

# Aksigorta Q4 Earnings Call Presentation

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**AKSigorta**  
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## **1. Actual Performance vs. Guidance**

2. *Aksigorta Financials (in TFRS)*

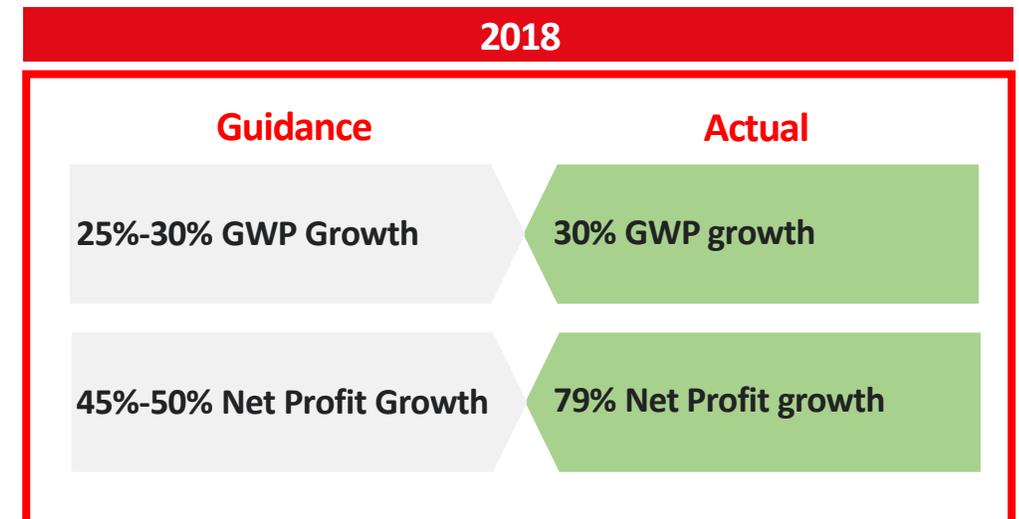
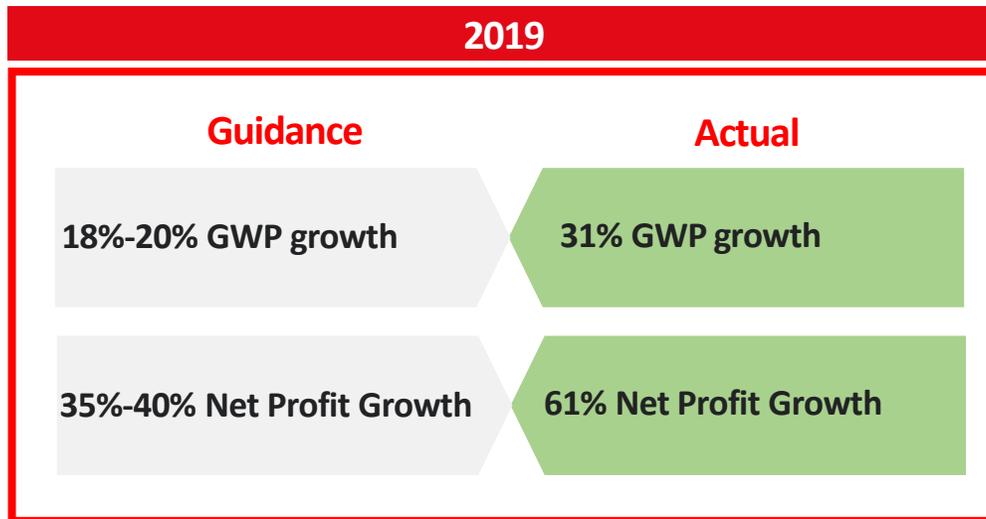
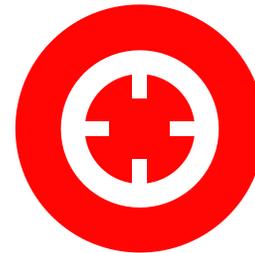
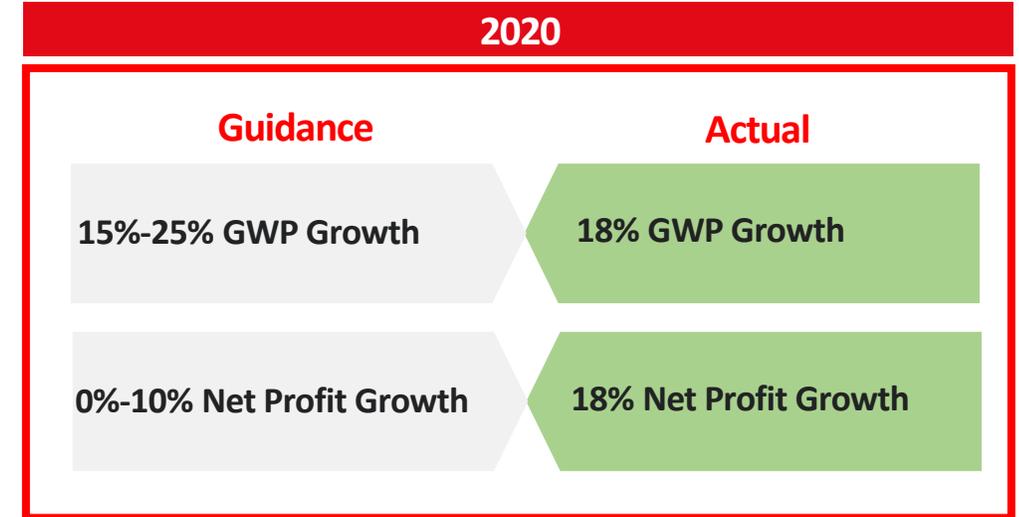
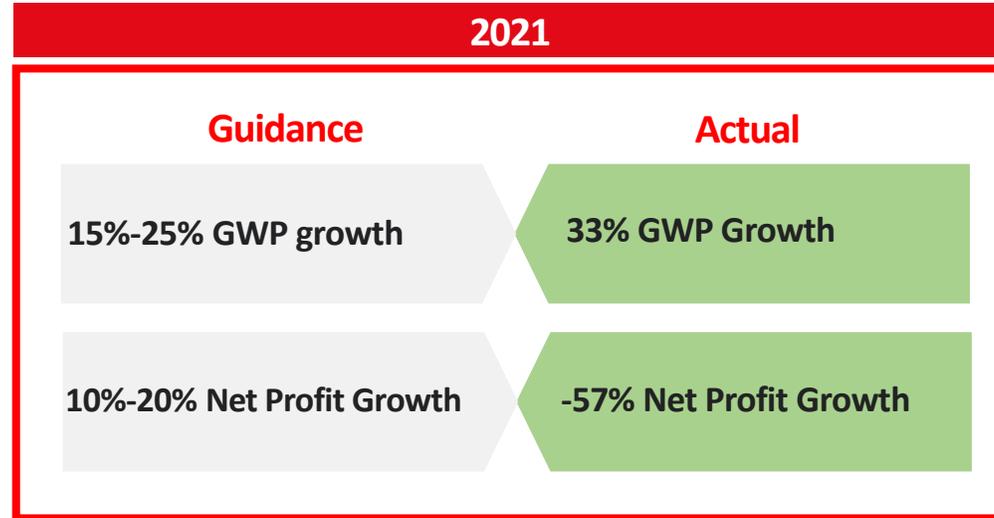
3. *What are the Risks & Opportunities?*

4. *Income Mix*

5. *Appendix*

# Actual Performance vs. Guidance

Aksigorta overperformed annual guidance except for 2021 in the last consecutive 4 years



1. *Actual Performance vs. Guidance*

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

3. *What are the Risks & Opportunities?*

4. *Income Mix*

5. *Appendix*

## 2021 – Financial Indicators (m TL) (YoY %)

<b>6.988</b> Gross Written Premiums	<b>↑ 33%</b>	<b>189</b> Net Income	<b>↓ -57%</b>	<b>1.049</b> Total Equity	<b>↓ -13%</b>
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## 2021 – Operational Ratios (YoY pp)

<b>96%</b> Net Loss Ratio	<b>↑ 28pp</b>	<b>118%</b> Net Combined Ratio	<b>↑ 26pp</b>	<b>8,5%</b> Market Share	<b>↑ 0.2pp</b>	<b>17%</b> RoE	<b>↓ -24pp</b>
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## 2021 – Financial Income (m TL)

<b>4.043</b> AuM	<b>↑ 23%</b>	<b>18%</b> Avr. Annualized Yield	<b>861</b> Financial Income	<b>↑ 128%</b>
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## Market GWP Distribution (%) (m TL)

21Q1

21Q2

21Q3

21Q4

2021

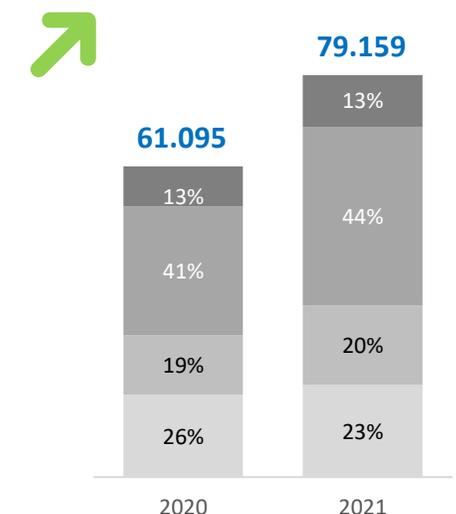
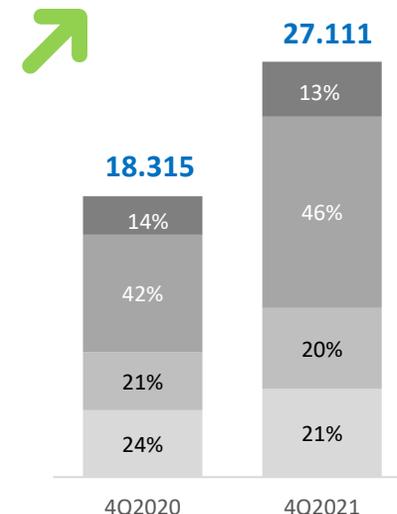
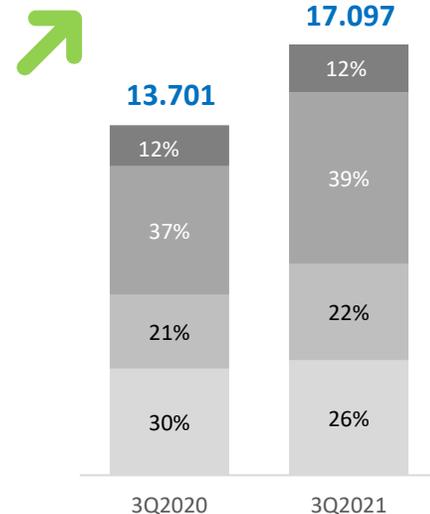
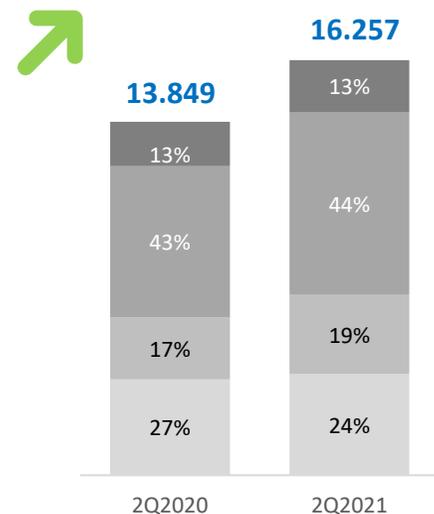
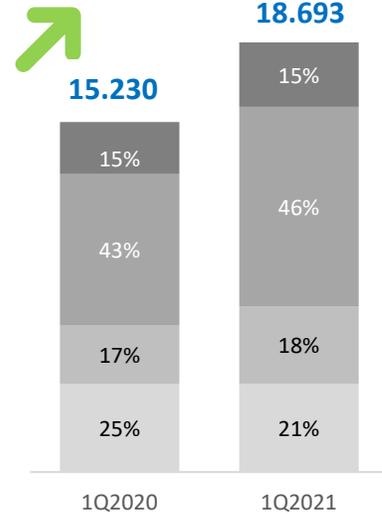
+23%

+17%

+25%

+48%

+30%



Portfolio Share

YoY			
MTPL	MOD	Non-motor	Health
+1%	+31%	+32%	+24%
Agency	Bank	Corporate	Market
+16%	+24%	+35%	+23%

Portfolio Share			
Agency	Bank	Corporate	Market
54%	17%	29%	100%

YoY			
MTPL	MOD	Non-motor	Health
+6%	+29%	+20%	+18%
Agency	Bank	Corporate	Market
+30%	+38%	-7%	+17%

Portfolio Share			
Agency	Bank	Corporate	Market
60%	14%	26%	100%

YoY			
MTPL	MOD	Non-motor	Health
+8%	+32%	+32%	+33%
Agency	Bank	Corporate	Market
+23%	+19%	+33%	+25%

Portfolio Share			
Agency	Bank	Corporate	Market
62%	13%	25%	100%

YoY			
MTPL	MOD	Non-motor	Health
+32%	+40%	+63%	+44%
Agency	Bank	Corporate	Market
41%	46%	56%	+48%

Portfolio Share			
Agency	Bank	Corporate	Market
58%	15%	27%	100%

YoY			
MTPL	MOD	Non-motor	Health
+12%	+34%	+39%	+30%
Agency	Bank	Corporate	Market
28%	33%	29%	+30%

Portfolio Share			
Agency	Bank	Corporate	Market
58%	15%	27%	100%

## Aksigorta GWP Distribution (%) (m TL)

21Q1

21Q2

21Q3

21Q4

2021

+28%

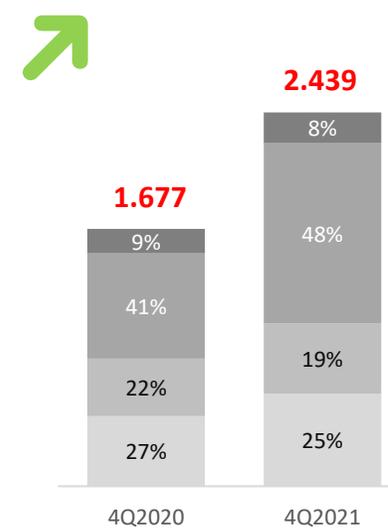
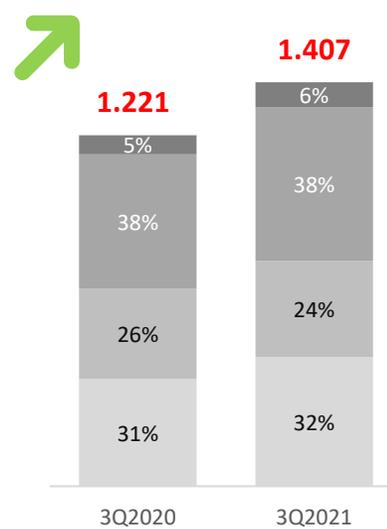
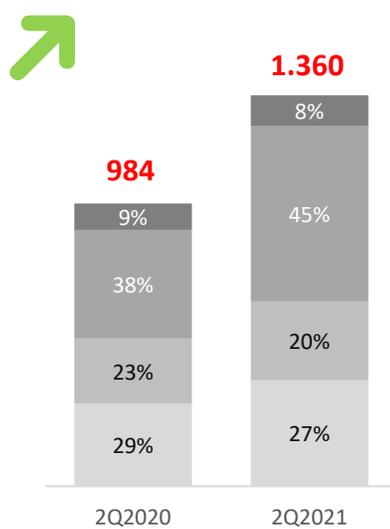
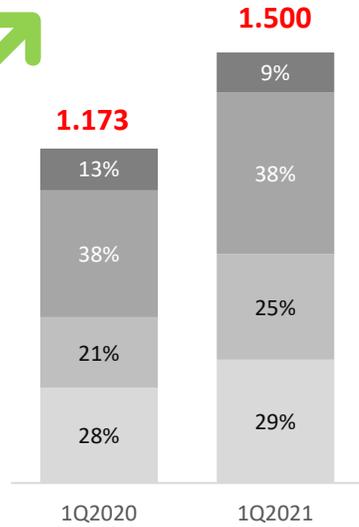
+38%

+15%

+45%

+33%

Portfolio Share



YoY			
MTPL	MOD	Non-motor	Health
+29%	+50%	+28%	-11%
Agency	Bank	Corporate	Company
+35%	+11%	+20%	+28%

YoY			
MTPL	MOD	Non-motor	Health
+28%	+22%	+61%	+15%
Agency	Bank	Corporate	Company
+30%	+36%	+55%	+38%

YoY			
MTPL	MOD	Non-motor	Health
+20%	+7%	+14%	+32%
Agency	Bank	Corporate	Company
+22%	+20%	+3%	+16%

YoY			
MTPL	MOD	Non-motor	Health
+32%	+23%	+71%	+26%
Agency	Bank	Corporate	Company
40%	33%	60%	+45%

YoY			
MTPL	MOD	Non-motor	Health
+28%	+24%	+46%	+13%
Agency	Bank	Corporate	Company
33%	25%	35%	+33%

Portfolio Share			
Agency	Bank	Corporate	Company
64%	10%	26%	100%

Portfolio Share			
Agency	Bank	Corporate	Company
58%	10%	32%	100%

Portfolio Share			
Agency	Bank	Corporate	Company
62%	11%	27%	100%

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

Portfolio Share			
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60%	11%	29%	100%

# 4Q21 Net Profit Actual vs. Expectation

(TL m)	
<b>4Q21 SFRS Net Profit - Market Expectation</b>	<b>135</b>
Claim cost inflation	-382
MOD claim inflation	-222
MTPL claim inflation	-161
Change in minimum wage – impact on MTPL and GTPL profitability	-250
Unexpired risk reserve	-78
Change in general conditions of MTPL (Constitutional Court – AYM)	-55
Higher in financial income	226
Change in outstanding claims reserve official discount rate (from 9% to 14%)	202
Medmal reserve update (due to change in regulation)	43
Litigation win ratio outstanding claims discount	37
Discounting of outstanding claims (except MTPL, GTPL branches – already subject to discount)	22
Tax impact	59
<b>4Q21 SFRS Net Profit – Disclosed</b>	<b>-42</b>

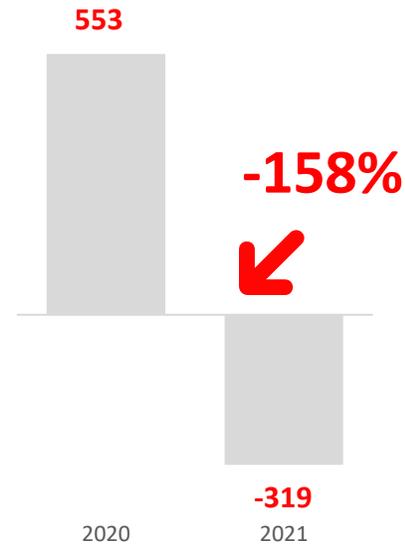
# UWR and Combined Ratio Development

Decreasing positive impact of lock-down, big claims in non-motor, unexpected rate of minimum wage increase and hike in Motor claim costs with TL devaluation and inflation led to a YoY decline in 2021 UW result

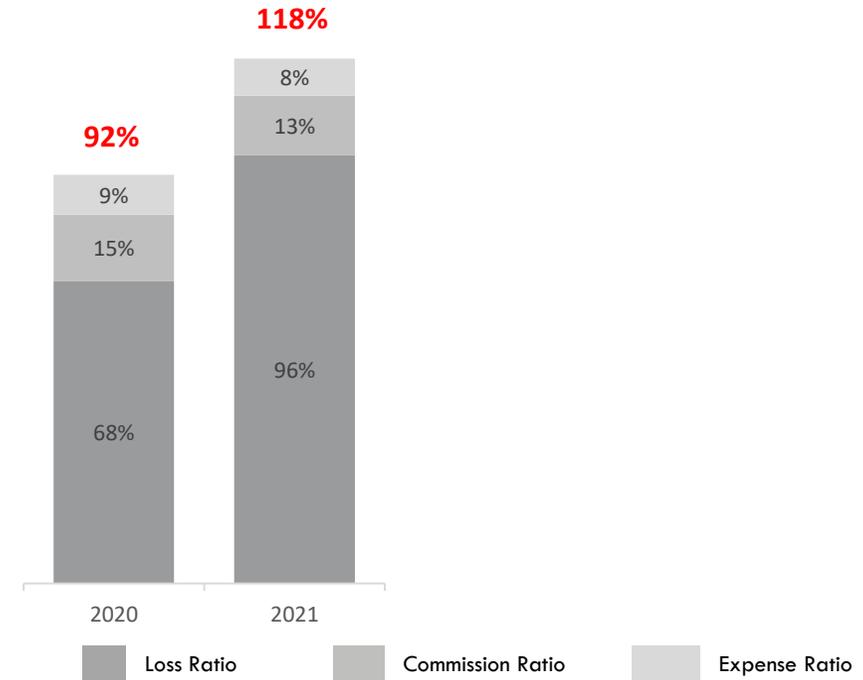
## UWR and Combined Ratio (TL m; %)

### UW Margin

UWM	
2020	2021
+12%	-5%

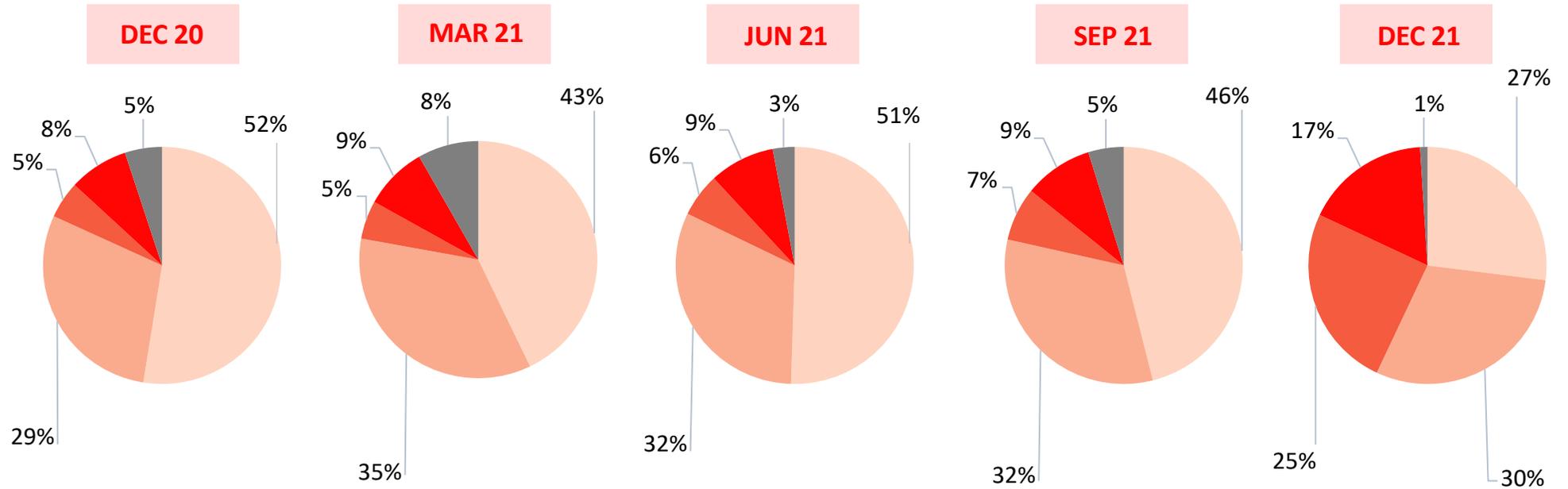


### Combined Ratio



# Financial Income Development

As of December 2021, AuM has reached TL 4.0b with 23% YoY growth



<b>AuM TL</b>	<b>3,280m TL</b>	<b>3,250m TL</b>	<b>3,671m TL</b>	<b>3,838m TL</b>	<b>4,043m TL</b>
<b>Average annualized yield*</b>	<b>14%</b>	<b>16%</b>	<b>16%</b>	<b>18%</b>	<b>26%</b>
<b>Quarterly financial income**</b>	<b>89m TL</b>	<b>154m TL</b>	<b>141m TL</b>	<b>166m TL</b>	<b>420m TL</b>

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

# Income Statement

	2020	2021	2021/2020
<b>Gross Written Premiums</b>	5.272	6.988	33%
<b>Gross Earned Premiums</b>	4.702	5.976	27%
<b>Net Earned Premiums</b>	2.660	3.253	22%
<b>Underwriting Result</b>	553	-319	-158%
<b>Expenses</b>	-244	-271	11%
<b>Financial Income</b>	378	861	128%
<b>Profit Before Tax</b>	562	295	-48%
<b>Net Profit</b>	<b>444</b>	<b>189</b>	<b>-57%</b>
<b>Combined Ratio</b>	<b>92%</b>	<b>118%</b>	<b>26pp</b>
<b>Loss Ratio</b>	68%	96%	28pp
<b>Commission Ratio</b>	15%	13%	-2pp
<b>Expense Ratio</b>	9%	8%	-1pp
<b>UW Margin</b>	<b>12%</b>	<b>-5%</b>	<b>-17pp</b>

Balance Sheet (M TL)	2020	2021	2021/2020
Receivables	1.143	1.578	38%
AUM	3.280	4.043	23%
<b>Total Assets</b>	<b>5.600</b>	<b>7.388</b>	<b>32%</b>
Reserves	3.062	4.193	37%
Payables	1.020	1.658	63%
Equity	1.201	1.049	-13%
<b>Total Liabilities</b>	<b>5.600</b>	<b>7.388</b>	<b>32%</b>
RoE	41%	17%	-24pp

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

as of December 2021 (TL m)	Equity	YTD P&L adjustment
<b>TFRS result</b>	<b>1.049</b>	<b>189</b>
Equalization reserve	118	21
Unexpired risk reserve	93	69
Unallocated loss adjustment expenses	-29	-7
Discounting of outstanding claims	0	135
Litigation Win Ratio outstanding claims discount	-127	-37
Deferred tax	-24	-44
<b>IFRS result</b>	<b>1.081</b>	<b>327</b>

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## Risks

- Decreasing UW profit margin due to claim cost inflation
- Negative real interest rates limit financial income
- Downsizing economy limits insurance growth
- Uncertainty, high volatility on currency
- Natural disasters due to climate change (e.g.: hail, flood, fire, EQ etc.)
- Possible churn in individual segments due spending cut offs
- Deferred effect of producer price increase 93,5% on inflation
- Increase in FX rates makes stress on MOD claim cost

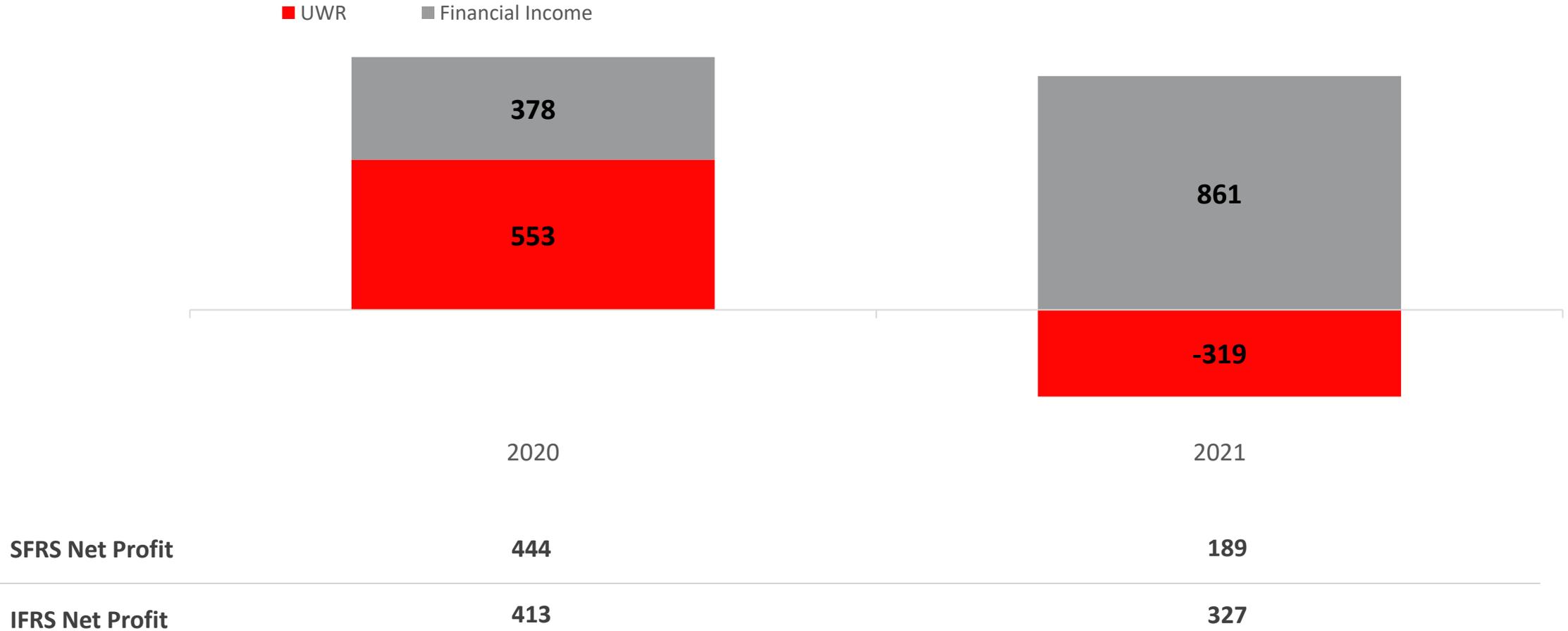
## Opportunities

- 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
- Increase in interest rates

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# Competitive advantages

Because of macro economic instability both financial income and UW income is under stress «double-dip scenario»



## Return on Equity

**30%+**

## Net Combined Ratio

**95%**

## Market Share

**10%**

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# Income Statement in IFRS

	2020	2021	2021/2020
<b>Gross Written Premiums</b>	5.272	6.988	33%
<b>Gross Earned Premiums</b>	4.702	5.976	27%
<b>Net Earned Premiums</b>	2.660	3.253	22%
<b>Underwriting Result</b>	431	-137	-132%
<b>Expenses</b>	-244	-271	11%
<b>Financial Income</b>	378	861	128%
<b>Profit Before Tax</b>	536	434	-19%
<b>Net Profit</b>	<b>413</b>	<b>327</b>	<b>-21%</b>
<b>Combined Ratio</b>	<b>93%</b>	<b>113%</b>	<b>20pp</b>
<b>Loss Ratio</b>	69%	91%	22pp
<b>Commission Ratio</b>	15%	13%	-2pp
<b>Expense Ratio</b>	9%	8%	-1pp
<b>UW Margin</b>	<b>9%</b>	<b>-2%</b>	<b>-11pp</b>

Balance Sheet (M TL)	2020	2021	2021/2020
Receivables	1.143	1.578	38%
AUM	3.280	4.043	23%
<b>Total Assets</b>	<b>8.911</b>	<b>11.711</b>	<b>31%</b>
Reserves	6.836	8.870	30%
Payables	1.020	1.658	63%
Equity	1.094	1.081	-1%
<b>Total Liabilities</b>	<b>8.911</b>	<b>11.711</b>	<b>31%</b>
RoE	42%	30%	-12pp

# 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	3.363	-26	-84	-	-	-	-	-	3.253
Claims, net (*)	-3.071			98	-98	-63	-	-	-3.134
Other technical income and expense	-167	26	84	-98	91	63	-	-	-
Commissions, net	-	-	-	-	-	-	-437	-	-437
General expenses	-671	-	-	-	-	-	671	-	-
Allocated financial income	881	-	-	-	-	-	-	-881	-
<b>Total</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-7</b>	<b>-</b>	<b>247</b>	<b>-881</b>	<b>-319</b>

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
TCIP	Turkish Catastrophic Insurance Pool
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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