

2 August 2024

AKSIGORTA REACHED 7,971m TL IN PREMIUM PRODUCTION WITH AN 34% GROWTH AND 336m TL IN NET PROFIT WITH A 26% DECLINE IN THE SECOND QUARTER OF 2024.

2024 SECOND QUARTER SOLO PERFORMANCE SUMMARY

Aksigorta announced gross written premiums (GWP) of 7,971m TL and net profit of 336m TL in the second quarter of 2024, compared to gross written premiums of 5,945m TL and net profit of 454m TL in the second quarter of 2023. These figures represent 34% YoY growth in GWP and 26% YoY decline in net profit in the second quarter of 2024.

- Highlights of the second quarter of 2024 GWP growth:
 - The robust 33% growth in the non-motor segment – led by business package, home package, engineering and marine – were primary growth drivers.
 - Focused on non-motor products, especially in the bank and corporate channel
 - As of June 30, 2024 the market share has decreased by 0.8 pp YoY and stands at a level of 5.3%

GWP (m TL)	2Q23	2Q24	Δ YoY	1H23	1H24	Δ YoY
MTPL	1.357	1.801	33%	2.441	3.391	39%
MOD	1.443	1.815	26%	2.676	3.837	43%
Non-Motor	2.576	3.416	33%	4.720	8.014	70%
Health	569	939	65%	1.279	2.279	78%
Total	5.945	7.971	34%	11.117	17.522	58%

- The company's total underwriting result (UWR), with an increase of 252m TL YoY, realized as -37m TL in the second quarter of 2024 thanks to effect of lower technical losses in MTPL.

UWR (m TL)	2Q23	2Q24	Δ YoY	1H23	1H24	Δ YoY
MTPL	-673	-450	33%	-937	-935	0%
MOD	282	136	-52%	479	295	-38%
Non-Motor	68	198	192%	150	315	110%
Health	35	80	127%	67	148	122%
Total	-289	-37	87%	-241	-178	26%

- Net financial income, including FX gain/loss and financial expenses, declined by 14% compared to the second quarter of 2023 and realized as 889m TL. In 2024, due to the stable performance of the Turkish Lira against foreign currencies, FX income stood at 51 million TL; this represents a decrease of 514 million TL compared to the second quarter of 2023. On the other hand, with the growth in AuM size and the rise in yield rates, our interest income increased by 273,0 million TL compared

to the second quarter of 2023. The tax shield generated through TL tax advantage fund amounted to 136 million TL in the second quarter of 2024, reaching 253 million TL in the first six months of 2024.

- In the second quarter of 2024, Aksigorta AuM increased by 24% YoY and reached 11.6 billion TL. Thanks to successful fund management, annualized return yield (interest + FX) realized 38% in the second quarter of 2024.

Financial Highlights (m TL)	2Q23	2Q24	Δ YoY	1H23	1H24	Δ YoY
GWP	5.945	7.971	34%	11.117	17.522	58%
UWR	-289	-37	87%	-241	-178	26%
Expenses	-227	-489	115%	-484	-1.004	107%
Net Financial Income	1.037	889	-14%	1.403	1.787	27%
Net Profit	454	336	-26%	585	608	4%
<i>Combined Ratio</i>	<i>124%</i>	<i>118%</i>	<i>-6pp</i>	<i>120%</i>	<i>122%</i>	<i>+2pp</i>

Expectations and Targets

We are advancing with our dynamic and innovative strategy, which focuses on profitable products and aims to maintain our capital adequacy at a strong level while maximizing it without compromising our profitability. This strategy fortifies our capital adequacy and simultaneously delivers sustainable growth and robust profitability.

During the first half of the year, we have proceeded with the following steps while maintaining our core strategy in premium production:

- 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.
- Increase in the number of agencies; in the period of January 2024 – June 2024, 21% of our total agency premium generation was provided by 1.215 new agencies added to our portfolio in the last 5 years.
- # of agencies approached to 3.730 in the second quarter of 2024.
- 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:

- Reducing the portfolio weight of underperforming products
- Enhanced risk management policy and profitable insurance portfolio

- Usage of robotic process automation (currently 189 processes are automated corresponding to 2,6m transactions and 205 FTE in Jan.24-Jun.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

Q&A

The following questions were raised during the earnings call:

Q: We observed a significant drop in premium production in June, with only a 2% annual increase. Will premium increases continue to be this low? Other publicly listed insurance companies are seeing annual premium increases ranging from 70% to 150%, so 2% doesn't look very good.

CFO: Currently, we try to focus on our valuable products which are profitable and contributes to the capital adequacy ratio. This is a selection period to reach the most profitable products and there will be a jump in our premium production when we clarify our selected growth areas.