

2017 Third Quarter

Financial Results

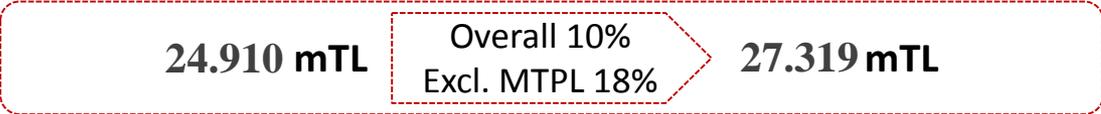
Earnings Call Presentation



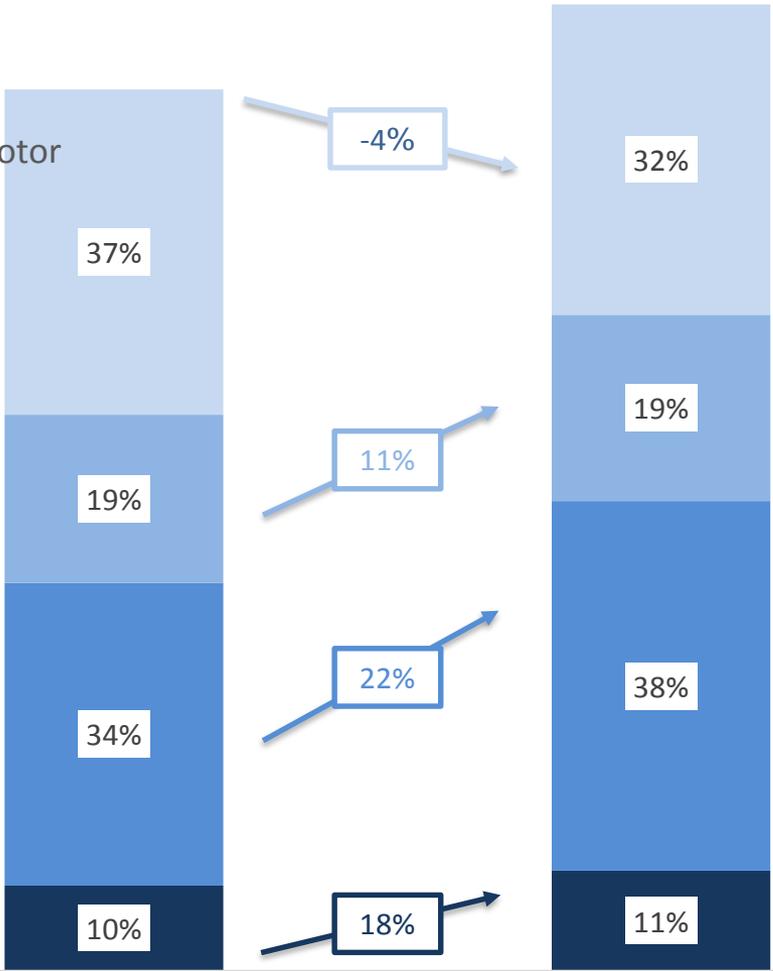
AKSigorta
Think well, live well!

Non-Motor is the driver of the growth in the Market

Premiums in the Market



- MTPL
- MOD
- Non-Motor
- Health



Motor Third Party Liability

- Compulsory motor product.
- 77% penetration in 22m motor vehicles.
- Average price is 20% lower than it was in Sept 2016.
- 2017 vs 2016 Q3 growth is 11% .

Motor Own Damage

- 27% penetration in 22m motor vehicles.
- Average price is around 2016 September levels.
- 2017 vs 2016 Q3 growth is 17%.

Non Motor

- 2017 vs 2016 Q3 growth is 22%.

Health

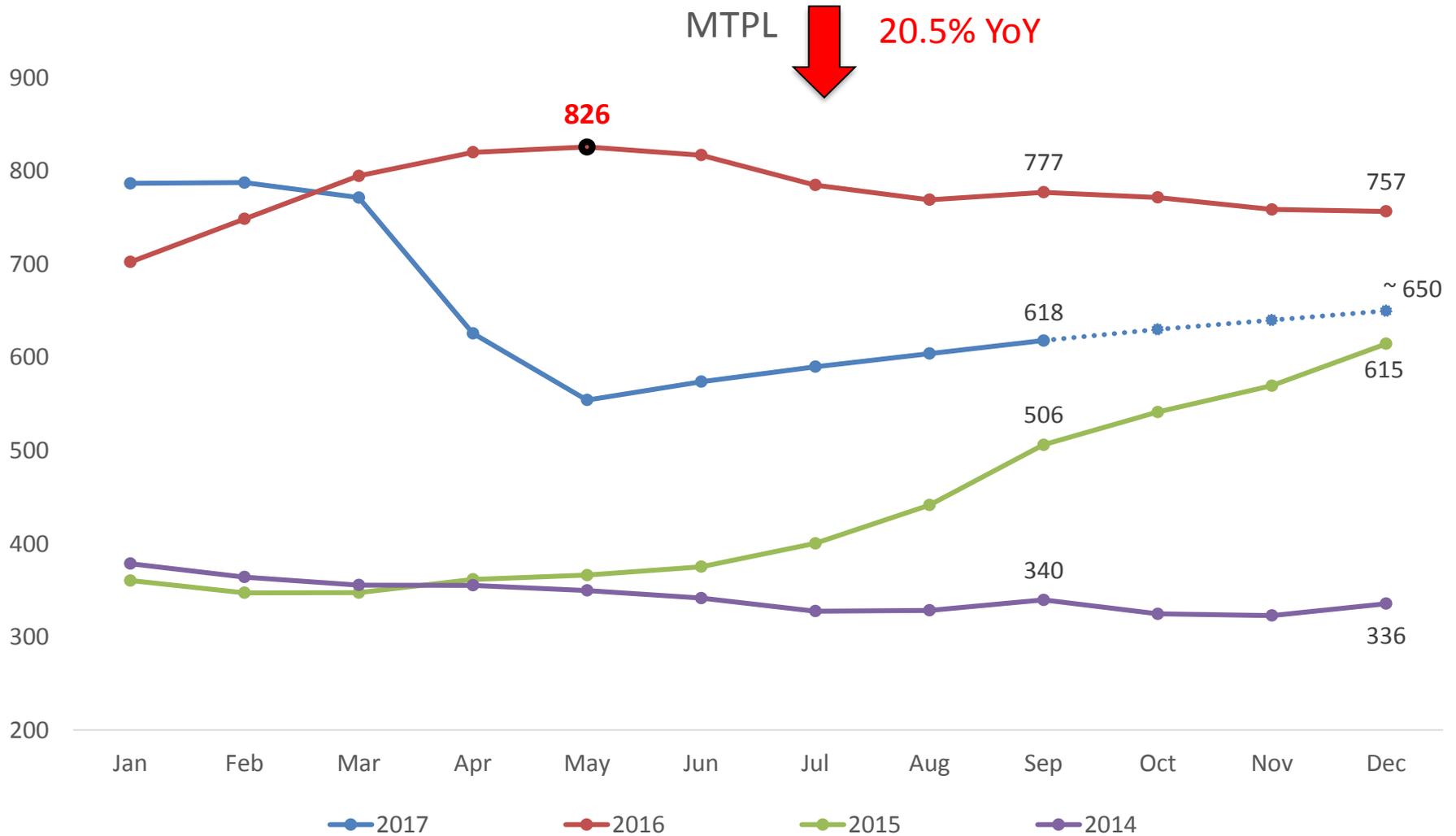
- 4,2% penetration in 80m population.
- 2017 vs 2016 Q3 growth is 23%.



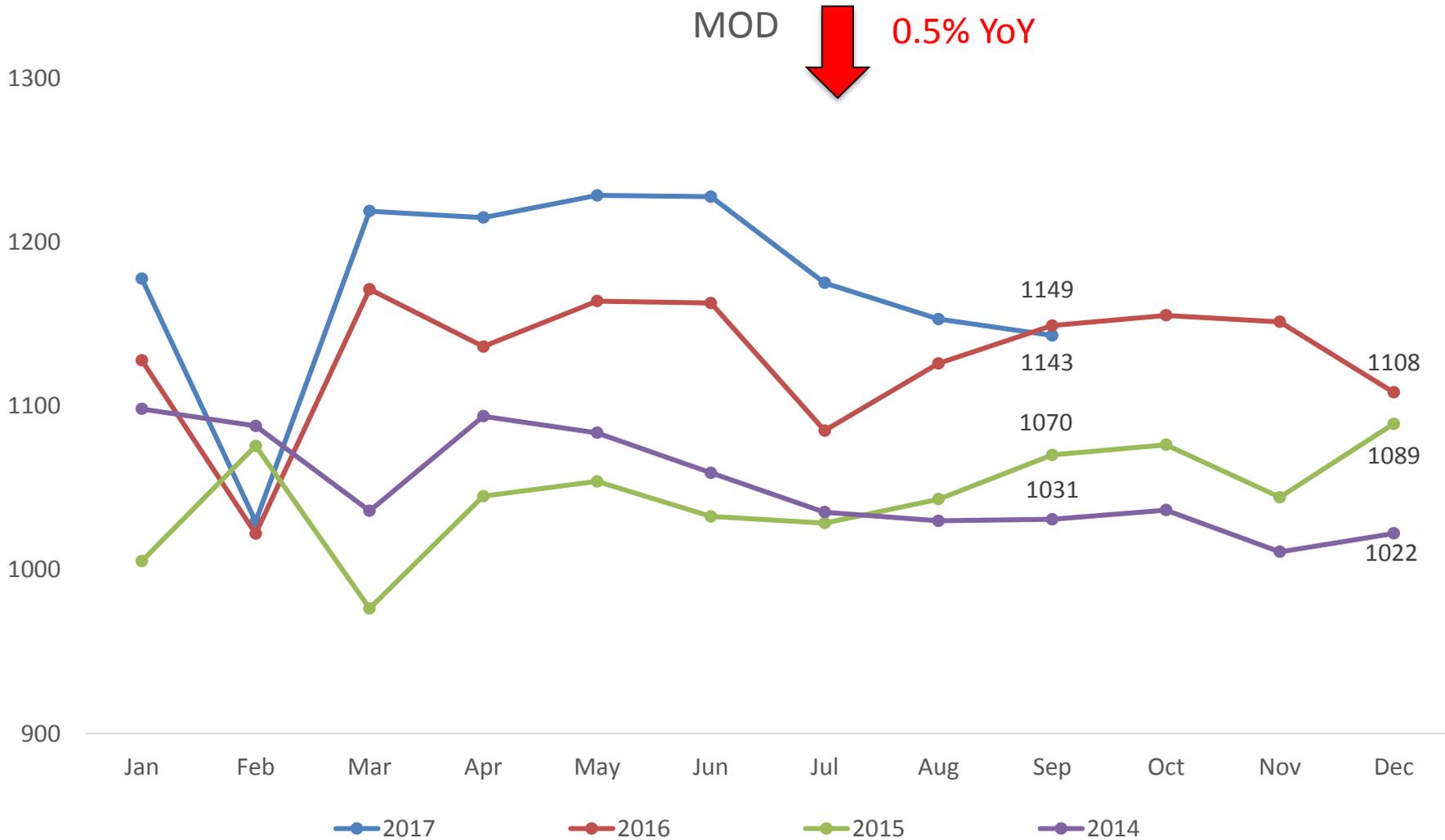
Penetration Ratios

(in Millions)	2016'09			2017'09			Change
Penetration Rates	# of Insurable	# of Insured	% penetration	# of Insurable	# of Insured	% penetration	
MTPL	20,8	16,1	77,2%	22,0	17,1	77,6%	0,4 pp
<i>Automobile</i>	11,1	9,9	89,4%	11,9	10,6	89,5%	0,1 pp
<i>LCVs</i>	3,4	2,9	85,8%	3,6	3,1	86,3%	0,5 pp
<i>Others</i>	6,3	3,2	51,0%	6,5	3,3	51,1%	0,1 pp
MOD	20,8	5,6	26,8%	22,0	5,8	26,5%	-0,3 pp
<i>Automobile</i>	11,1	3,8	33,9%	11,9	4,0	33,6%	-0,3 pp
<i>LCVs</i>	3,4	1,0	28,4%	3,6	1,0	27,0%	-1,4 pp
<i>Others</i>	6,3	0,8	13,2%	6,5	0,9	13,2%	-0,1 pp
TCIP	17,7	7,5	42,3%	17,7	8,1	46,1%	3,8 pp
HEALTH	78,7	2,8	3,5%	79,8	3,3	4,2%	0,6 pp

Average Premium in the Market - MTPL

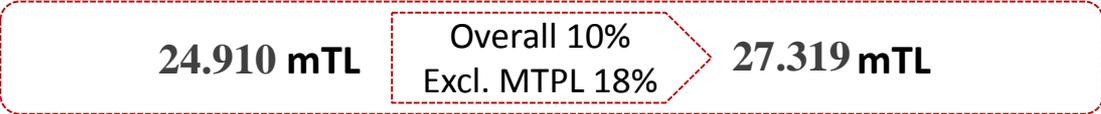


Average Premium in the Market - MOD

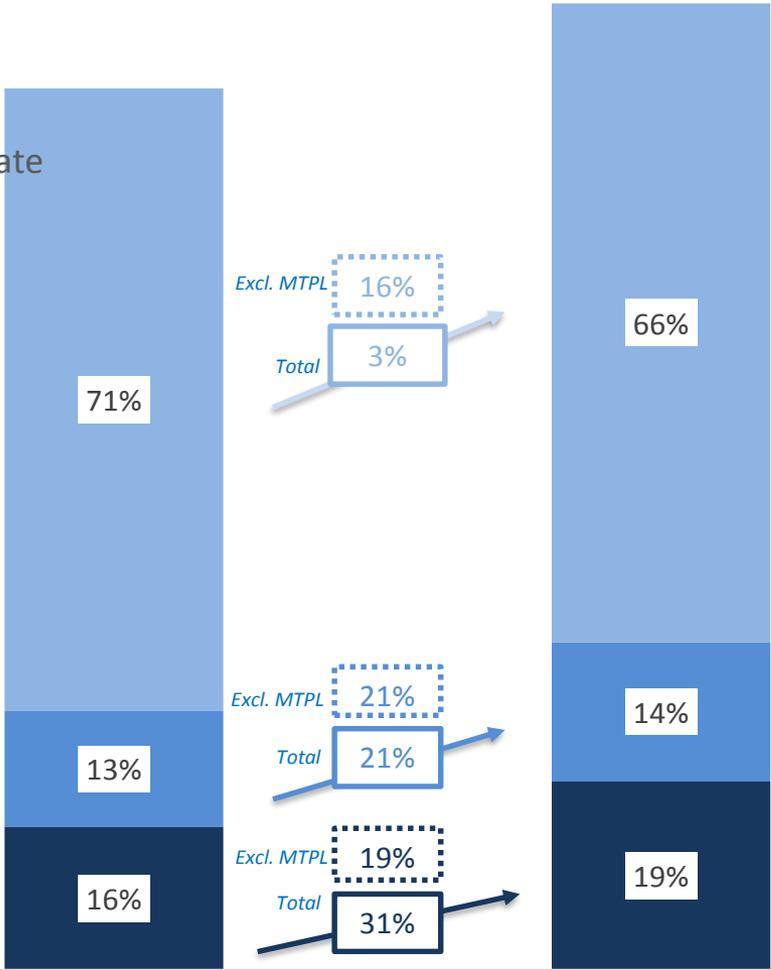


Corporate channel gained 3 pp portfolio share in the Market

Premiums in the Market



- Agency
- Bank
- Corporate



Agency

Driven by Motor products. especially by MTPL:
➤ 42% MTPL, 26% Non Motor, 24% MOD and 8% Health.

Bank

Driven by Non Motor products:
➤ 72% Non Motor, 10% Health, 13% MOD and 5% MTPL.

Corporate

Driven by corporate risks and group health products:
➤ 62% Non Motor, 20% Health, 9% MTPL and 9% MOD.

2016'Q3

2017'Q3



Aksigorta's growth is 17pp higher than market

Premiums of Aksigorta

1.378 mTL

Overall 27%
Excl. MTPL 19%

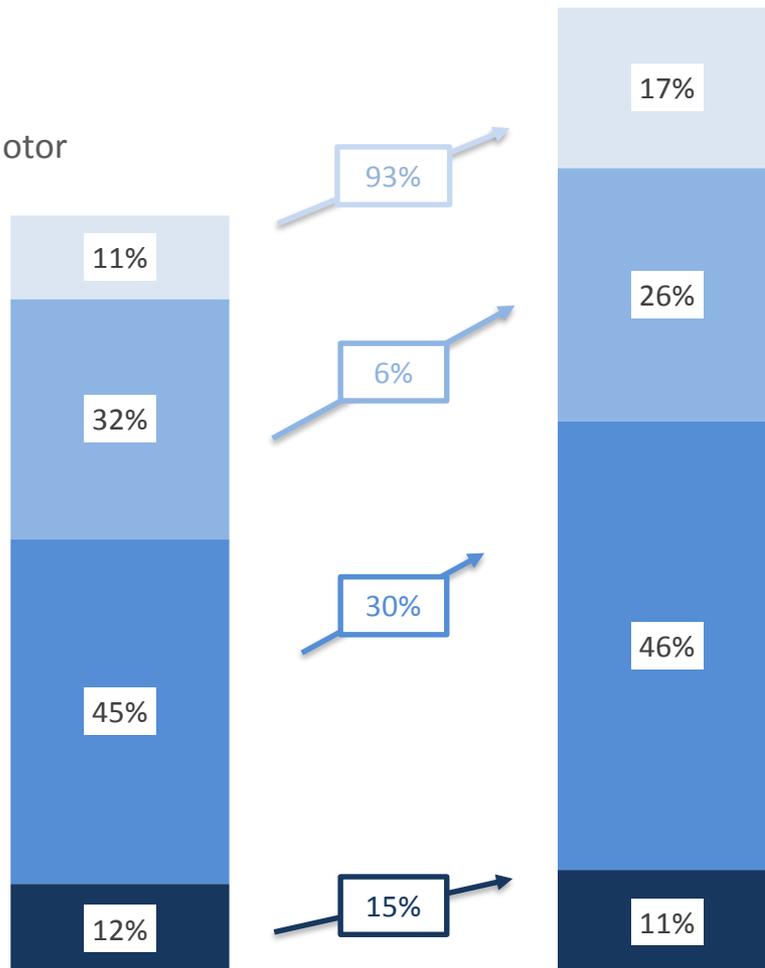
1.756 mTL

■ MTPL

■ MOD

■ Non-Motor

■ Health



2016'Q3

2017'Q3

Motor Third Party Liability

Aksigorta MS in MTPL is 3.3% as of 17 YtD.

Motor Own Damage

Aksigorta MS in MOD is 8,7% as of 17 YtD.

Non Motor

Aksigorta MS is 7.8% in Non Motor lines and 9,7% in Fire Business as of 17 YtD.

Portfolio Breakdown: 23% Fire, 11% General Losses 11% Other Losses, 2% Marine.

Health

Aksigorta MS is 6,7% in Health as of 17 YtD.



Accelerated growth continues especially in Corporate channels

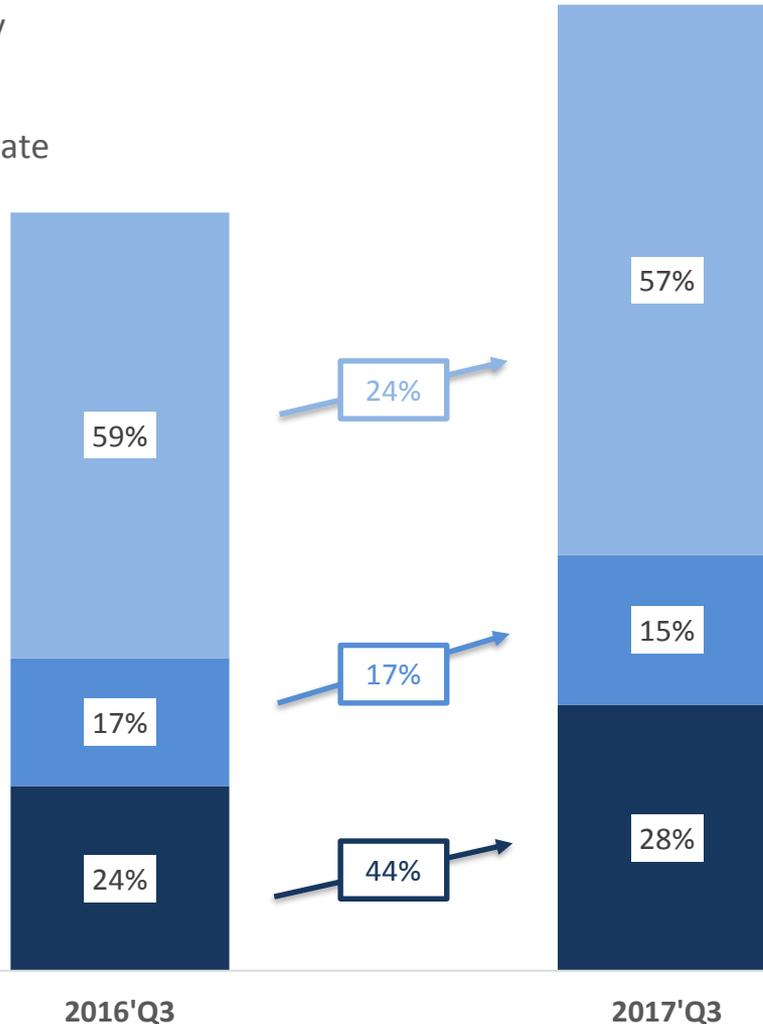
Premiums of Aksigorta

1.378 mTL

Overall 27%
Excl. MTPL 19%

1.756 mTL

- Agency
- Bank
- Corporate



Agency

Driven by Motor products. Especially by MOD product (MOD and MTPL constitute 24% and 38% of total premiums in agency channel respectively).

Bank

Fire, Health and G.Losses are the main drivers of Bank channel. Together they represent 70% of Bank's total production.

Corporate

Driven by Fire, G.Losses and Health. Together they represent 67% of total corporate sales.

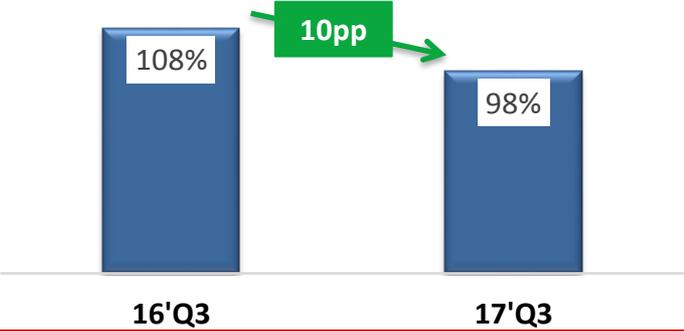


2017 September Statutory Financial Results



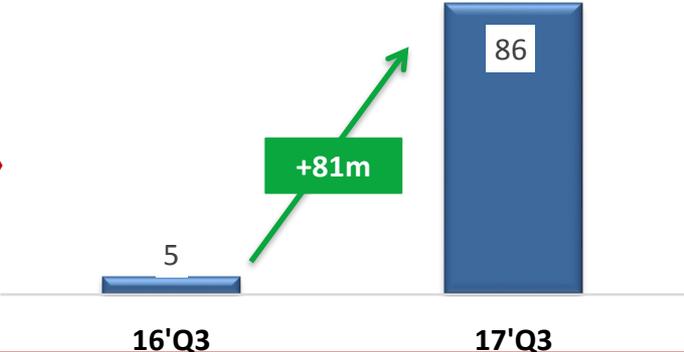
Excellent Performance in 2017 Q3 YtD

Combined Ratio



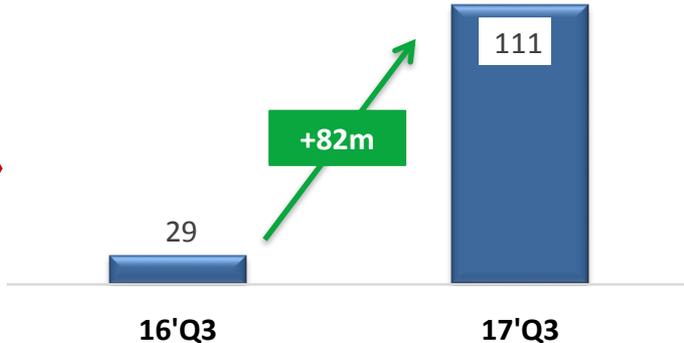
- CoR is 98% as of 2017'Q3 indicating 10pp improvement YoY mainly due to the improvement in loss ratio.

Net Income/Loss (million TL)



- Net Profit realized as 86m as of 2017 Q3 following a trend better than the initial year-end guidance.

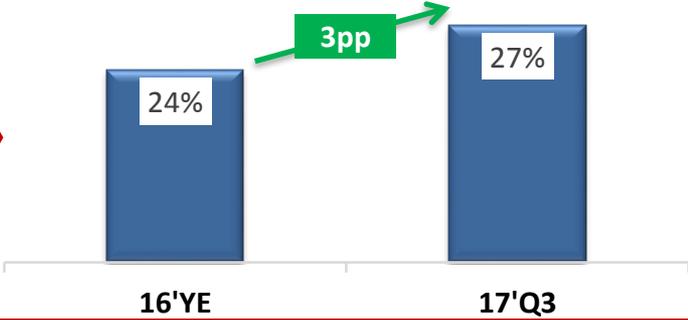
UWR (million TL)



- UW Profit realized as 111m as of 2017 Q3 mostly coming from the improvement in loss ratio.

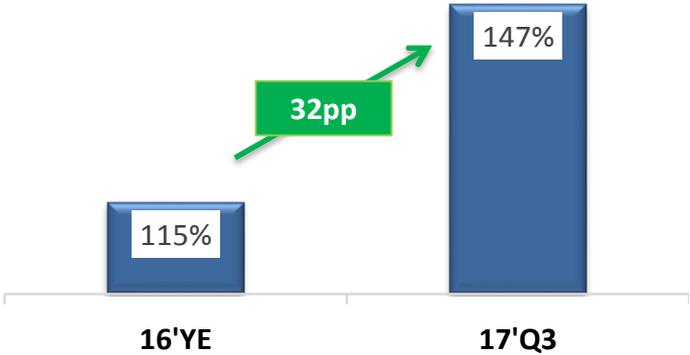
Excellent Performance in 2017 Q3 YtD

ROE



■ Positive bottomline boosting ROE.

Capital Adequacy



■ Strong Balance Sheet reflected by Capital Adequacy.

AUM



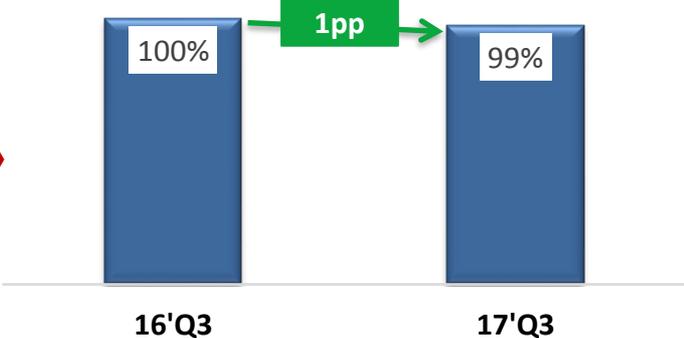
■ Investment Portfolio increased by 34% by the contribution of premium growth and the improvement in loss ratio.

- **Flood and Hail:**
 - Flood and Hail events which occurred on 18/7 and 27/7 consecutively had a negative impact on sector financials, resulting in relatively lower UW profitability in MOD and Fire businesses. Total effect on Aksigorta financials amounted to **44m TL**.
- **Discounting of outstanding claims:**
 - Based on recent regulation change, discounting of outstanding claims for MTPL and GTPL branches became mandatory for insurance companies. As a result, Aksigorta discounted its outstanding claims for these branches as of September 2017, and reflected a total of **124 m TL** discount in its balance sheet, 114m of which belongs to previous years.
- **Risky Driver's Pool:**
 - Risky Driver's Pool (the "Pool") was established for motor vehicle groups in high damage level and/or traffic insurance policies arranged after 12 April 2017.
 - Turkish Motor Vehicle Bureau has declared the premiums and paid claims related to the MTPL policies within the Pool for April - August period and insurance companies booked the respective amounts in their financial statements starting from September 2017.
 - Sector's September YTD results comprise 660m of MTPL premiums retroceded from the pool for the period April – August in which Aksigorta's share is **17m**.

2017 September IFRS Financial Results

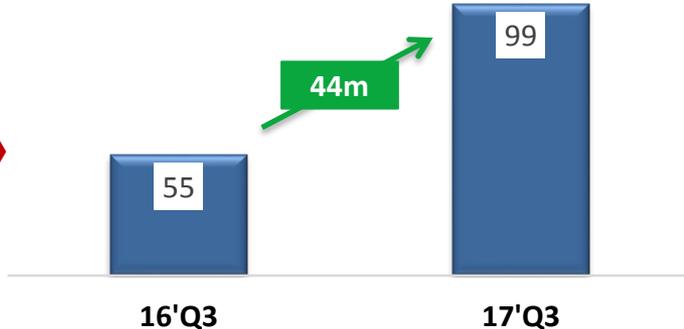
Excellent Performance in 2017 Q3 YtD

Combined Ratio



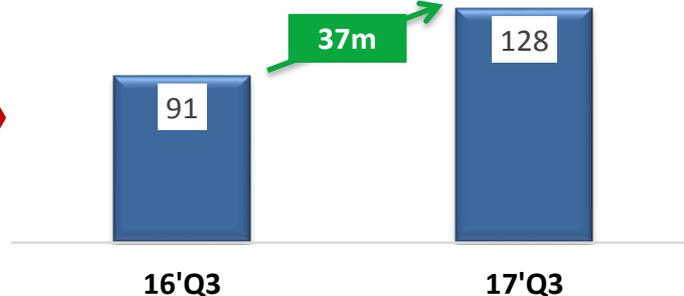
- Combined ratio improved 1pp in 2017'Q3 YoY.

Net Income/Loss (million TL)



- Aksigorta realized 99m Net Profit as of 2017'Q3 44m better performance than the last year Q3.

UW Result (million TL)



- Aksigorta generated 128m UW Result in 2017'Q3 mostly coming from the improvement in loss ratio.

Statutory and IFRS Reconciliation as of September 2017

<i>Million TL</i>	Equity	YtD P&L
TFRS Result	587	86
Equalization	67	7
Unexpired Risk Reserves	0	21
Unallocated Loss Adjustment Expenses	-10	-1
Deferred Tax	13	-3
Discounting of outstanding claims	-124	-11
IFRS Result	534	99

2017 September Investment Portfolio

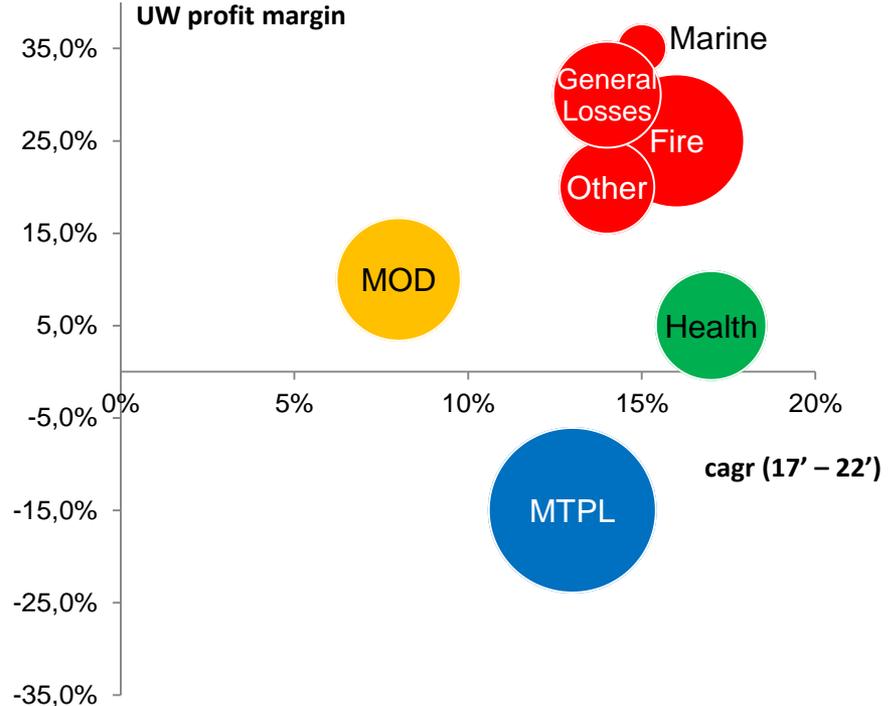
Future Guidance

Non-MTPL LoB's Will Continue to be Profit Drivers of the Market

Market UW Margin

Product		'16A	'22E
Motor	MOD	12%	max 10%
	MTPL	-5%	-15%
Non Motor	Fire	15%	20-25%
	Marine	53%	35-40%
	Other Accident	32%	20-25%
	General Losses	40%	30-35%
Health	Health	10%	5-10%

2022 Market Profitability & Growth Outlook



IFRS

NET PROFIT

130-140 m TL

2016 → 71m TL

ROE

+25%

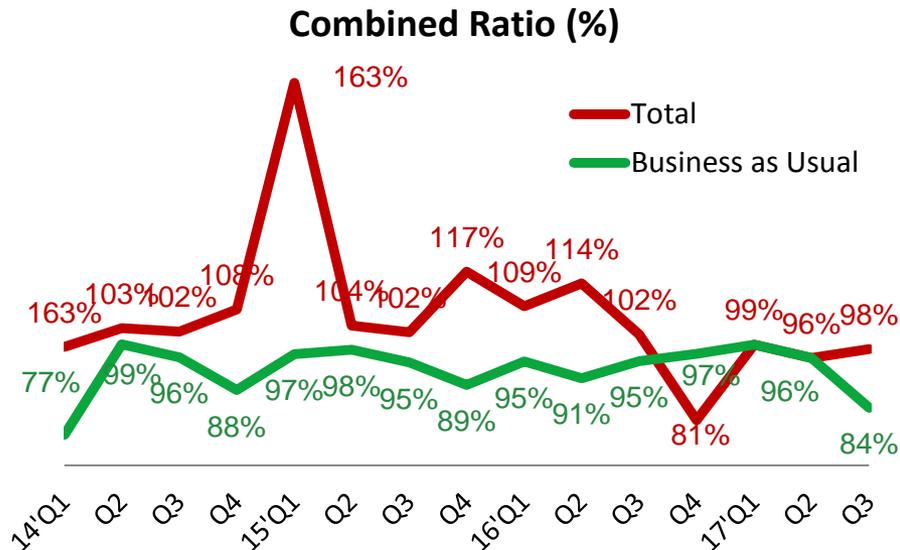
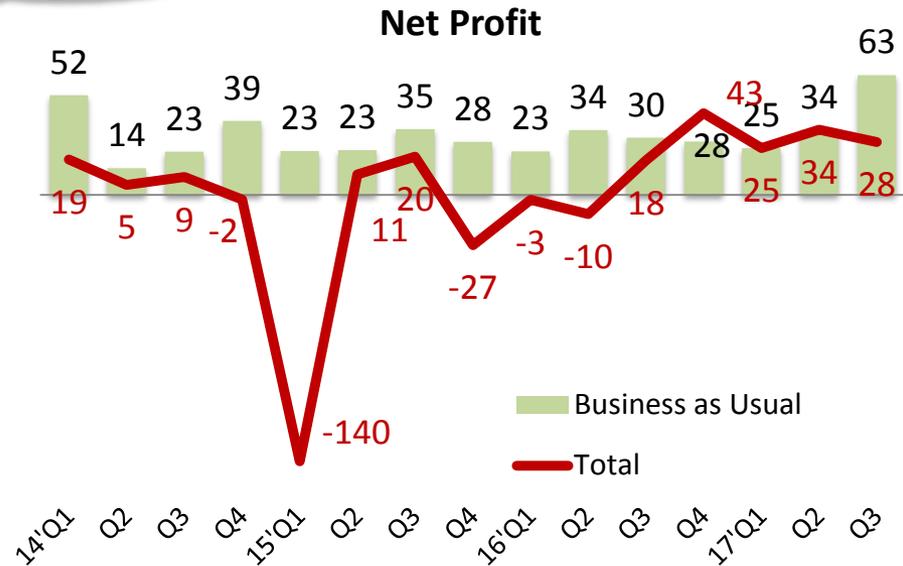
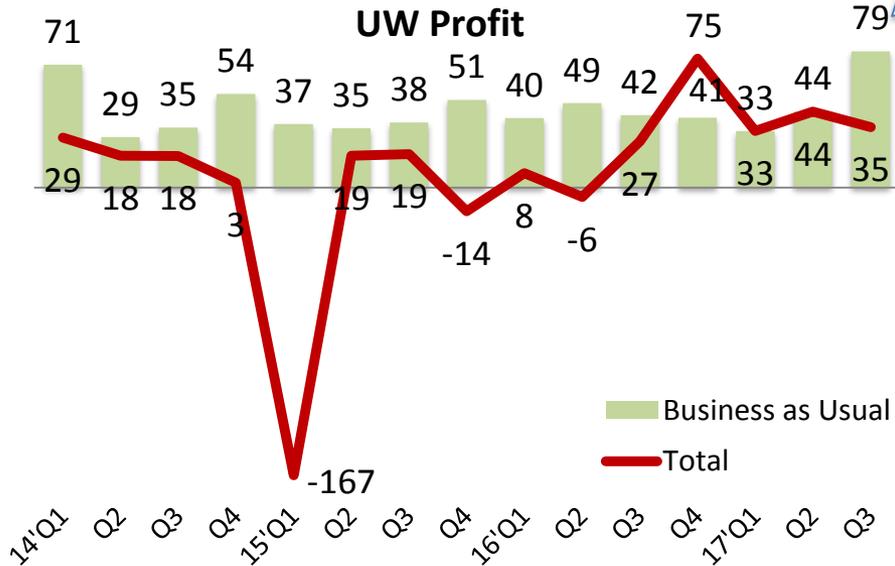
2016 → 23%

Appendix

Sustainable Profitability Trend Continues with Positive Bottomline

- TFRS

Cat Losses in 17'Q3
-44m TL – Hail & Flood



- 35-50m TL UW result per each quarter
- 90-97% Combined Ratio per each quarter
- 25-35m TL Net profit per each quarter

Statutory Results – Technical Results and Margins continue to improve

<i>Income Statement (million TL)</i>	16Q1	16Q2	16Q3	16Q4	2016 YE	17Q1	17Q2	17Q3	17Q3 YtD	17Q3/ 16Q3	17Q3/ 17Q2
Gross Written Premiums	499	471	407	518	1.896	615	503	638	1.756	57%	27%
Net Earned Premiums	245	246	262	273	1.026	286	294	310	891	19%	6%
Claims (net)	-190	-207	-185	-191	-729	-201	-196	-221	-618	-20%	-13%
Commissions (net)	-47	-45	-50	-51	-193	-52	-54	-55	-161	-9%	-1%
Underwriting Result (net)	8	-6	27	31	104	33	44	34	111	29%	-22%
G&A Expenses	-34	-35	-33	-31	-132	-31	-32	-29	-93	10%	9%
Net Financial Income	22	28	29	9	88	36	38	40	113	38%	4%
Profit Before Tax	-4	-12	23	53	60	31	43	34	108	50%	-22%
Tax	1	2	-5	-10	-12	-7	-9	-7	-23	-51%	25%
Net Profit	-3	-10	18	43	48	25	34	27	86	50%	-21%
Combined Ratio	109%	114%	102%	97%	101%	99%	96%	98%	98%	-4pp	2pp
Loss Ratio	77%	84%	71%	70%	71%	70%	67%	71%	69%	0pp	4pp
Commission Ratio	19%	18%	19%	19%	19%	18%	18%	18%	18%	-1pp	0pp
Expense Ratio	12%	12%	12%	9%	11%	11%	11%	9%	10%	-3pp	-2pp
UW Margin	3%	-2%	10%	11%	10%	11%	15%	11%	12%	1pp	-4pp

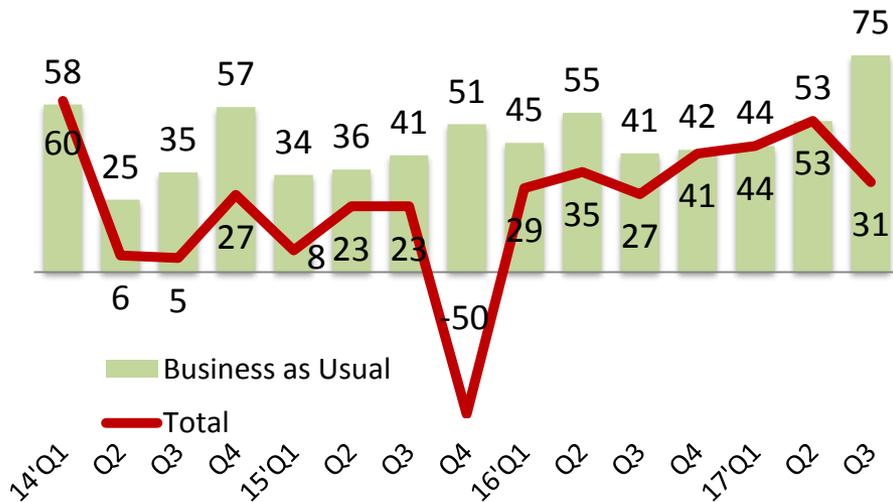
Statutory Balance Sheet

<i>(TL Million)</i>	16Q1	16Q2	16Q3	16Q4	17'Q1	17'Q2	17'Q3	17Q3/ 16Q3	17Q3/ 17Q2
Cash and Marketable Securities	959	1.000	1.067	1.106	1.160	1.321	1.478	38%	12%
Receivables	632	656	583	654	748	666	680	17%	2%
Other Assets	205	219	204	197	222	211	209	2%	-1%
Participations	8	8	8	0	0	0	0	-100%	
Fixed Assets	59	62	63	69	67	69	69	11%	0%
Total Assets	1.863	1.945	1.926	2.025	2.197	2.268	2.436	27%	7%
Payables	310	297	228	228	335	349	340	50%	-3%
Technical Reserves	1.103	1.196	1.240	1.262	1.292	1.323	1.343	8%	2%
Other Liabilities	104	111	100	133	139	128	166	66%	29%
Total Shareholders' Equity	346	340	358	403	431	467	587	64%	26%
Total Liabilities and Equity	1.863	1.945	1.926	2.025	2.197	2.268	2.436	27%	7%
ROE *	31%	31%	28%	24%	20%	29%	27%	-1pp	-2pp
Capital Adequacy Ratio	109%	108%	105%	115%	107%	124%	147%	42pp	23pp

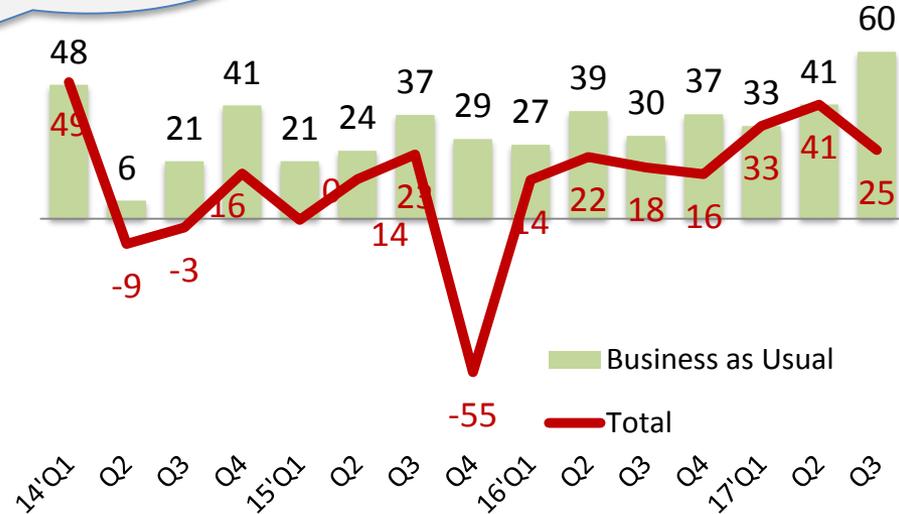
Sustainable Profitability Trend Continues with Positive Bottomline

- IFRS

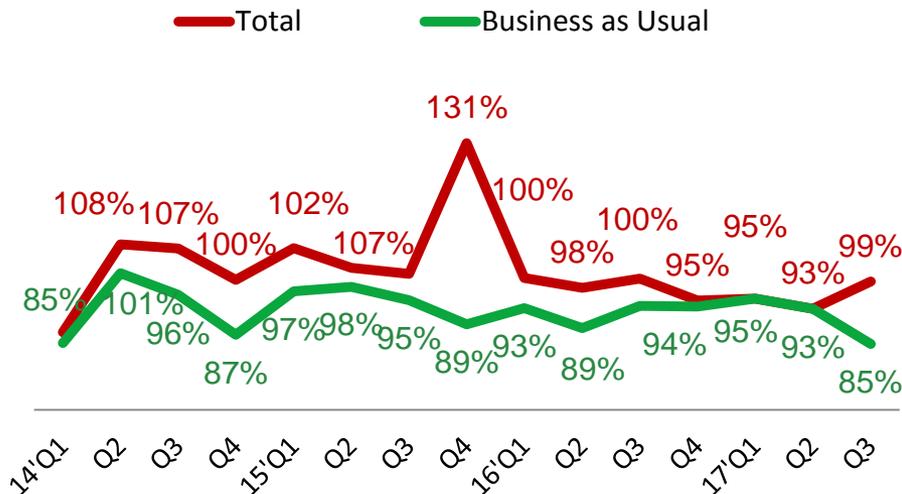
UW Profit



Net Profit



Combined Ratio (%)



- 35-50m TL UW result per each quarter
- 90-95% Combined Ratio per each quarter
- 30-40m TL Net profit per each quarter

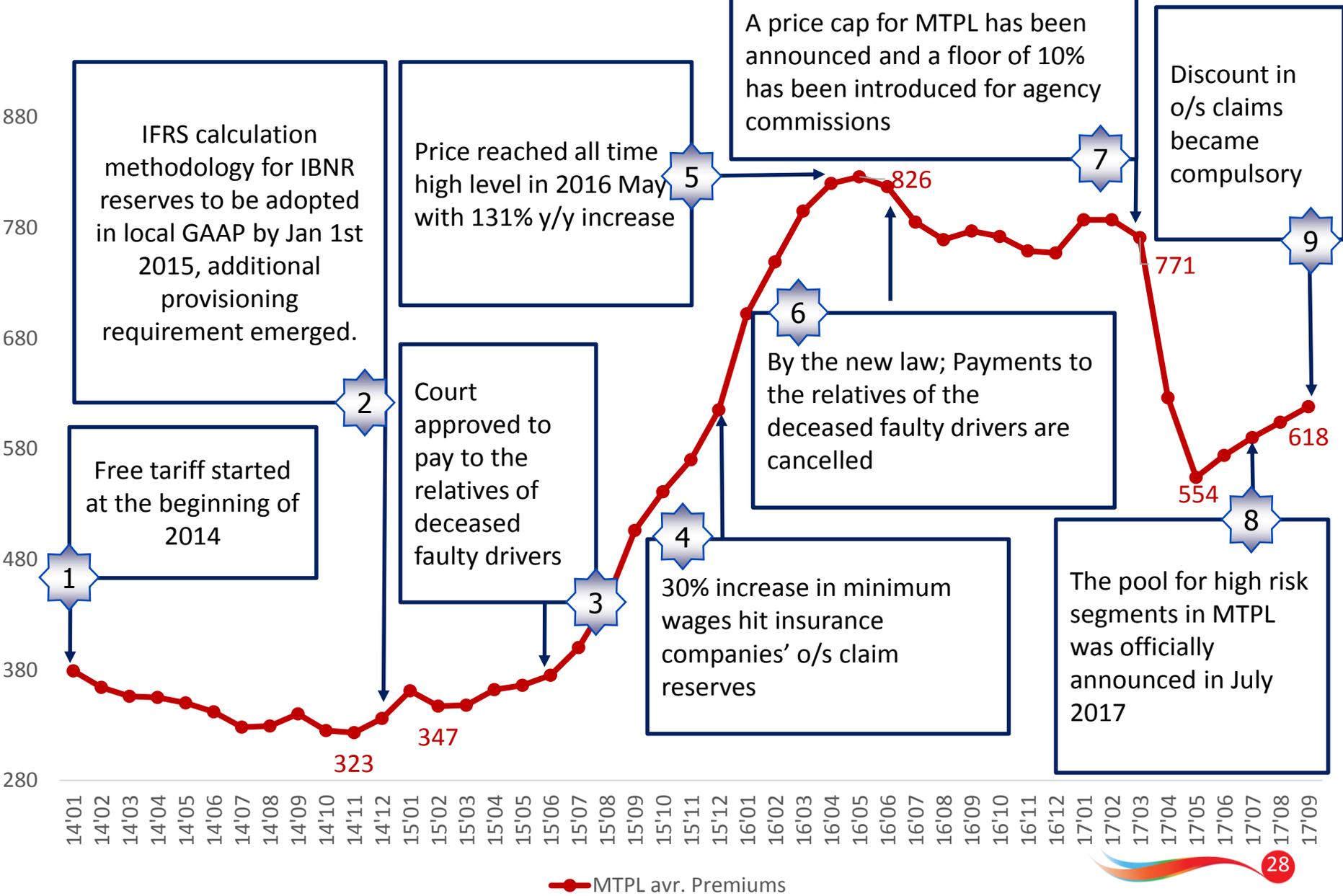
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Net Earned Premiums	245	246	262	273	1.026	286	294	310	891	19%	6%
Claims (net)	-169	-167	-185	-181	-701	-190	-187	-224	-602	22%	20%
Commissions (net)	-47	-45	-50	-51	-193	-52	-54	-55	-161	9%	1%
Underwriting Result (net)	29	35	27	41	132	44	53	31	128	16%	-40%
G&A Expenses	-34	-34	-32	-30	-131	-30	-32	-29	-91	-11%	-10%
Net Financial Income	22	28	28	9	87	35	38	37	111	33%	-1%
Profit Before Tax	17	28	23	20	88	42	52	31	125	35%	-40%
Tax	-3	-6	-5	-4	-18	-9	-11	-6	-26	35%	-42%
Net Profit	14	22	18	16	71	33	41	25	99	34%	-40%
Combined Ratio	100%	98%	100%	95%	98%	95%	93%	99%	96%	-1pp	6pp
Loss Ratio	69%	68%	70%	66%	68%	66%	64%	72%	68%	2pp	8pp
Commission Ratio	19%	18%	19%	19%	19%	18%	18%	18%	18%	-1pp	0pp
Expense Ratio	12%	12%	10%	10%	11%	11%	11%	9%	10%	-1pp	-2pp
UW Margin	12%	14%	10%	15%	13%	15%	18%	10%	14%	0pp	-8pp

IFRS Balance Sheet

<i>(TL Million)</i>	16Q1	16Q2	16Q3	16Q4	17'Q1	17'Q2	17'Q3	17Q3/ 16Q3	17Q3/ 17Q2
Cash and Marketable Securities	959	1.000	1.067	1.106	1.160	1.321	1.478	38%	12%
Receivables	632	656	583	654	748	666	680	17%	2%
Other Assets	201	206	191	190	214	202	223	16%	10%
Participations	8	8	8	0	0	0	0	-100%	
Fixed Assets	59	62	63	69	67	69	69	11%	0%
Total Assets	1.859	1.932	1.913	2.019	2.188	2.258	2.450	28%	8%
Payables	310	297	228	228	335	348	340	50%	-2%
Technical Reserves	1.080	1.132	1.176	1.231	1.250	1.273	1.410	20%	11%
Other Liabilities	104	111	100	133	139	129	166	66%	28%
Total Shareholders' Equity	365	391	409	427	464	507	534	31%	5%
Total Liabilities and Equity	1.859	1.932	1.913	2.019	2.188	2.258	2.450	28%	9%
ROE	31%	33%	29%	23%	21%	24%	24%	-5pp	0pp
Capital Adequacy Ratio	109%	108%	105%	115%	107%	124%	147%	42pp	23pp

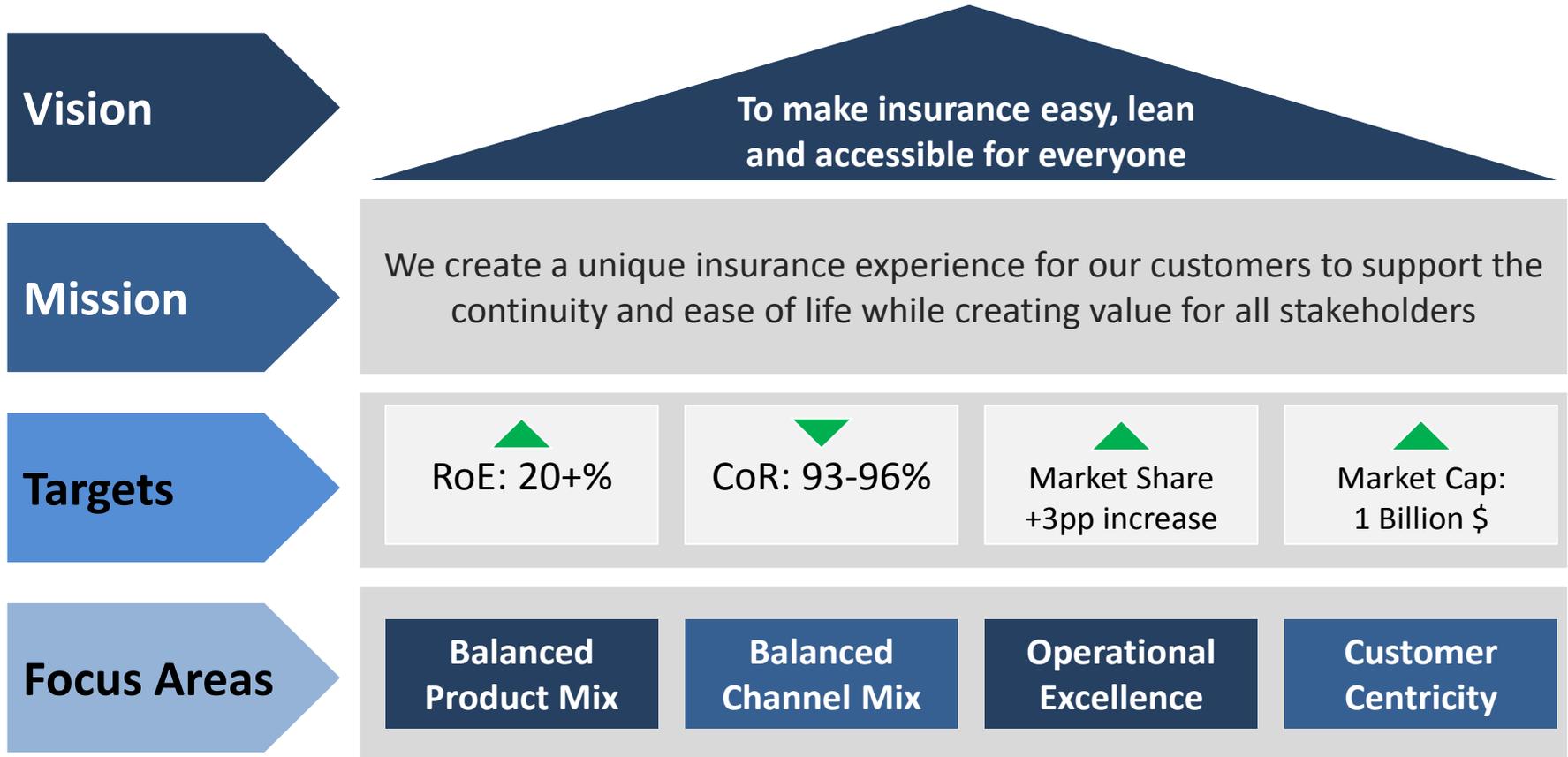
MTPL Flashback



● MTPL avr. Premiums

- 11b TL annual premiums.
- 17m of 22m vehicles are insured by 78% penetration.
- Risky drivers' portfolio is transferred to the pool, around 20% of MTPL market.
- Pool is estimated to have an overall 113% loss ratio while the rest to have 108% loss ratio.
- Companies will execute claims processes of those risky drivers and receive 5% fee over the GWP.
- Agency commission is fixed by 8% for those risky drivers while there is 10% commission floor for the rest.
- Price will increase every month by 1,5%.
- Insurance companies will receive equal shares from 50% of pool's p/l.
- Remaining 50% will be distributed among those companies in accordance with their 3 year total market share in MTPL.
- Long tail product, material damages (60%) are paid at 10 months, bodily damages (40%) are paid at 56 months.
- Cash flow results positive more than 2 years.

Our Strategy House



Our Priorities are...



Contact Information & Disclaimer

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Presented by AKSIGORTA IR Team



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