

2016 Fourth Quarter

Financial Results

Earnings Call Presentation



AKSigorta
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2016 December Statutory Financial Results



MTPL continued to drive market growth in 2016

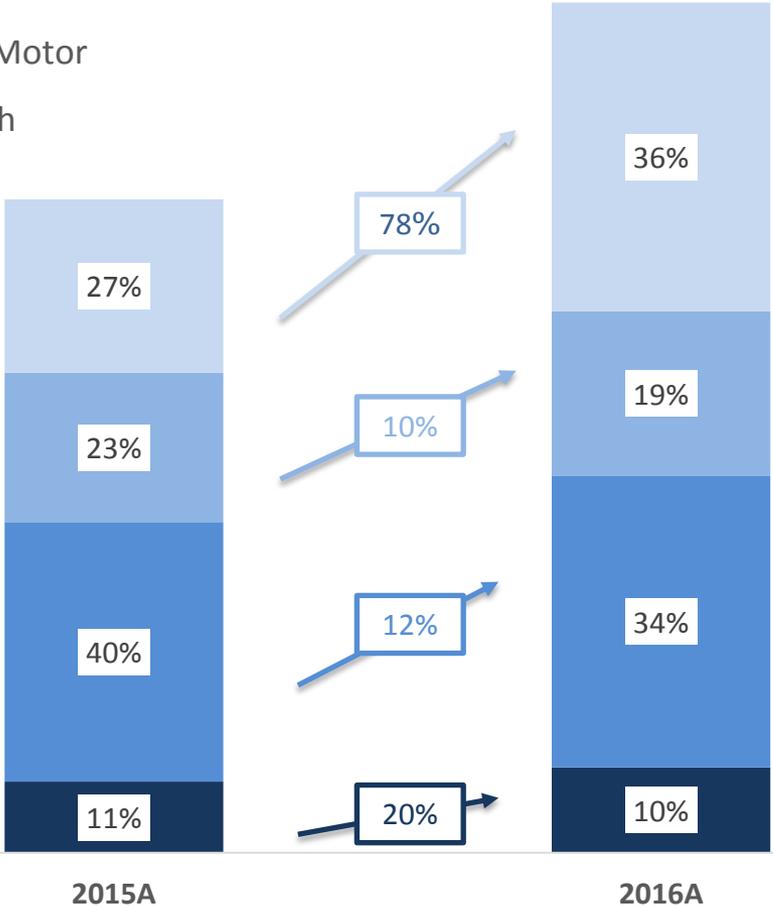
Premiums in the Market

26.391 mTL

34.321 mTL

- MTPL
- MOD
- Non-Motor
- Health

Overall 30%
Excl. MTPL 13%



Motor Third Party Liability

Compulsory motor product
77% penetration in 21m motor vehicle
UW profit margin -42% as of 15 YE, -5% as of 16 Q3
Around 80% increase in price increase

Motor Own Damage

27% penetration in 21m motor vehicle
UW profit margin +8% as of 15 YE, +9% as of 16 Q3
Around 9% increase in price increase

Non Motor

UW profit margin +31% as of 15YE, +25% as of 16 Q3
Liability, single unprofitable LoB with -15% margin as of 16 Q3

Health

3% penetration in 79m population
UW profit margin +11% at 2015YE, +12% at 2016 Q3

Agency channel gained 2 pp portfolio share

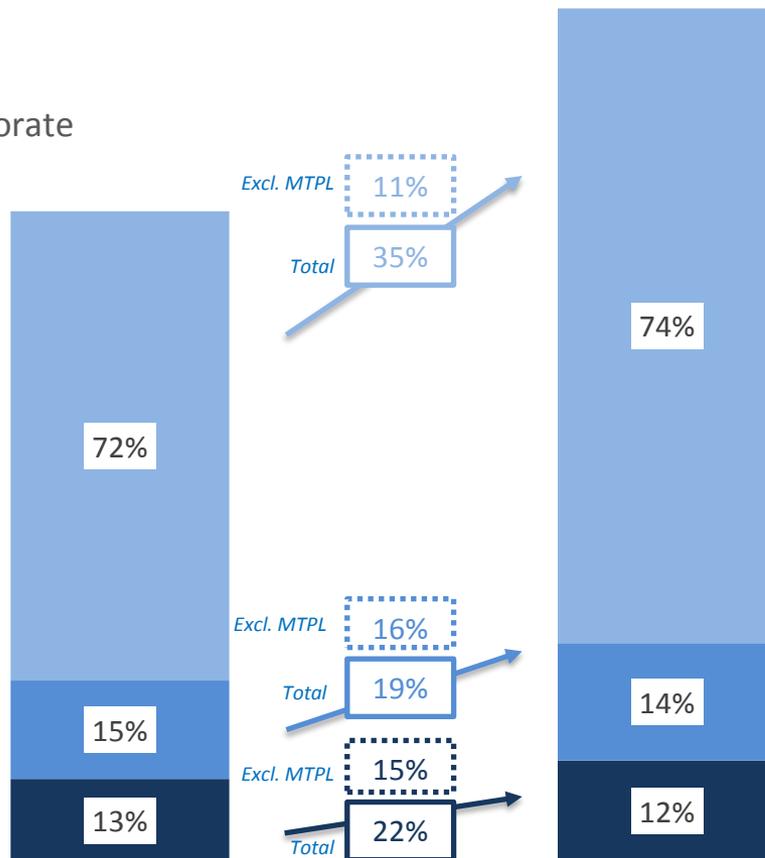
Premiums in the Market

26.391 mTL

34.321 mTL

- Agency
- Bank
- Corporate

Overall 30%
Excl. MTPL 13%



2015A

2016A

Agency

Driven by Motor products, especially by MTPL:
➤ 48% MTPL, 23% MOD, 22% Non Motor and 7% Health

Bank

Driven by Non Motor products:
➤ 72 Non Motor, 15% MOD, 9% Health and 4% MTPL

Corporate

Driven by corporate and group products:
➤ 56% Non Motor, 23% Health, 12% MTPL and 9% MOD



Aksigorta achieved a profitable growth, with 17% premium increase

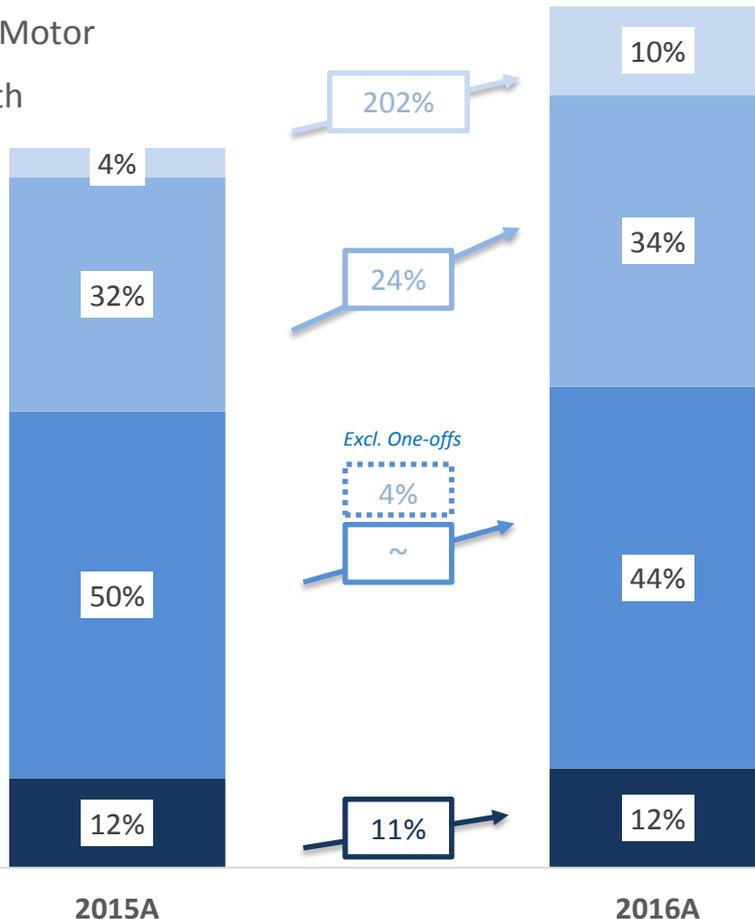
Premiums in Aksigorta

1.622 mTL

1.896 mTL

- MTPL
- MOD
- Non-Motor
- Health

Overall 17%
Excl. MTPL 9%



Motor Third Party Liability

Aksigorta MS, Excluding MTPL is 7,8% as of 16 YE
 Aksigorta MS in MTPL is 1,6% as of 16 YE
 Gained 0,7pp MS within the range of target LR

Motor Own Damage

Aksigorta MS in MOD is 9,7% as of 16 YE
 Gained 1,1pp MS as a result of a focused strategy

Non Motor

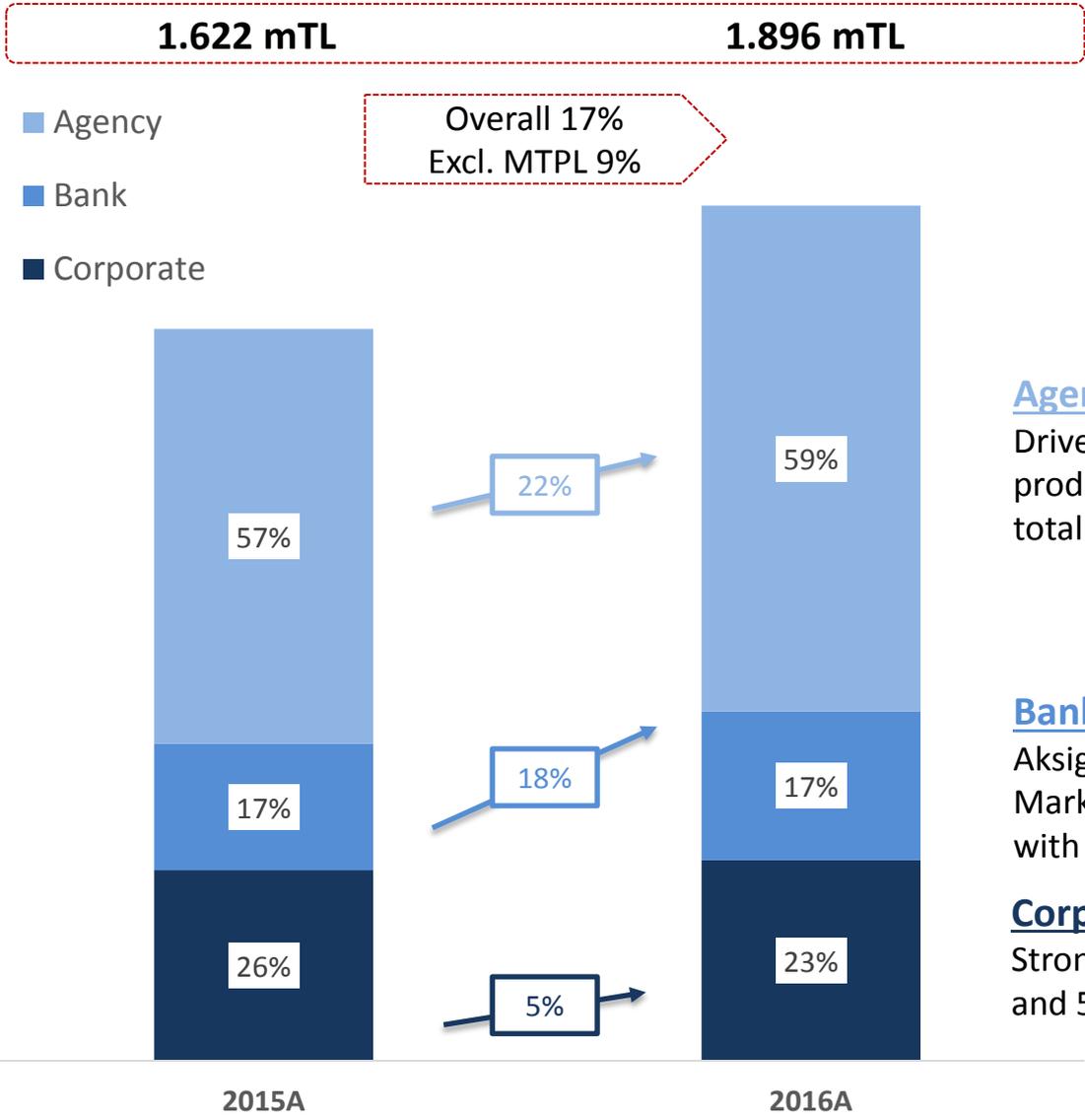
Aksigorta MS is 7,1% in Non Motor lines and 9,2% in Fire Business as of 16 YE
 Portfolio Breakdown: 53% Fire & Natural disasters, 22% Engineering and General Losses, 14% Accident, 8% Liability, 4% Marine

Health

Aksigorta MS is 6,3% in Health as of 16 YE

Aksigorta continues to grow with a balanced product & channel mix

Premiums of Aksigorta



Agency

Driven by Motor products, especially by MOD product (MOD and MTPL constitute 49% and 17% of total premiums in agency channel respectively).

Bank

Aksigorta holds 7,4% MS as of 16 YE Market leader in Other Accidents and Other Losses with 31% MS and 24% MS respectively.

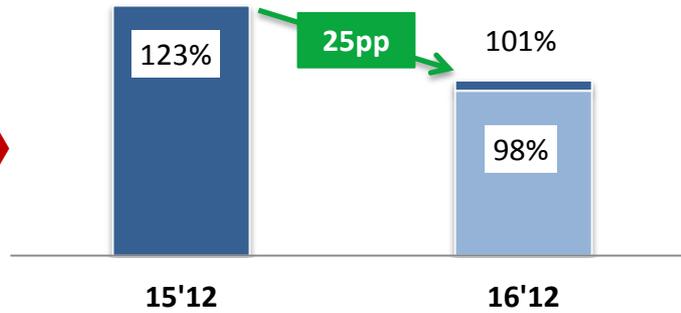
Corporate

Strong growth in MOD and Other Losses; gained 5,4pp and 5,7pp MS in these LoB's respectively.



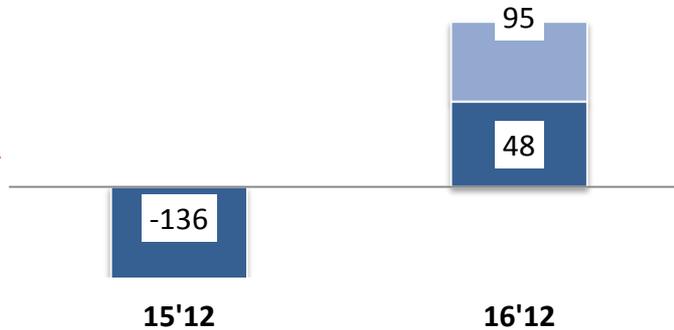
2016 YE results (excl. one-offs) are in line with the strategic plan

Combined Ratio



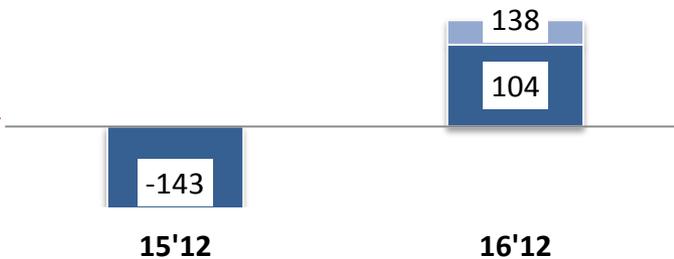
- Business as usual CoR is 98% as of 2016 YE (33,5m IBNR deferral is excluded in bau)

Net Income/Loss (million TL)



- Excluding one off items, Net Profit realized as 95m in 2016.
- One-off items are Merter BV write off (8m), Tax Amnesty Payment (14m), IBNR deferral (33,5m)

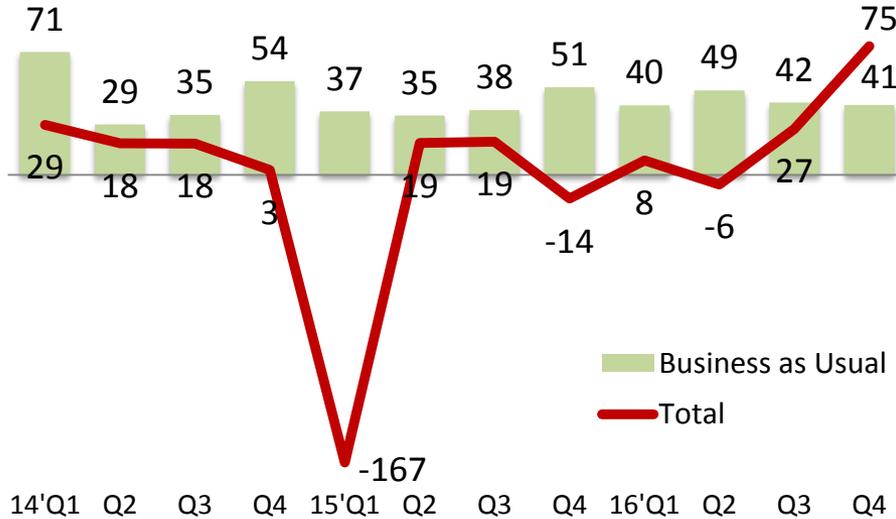
UWR (million TL)



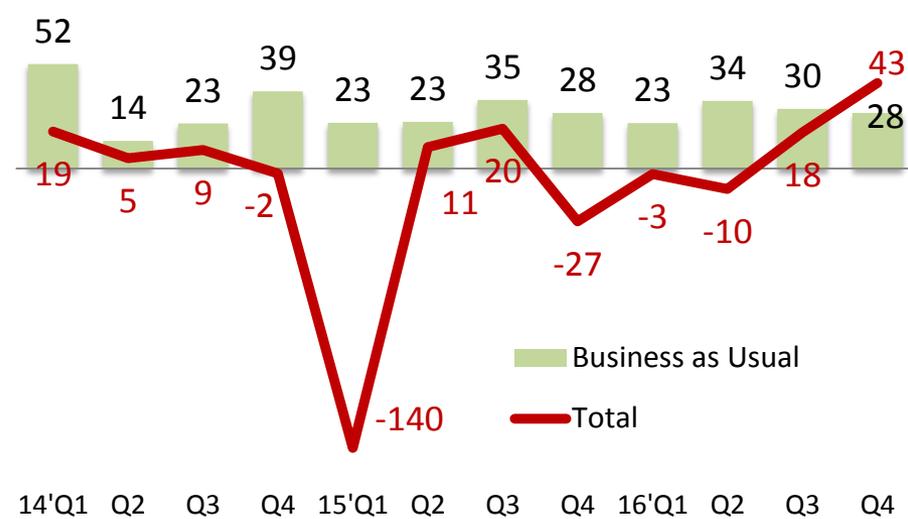
- Business as usual UW Profit realized as 138m in 2016 (33,5m IBNR deferral is excluded in bau)

Excluding one-offs sustainable profitability trend continued, positive bottomline achieved in 16YE

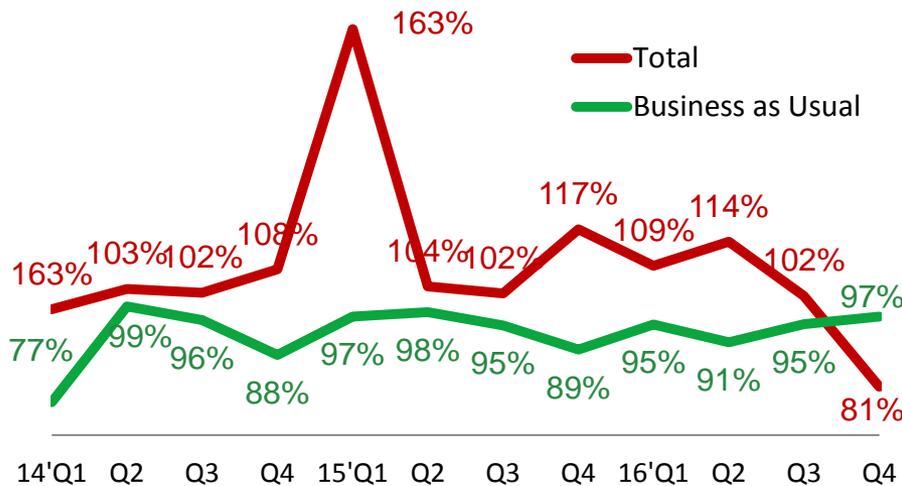
UW Profit



Net Profit



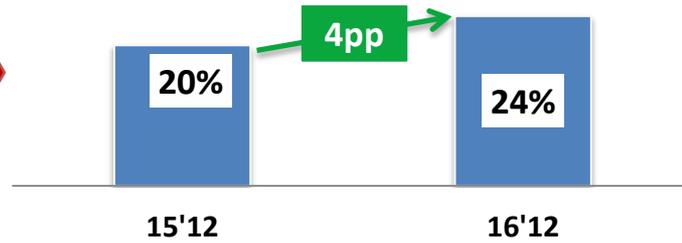
Combined Ratio (%)



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

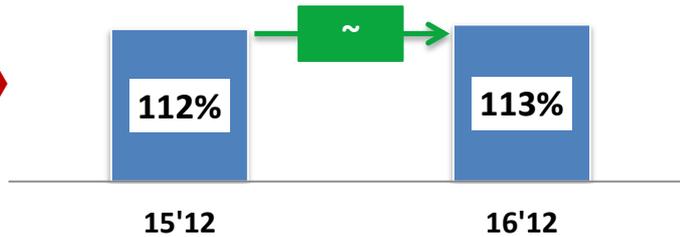
2016 YE results (excl. one-offs) are in line with the strategic plan

ROE



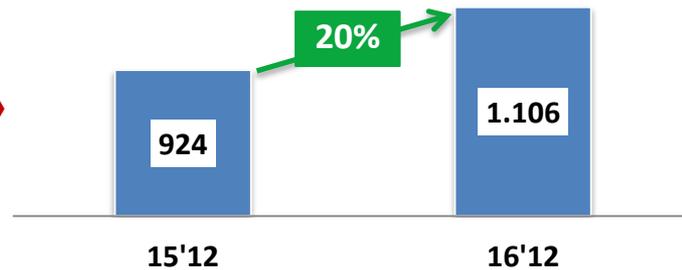
- Excluding one off items, 95m Net Profit achieved in 2016 corresponding to 24% ROE

Solvency



- Strong capital structure reflected by solvency ratio

AUM



- Investment Portfolio increased by 20% in 2016

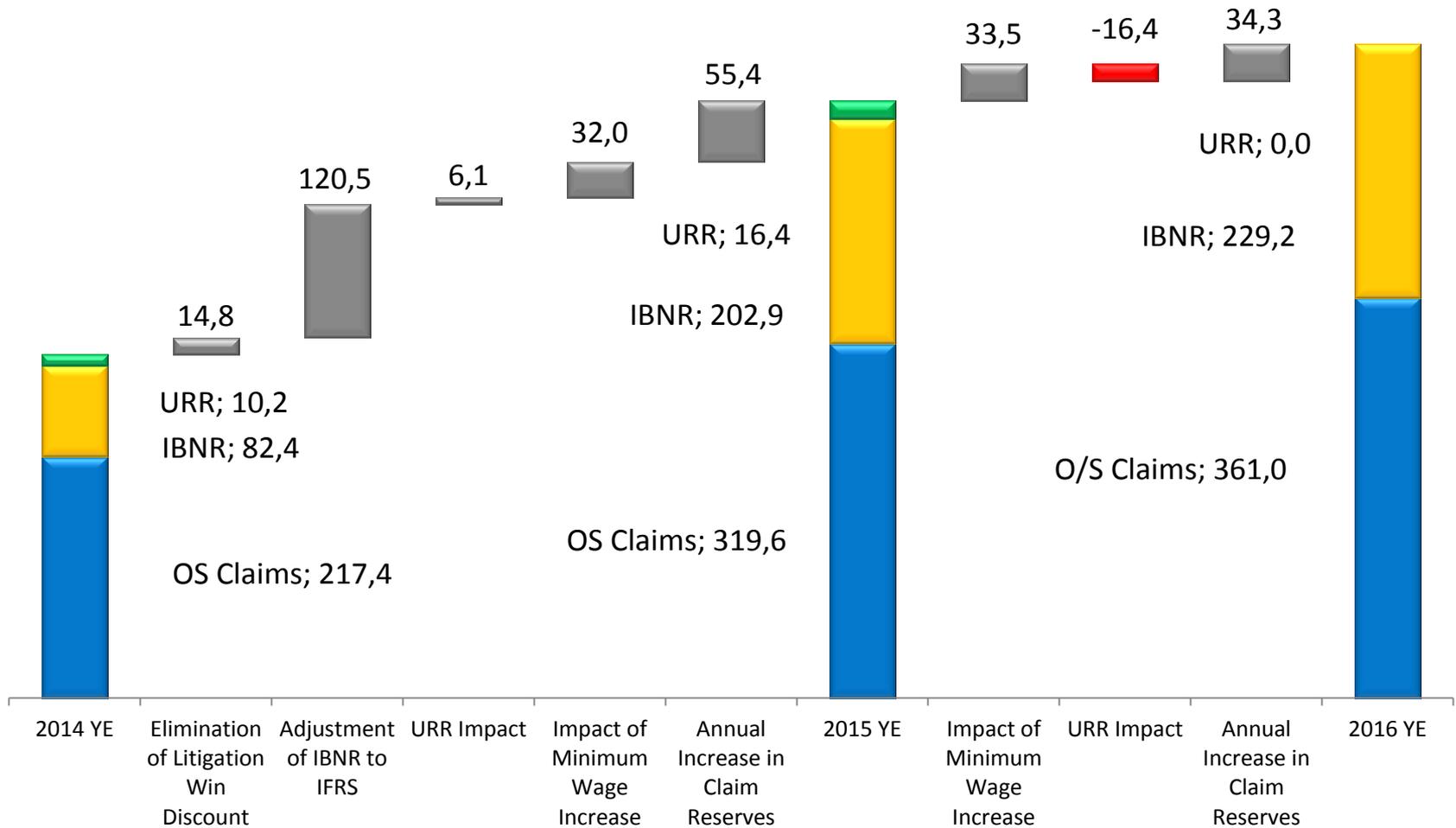


Worst is over, claim reserves have doubled in 2 years

310,1 mTL

538,9 mTL

590,2 mTL



The strongest balance sheet in the market

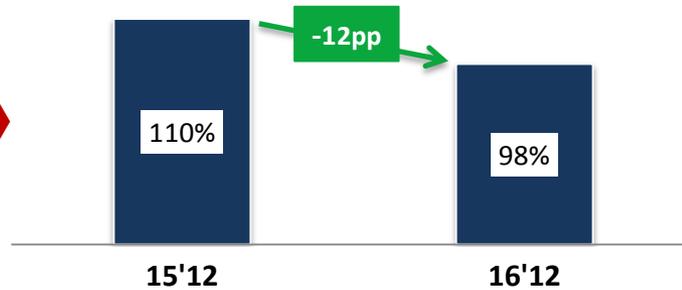
| Statutory Results as of 2016'09 (m TL) | TOTAL | Deferred IBNR due to Gradual Booking | Discount Income for Litigation Win Ratio | Discount Income for Cash Flow of O/S Claims |
|--|-----------------|--------------------------------------|--|---|
| MARKET | 3.201,30 | 1.836,90 | 686,4 | 678 |
| Aksigorta | 0 | 0 | 0 | 0 |

No deferred claims' reserve & no discount income in claims' reserve for Aksigorta, whereas the market has over 3 billion TL to be booked as loss in the future

2016 Year End Financial Results in IFRS

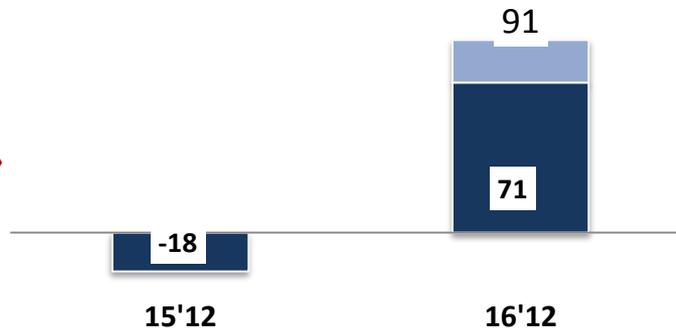
2016 YE results (excl. one-offs) are in line with the strategic plan

Combined Ratio



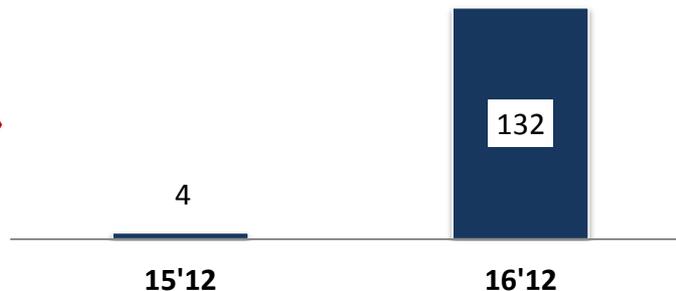
- Combined ratio improved 12pp in 2016

Net Income/Loss (million TL)



- Excluding one-offs, we realized 91m Net Profit in 2016
- One-off items are Merter BV write off (8m), Tax Amnesty Payment (14m)

UW Result (million TL)

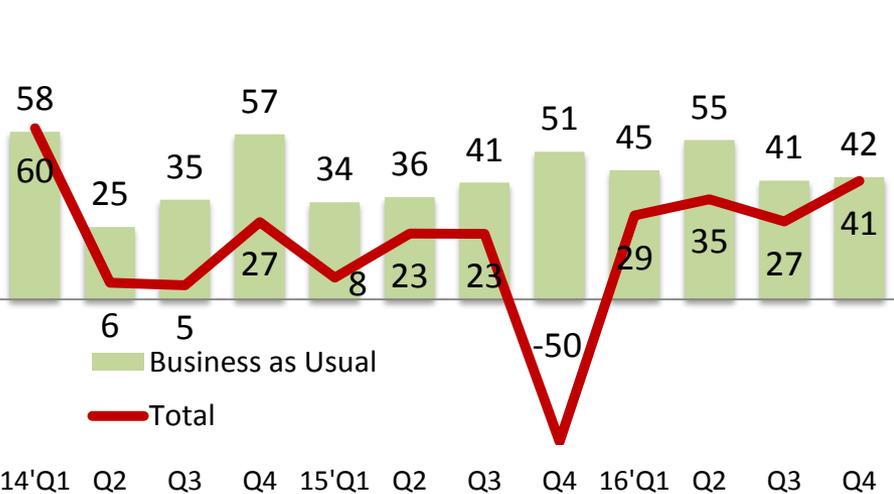


- Aksigorta generated 132m UW Result in 2016 YE

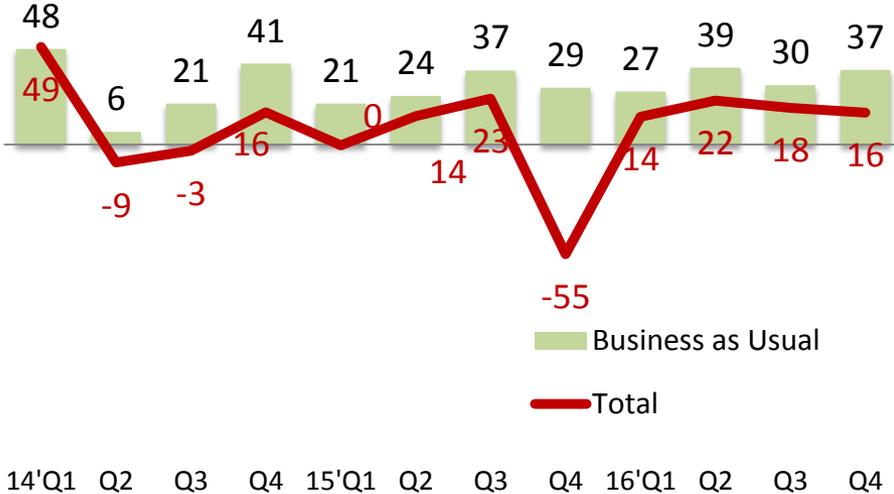
Excluding one-off, sustainable profitability trend continued

Positive bottomline achieved in 16Q4

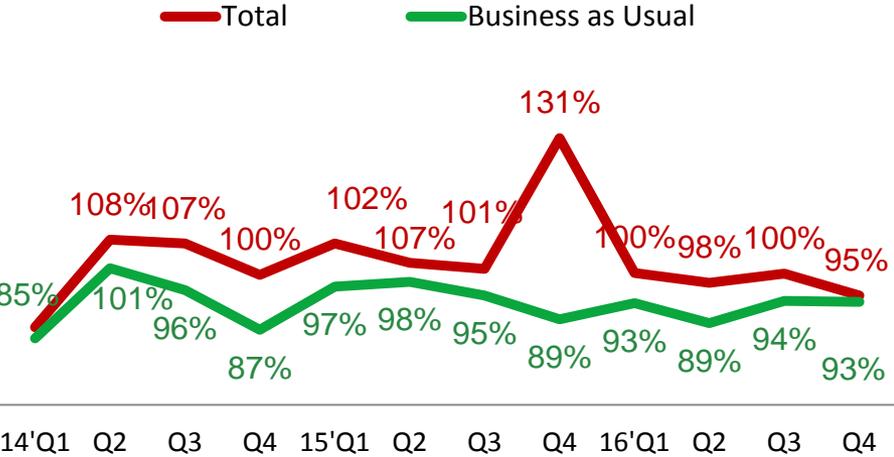
UW Profit



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

Statutory and IFRS Equity Reconciliation as of Dec 2016

| As of 31.12.2016 M TL | Equity | Income Statement |
|-------------------------------------|--------------|------------------|
| Statutory Result | 402,8 | 48,2 |
| Equalization Reserve | 59,7 | 11,1 |
| Unallocated Claim Handling Expenses | -8,7 | -0,3 |
| Unexpired Risk Reserve | -20,6 | -16,7 |
| IBNR | 0 | 33,5 |
| Deferred Tax | -6,1 | -5,3 |
| IFRS Result | 427,1 | 70,6 |

2016 December Investment Portfolio

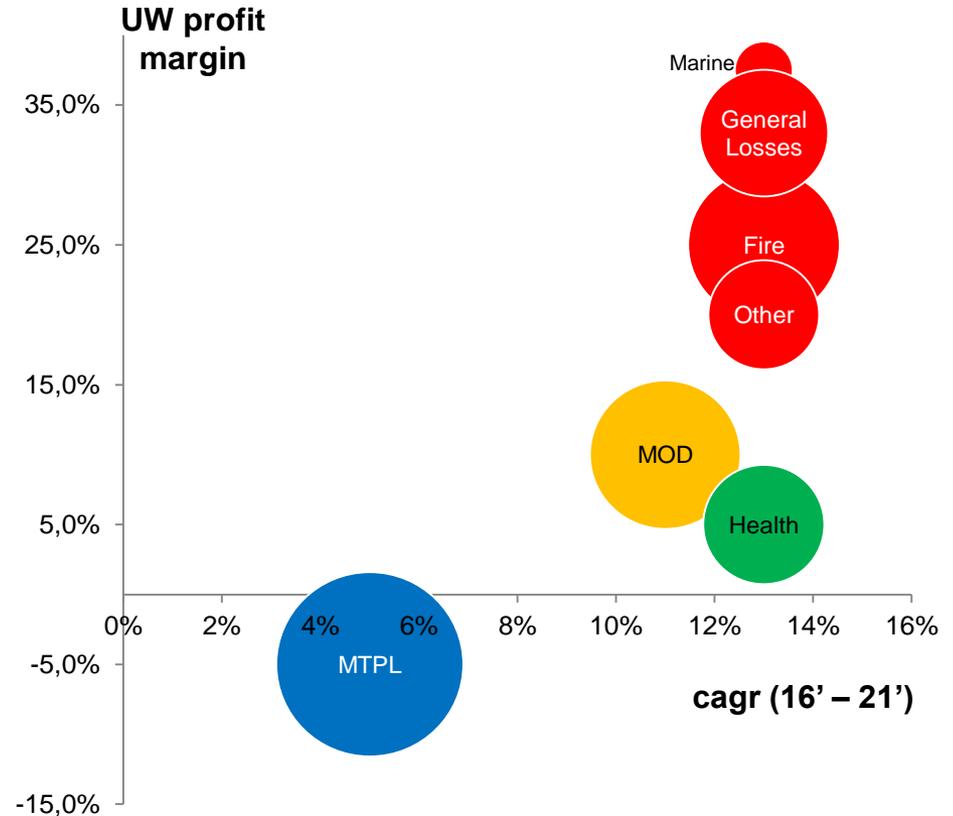
2017 Year End Guidance

Non-motor and MOD is expected to continue to be the profitable growth engines of the market.

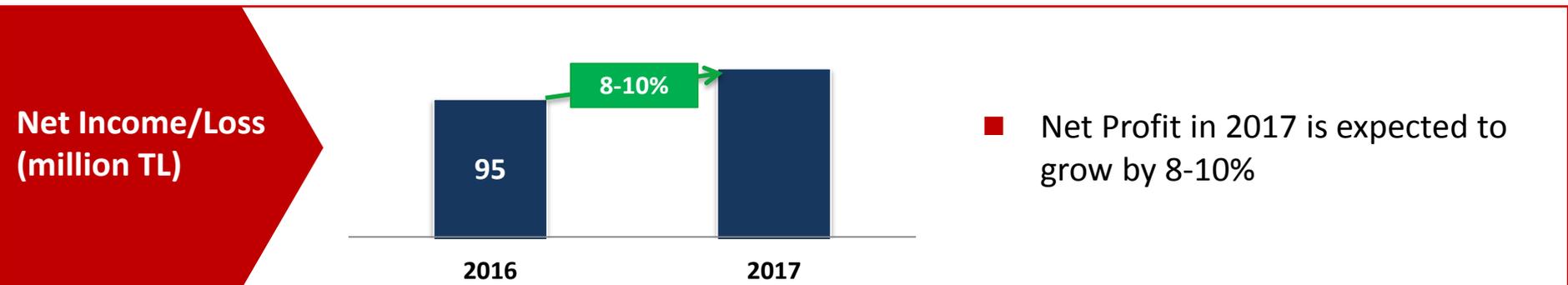
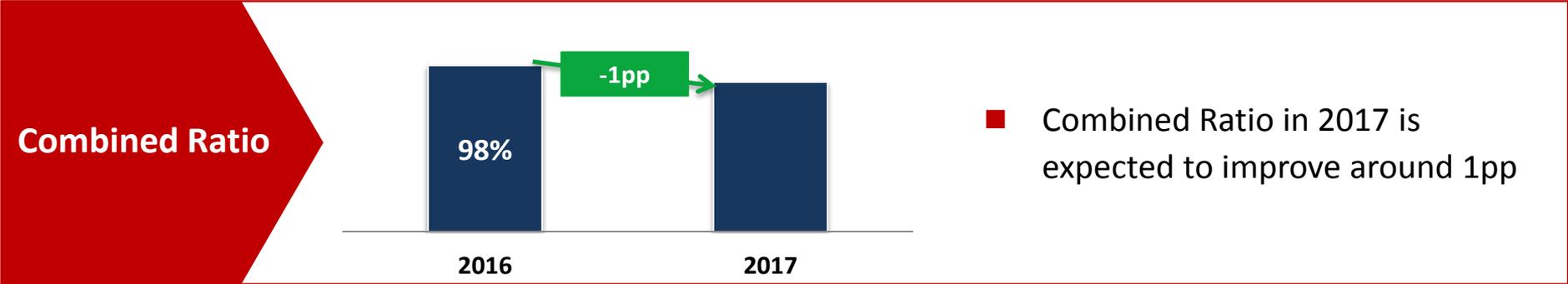
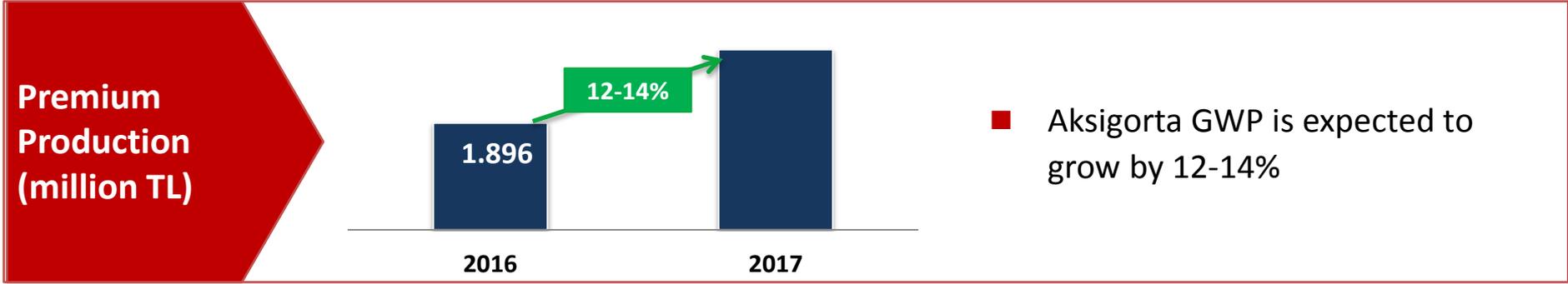
Market UW Margin

| Line of Business | | 16YE | 21E |
|------------------|----------------|------|---------|
| motor | MOD | 11% | max 10% |
| | MTPL | -49% | max -5% |
| non-motor | Fire | 35% | 20-25% |
| | Marine | 41% | 35-40% |
| | Other | 8% | 20-25% |
| | General Losses | 43% | 30-35% |
| health | Health * | 11% | 5-10% |

2021 Market Profitability & Growth Outlook



2017 Guidance



Appendix

Statutory Results – Technical Results and Margins continue to improve

| <i>Income Statement (million TL)</i> | 15Q1 | 15Q2 | 15Q3 | 15Q4 | 2015 | 16Q1 | 16Q2 | 16Q3 | 16Q4 | 2016 | 16Q4/ 15Q4 | 16Q4/ 16Q3 | 16YtD/ 15YtD |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|---------------|---------------|-----------------|
| Gross Written Premiums | 456 | 429 | 351 | 387 | 1.622 | 499 | 471 | 407 | 518 | 1.896 | 34% | 27% | 17% |
| Net Earned Premiums | 314 | 287 | 272 | 257 | 1.129 | 245 | 246 | 262 | 273 | 1.026 | 6% | 4% | -9% |
| Claims (net) | -410 | -216 | -204 | -224 | -1054 | -190 | -207 | -185 | -191 | -729 | -15% | 4% | -31% |
| Commissions (net) | -71 | -52 | -49 | -47 | -219 | -47 | -45 | -50 | -51 | -193 | 8% | 1% | -12% |
| Underwriting Result (net) | -167 | 19 | 19 | -14 | -143 | 8 | -6 | 27 | 31 | 104 | 324% | 16% | -173% |
| G&A Expenses | -33 | -34 | -29 | -33 | -127 | -34 | -35 | -33 | -31 | -132 | -5% | -6% | 3% |
| Net Financial Income | 26 | 29 | 36 | 13 | 104 | 22 | 28 | 29 | 9 | 88 | -27% | -67% | -16% |
| Profit Before Tax | -174 | 14 | 27 | -34 | -166 | -4 | -12 | 23 | 53 | 60 | 259% | 136% | -136% |
| Tax | 33 | -3 | -7 | 7 | 30 | 1 | 2 | -5 | -10 | -12 | 246% | 128% | -140% |
| Net Profit | -140 | 11 | 20 | -27 | -136 | -3 | -10 | 18 | 43 | 48 | 262% | 138% | -135% |
| Combined Ratio | 163% | 104% | 102% | 117% | 123% | 109% | 114% | 102% | 97% | 101% | -20pp | -5pp | -22pp |
| Loss Ratio | 131% | 75% | 75% | 87% | 93% | 77% | 84% | 71% | 70% | 71% | -17pp | -1pp | -22pp |
| Commission Ratio | 23% | 18% | 18% | 18% | 19% | 19% | 18% | 19% | 19% | 19% | 1pp | 0pp | -1pp |
| Expense Ratio | 9% | 10% | 9% | 12% | 10% | 12% | 12% | 12% | 9% | 11% | -3pp | -3pp | 1pp |
| UW Margin | -53% | 6% | 7% | -5% | -13% | 3% | -2% | 10% | 11% | 10% | 16pp | 1pp | 23pp |

IFRS Results – Technical Results and Margins continue to improve

| <i>Income Statement (million TL)</i> | 15Q1 | 15Q2 | 15Q3 | 15Q4 | 2015 | 16Q1 | 16Q2 | 16Q3 | 16Q4 | 2016 | 16Q4/ 15Q4 | 16Q4/ 16Q3 | 16YtD/ 15YtD |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|------------|------------|---------------|---------------|-----------------|
| Gross Written Premiums | 456 | 429 | 351 | 387 | 1.622 | 499 | 471 | 407 | 518 | 1.896 | 34% | 27% | 17% |
| Net Earned Premiums | 314 | 287 | 272 | 257 | 1.129 | 245 | 246 | 262 | 273 | 1.026 | 6% | 4% | -9% |
| Claims (net) | -235 | -212 | -200 | -260 | -907 | -169 | -167 | -185 | -181 | -701 | -30% | -2% | -23% |
| Commissions (net) | -71 | -52 | -49 | -47 | -219 | -47 | -45 | -50 | -51 | -193 | 8% | 1% | -12% |
| Underwriting Result (net) | 8 | 23 | 23 | -50 | 4 | 29 | 35 | 27 | 41 | 132 | 183% | 52% | 3470% |
| G&A Expenses | -33 | -34 | -28 | -33 | -127 | -34 | -34 | -32 | -30 | -131 | -6% | -6% | 3% |
| Net Financial Income | 26 | 29 | 36 | 13 | 104 | 22 | 28 | 28 | 9 | 87 | -29% | -68% | -17% |
| Profit Before Tax | 1 | 18 | 30 | -69 | -19 | 17 | 28 | 23 | 20 | 88 | -128% | -15% | -562% |
| Tax | -2 | -4 | -7 | 14 | 1 | -3 | -6 | -5 | -4 | -18 | -126% | -21% | -2009% |
| Net Profit | 0 | 14 | 23 | -55 | -18 | 14 | 22 | 18 | 16 | 71 | -129% | -13% | -488% |
| Combined Ratio | 107% | 102% | 101% | 131% | 110% | 100% | 98% | 100% | 95% | 98% | -36pp | -5pp | -12pp |
| Loss Ratio | 75% | 74% | 74% | 101% | 80% | 69% | 68% | 70% | 66% | 68% | -35pp | -4pp | -12pp |
| Commission Ratio | 23% | 18% | 18% | 18% | 19% | 19% | 18% | 19% | 19% | 19% | 1pp | 0pp | -1pp |
| Expense Ratio | 9% | 10% | 9% | 12% | 10% | 12% | 12% | 10% | 10% | 11% | -2pp | 0pp | 1pp |
| UW Margin | 2% | 8% | 8% | -19% | 0% | 12% | 14% | 10% | 15% | 13% | 34pp | 5pp | 13pp |

Statutory Balance Sheet

| <i>(TL Million)</i> | 15Q4 | 16Q1 | 16Q2 | 16Q3 | 16Q4 | 16Q4/ 15Q4 | 16Q4/ 16Q3 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Cash and Marketable Securities | 924 | 959 | 1.000 | 1.067 | 1.106 | 20% | 4% |
| Receivables | 576 | 632 | 656 | 583 | 654 | 13% | 12% |
| Other Assets | 174 | 205 | 219 | 204 | 197 | 13% | -4% |
| Participations | 8 | 8 | 8 | 8 | 0 | -100% | -100% |
| Fixed Assets | 61 | 59 | 62 | 63 | 69 | 14% | 11% |
| Total Assets | 1.742 | 1.863 | 1.945 | 1.926 | 2.025 | 16% | 5% |
| Payables | 198 | 310 | 297 | 228 | 228 | 15% | 0% |
| Technical Reserves | 1.105 | 1.103 | 1.196 | 1.240 | 1.262 | 14% | 2% |
| Other Liabilities | 91 | 104 | 111 | 100 | 133 | 47% | 33% |
| Total Shareholders' Equity | 349 | 346 | 340 | 358 | 403 | 16% | 13% |
| Total Liabilities and Equity | 1.742 | 1.863 | 1.945 | 1.926 | 2.025 | 16% | 5% |
| ROE * | 20% | 31% | 31% | 28% | 24% | 4pp | -4pp |
| Capital Adequacy Ratio | 117% | 109% | 108% | 105% | 116% | -1pp | 11pp |

*Business as Usual

IFRS Balance Sheet

| <i>(TL Million)</i> | 15Q4 | 16Q1 | 16Q2 | 16Q3 | 16Q4 | 16Q4/ 15Q4 | 16Q4/ 16Q3 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Cash and Marketable Securities | 924 | 959 | 1.000 | 1.067 | 1.106 | 20% | 4% |
| Receivables | 576 | 632 | 656 | 583 | 654 | 13% | 12% |
| Other Assets | 174 | 201 | 206 | 191 | 190 | 10% | 0% |
| Participations | 8 | 8 | 8 | 8 | 0 | -100% | -100% |
| Fixed Assets | 61 | 59 | 62 | 63 | 69 | 14% | 11% |
| Total Assets | 1.742 | 1.859 | 1.932 | 1.913 | 2.019 | 16% | 6% |
| Payables | 198 | 310 | 297 | 228 | 228 | 15% | 0% |
| Technical Reserves | 1.102 | 1.080 | 1.132 | 1.176 | 1.231 | 12% | 5% |
| Other Liabilities | 91 | 104 | 111 | 100 | 133 | 47% | 33% |
| Total Shareholders' Equity | 351 | 365 | 391 | 409 | 427 | 22% | 4% |
| Total Liabilities and Equity | 1.742 | 1.859 | 1.932 | 1.913 | 2.019 | 16% | 6% |
| ROE * | 25% | 31% | 33% | 29% | 23% | -2pp | -6pp |
| Capital Adequacy Ratio | 117% | 109% | 108% | 105% | 116% | -1pp | 11pp |

*Business as Usual

Contact Information & Disclaimer

For further information please contact with;

Elif Horasan, Financial Control Manager

(T) +90 216 280 88 88

investor.relations@aksigorta.com.tr

www.aksigorta.com.tr/en/yatirimci_iliskileri.php

Poligon Cad. Buyaka 2 Sitesi No:8, Kule:1, Kat:6 34771 Ümraniye İstanbul Türkiye

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