

Aksigorta 2023 Q4 Earnings Call Presentation

9 February 2024

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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'Q4 – Financial Indicators (m TL) (YoY %)

9.456 ↑ 89% Gross Written Premiums	468 ↑ 71% Net Income	3.276 ↑ 68% Total Equity
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23'Q4 – Operational Ratios (YoY pp)

85% ↑ +2pp Net Loss Ratio	108% ↑ +3pp Net Combined Ratio	6,7% ↓ -0.2pp YTD Market Share
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23'Q4 – Financial Income (m TL)

9.141 ↑ 19% AuM	32% ↑ +3pp Avr. Annualized Yield*	743 ↑ 70% Financial Income*
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(*): Includes interest income + FX gain/(loss)

2023 – Financial Indicators (m TL) (YoY %)

27.299 Gross Written Premiums	↑ 101%	1.185 Net Income	↑ 1.078%	3.276 Total Equity	↑ 68%
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2023 – Operational Ratios (YoY pp)

91% Net Loss Ratio	↓ -21pp	117% Net Combined Ratio	↓ -18pp	6,7% YTD Market Share	↓ -0.2pp
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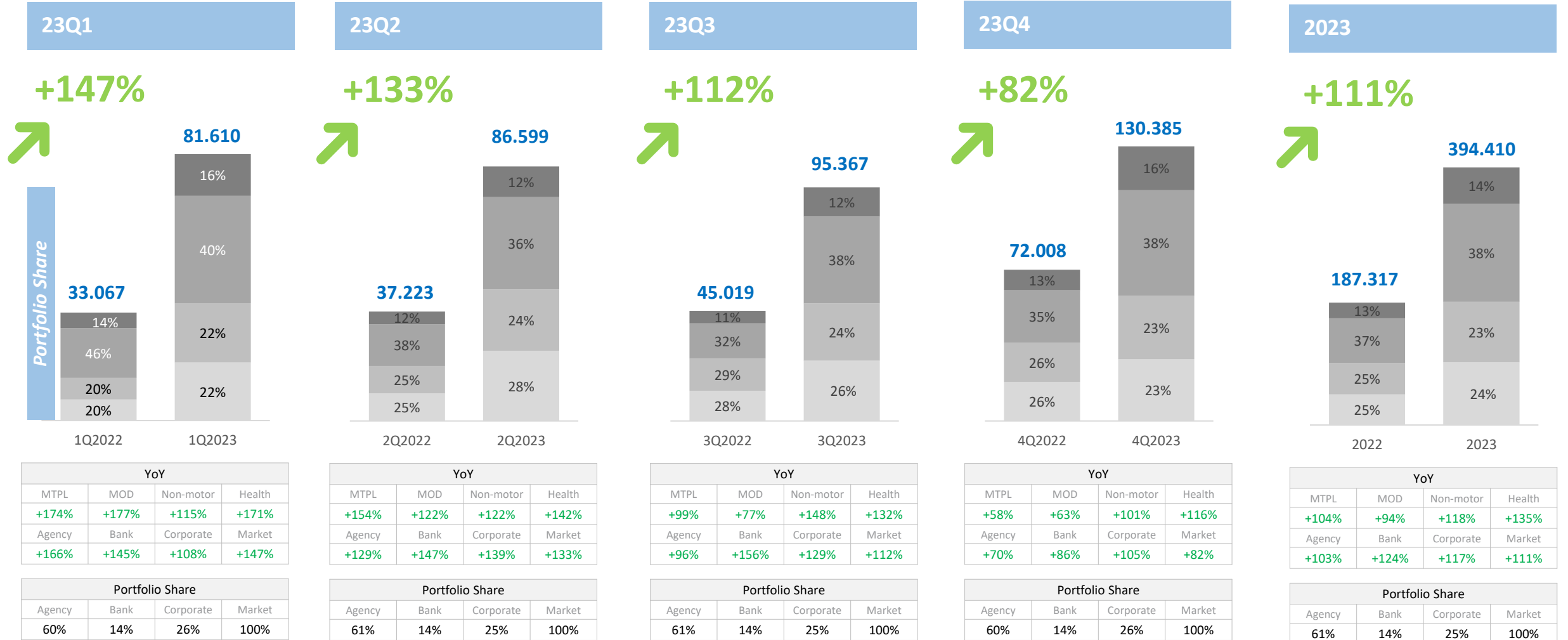
2023 – Financial Income (m TL)

9.141 AuM	↑ 19%	40% Avr. Annualized Yield*	↑ +9pp	2.917 Financial Income*	↑ 83%
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(*): Includes interest income + FX gain/(loss)

Market GWP Development

Market GWP Distribution (%) (m TL)

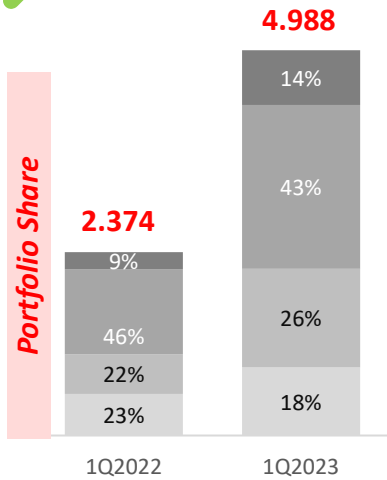


Note: Retro premiums from pools are excluded.

Aksigorta GWP Distribution (%) (m TL)

23Q1

+110%
↗

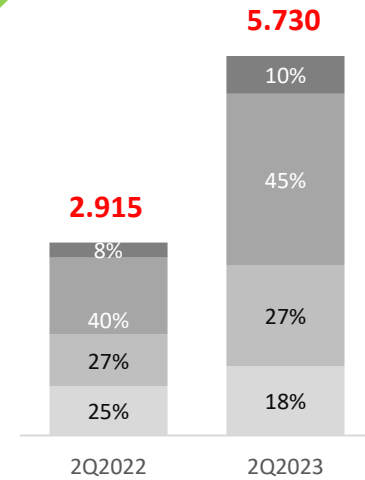


YoY			
MTPL	MOD	Non-motor	Health
+65%	+147%	+93%	+223%
Agency	Bank	Corporate	Company
+103%	+150%	+108%	+110%

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

23Q2

+97%
↗

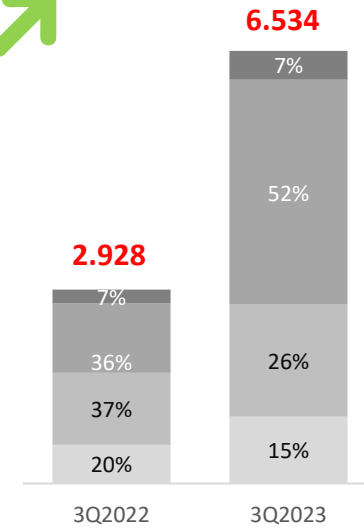


YoY			
MTPL	MOD	Non-motor	Health
+41%	+93%	+125%	+146%
Agency	Bank	Corporate	Company
+75%	+45%	+157%	+97%

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

23Q3

+123%
↗

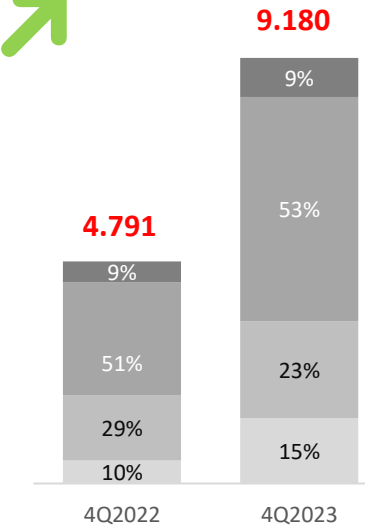


YoY			
MTPL	MOD	Non-motor	Health
+73%	+55%	+224%	+110%
Agency	Bank	Corporate	Company
+68%	+87%	+231%	+123%

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

23Q4

+92%
↗

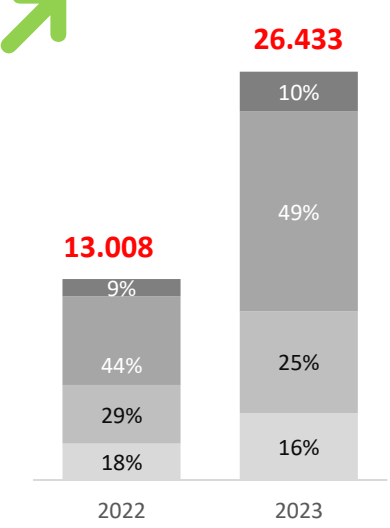


YoY			
MTPL	MOD	Non-motor	Health
+181%	+50%	+98%	+88%
Agency	Bank	Corporate	Company
+94%	+51%	+97%	+92%

Portfolio Share			
Agency	Bank	Corporate	Company
52%	11%	38%	100%

2023

+103%
↗



YoY			
MTPL	MOD	Non-motor	Health
+84%	+73%	+125%	+131%
Agency	Bank	Corporate	Company
+85%	+70%	+140%	+103%

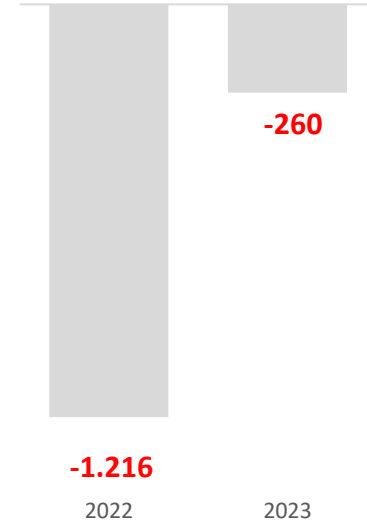
Portfolio Share			
Agency	Bank	Corporate	Company
52%	9%	39%	100%

UW Result and Combined Ratio Development

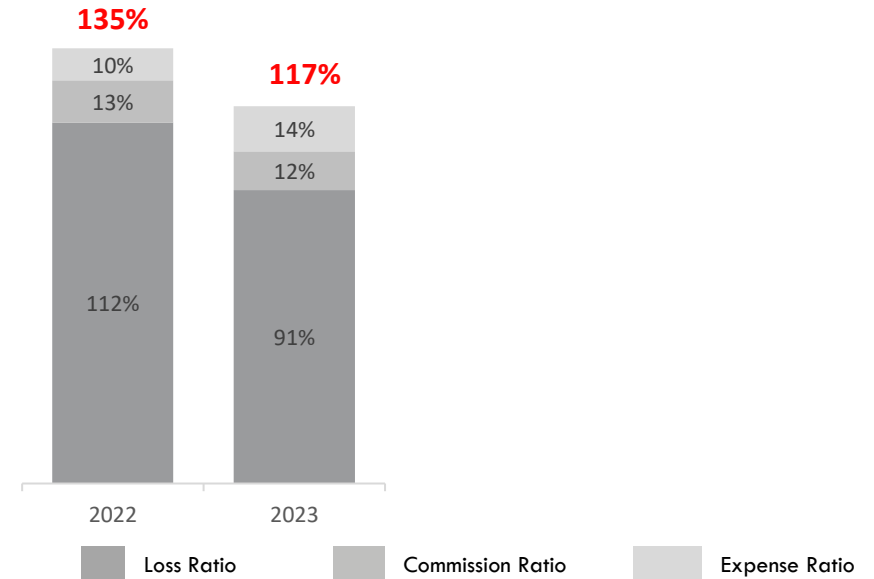
UW improved YoY thanks to increase in discount rates

UW Result and Combined Ratio (TL m; %)

UW Result



Net Combined Ratio

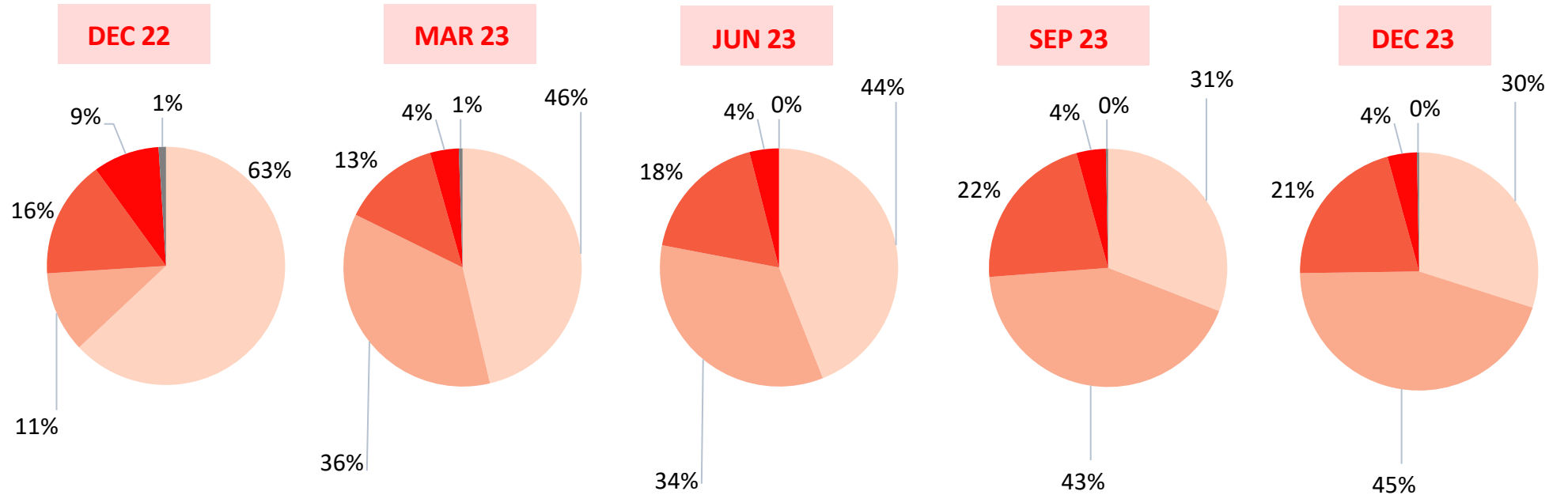


UWM	
2022	2023
-12,4%	-1,3%

UWM: UWR / Gross earned premiums

Financial Income Development

As of December 2023, AuM has reached TL 9.1b with 19% YoY growth



AuM m TL	7,659m TL	8,660m TL	9,411m TL	8,880m TL	9,141m TL
Average annualized yield*	25%	24%	60%	28%	32%
Quarterly financial income*	436m TL	462m TL	1.148m TL	565m TL	743m TL

(*): Including FX gain / loss

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

Note: In 2023 tax advantage TL fund interest income was 794 million TL; generating 238 million TL tax shield.



Income Statement

Income Statement (m TL)	2022 Q4	2023 Q4	Δ %	2022	2023	Δ %
Gross Written Premiums	4.996	9.456	89%	13.563	27.299	101%
Gross Earned Premiums	3.140	6.144	96%	9.795	19.762	102%
Net Earned Premiums	1.560	2.183	40%	4.871	7.985	64%
Underwriting Result	71	115	63%	-1.216	-260	79%
Expenses	-153	-300	97%	-484	-1.088	125%
Net Financial Income	339	727	114%	1.406	2.621	86%
Net Profit	274	468	71%	-121	1.185	>1K
Combined Ratio	105%	108%	3pp	135%	117%	-18pp
Loss Ratio	83%	85%	2pp	112%	91%	-21pp
Commission Ratio	12%	10%	-2pp	13%	12%	-1pp
Expense Ratio	10%	14%	4pp	10%	14%	4pp
UW Margin	2,2%	1,9%	0pp	-12,4%	-1,3%	11pp

Balance Sheet (m TL)	2022	2023	Δ %
Receivables	2.926	7.020	140%
AUM	7.659	9.141	19%
Total Assets	12.831	21.132	65%
Reserves	6.996	9.984	43%
Payables	2.434	5.796	138%
Total Equity	1.949	3.276	68%
Total Liabilities	12.831	21.132	65%
RoE	n/a	45%	n/a

Capital adequacy	Dec.20	Dec.21	Dec.22	Main drivers:
Required capital	953	1.426	1.971	
Asset risk	388	484	551	by asset size
Reinsurance risk	81	178	320	by re-insurance portfolio
Reserve risk	115	165	233	by growth
UW risk	350	527	776	by growth
FX risk	18	72	91	by fx exposure
Available capital	1.220	1.167	2.104	
Capital adequacy ratio	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
- Talent retention and acquisition challenges in a competitive market

Opportunities

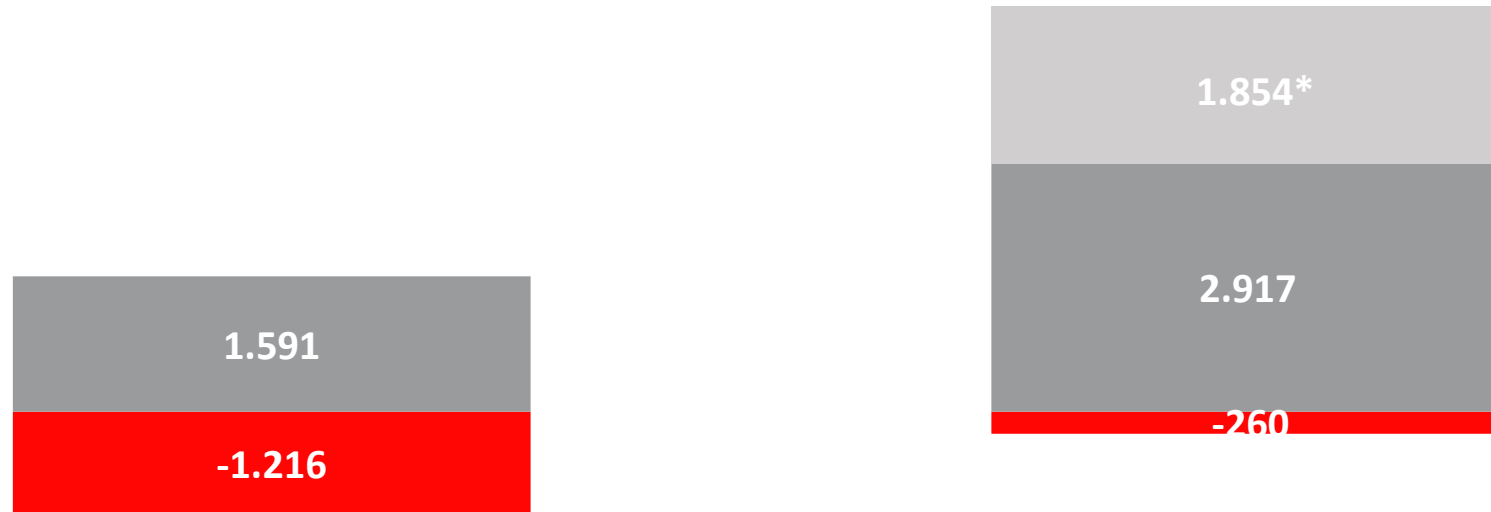
- Increase in TL interest rates
- Increase in FX rates
- Switch to free tariff in MTPL
- Accelerating digital transformation with the pandemic
- Increasing efficiency, quality and innovation with remote working
- Higher premiums and improved UW Margin with the introduction of new products (cyber, credit 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
- Development of sustainable and eco-friendly insurance products
- Enhancing data privacy and cybersecurity measures
- Exploring reinsurance opportunities to mitigate risks
- Capitalizing on regulatory changes for competitive advantage
- Implementing ESG (Environmental, Social, Governance) criteria in investments and underwriting

1. *Aksigorta Financials (in TFRS)*
2. *What are the Risks & Opportunities?*
3. **Income Mix**
4. *Appendix*

Key Drivers of Our Profitability

Profitability stems from a combination of better underwriting and higher financial income

■ UWR ■ Financial Income ■ Zero Real Interest Rate Missing Financial Income



	2022	2023
SFRS Net Profit	-121	1.185

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

(*): If real interest rate was zero rather than negative, our financial income would be 1.854 million TL higher at 4.771 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	8.044	-41	-9	-	-	-	-	-	7.994
Claims, net (*)	-6.552	-	-	+162	-541	-155	-	-	-7.086
Other technical income and expense	-774	+41	+9	-162	+510	+155	-	-	-221
Commissions, net	-	-	-	-	-	-	-947	-	-947
General expenses	-1.933	-	-	-	-	-	+1.933	-	-
Allocated financial income	2.906	-	-	-	-	-	-	-2.906	-
Total	1.691	-	-	-	-31	-	+986	-2.906	-260

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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