

31 October 2023

**IN THE THIRD QUARTER OF 2023, AKSIGORTA INCREASED PREMIUM PRODUCTION by 120% to 6,727m TL and INCREASED ITS NET PROFIT by 159% to 132m TL**

**2023 THIRD QUARTER PERFORMANCE SUMMARY**

Aksigorta announced gross written premiums (GWP) of 6,727m TL and net profit of 132m TL in the third quarter of 2023, compared to gross written premiums of 3,059m TL and net profit of 51m TL in the third quarter of 2022. These figures represent 120% YoY growth in GWP, and 159% YoY growth in Net Income in the third quarter of 2023.

- Highlights of the third quarter of 2023 GWP growth:
  - The robust 224% growth in the non-motor segment – led by corporate fire, home package, engineering, and other losses – were primary growth drivers.
  - Focused on non-motor products, especially in the bank and corporate channel
  - The market share as of September 30, 2023 has YoY decreased by 0.6 pp and is at a level of 6.5%

GWP (m TL)	1Q23	YoY	2Q23	YoY	3Q22	3Q23	YoY	3Q22 YTD	3Q23 YTD	YoY
MTPL	1.084	73%	1.357	60%	728	1.317	81%	2.204	3.758	71%
MOD	1.233	143%	1.443	85%	1.079	1.593	48%	2.367	4.269	80%
Non-Motor	2.144	90%	2.576	121%	1.042	3.379	224%	3.337	8.099	143%
Health	710	223%	569	146%	209	439	110%	660	1.718	160%
<b>Total</b>	<b>5.171</b>	<b>108%</b>	<b>5.945</b>	<b>96%</b>	<b>3.059</b>	<b>6.727</b>	<b>120%</b>	<b>8.568</b>	<b>17.843</b>	<b>108%</b>

- In the actuarial valuation report on the final loss/premium rate estimation of the risky drivers' pool, published by PwC and prepared as of the second quarter of 2023, the final loss premium rate of the traffic pool has been revised upwards for all accident years with the effect of the change in macroeconomic indicators and the AYM traffic general conditions cancelation.
- The company's total underwriting result (UWR), improved by 166m TL YoY and realized as -132m TL in the third quarter of 2023.
- The combined ratio improved by 11pp YoY and resulted as 121% in the third quarter of 2023. The improvement in the combined ratio comes entirely from the loss ratio which decreased to 93% in the third quarter of 2023.
- Net financial income, including FX gain/loss and financial expenses, increased by 4% compared to the third quarter of 2022 and realized as 491m TL. Along with 80m TL in the third quarter of 2023, the tax shield created through tax advantage funds in the nine months of 2023 reached to 173m TL.

Financial Highlights (m TL)	1Q23	YoY	2Q23	YoY	3Q22	3Q23	YoY	3Q22 YTD	3Q23 YTD	YoY
GWP	5.171	108%	5.945	96%	3.059	6.727	120%	8.568	17.843	108%
UWR	47	110%	-290	42%	-298	-132	56%	-1.287	-374	71%
Expenses	-257	-154%	-227	120%	-127	-303	138%	-332	-787	137%
Net Financial Income	366	34%	1.037	221%	470	491	4%	1.067	1.894	78%
<b>Net Profit</b>	<b>131</b>	<b>152%</b>	<b>454</b>	<b>337%</b>	<b>51</b>	<b>132</b>	<b>-160%</b>	<b>-395</b>	<b>717</b>	<b>282%</b>
<i>Combined Ratio</i>	<i>112%</i>	<i>-52pp</i>	<i>126%</i>	<i>-30pp</i>	<i>132%</i>	<i>121%</i>	<i>-11pp</i>	<i>149%</i>	<i>120%</i>	<i>-29pp</i>

- In the third quarter 2023, Aksigorta AuM increased by 36% YoY and reached 8.9 billion TL. Thanks to successful fund management, annualized return yield (interest + FX) realized 28% in the third quarter of 2023.

### Expectations and Goals

We feel the deep sadness for the earthquakes that took place in Kahramanmaraş and affected approximately 12 provinces. We wish God's mercy on those who lost their lives and a speedy recovery to the injured ones. As always, we stand by our people in every way, both materially and morally, in this difficult period as Aksigorta. We would like to point out that we have the financial power to recover the claims of our policyholders. We foresee that with our excess of loss reinsurance agreement covering all catastrophic risks, including earthquakes and equalization reserve in our financials booked to recover the catastrophic risks such as flood and earthquake etc. could compensate the claims of the earthquake incurred and we do not see any negative impact on our equity and balance sheet profitability in 2023.

Topline growth will be maintained via:

- Contribution of new agencies; in the last 5 years 1.195 new agencies are added to our network which generate 26% of total agency GWP
- # of agencies exceeded 3.700 in the third quarter of 2023
- Increase in bank channel penetration with the complementary health product
- Following corporate business potential closely
- IOT partnership with Fiat Connect to sell insurance products bundled with auto sales
- Economic MOD product suitable for economic conditions

Combined ratio will be kept below 100% via:

- Enhanced risk management policy and profitable insurance portfolio
- Data analytics capabilities used in pricing and underwriting
- Reducing portfolio weight of loss-making products
- Usage of robotic process automation (currently 176 processes are automated corresponding to 3,7m transactions and 175+ FTE in Jan.23-Sep.23 period) leading to operational efficiency & savings
- New technologies applied in customers' claim experiences
- New technologies such as AI, ML used in pricing of motor products
- New collaborations in the digital channel
- New products in the bank channel