

Aksigorta Q2 Earnings Call Presentation

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AKSigorta
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1. Aksigorta Financials (in TFRS)

2. *What are the Risks & Opportunities?*

3. *Income Mix*

4. *Appendix*

23'Q2 – Financial Indicators (m TL) (YoY %)

5.945 ↑ 96% Gross Written Premiums	454 ↑ 337% Net Income	2.556 ↑ 387% Total Equity
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23'Q2 – Operational Ratios (YoY pp)

102% ↓ -31pp Net Loss Ratio	126% ↓ -30pp Net Combined Ratio	6,4% ↓ -1.2pp Market Share
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23'Q2 – Financial Income (m TL)

9.411 ↑ 108% AuM	60% ↑ +32pp Avr. Annualized Yield*	1.148 ↑ 238% Financial Income*
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(*): Includes interest income + FX gain/(loss)

23'H1 – Financial Indicators (m TL) (YoY %)

11.117 Gross Written Premiums	↑ 102%	585 Net Income	↑ 231%	2.556 Total Equity	↑ 387%
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23'H1 – Operational Ratios (YoY pp)

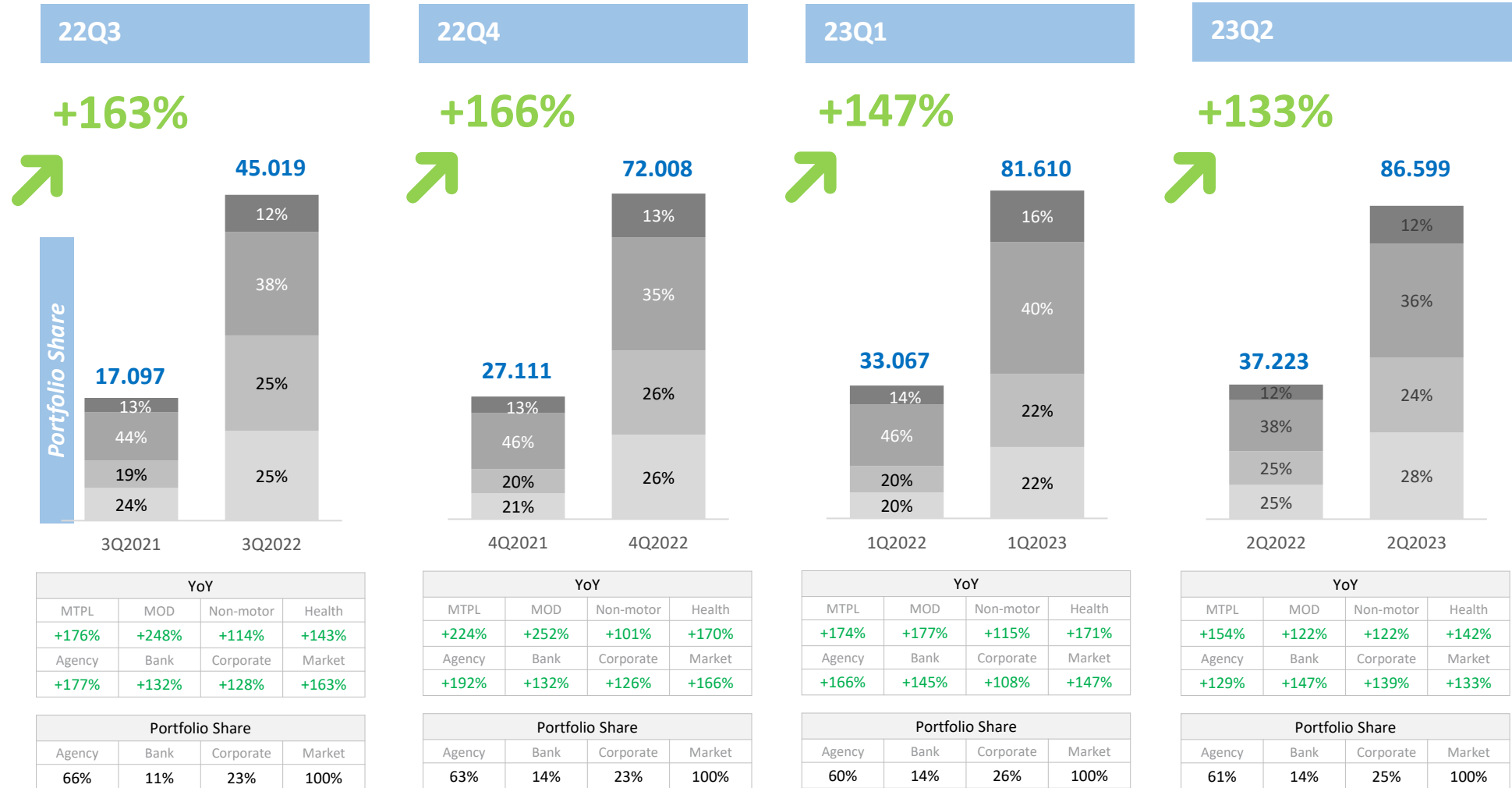
94% Net Loss Ratio	↓ -42pp	120% Net Combined Ratio	↓ -40pp	6,4% Market Share	↓ -1.2pp
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23'H1 – Financial Income (m TL)

9.411 AuM	↑ 108%	41% Avr. Annualized Yield*	↑ +9pp	1.609 Financial Income*	↑ 158%
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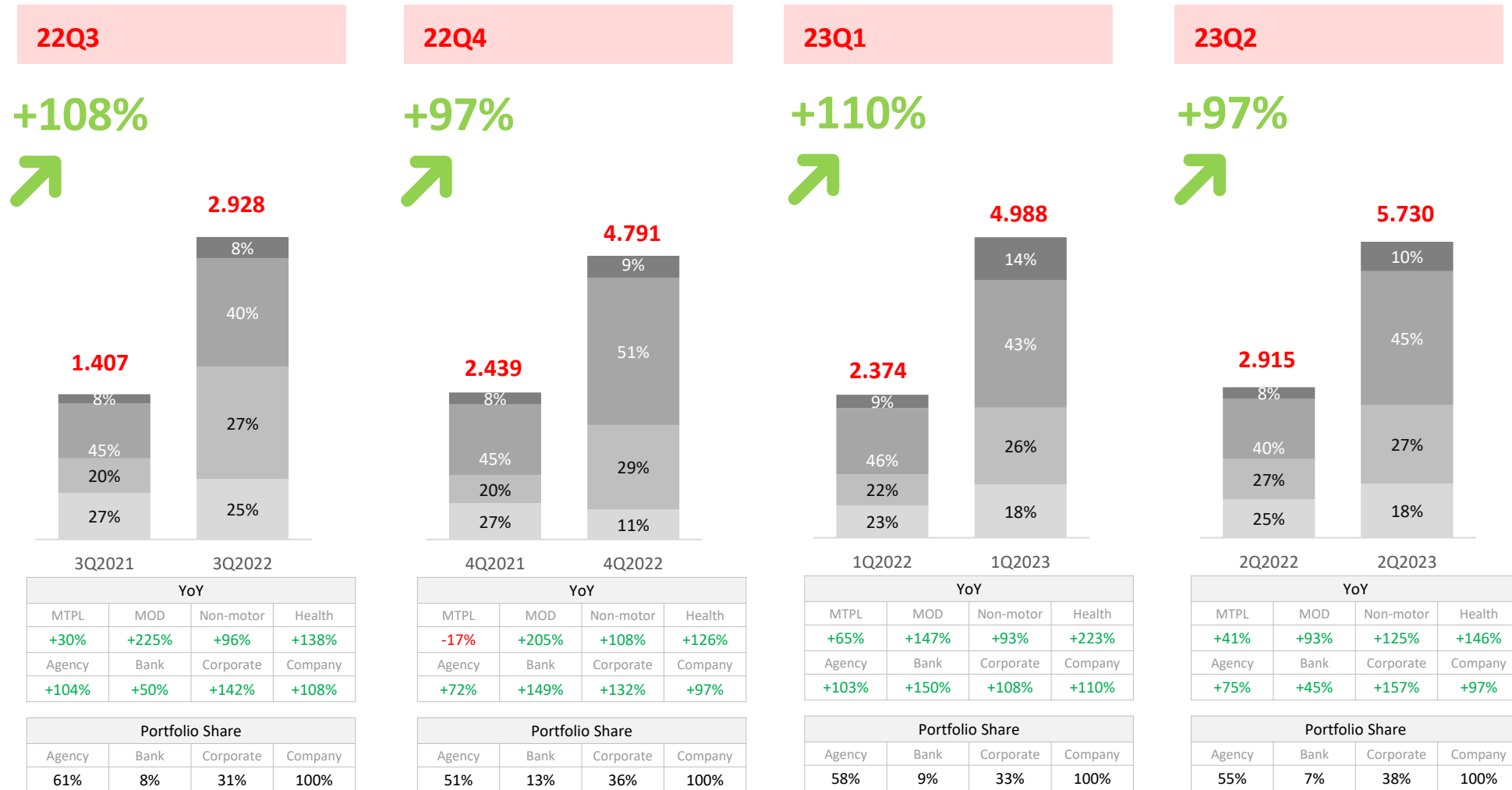
(*): Includes interest income + FX gain/(loss)

Market GWP Distribution (%) (m TL)



Note: Retro premiums from pools are excluded.

Aksigorta GWP Distribution (%) (m TL)



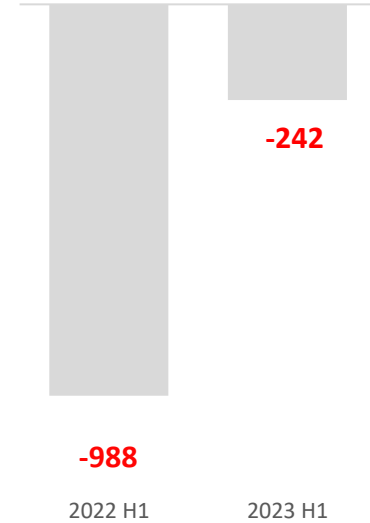
Note: Retro premiums from pools are excluded.

UW Result and Combined Ratio Development

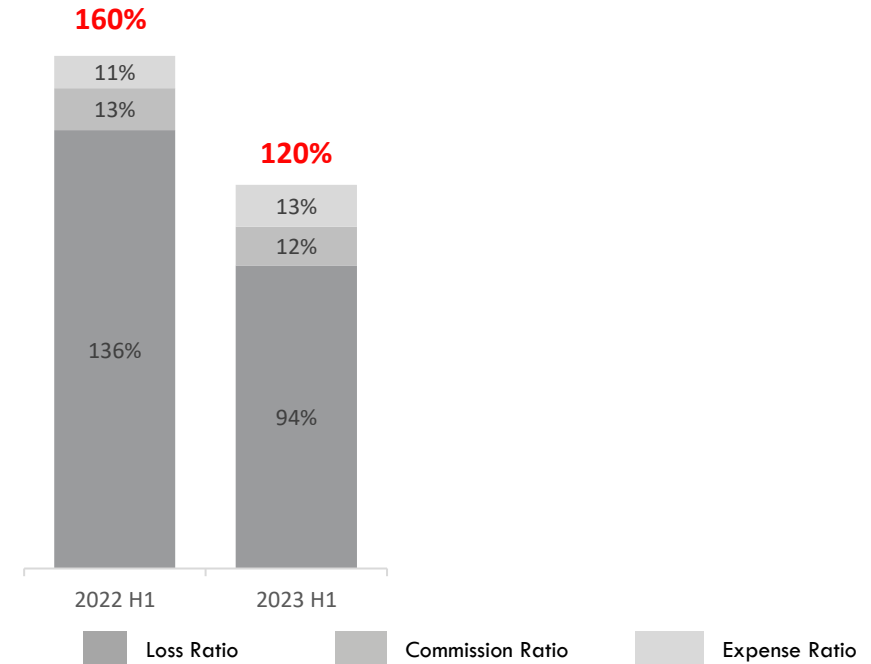
Increase in technical discount rate partially compensated for interim min. wage increase and cancellation of MTPL general conditions impact

UW Result and Combined Ratio (TL m; %)

UW Result



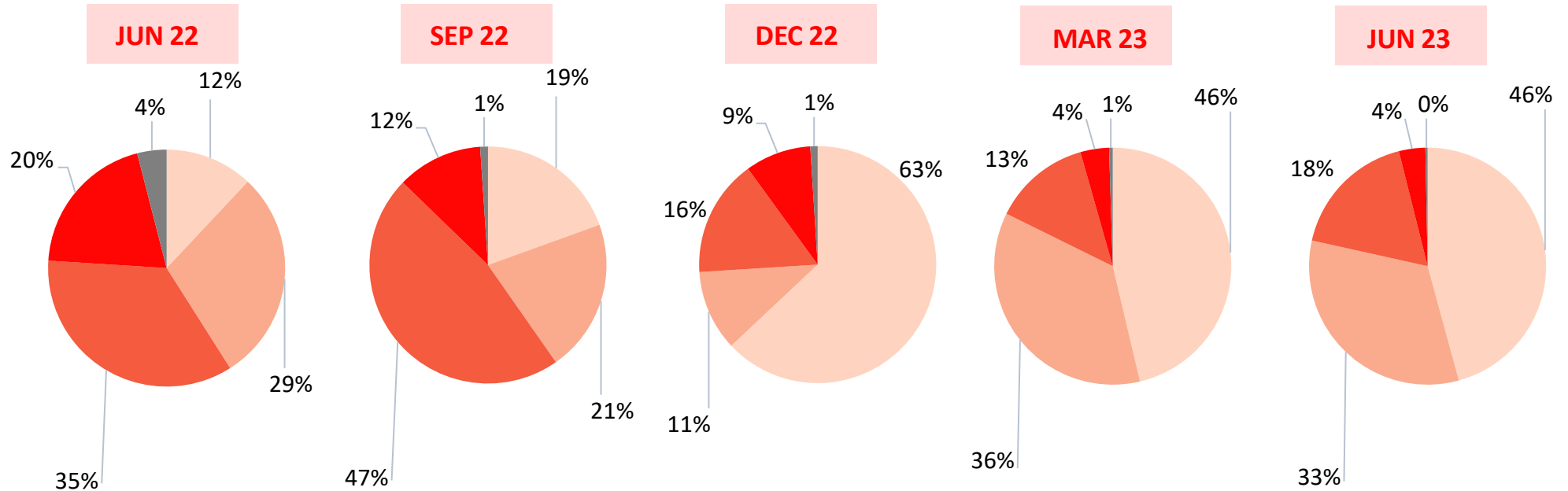
Net Combined Ratio



UWM	
2022 H1	2023 H1
-24,3%	-2,9%

Financial Income Development

As of June 2023, AuM has reached TL 9.4b with 108% YoY growth



AuM m TL	4,521m TL	6,509m TL	7,659m TL	8,660m TL	9,411m TL
Average annualized yield*	29%	33%	25%	24%	60%
Quarterly financial income*	340m TL	529m TL	436m TL	462m TL	1.148m TL

(*): Including FX gain / loss

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

Note: In Q223 FY tax advantage TL fund interest income was 237 million TL; generating 59 million TL tax shield.



Income Statement

Income Statement (m TL)	2022 Q2	2023 Q2	Δ %	2022 H1	2023 H1	Δ %
Gross Written Premiums	3.027	5.945	96%	5.509	11.117	102%
Gross Earned Premiums	2.220	4.594	107%	4.067	8.293	104%
Net Earned Premiums	1.071	2.009	88%	1.994	3.691	85%
Underwriting Result	-498	-290	42%	-988	-242	75%
Expenses	-103	-227	120%	-204	-484	137%
Net Financial Income	323	1.037	221%	596	1.403	135%
Profit Before Tax	-129	449	448%	-446	593	233%
Net Profit	-192	454	337%	-446	585	231%
Combined Ratio	156%	126%	-30pp	160%	120%	-40pp
Loss Ratio	133%	102%	-31pp	136%	94%	-42pp
Commission Ratio	13%	13%	-1pp	13%	12%	-1pp
Expense Ratio	10%	11%	2pp	10%	13%	3pp
UW Margin	-22,4%	-6,3%	16pp	-24,3%	-2,9%	21pp

Balance Sheet (m TL)	Dec.22	Jun.23	Δ %
Receivables	2.926	2.920	0%
AUM	7.659	9.411	23%
Total Assets	12.831	15.223	19%
Reserves	6.996	8.199	17%
Payables	2.434	3.202	32%
Total Equity	1.949	2.556	31%
Total Liabilities	12.831	15.223	19%
RoE	n/a	40%	n/a

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

Risks

- Negative real interest rates limit financial income (Unorthodox interest policy)
- Uncertainty, high volatility on currency
- Systematic risk of bankruptcy in industry
- Increase in reinsurance cost
- Natural disasters due to climate change (e.g.: hail, flood, fire, EQ etc.)
- Possible churn in individual segments due spending cut offs
- Increase in FX rates makes stress on MOD claim cost

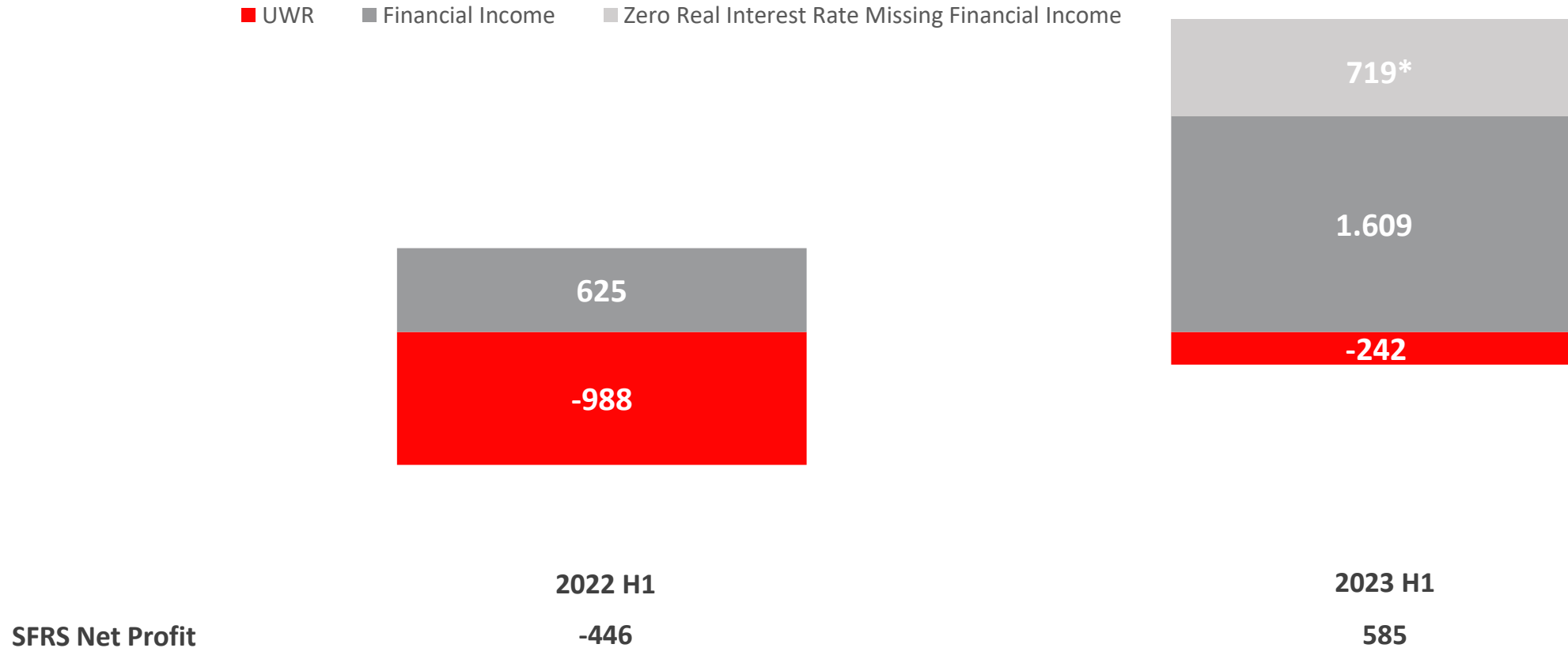
Opportunities

- Increase in TL interest rates
- Increase in FX rates
- Switch to free tariff in MTPL
- 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

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Competitive advantages

Because of macroeconomic 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 719 million TL higher at 2.328 million TL.

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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%	

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	3.717	-19	-6	-	-	-	-	-	3.691
Claims, net (*)	-3.063	-	-	84	-390	-113	-	-	-3.480
Other technical income and expense	-430	+19	+6	-84	375	+113	-	-	-
Commissions, net	-	-	-	-	-	-	-452	-	-452
General expenses	-883	-	-	-	-	-	+883	-	-
Allocated financial income	1.609	-	-	-	-	-	-	-1.609	-
Total	951	-	-	-	-15	-	+431	-1.609	-242

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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