

AgeSA

FY 2023 Financial Results

Earnings Release

February 12, 2024

#1 Leadership in Pension AuM and Total Life & PA GWP markets among private companies

AgeSA strengthened its leadership in both Pension & AE AuM and Life & PA premium production among private companies with support of sustainable growth in Life business driven by the success of long term credit life product (Kredim Gvende) and strong RoP portfolio.

AgeSA reached successful and strong results in net profit, thanks to financial income increase regarding f/x gains besides strong technical income growth resulting from high profitability in life and pension scalability.

FINANCIAL HIGHLIGHTS

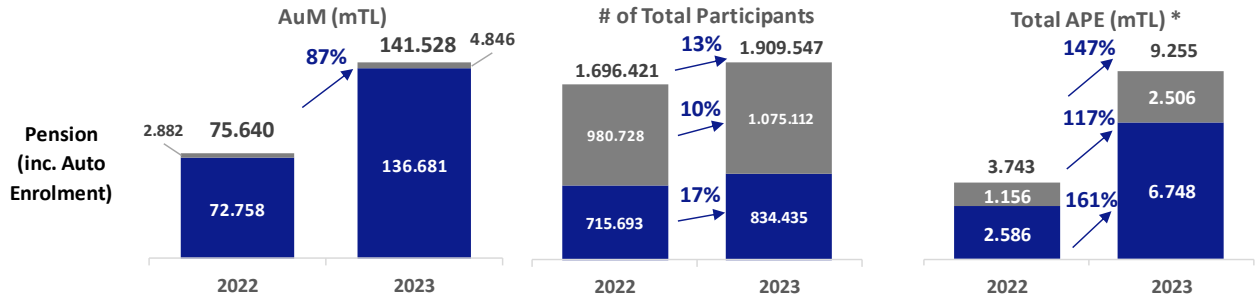
- The Pension Assets under Management (AuM) has grown by 87% yoy and reached 141.5 billion TL as of FY 2023.
- Auto Enrolment AuM increased by 68% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total Life&PA premiums grew by 101% yoy, driven by both 131% growth in credit-linked production and 80% growth in stand-alone (non-credit linked) life underpinning AgeSA's diverse business model and product positioning.
- Inflation accounting is not applied for 30 December 2023 Financial Statements, all financial figures represent Management Reporting (IFRS Financials excluding inflation accounting effect)
- **Management Reporting Net Profit is significantly higher than prior year by 73% at 1.944 mTL mainly due to** the increase in technical income regarding strong growth in all major business lines (Pension, Credit Life and RoP) besides higher financial income regarding f/x gains.
- Total technical profit has increased by 93% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 57.7% as of FY 2023.
- 150 mTL dividend has been paid in March
- Statutory profit is 1.425 mTL with significant increase of 63% due to mainly higher financial income despite lower technical profit regarding undeferred commissions in SFRS and higher expenses
- Share buyback program is authorized by board and started in April within the scope of the program, as of December 2023 1.132k shares were bought with an average price of 42,80 TL

STRATEGIC HIGHLIGHTS

- AgeSA serves 4.2 million customers through an extensive distribution structure, comprised of a bancassurance network, which it established with Akbank, the industry's most productive direct sales team, an exclusive agency network, corporate projects and telesales.
- AgeSA achieved to strengthen its strong presence in the private pension market.
- AgeSA has expanded its life insurance business even further by enriching its product range and services through customer-oriented and innovative solutions. Resulted in leadership position among private companies in terms of premium production.

TOPLINE HIGHLIGHTS

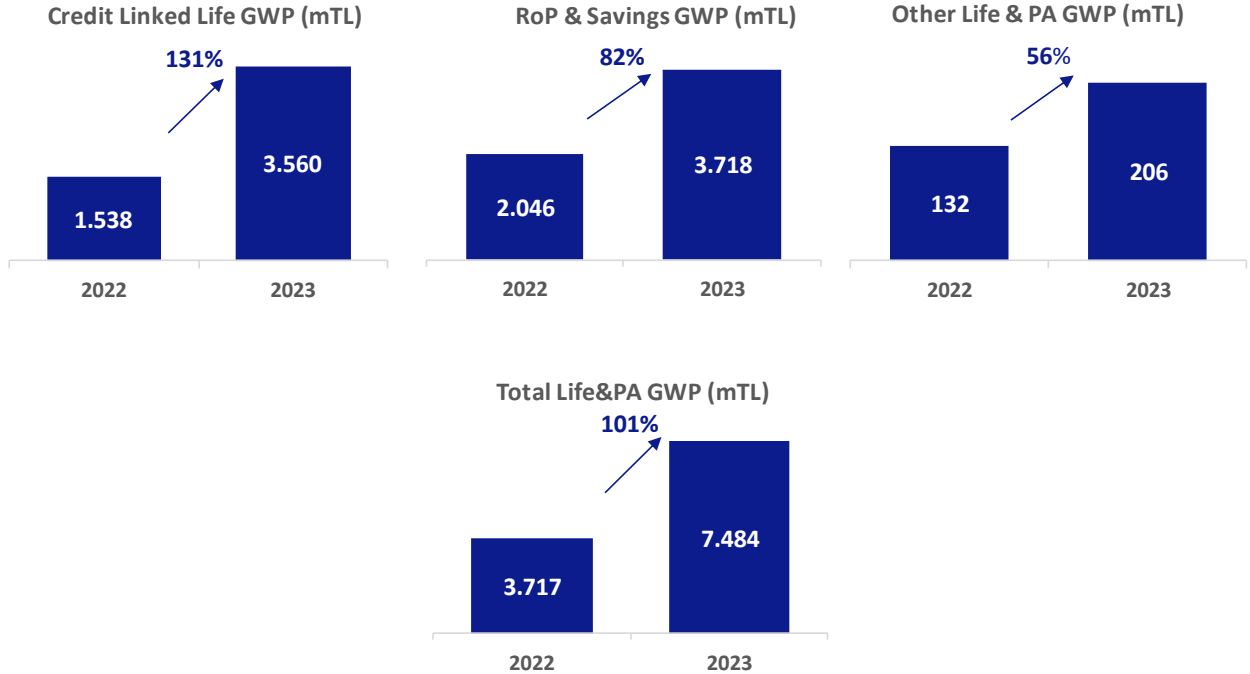
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 141.5 bnTL with 1.9m participants, including AE.



Source: Pension Monitoring Center 31.12.2023

*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among private companies as of December'23
- Total Life & PA gross written premiums reached 7.484 mTL; higher than prior year by 101% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2022	2023	Change
Credit Linked Life	1.538	3.560	131%
RoP & Savings	2.046	3.718	82%
Other Life & PA	132	206	56%
Total Premium	3.717	7.484	101%
Pension	547	1.166	113%
Credit Linked Life	548	1.186	117%
RoP & Savings	785	1.294	65%
Other Life & PA	56	82	47%
Total Technical Income	1.936	3.728	93%
Total General Expenses	-1.152	-2.351	104%
Net Technical Profit	784	1.377	76%
Total Investment & Other Income	602	1.277	112%
Total Tax	-259	-710	174%
Net Profit	1.127	1.944	73%

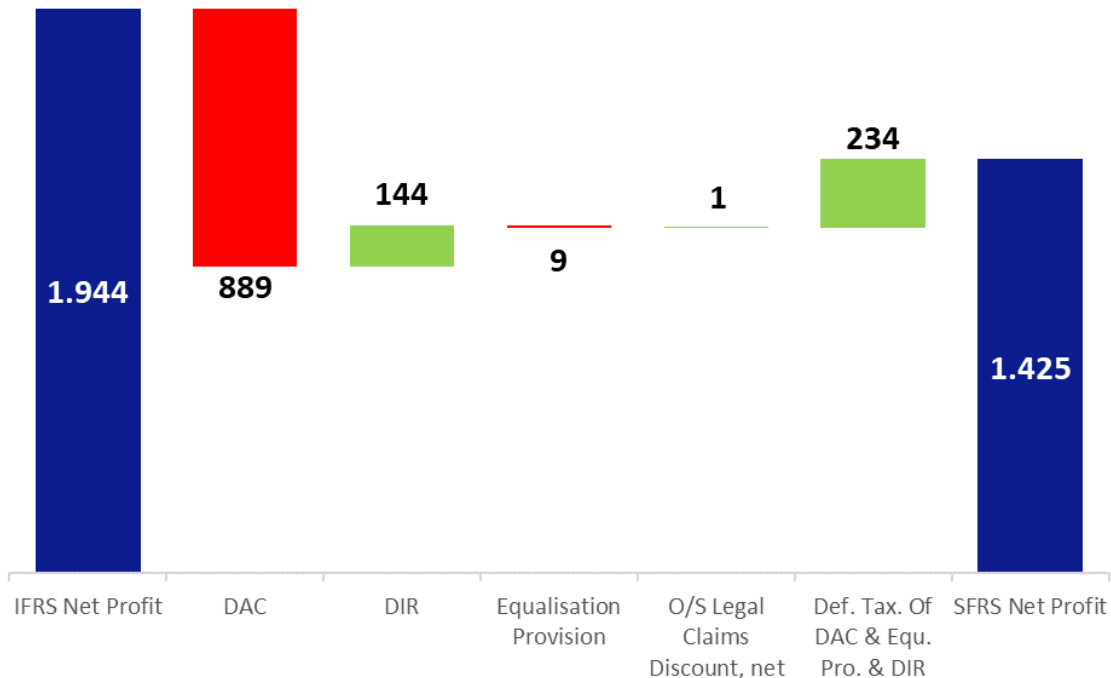
- Total technical income grew by 93% mainly driven by credit linked life and pension profitability growth.
 - Pension technical profit increased by 113% mainly due to higher total fund management fee regarding AuM increase
 - Credit linked Life technical profit increased by 117% mainly due to increase in premiums
 - RoP & Savings technical profit increased by 65% thanks to strong RoP portfolio.
 - Other Life & Personal accident technical profit increased by 47% due to mainly higher premium production.
- General expenses are 2.351 mTL with a yoy increase of 104% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 1.277 mTL with a yoy increase by 112% mainly due to higher financial income regarding f/x gains.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2022	2023	Change
Life	553	928	68%
Non-Life	12	29	135%
Pension	-431	-1.096	154%
Net Technical Profit	134	-139	n/a
Total Investment & Other Income	910	2.034	124%
Tax	-169	-470	178%
Net Profit	875	1.425	63%

- Net profit for the period is 1.425 mTL with an increase of 63% mainly due to higher financial income regarding f/x gains despite lower technical profit regarding undeferred commissions in SFRS and higher expenses.
- Total net technical profit decrease;
 - Life net technical profit is higher than prior year by 68% due to increasing volume; even though the SFRS profitability is negatively impacted from the commissions paid which are not deferrable in SFRS.
 - Non-life (personal accident) net technical profit after general expenses is higher than prior year by 135% mainly due to higher premium production.
 - Due to higher expense allocation, which is done according to the local regulation rules, pension net technical profit after general expenses is lower than prior year. Since new business sales commissions are not deferrable in SFRS, higher NB results in lower SFRS profit for the year.

BRIDGING FROM MANAGEMENT REPORTING TO STATUTORY PROFIT



REGULATION HIGHLIGHTS

Inflation Accounting

- IAS29 Financial Reporting in Hyperinflationary Economies applies where an entity's functional currency is that of a hyperinflationary economy. The reason is to show how much purchasing power the company lost on monetary items and gained on non-monetary items.
- Main Monetary Items; Cash and Banks, Receivables, DIR Assets, Loans, Payables, Borrowings, Math Reserves, OS Claims, Tax payable
- Accounting and Auditing Standards Authority (“KGK”) has announced that;
 - Financial statements as of 31.12.2023 will be compliant with inflation accounting
 - Regulatory and supervisory agencies of banking and insurance companies are able to define different transition timeline for inflation accounting than (“KGK”)
- SEDDK made an official announcement that insurance companies are exempted for IAS29 compliance as of 31.12.2023.

IFRS 17

Main purposes of IFRS 17

- Enhance comparability between companies/products and also between sectors
- Increase disclosures so movements in key metrics are clearly understood
- Recognize profit in line with service provision

Enhancements

- Relevance and accuracy: Market rates and current assumptions
- Profitability: introduce a revenue recognition approach that is more consistent with that of other industries
- Comparability: a consistent framework for reporting insurance contracts

AgeSA’s Current Position:

- Transition to IFRS 17 has been postponed to 1.1.2025 by local regulator. 2024 will be the parallel reporting period in terms of regulatory reporting.

NEW BUSINESS RESULTS

(m TL)	FY 2022	FY 2023	Change(%)
Credit-linked Life	291	645	121%
ROP & Savings	400	406	1%
Other Life & PA	26	14	-45%
Pensions	244	705	189%
Value of New Business	960	1.770	84%

(m TL)	FY 2022	FY 2023	Change(%)
Credit-linked Life	1.571	3.715	136%
ROP & Savings	2.627	4.452	69%
Other Life & PA	153	214	40%
Pensions*	17.407	50.203	188%
Present Value of New Business Premiums	21.758	58.585	169%

(*): Including State Contribution

(m TL)	FY 2022	FY 2023	Change(Diff.)
Credit-linked Life	18,5%	17,4%	-1,2%
ROP & Savings	15,2%	9,1%	-6,1%
Other Life & PA	16,6%	6,6%	-10,0%
Pensions	1,4%	1,4%	0,0%
New Business Margin	4,4%	3,0%	-1,4%

Source: Company data, unaudited results

- Value of new business (VNB) and present value of new business premiums (PVNBP) have increased year-on-year as a result of higher Pension and Credit-linked Life new business sales. The new Savings product contributed 3,135m TRY to the PVNBP total while the new ROP product added 1,317m TRY of PVNBP.
- Credit-linked Life VNB increased by 121%, helped by higher volumes and strong rider penetration levels.
- ROP & Savings PVNBP increased by almost 69% due to strong sales from the Savings product as well as the new ROP product was launched in '23Q3. The drop in margins is due to the lack of ROP sales in first half of 2023, but margins for the past 2 quarters have been strong.
- Pension PVNBP was increased by 188%, as regular contributions were up 188% compared to 2022. PVNBP was further boosted by 14.3 billion TL of lump-sum payments (up 189% compared to 2022).

DISCLAIMER

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