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**AKSIGORTA REACHED 9,551m TL IN PREMIUM PRODUCTION WITH AN 85% GROWTH AND 273m TL IN NET PROFIT WITH A 108% GROWTH IN THE FIRST QUARTER OF 2024.**

**2024 FIRST QUARTER PERFORMANCE SUMMARY**

Aksigorta announced gross written premiums (GWP) of 9,551m TL and net profit of 273m TL in the first quarter of 2024, compared to gross written premiums of 5,171m TL and net profit of 131m TL in the first quarter of 2023. These figures represent 85% YoY growth in GWP and 108% YoY growth in net profit in the first quarter of 2024.

- Highlights of the first quarter of 2024 GWP growth:
  - The robust 114% growth in the non-motor segment – led by home package, corporate fire, business package and TCIP – were primary growth drivers.
  - Focused on non-motor products, especially in the bank and corporate channel
  - As of March 31, 2024 the market share has decreased by 0.2 pp YoY and stands at a level of 5.5%

GWP (m TL)	1Q23	1Q24	YoY
MTPL	1.084	1.590	47%
MOD	1.233	2.022	64%
Non-Motor	2.144	4.599	114%
Health	710	1.340	89%
<b>Total</b>	<b>5.171</b>	<b>9.551</b>	<b>85%</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 fourth quarter of 2023, the ultimate loss ratio of the motor third party liability (MTPL) insurance pool has been revised upwards for all accident years with the effect of the change in macroeconomic indicators.
- The company's total underwriting result (UWR), with a deterioration of 189m TL YoY, realized as -141m TL in the first quarter of 2024 due to effect of higher technical losses in MTPL.

UWR (m TL)	1Q23	1Q24	YoY
MTPL	-264	-485	-84%
MOD	198	159	-19%
Non-Motor	82	116	42%
Health	31	68	116%
<b>Total</b>	<b>47</b>	<b>-141</b>	<b>-398%</b>

- Net financial income, including FX gain/loss and financial expenses, increased by 145% compared to the first quarter of 2023 and realized as 897m TL. The tax shield created through tax advantage funds reached 118m TL in the first quarter of 2024.

Financial Highlights (m TL)	1Q23	1Q24	YoY
GWP	5.171	9.551	85%
UWR	47	-141	-398%
Expenses	-257	-515	101%
Net Financial Income	366	897	145%
<b>Net Profit</b>	<b>131</b>	<b>273</b>	<b>108%</b>
<i>Combined Ratio</i>	<i>112%</i>	<i>126%</i>	<i>+14pp</i>

- In the first quarter of 2024, Aksigorta AuM increased by 22% YoY and reached 10.5 billion TL. Thanks to successful fund management, annualized return yield (interest + FX) realized 43% in the first quarter of 2024.

### Expectations and Targets

Topline growth will be maintained via:

- Increase in the number of agencies; in the period of April 2023 – March 2024, 24% of our total agency premium generation was provided by 1.278 new agencies added to our portfolio in the last 5 years.
- # of agencies approached to 3.760 in the first quarter of 2024.
- TCIP product sales started via Akbank mobile.
- Aksigorta customers' experience has been improved with the credit card unemployment product offer presented during the credit card transaction process on Akbank Mobile.
- Corporate business opportunities are closely monitored.
- Collaboration with Fiat for package policy sales along with vehicle sales.
- Economic MOD product suitable for economic conditions.
- The Electric vehicle MOD product launched in 2023 offers the best coverage in its class and has the potential to become the market leader with a first-mover advantage in the segment.
- Aksigorta's smart assistant ADA has improved its capabilities and started to respond to all health-related questions from agencies with generative AI technology using Aksigorta's core insurance platform.

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 187 processes are automated corresponding to 1,4m transactions and 170+ FTE in Jan.24-Mar.24 period) leading to operational efficiency & savings
- New technologies applied in customers' claim experiences
- Artificial intelligence and machine learning technologies used in pricing of motor products
- New collaborations in the digital channel
- New products in the bank channel

## **Q&A**

The following questions were raised during the earnings call:

Q: Thank you for the presentation, what is your combined ratio and roe guidance for 2024?

CFO: We do not have any official guidance for the last three years since we cannot foresee Turkey's macroeconomic environment and regulatory affairs. ROE level could be like our first quarter results as a general approach.

Q: What is your target solvency ratio for 2024-year end?

CFO: We tend to stay above 100% level, that is our main goal. We scored 108% capital adequacy ratio last year. We plan to be at the similar level.

Q: How long will it take to normalize combined ratio as you reprice policies?

CEO: If we take out MTPL from our portfolio, our combined ratio will be better and better in each quarter. We do not gain market share in MTPL comparing to prior year. We slowdown in MTPL. Our level of reserve is quite adequate. From now on, most probably a better combined ratio we are going to reach in MTPL as well. Regarding from the next quarter if everything goes well, for example, if there is no minimum wage increase or foreign currency hikes and current conditions goes on our combined ratio will be improved each quarter.

CFO: Maybe in addition to your comments Mr. Gülen, if industry goes free tariffication in MTPL, the improvement will be in a faster manner. This is also an upside.

CEO: There is a proposal to Ministry of finance preparation in Insurance Association to shorten the tails of long-tailed products.

CFO: I think that could be the fastest and the most beneficiary way to solve this problem.

Q: When will we see net profits with YoY growth of 700% or 800% like other insurance companies on the stock exchange?

CEO: This is matter of timing, our growth policy is different than the rest of the market. We have very prudent reserve management. We cannot increase our assets under management because of MTPL. That is why we cannot benefit from higher Turkish Lira interest rates. Our CFO showed the growth rate of our assets under management, 22% growth YoY is not a big improvement. It is not easy to compare our financials with the industry, because of using different discount rates on reserves. Starting from 2025, we will have more comparable financials in insurance industry with IFRS 17.