

## Aksigorta Released Its Fiscal Year 2002/09 Results Prepared in Accordance with Turkish GAAP Standards

### Business of the Company

Established in 1960 in İstanbul, Aksigorta is one of the leading companies in non-life insurance sector in Turkey with 10.6% market share at the end of 3Q02 compared with 8.3% at YE01. The Company is the largest Turkish non-life insurance company based on equity as of the end of 2001. At the end of 1995, Aksigorta stopped operating in the life business with the establishment of the life insurance company, Akhayat in which it has a 26% interest. Today, the Company still holds the life portfolio of its former customers. Currently, the Company's organization is composed of 1,524 agents, of which 909 are independent and 615 are Akbank branches.

### Financial Overview

According to the 3Q02 results, premium size reached TL 195,997 billion (USD 134 million) as of September 30, 2002, registering a 84% increase from 3Q01. The main drivers of increase are; customers' flight to quality and security, adding major corporate accounts such as Botaş and Petkim to customer portfolio and successful preservation of existing customers. Net operational profitability of the company is preserved at 4.6%. Aksigorta increased the equity to TL 144,224 billion (USD 87 million) showing a 49% increase compared to 3Q01.

In 21 June 2002, there was a fire loss at Sasa DMT unit in Adana. Three loss adjusters are still working on the subject. The total loss is assumed to be around 30 million USD and Aksigorta's maximum liability on that loss will be 750 thousand USD. The total loss figure is reserved as outstanding loss.

#### Balance Sheet

##### Marketable Securities

The securities reached to TL 51,388 billion (USD 31 million) with an increase 39% compared to 3Q01. The share of the securities in total assets is 17% as of 3Q02, as opposed to 16% in 3Q01.

##### Receivables

The receivables reached to TL 80,958 billion (USD 49 million). The premium receivables from insureds to premium written ratio is 41%, compared to 41% in 3Q01. The increase in receivables is parallel to the increase in premiums received.

##### Participations

Participations increased by 4% and reached TL 74,901 billion (USD 45 million) on September 30, 2002, from TL 72,339 billion (USD 48 million) in 3Q01.

##### Reserves

In parallel to the increase in premiums received reserves increased by 30%.

##### Equity

Equity increased by 49% to TL 144,224 billion (USD 87 million) as of September 30, 2002 compared to TL 96,518 billion (USD 64 million) in 3Q01. In May 31, 2002, paid in capital increased to TL 67,500 billion (USD 41 million) from TL 33,750 billion (USD 22 million) through cash and bonus shares.

### BALANCE SHEET

#### Assets

(Billion TL)	2001Q3	2002Q3	% Change
Cash Values	51,483	54,822	6.5
Marketable Securities	36,914	51,388	39.2
Accounts Receivables	43,491	80,958	86.1
Rec. in the Adm. & Legal Coll. Process	540	1,133	109.8
Participations	72,339	74,901	3.5
Fixed Assets	14,741	20,345	38.0
Other Assets	11,824	14,019	18.6
<b>Total Assets</b>	<b>231,332</b>	<b>297,566</b>	<b>28.6</b>

#### Liabilities

(Billion TL)	2001Q3	2002Q3	% Change
Accounts Payable	16,822	37,115	120.6
Reserves	70,848	92,281	30.3
<i>Technical Reserves</i>	54,198	76,448	41.1
<i>Free Reserves</i>	16,650	15,833	-4.9
Other Liabilities	6,457	2,189	-66.1
Shareholders' Equity	96,518	144,224	49.4
<i>Paid in Capital</i>	33,750	67,500	100.0
Profit	40,687	21,757	-46.5
<b>Total Liabilities</b>	<b>231,332</b>	<b>297,566</b>	<b>28.6</b>

Note : Average Turkish Central Bank buying rates are used for income statement figures, whereas second quarter ends rates are used for balance sheet figures.

	3Q01	3Q02
Period-End TL/\$	1,518,666	1,650,456
Average TL/\$	1,122,817	1,468,265

▪ **Income Statement**

Premium size reached TL 195,997 billion (USD 134 million) from TL 106,550 billion (USD 95 million) as of September 30, 2002, registering a 84% increase from 3Q01. The main drivers of increase are customers' flight to quality and security, adding major corporate accounts such as Botaş and Petkim to customer portfolio and successful preservation of existing customers.

Technical income increased by 69% and reached to TL 20,899 billion (USD 14 million) and technical income to total premium written ratio is 10.7% in 3Q02. Despite an unfavourable economic year, net operational profitability of the company preserved at 4.6%.

Net financial income decreased to TL 25,829 billion (USD 18 million) on September 30, 2002, from TL 50,904 billion (USD 35 million) in 3Q01. The main reason for the decrease in net financial income is the fact that Akbank did not distribute any dividends as of September 30, 2002 compared with TL 18,628 billion (USD 17 million) amount in September 30, 2001.

Due to a decrease in net financial income, net profit recorded as TL 21,757 billion (USD 15 million) shows a 46% drop compared to 3Q01.

**INCOME STATEMENT**

(Billion TL)	2001Q3	2002Q3	% Change
Technical Income	216,877	441,225	103.4
Premium Received	106,550	195,997	83.9
Commissions Received,	12,561	26,377	110.0
Reinsurers' Share in Losses Paid	25,722	57,897	125.1
Technical Reserves Carried Forward (Net)	37,100	50,466	36.0
Reinsurers' Share in Technical Reserves Allocated	29,706	101,260	240.9
Other Income	5,238	9,228	76.2
Technical Expenses	204,499	420,324	105.5
Premium Paid to Reinsurers	60,388	132,685	119.7
Commissions Paid	13,026	21,766	67.1
Losses Paid	52,674	99,446	88.8
Technical Reserves Allocated	78,321	166,006	112.0
Other Expenses	90	421	367.8
Technical Profit	12,379	20,899	68.8
General Expenses	7,669	11,842	54.4
Financial Income	67,754	43,585	-35.7
Financial Expenses	16,850	17,755	5.4
Profit Before Tax	55,614	34,887	-37.3
Tax	14,927	13,130	-12.0
Net Profit	40,687	21,757	-46.5

**FINANCIAL RATIOS**

(%)	2001Q3	2002Q3
Retention Ratio	43.3	32.3
Losses Paid / Premium Received	49.4	50.7
Technical Profit Margin	11.6	10.7
General Expenses / Premium Received	7.2	6.0
Net Technical Profit Margin	4.4	4.6
Securities Portfolio / Total Assets	16.0	17.3
Technical Reserves / Total Liabilities	23.4	25.7
Premiums Received / Total Assets	46.1	65.9
Total Payables / Total Liabilities	7.3	12.5
Net Financial Income /		
(Net Financial Income + Tech. Income)	80.4	55.3
Net Margin	38.2	11.1
ROA	17.6	7.3
ROE	42.2	15.1

▪ **Recent Developments**

Aksigorta has completed the Bank-Assurance project with Akbank in July 1999. The aim of this project is to increase the share of Akbank branches in total premium production through increasing the policies for individuals, which is a more profitable line. Four new products in fire and accident insurance branches have been launched in addition to the existing ones which are easy-to-sell and easy-to-write. All of the products are currently being utilised in all Akbank branches, and all Akbank branches are connected real time on-line to Aksigorta's headquarters.

Aksigorta is also improving the existing conventional agency channel through bonus plans with predetermined objectives and by increasing the number of independent agents.

At the end of 2001, 50 new customer representatives were employed to give service to free agencies to improve customer focus.

The web site was, restructured to give better services for customers and agencies, put into effect at the end of June 2002.

The "call center" was put into operation as of October 2002 giving price quotation about some products. The customers are also able to open loss files and get current information about the situation of their policies and loss files.

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