TL	462m TL

(*): Including FX gain / loss

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

Note: In Q123 FY tax advantage TL fund interest income was 136 million TL; generating 35 million TL tax shield.



Income Statement

Income Statement (m TL)	2022 Q1	2023 Q1	Δ %
Gross Written Premiums	2.482	5.171	108%
Gross Earned Premiums	1.846	3.699	100%
Net Earned Premiums	923	1.682	82%
Underwriting Result	-490	47	110%
Expenses	-101	-257	154%
Financial Income	273	366	34%
Profit Before Tax	-317	144	146%
Net Profit	-254	131	152%
Combined Ratio	164%	112%	-52pp
Loss Ratio	140%	86%	-54pp
Commission Ratio	13%	12%	-1pp
Expense Ratio	11%	15%	4pp
UW Margin	-27%	1%	28pp

Balance Sheet (m TL)	2022	2023 Q1	Δ %
Receivables	2.926	3.373	15%
AUM	7.659	8.660	14%
Total Assets	12.831	14.385	12%
Reserves	6.996	7.454	7%
Payables	2.434	3.173	30%
Total Equity	1.949	2.078	7%
Total Liabilities	12.831	14.385	12%
RoE	n/a	13%	n/a

Capital Adequacy

Capital adequacy	Dec.19	Dec.20	Dec.21	Dec.22	Main drivers:
Required capital	771	953	1.426	1.971	
Asset risk	282	388	484	551	by asset size
Reinsurance risk	78	81	178	320	by re-insurance portfolio
Reserve risk	89	115	165	233	by growth
UW risk	312	350	527	776	by growth
FX risk	10	18	72	91	by fx exposure
Available capital	994	1.220	1.167	2.104	
Capital adequacy ratio	129%	128%	82%	107%	

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

3. *Income Mix*

4. *Appendix*

Risks

- Natural disasters due to climate change (e.g.: hail, flood, fire, EQ etc.)
- Increasing reinsurance costs
- Negative real interest rates limit financial income
- Downsizing economy limits insurance growth
- Uncertainty, high volatility on currency
- 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
- Effect of minimum wage increase on the MTPL bodily injury claim costs

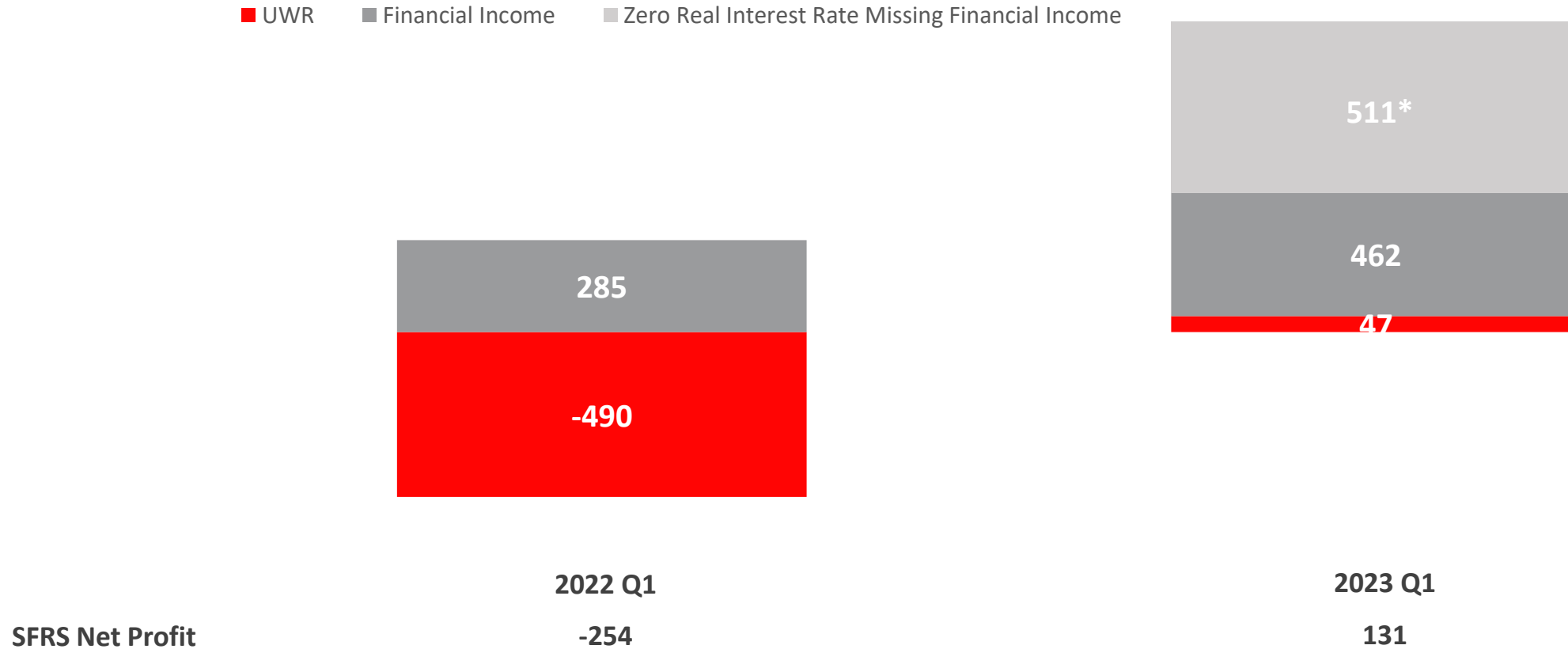
Opportunities

- 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 and FX rates
- Switch to free tariff in MTPL

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2. *What are the Risks & Opportunities?*
3. **Income Mix**
4. *Appendix*

Competitive advantages

Because of macro economic instability financial income is under stress, although uwr gets better



Note: Financial income includes interest income + FX gain/(loss)

(*): If real interest rate was zero rather than negative, our financial income would be 511 million TL higher at 972 million TL.

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4. **Appendix**

Technical Result Bridge between TFRS & Management Reporting

	Technical result in TFRS	Re-classifications							UW result in management reporting
		1	2	3	4	5	6	7	
Net earned premiums	1.694	-9	-2	-	-	-	-	-	1.682
Claims, net (*)	-1.366	-	-	50	-64	-60	-	-	-1.440
Other technical income and expense	-79	+9	+2	-50	58	+60	-	-	-
Commissions, net	-	-	-	-	-	-	-195	-	-195
General expenses	-416	-	-	-	-	-	+416	-	-
Allocated financial income	462	-	-	-	-	-	-	-462	-
Total	294	-	-	-	-6	-	+221	-462	47

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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