

Aksigorta 4Q Earnings Call Presentation

2 February 2021

IR Officer
Zeynep Eroktem

Contact No
00902162809761

Email Address
zeynep.eroktem@aksigorta.com.tr

AKSigorta
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1. Actual Performance vs. Guidance

2. *Aksigorta Financials (in TFRS)*

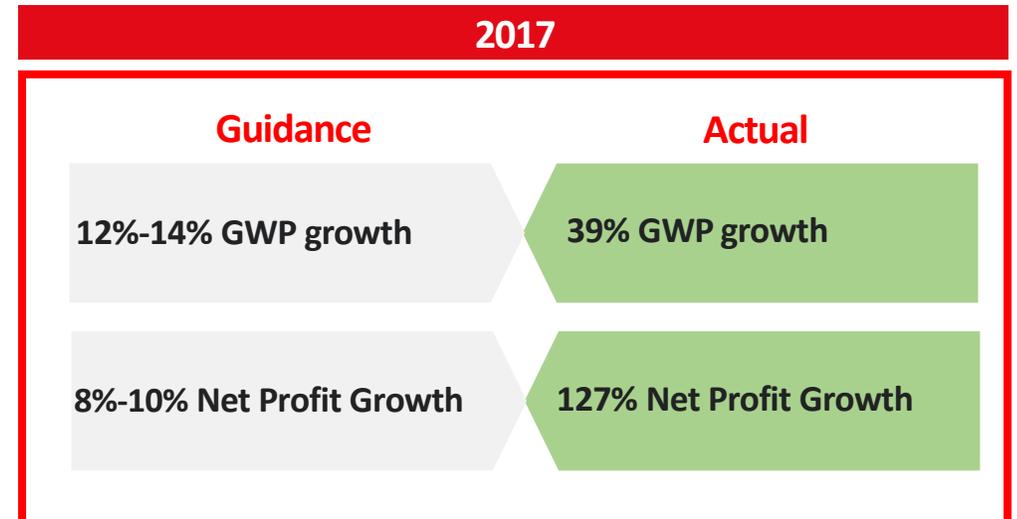
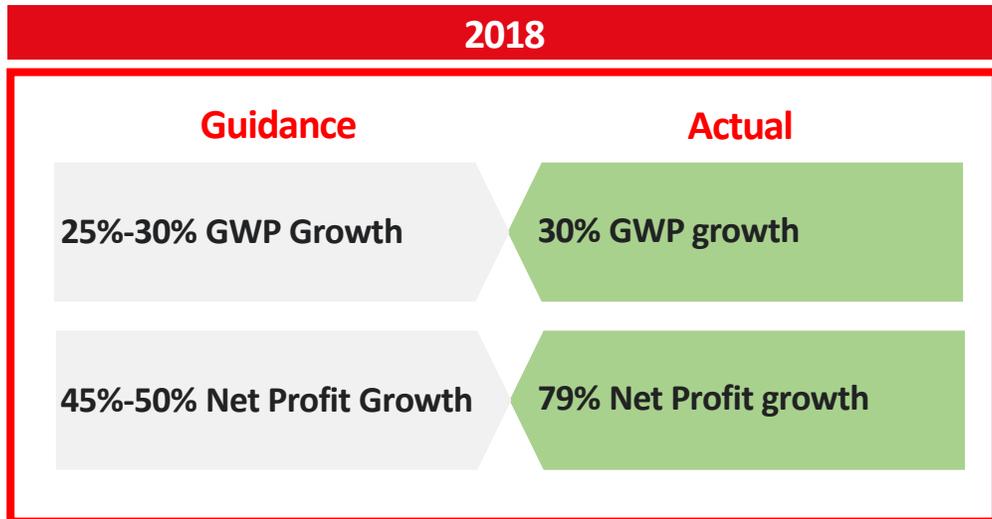
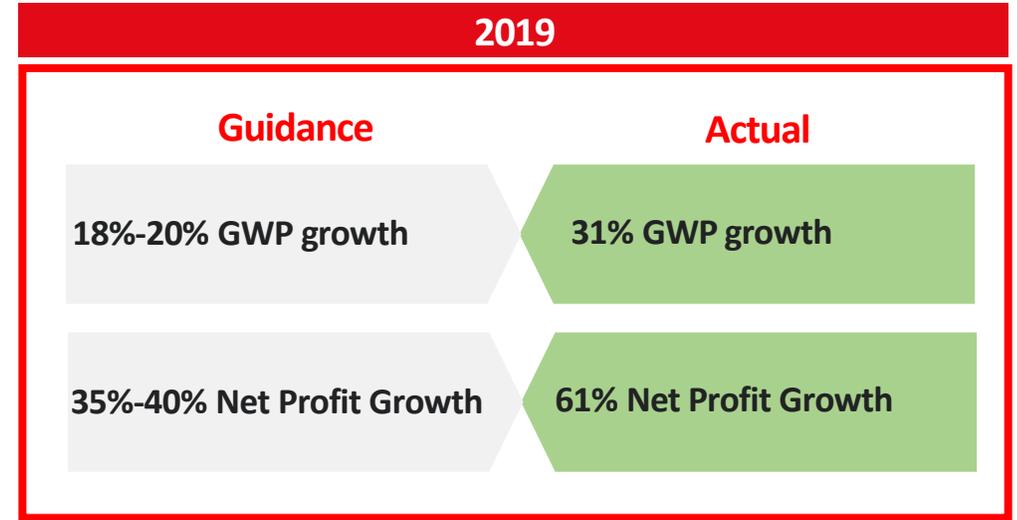
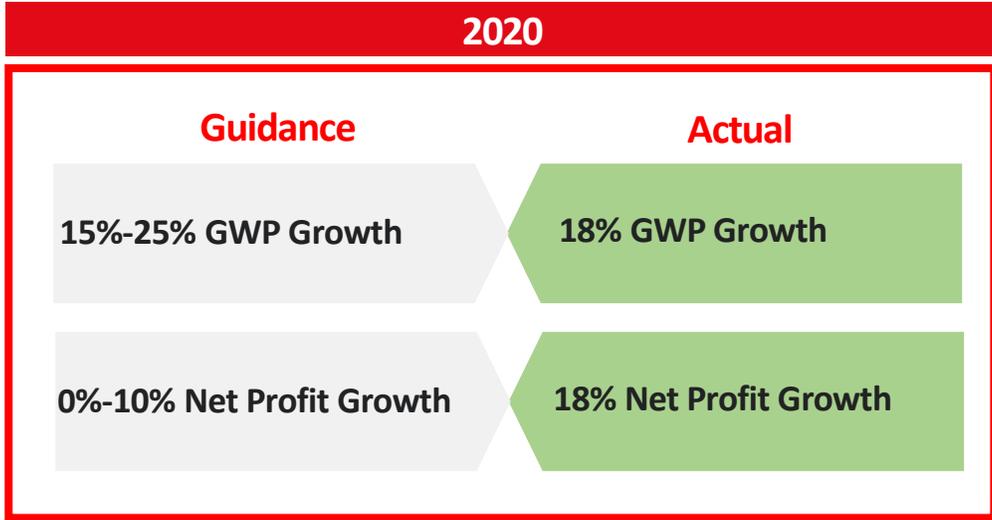
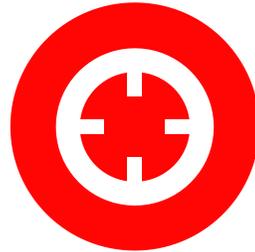
3. *What are the Risks & Opportunities?*

4. *2021 Guidance*

5. *Appendix*

Actual Performance vs. Guidance

Aksigorta overperformed annual guidance in the consecutive last 4 years



1. *Actual Performance vs. Guidance*

2. **Aksigorta Financials (in TFRS)**

3. *What are the Risks & Opportunities?*

4. *2021 Guidance*

5. *Appendix*

2020 Q4 – Financial Indicators (m TL) (YoY %)

1.736  28%	88  -18%	1.123  25%
Gross Written Premiums	Net Income	Total Equity

2020 Q4 – Operational Ratios (YoY pp)

72%  0pp	96%  0pp	5.620  22%	43%  -2pp
Net Loss Ratio	Net Combined Ratio	Total Assets	RoE

2020 Q4 – Financial Income (m TL)

3.280  26%	14%
AuM (year-end)	Avr. Annualized Yield

2020 YTD Q4 – Financial Indicators (m TL) (YoY %)

5.272 Gross Written Premiums	↑ 18%	432 Net Income	↑ 18%	1.123 Total Equity	↑ 25%
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2020 YTD Q4 – Operational Ratios (YoY pp)

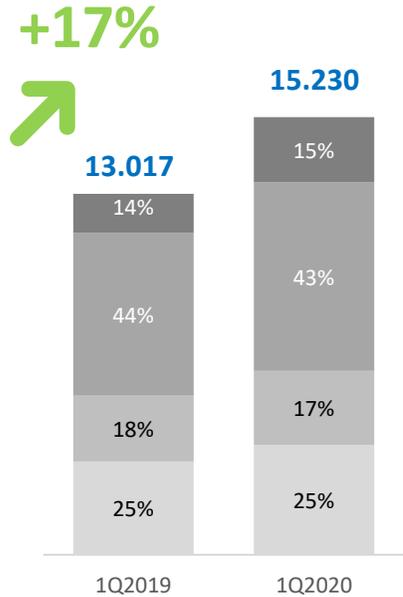
68% Net Loss Ratio	↓ -5pp	92% Net Combined Ratio	↓ -6pp	5.620 Total Assets	↑ 22%	43% RoE	↓ -2pp
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Dividend Payment Out of 2019 Net Profit (m TL)

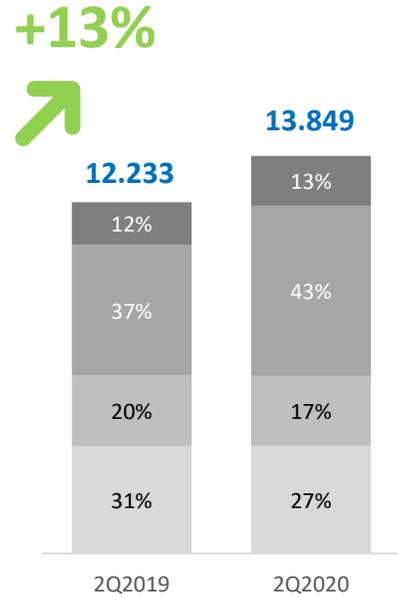
202 Dividend Paid	55% Pay-out Ratio
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Market GWP Distribution (%) (m TL)

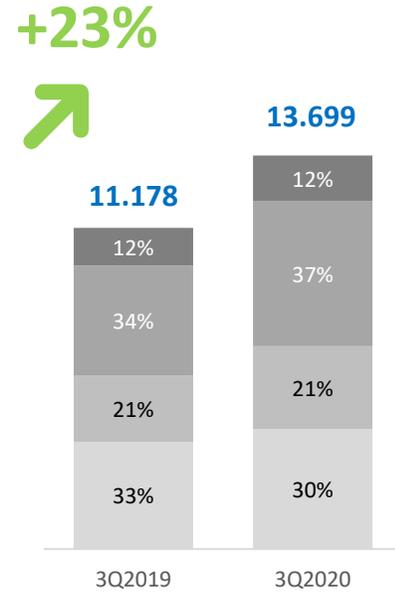
20Q1



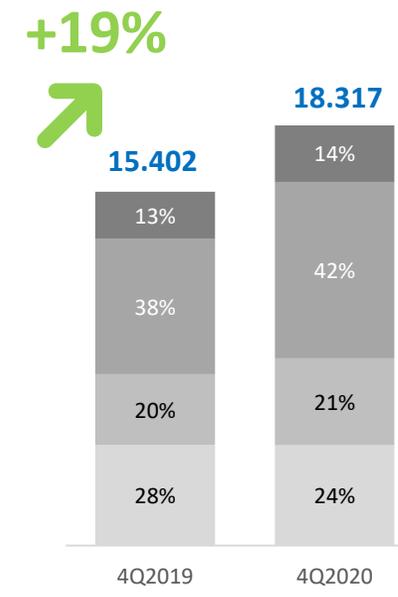
20Q2



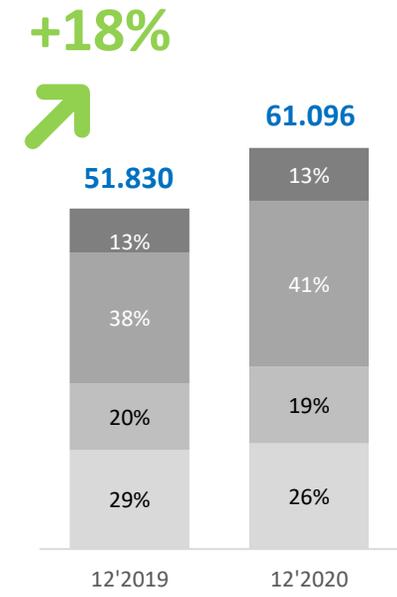
20Q3



20Q4



2020 YTD



YoY			
MTPL	MOD	Non-motor	Health
+17%	+13%	+16%	+25%
Agency	Bank	Corporate	Market
+17%	+19%	+18%	+17%

YoY			
MTPL	MOD	Non-motor	Health
0%	-1%	+30%	+19%
Agency	Bank	Corporate	Market
-3%	+1%	+55%	+13%

YoY			
MTPL	MOD	Non-motor	Health
+12%	+25%	+32%	+21%
Agency	Bank	Corporate	Market
+19%	+30%	+30%	+23%

YoY			
MTPL	MOD	Non-motor	Health
+0%	+23%	+31%	+21%
Agency	Bank	Corporate	Market
+15%	+15%	+38%	+19%

YoY			
MTPL	MOD	Non-motor	Health
+7%	+15%	+26%	+21%
Agency	Bank	Corporate	Market
+12%	+16%	+35%	+18%

Portfolio Share			
Agency	Bank	Corporate	Market
57%	16%	27%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
54%	12%	34%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
63%	13%	24%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
60%	15%	25%	100%

Portfolio Share			
Agency	Bank	Corporate	Market
59%	14%	27%	100%

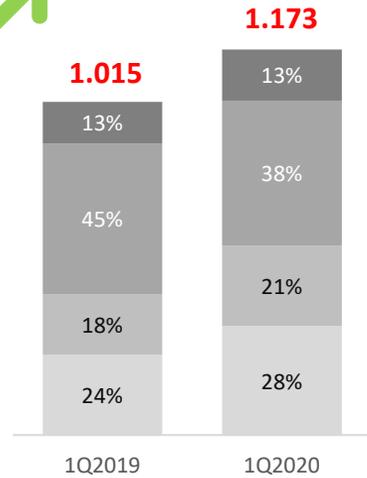
Note: Retro premiums from pools are excluded.

Health Non-motor MOD MTPL

Aksigorta GWP Distribution (%) (m TL)

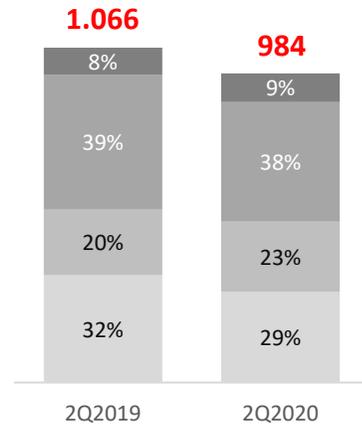
20Q1

+16%



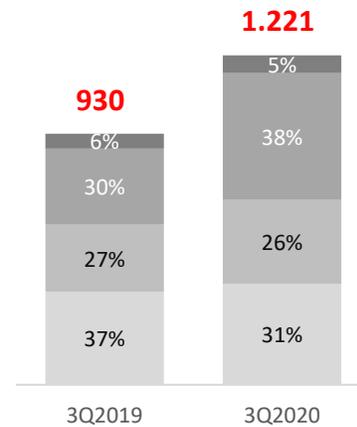
20Q2

-8%



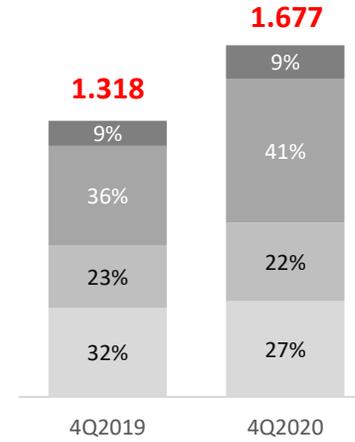
20Q3

+31%



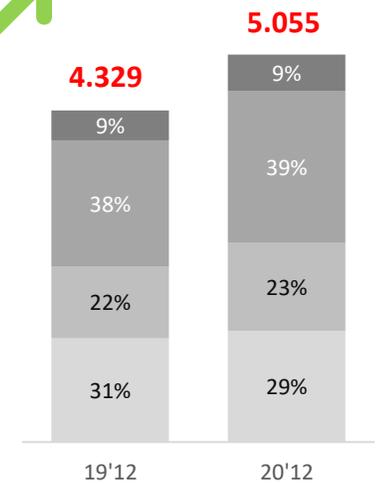
20Q4

+27%



2020 YTD

+17%



YoY			
MTPL	MOD	Non-motor	Health
+36%	+32%	-4%	+22%
Agency	Bank	Corporate	Company
+35%	+4%	-7%	+16%

Portfolio Share			
Agency	Bank	Corporate	Company
60%	12%	28%	100%

YoY			
MTPL	MOD	Non-motor	Health
-15%	+7%	-11%	+5%
Agency	Bank	Corporate	Company
-7%	-10%	-1%	-8%

Portfolio Share			
Agency	Bank	Corporate	Company
61%	11%	28%	100%

YoY			
MTPL	MOD	Non-motor	Health
+8%	+26%	+66%	+19%
Agency	Bank	Corporate	Company
+19%	+37%	65%	+31%

Portfolio Share			
Agency	Bank	Corporate	Company
59%	11%	30%	100%

YoY			
MTPL	MOD	Non-motor	Health
+7%	+25%	+45%	+32%
Agency	Bank	Corporate	Company
+18%	+1%	+83%	+27%

Portfolio Share			
Agency	Bank	Corporate	Company
60%	12%	28%	%100

YoY			
MTPL	MOD	Non-motor	Health
+7%	+23%	+20%	+21%
Agency	Bank	Corporate	Company
+15%	+6%	+30%	+17%

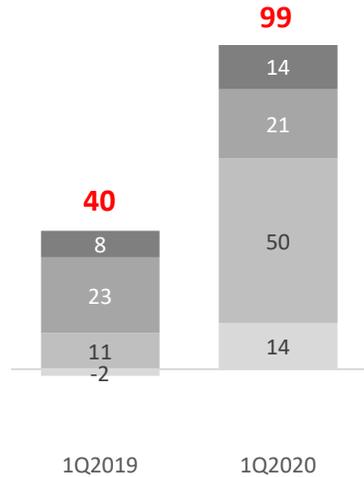
Portfolio Share			
Agency	Bank	Corporate	Company
60%	12%	28%	100%

Better performance in motor segment contributed to UW profitability

UWR business mix (TL m)

20Q1

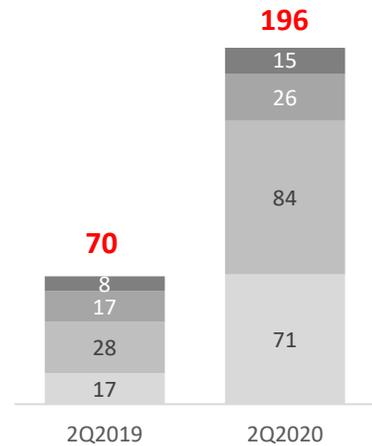
+148%
↗



UWM			
MTPL	MOD	Non-motor	Health
+4%	+22%	+5%	+13%
Agency	Bank	Corporate	Company
+9%	+27%	+6%	+9%

20Q2

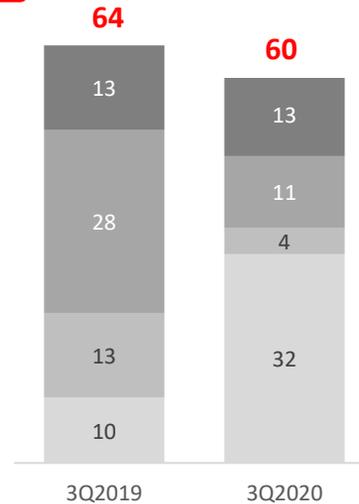
+179%
↗



UWM			
MTPL	MOD	Non-motor	Health
+19%	+34%	+6%	+14%
Agency	Bank	Corporate	Company
+20%	+27%	+9%	+17%

20Q3

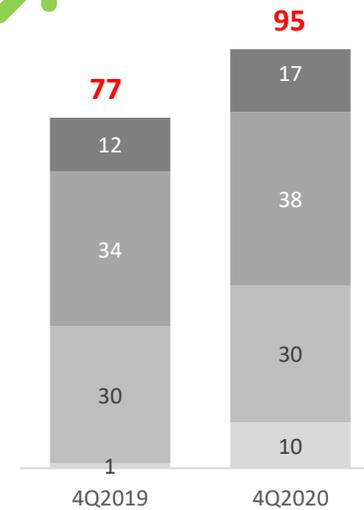
-7%
↘



UWM			
MTPL	MOD	Non-motor	Health
+8%	+1%	+3%	+12%
Agency	Bank	Corporate	Company
+4%	+29%	-1%	+5%

20Q4

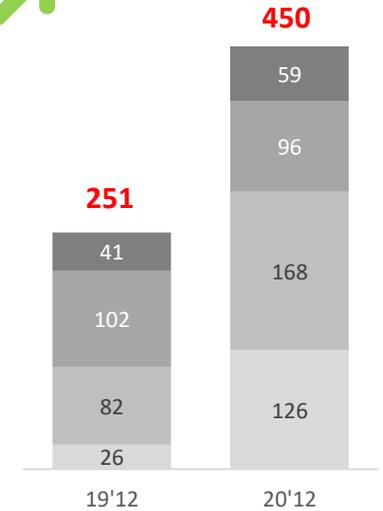
+23%
↗



UWM			
MTPL	MOD	Non-motor	Health
+2%	+11%	+8%	+16%
Agency	Bank	Corporate	Company
+6%	+27%	+7%	+8%

2020 YTD

+79%
↗



UWM			
MTPL	MOD	Non-motor	Health
+8%	+16%	+6%	+14%
Agency	Bank	Corporate	Company
+10%	+26%	+4%	+10%

UWM: UWR / Gross earned premiums

Health Non-motor MOD MTPL

Financial Performance

Keeping combined ratio below 100%

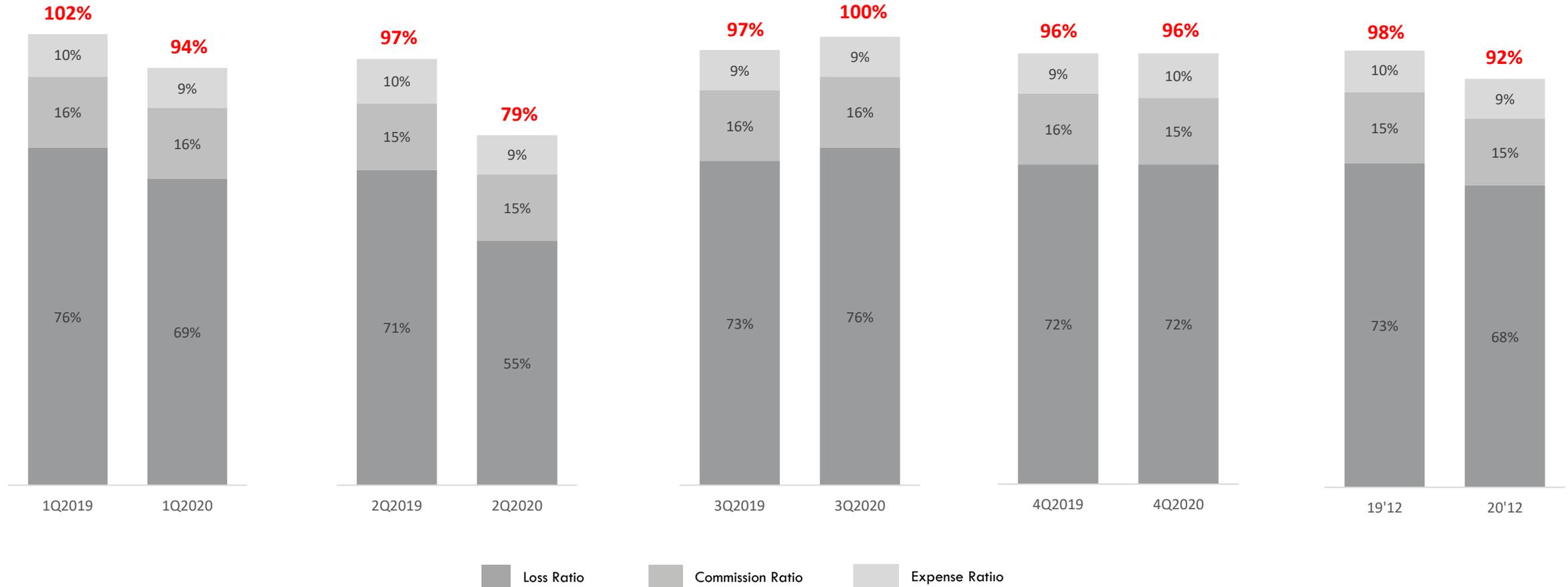
20Q1

20Q2

20Q3

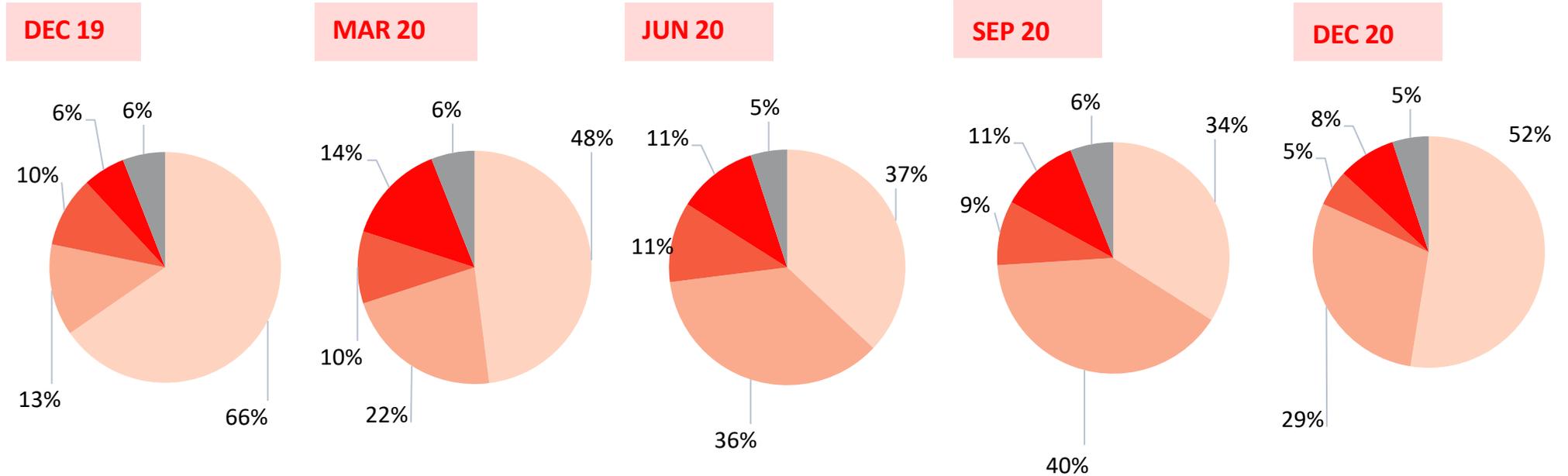
20Q4

2020 YTD



Financial Performance

As of Dec 2020, AuM has reached TL 3.3b with a 26% YoY growth



AuM	2,610m TL	2,580m TL	2,970m TL	3,065m TL	3,280m TL
Average annualized yield*	19%	10%	13%	11%	14%
Quarterly financial income**	120m TL	87m TL	101m TL	121m TL	89m TL

(*): Yield figures are net of BITT (BSMV), (**): Financial income includes FX gain / loss

Income Statement

Profit & Loss	20Q1	20Q2	20Q3	20Q4	2020	20Q4/20Q3	2020/2019
Gross Written Premiums	1.234	1.032	1.270	1.736	5.272	37%	18%
Gross Earned Premiums	1.100	1.152	1.186	1.264	4.702	7%	21%
Net Earned Premiums	638	655	675	692	2.660	3%	23%
Underwriting Result	99	196	60	95	450	59%	79%
Expenses	-57	-61	-58	-68	-244	17%	18%
Financial Income	81	96	118	83	378	-30%	-17%
Profit Before Tax	110	222	114	109	555	-4%	17%
Net Profit	89	169	86	88	432	2%	18%
Combined Ratio	94%	79%	100%	96%	92%	-4pp	-6pp
Loss Ratio	69%	55%	76%	72%	68%	-4pp	-5pp
Commission Ratio	16%	15%	16%	15%	15%	-1pp	0pp
Expense Ratio	9%	9%	9%	10%	9%	1pp	-1pp
UW Margin	9%	17%	5%	8%	10%	3pp	4pp

Balance Sheet

Balance Sheet (M TL)	20Q1	20Q2	20Q3	20Q4	20Q4/20Q3	2020/2019
Receivables	1.522	1.417	1.618	1.885	16%	22%
AUM	2.580	2.970	3.065	3.280	7%	26%
Total Assets	4.562	4.818	5.044	5.620	11%	22%
Reserves	2.719	2.730	2.942	3.166	8%	21%
Payables	874	877	807	946	17%	11%
Equity	726	942	995	1.123	13%	25%
Total Liabilities	4.562	4.818	5.044	5.620	11%	22%
RoE	46%	50%	48%	43%	-5pp	-2pp

Discounting of O/S claims is the major difference between two ledgers

as of December 2020 (TL m)	Equity	YTD P&L adjustment
TFRS result	1.123,2	432,3
Equalization reserve	96,6	0,9
Unexpired risk reserve	23,9	9,4
Unallocated loss adjustment expenses	-21,7	-2,5
Discounting of outstanding claims	-332,4	-79,7
Deferred tax	46,7	13,4
IFRS result	936,1	373,9

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Risks and opportunities are factored in our 2021 year-end guidance

Risks

- Downsizing economy limits insurance growth
- Decreasing UW profit margin due to competition
- Uncertainty, high volatility on currency and interest rates
- Decrease in interest rates
- Natural disasters due to climate change (e.g.: hail and flood, EQ etc.)
- Possible churn in individual segments due spending cut offs
- Sudden increase in mobility and use of private cars instead of public transportation with easing of restrictions

Opportunities

- Increase in interest rates
- Increasing new vehicle and mortgage home sales
- Pandemic enabling new products opportunities in health and revealing of interest to health insurance
- 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

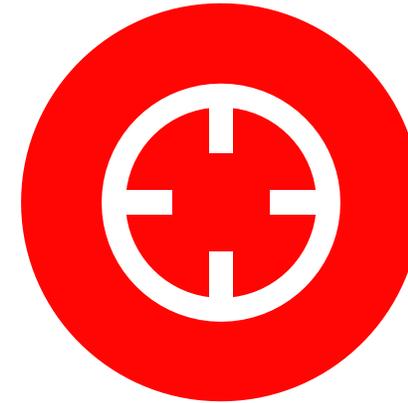
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Earnings Guidance

Risks and opportunities are factored in our 2021 year-end guidance

15%-25% growth in GWP

10%-20% increase in Net Profit



Return on Equity

30%+

Market Cap

1.0Bn USD

Net Combined Ratio

95%

Market Share

10%

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Income Statement in IFRS

Profit & Loss	20Q1	20Q2	20Q3	20Q4	2020	20Q4/20Q3	2020/2019
Gross Written Premiums	1.234	1.032	1.270	1.736	5.272	37%	18%
Gross Earned Premium	1.100	1.152	1.186	1.264	4.702	7%	21%
Net Earned Premiums	638	655	675	692	2.660	3%	23%
Underwriting Result	75	191	35	77	378	119%	110%
Expenses	-57	-61	-58	-68	-244	17%	18%
Financial Income	81	96	118	83	378	-30%	-17%
Profit Before Tax	93	214	87	89	483	3%	21%
Net Profit	71	165	67	71	374	7%	19%
Combined Ratio	98%	80%	104%	99%	95%	-5pp	-6pp
Loss Ratio	73%	56%	79%	74%	71%	-5pp	-5pp
Commission Ratio	16%	15%	16%	15%	15%	-1pp	0pp
Expense Ratio	9%	9%	9%	10%	9%	1pp	-1pp
UW Margin	7%	17%	3%	6%	8%	3pp	3pp

Balance Sheet in IFRS

Balance Sheet (M TL)	20Q1	20Q2	20Q3	20Q4	20Q4/20Q3	2020/2019
Receivables	1.522	1.417	1.618	1.885	16%	22%
AUM	2.580	2.970	3.065	3.280	7%	26%
Total Assets	4.601	4.857	5.161	5.697	10%	23%
Reserves	2.904	2.920	3.157	3.399	8%	23%
Payables	733	783	807	946	17%	35%
Equity	579	791	824	936	14%	22%
Total Liabilities	4.601	4.857	5.161	5.697	10%	23%
RoE	46%	52%	50%	44%	-6pp	0pp

Technical Result Bridge btw TFRS & Management Reporting

	Technical result in TFRS	Re-classifications							UW result in management reporting
		1	2	3	4	5	6	7	
Net earned premiums	2,746	-15	-71						2,660
Claims, net (*)	-1,782			52	-39	-37			-1,806
Other technical income and expense	-70	15	71	-52	36				-
Commissions, net							-405		-405
General expenses	-598						598		-
Allocated financial income	398							-398	-
Total	695	-	-	-	-3	-37	193	-398	450

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 subject to UWR in management reporting)

(*) Claims, net in CMB reporting includes non-life technical expenses, namely incurred claims, bonus and rebates and other reserve provisions

Capital Adequacy

Capital adequacy	Dec '19	Mar '20	Jun '20	Sep '20	Dec '20
Required capital	771	857	923	971	953
Asset risk	282	338	399	420	388
Reinsurance risk	78	83	75	78	81
Reserve risk	89	96	104	115	115
UW risk	312	328	324	337	350
FX risk	10	12	21	21	18
Available capital	994	819	1,034	1,094	1,220
Capital adequacy ratio	129%	95%	112%	113%	128%

Main drivers:

by asset size

by re-insurance portfolio

by growth

by growth

by fx exposure

The Covid-19 is a systematic risk that is unavoidable



Cash flows

Due to slowing down in mobility, trade and economic activities we foresee that the cash flows will be the biggest challenge in the coming periods.

We don't see any risk in our business since:

- 63% of our receivables have a credit card collateral,
- 5% of our receivables are collected via bank accounts,
- 10% of our receivables has other collaterals (such as letter of credit, cash etc.) provided by agency,
- Our bad debt ratio is less than 0,02%



Asset devaluations

Equity markets decreased by 30-40% all over the world. Weight of equities in our investment portfolio was limited at 6%.



Business continuity

is also another risk we all face today. Thanks to our last 10 years of investment in IT; 100% of our teams work home office very efficiently.



Health

Underwriting result in health business is not affected by Covid-19 due to full reinsurance.



Economic slowdown

New business sales get hurt but we do not foresee a major decline in our renewals.



Decline in claim frequency

Slowdown in mobility (curfews, lockdowns) leads to lower claim frequency in Motor.

MTPL	Motor Third Party Liability
MOD	Motor Own Damage Gross
GWP	Written Premiums Net
NEP	Earned Premiums
UWR	Underwriting Result
LoB	Line of Business
TCIP	Turkish Catastrophic Insurance Pool
FI	Financial Income
AUM	Asset Under Management
FTE	Full-Time Employee
HC	Headcount
UWM	Underwriting margin, Underwriting Result as a share in NEP
Tech. Result	Technical Result = UWR + Financial Income + Expenses
Tech. Margin	Margin, Technical Result as a share in NEP
Ceded Premiums Net	Premiums transferred to reinsurers
Written Premiums	Premiums net of reinsurer share
Retention Ratio	Net Written Premiums as a share in GWP
Combined Ratio	Total of Loss ratio, commission ratio and expense ratio

Thank you!

IR Officer

Zeynep Eroktem

Contact No

00902162809761

Email Address

zeynep.eroktem@aksigorta.com.tr

AKSigorta

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