

Aksigorta 2023 Q3 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'Q3 – Financial Indicators (m TL) (YoY %)

6.727 Gross Written Premiums	↑ 120%	132 Net Income	↑ 159%	2.689 Total Equity	↑ 106%
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23'Q3 – Operational Ratios (YoY pp)

93% Net Loss Ratio	↓ -17pp	121% Net Combined Ratio	↓ -11pp	6,5% YTD Market Share	↓ -0.6pp
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23'Q3 – Financial Income (m TL)

8.880 AuM	↑ 36%	28% Avr. Annualized Yield*	↓ -12pp	565 Financial Income*	↑ 7%
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(*): Includes interest income + FX gain/(loss)

23'Q3 YTD – Financial Indicators (m TL) (YoY %)

17.843 ↑ 108%	717 ↑ 282%	2.689 ↑ 106%
Gross Written Premiums	Net Income	Total Equity

23'Q3 YTD – Operational Ratios (YoY pp)

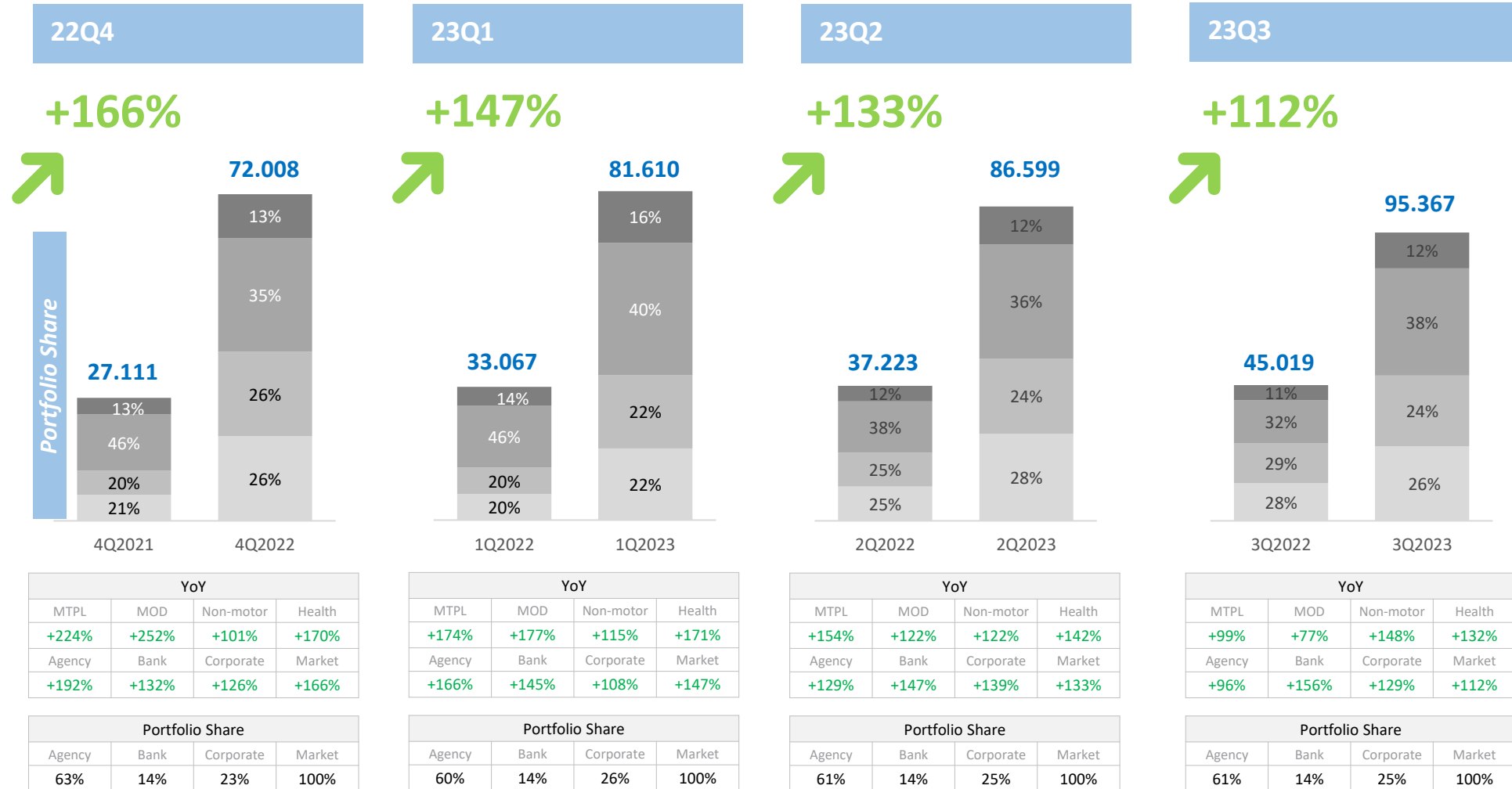
94% ↓ -32pp	120% ↓ -29pp	6,5% ↓ -0.6pp
Net Loss Ratio	Net Combined Ratio	YTD Market Share

23'Q3 YTD – Financial Income (m TL)

8.880 ↑ 36%	36% ↑ +3pp	2.174 ↑ 88%
AuM	Avr. Annualized Yield*	Financial Income*

(*): Includes interest income + FX gain/(loss)

Market GWP Distribution (%) (m TL)

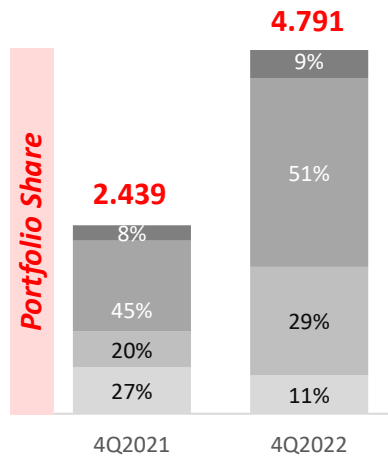


Note: Retro premiums from pools are excluded.

Aksigorta GWP Distribution (%) (m TL)

22Q4

+97%
↗

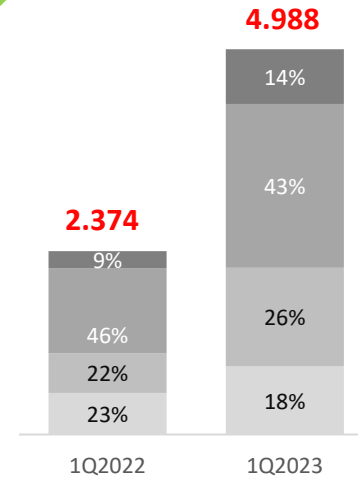


YoY			
MTPL	MOD	Non-motor	Health
-17%	+205%	+108%	+126%
Agency	Bank	Corporate	Company
+72%	+149%	+132%	+97%

Portfolio Share			
Agency	Bank	Corporate	Company
51%	13%	36%	100%

23Q1

+110%
↗

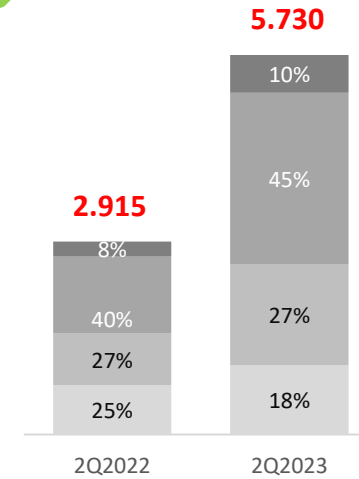


YoY			
MTPL	MOD	Non-motor	Health
+65%	+147%	+93%	+223%
Agency	Bank	Corporate	Company
+103%	+150%	+108%	+110%

Portfolio Share			
Agency	Bank	Corporate	Company
58%	9%	33%	100%

23Q2

+97%
↗

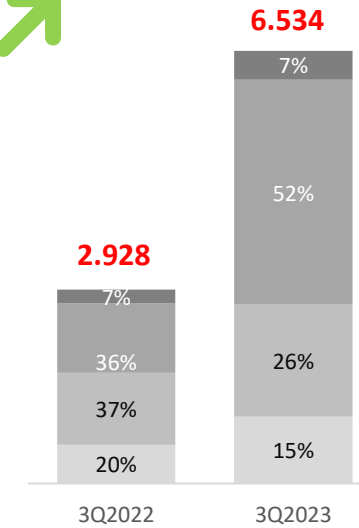


YoY			
MTPL	MOD	Non-motor	Health
+41%	+93%	+125%	+146%
Agency	Bank	Corporate	Company
+75%	+45%	+157%	+97%

Portfolio Share			
Agency	Bank	Corporate	Company
55%	7%	38%	100%

23Q3

+123%
↗



YoY			
MTPL	MOD	Non-motor	Health
+73%	+55%	+224%	+110%
Agency	Bank	Corporate	Company
+68%	+87%	+231%	+123%

Portfolio Share			
Agency	Bank	Corporate	Company
53%	7%	40%	100%

Note: Retro premiums from pools are excluded.

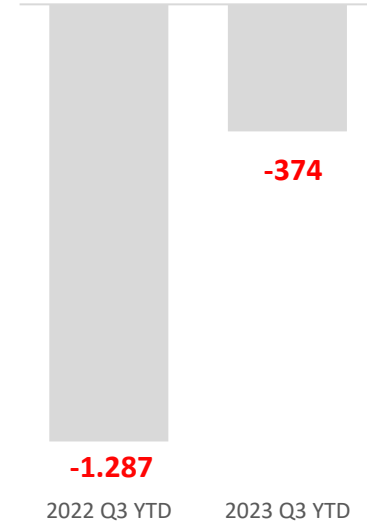


UW Result and Combined Ratio Development

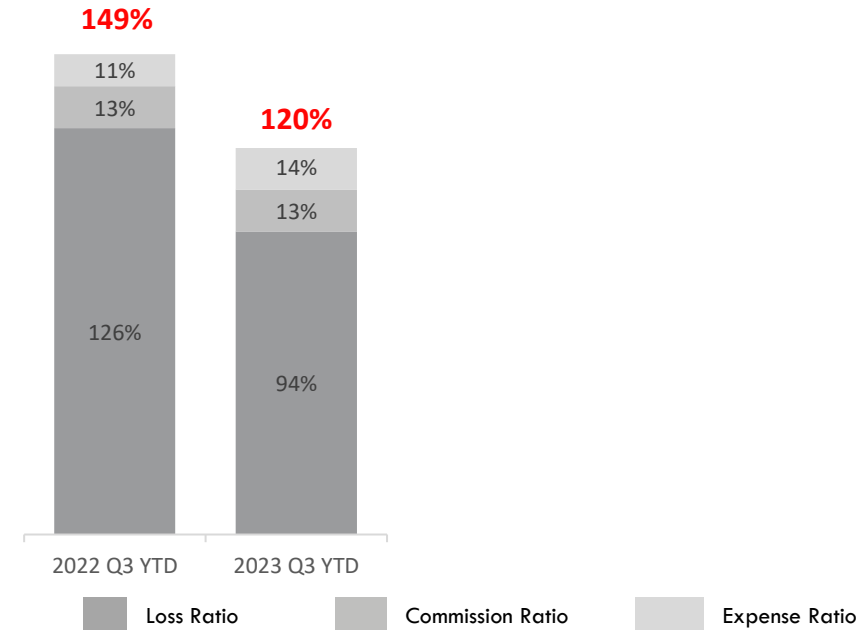
UW improved YoY thanks to better loss ratio in MOD and non-motor

UW Result and Combined Ratio (TL m; %)

UW Result



Net Combined Ratio

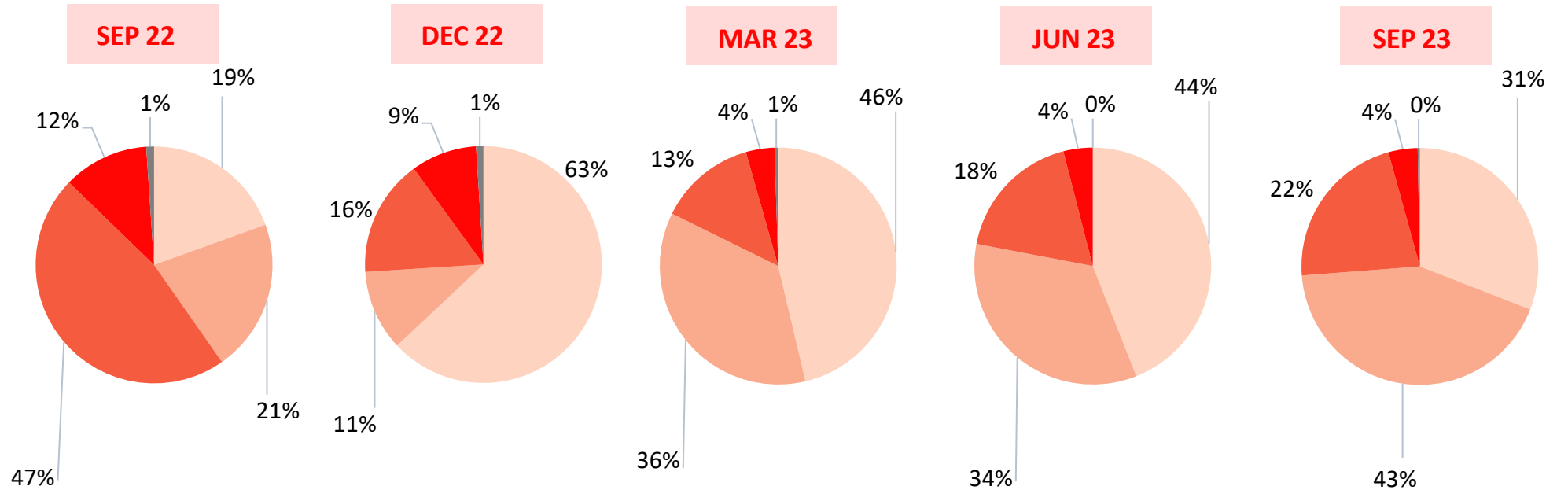


UWM	
2022 Q3 YTD	2023 Q3 YTD
-19,3%	-2,7%

UWM: UWR / Gross earned premiums

Financial Income Development

As of September 2023, AuM has reached TL 8.9b with 36% YoY growth



AuM m TL	6,509m TL	7,659m TL	8,660m TL	9,411m TL	8,880m TL
Average annualized yield*	40%	25%	24%	60%	28%
Quarterly financial income*	529m TL	436m TL	462m TL	1.148m TL	565m TL

(*): Including FX gain / loss

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

Note: In Q323 YTD tax advantage TL fund interest income was 577 million TL; generating 173 million TL tax shield.



Income Statement

Income Statement (m TL)	2022 Q3	2023 Q3	Δ %	2022 Q3 YTD	2023 Q3 YTD	Δ %
Gross Written Premiums	3.059	6.727	120%	8.568	17.843	108%
Gross Earned Premiums	2.589	5.324	106%	6.656	13.617	105%
Net Earned Premiums	1.316	2.110	60%	3.310	5.802	75%
Underwriting Result	-298	-132	56%	-1.287	-374	71%
Expenses	-127	-304	-138%	-332	-787	-137%
Net Financial Income	470	491	4%	1.067	1.894	78%
Net Profit	51	132	159%	-395	717	282%
Combined Ratio	132%	121%	-11pp	149%	120%	-29pp
Loss Ratio	111%	93%	-17pp	126%	94%	-32pp
Commission Ratio	12%	13%	1pp	13%	13%	0pp
Expense Ratio	10%	14%	5pp	10%	14%	4pp
UW Margin	-11,5%	-2,5%	9pp	-19,3%	-2,7%	17pp

Balance Sheet (m TL)	Dec.22	Sep.23	Δ %
Receivables	2.926	6.692	129%
AUM	7.659	8.880	16%
Total Assets	12.831	17.005	33%
Reserves	6.996	8.844	26%
Payables	2.434	3.873	59%
Total Equity	1.949	2.689	38%
Total Liabilities	12.831	17.005	33%

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%	

1. *Aksigorta Financials (in TFRS)*

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

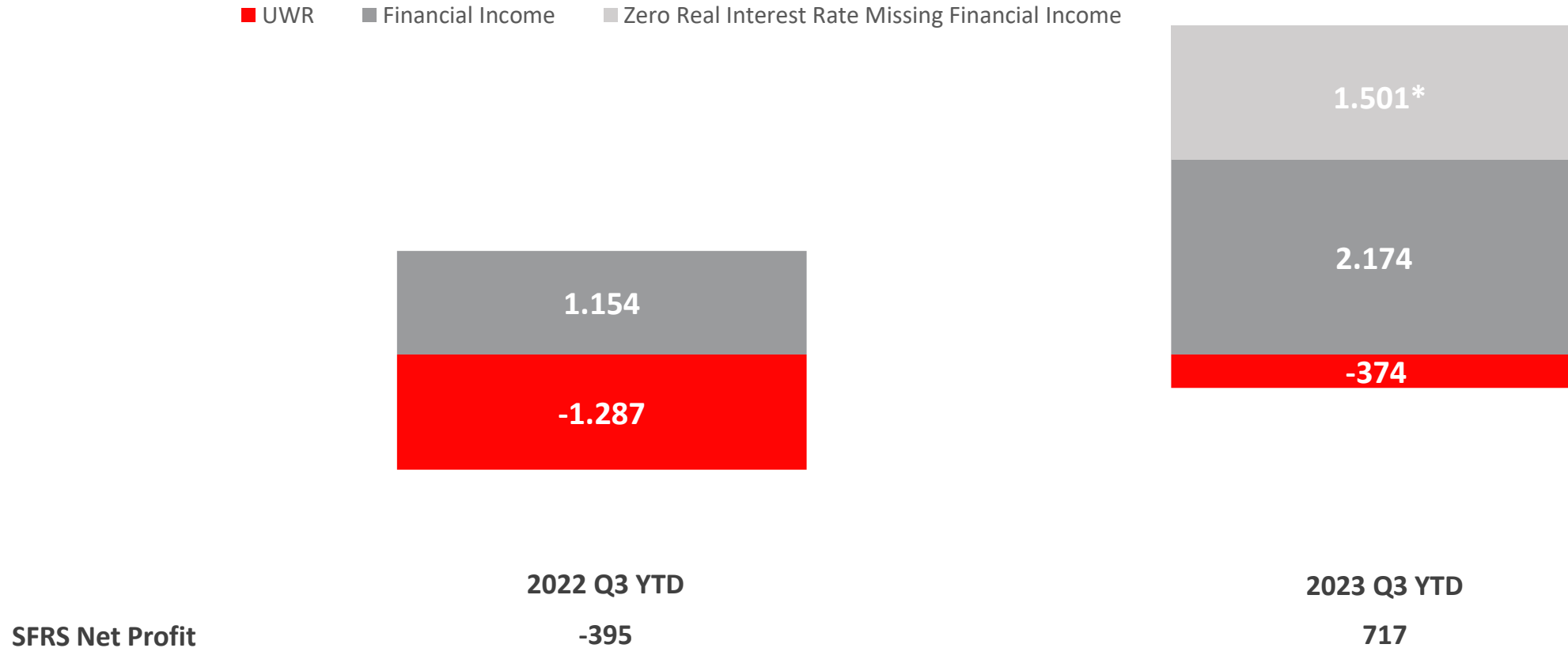
Opportunities

- 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
- Collaborations and Strategic Partnerships
- Customized and Niche Product Offerings (E-MOD etc.)
- Investing in Continuous Learning and Employee Training
- Enhancing Customer Experience through Digital Platforms

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3. **Income Mix**
4. *Appendix*

Key Drivers of Our Profitability

Profitability stems from a combination of astute underwriting and robust financial performance



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

(*): If real interest rate was zero rather than negative, our financial income would be 1.501 million TL higher at 3.675 million TL.

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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	5.839	-28	-9	-	-	-	-	-	5.802
Claims, net (*)	-4.901	-	-	+162	-553	-155	-	-	-5.447
Other technical income and expense	-561	+28	+9	-162	+530	+155	-	-	0
Commissions, net	-	-	-	-	-	-	-729	-	-729
General expenses	-1.438	-	-	-	-	-	+1.438	-	-
Allocated financial income	2.174	-	-	-	-	-	-	-2.174	-
Total	1.113	-	-	-	-23	-	+710	-2.174	-374

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
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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