

AgeSA

H1 2023 Financial Results

Earnings Release

August 8, 2023

#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

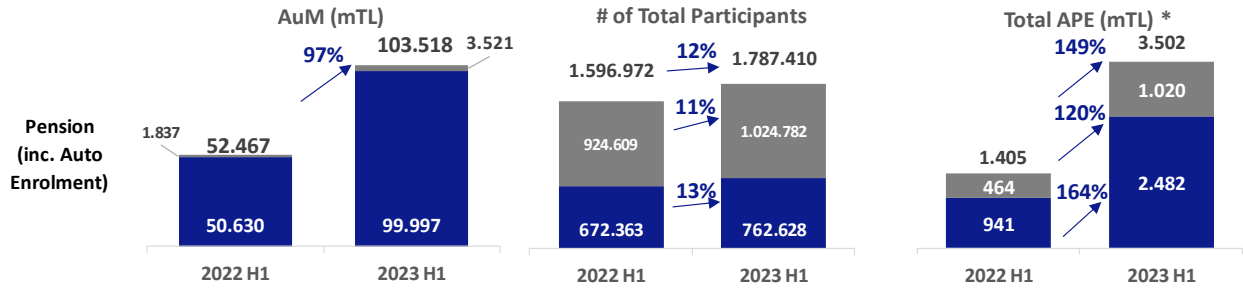
- The Pension Assets under Management (AuM) has grown by 98% yoy and reached 100.0 billion TL as of H1 2023.
- Auto Enrolment AuM increased by 92% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total Life&PA premiums grew by 103% yoy, driven by both 151% growth in credit-linked production and 69% growth in stand-alone (non-credit linked) life underpinning AgeSA's diverse business model and product positioning.
- Inflation accounting is not applied for 30 June 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 78% at 930 mTL mainly due to higher financial income regarding f/x gains besides the increase in technical income regarding strong growth in all major business lines (Pension, Credit Life and RoP).
- Total technical profit has increased by 62% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 63.2% as of H1 2023.
- 150 mTL dividend has been paid in March
- Statutory profit is 780 mTL with significant increase of 70% 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 H1 575k shares were bought with an average price of 28,28 TL

STRATEGIC HIGHLIGHTS

- AgeSA serves 4.0 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

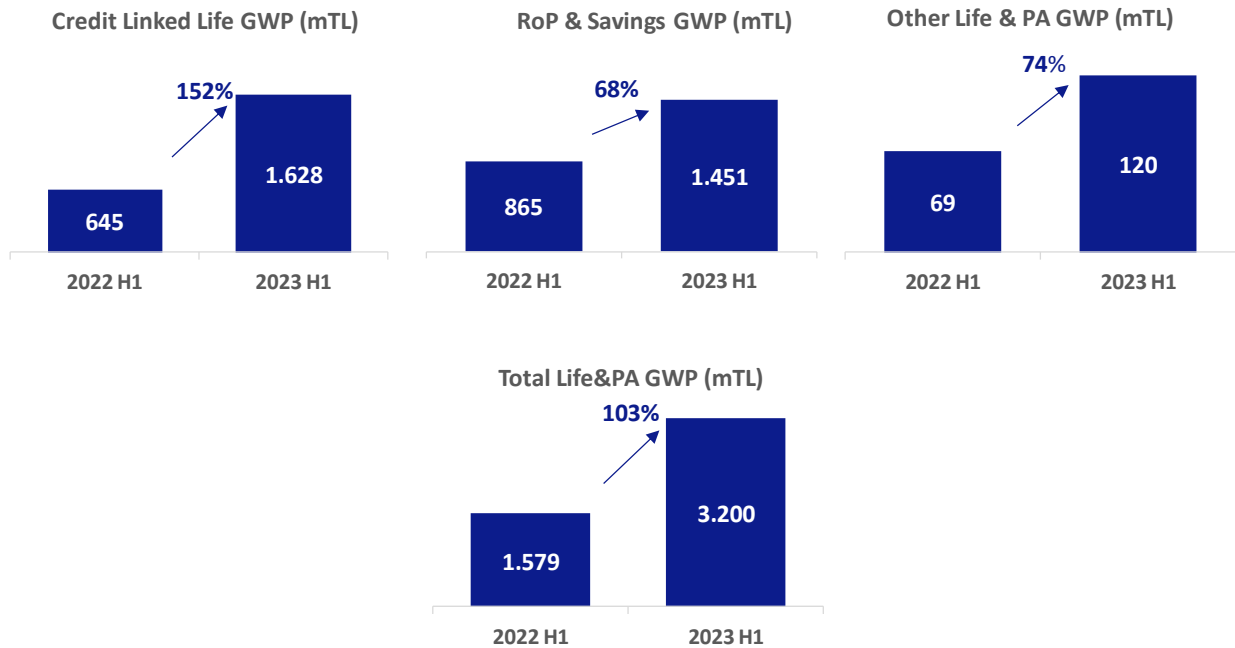
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 103.5 bnTL with 1.8m participants, including AE.



Source: Pension Monitoring Center 30.06.2023

*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among private companies as of June'23
- Total Life & PA gross written premiums reached 3.200 mTL; higher than prior year by 103% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2022 H1	2023 H1	Change
Credit Linked Life	645	1.628	152%
RoP & Savings	865	1.451	68%
Other Life & PA	69	120	74%
Total Premium	1.579	3.200	103%
Pension	242	453	87%
Credit Linked Life	236	446	89%
RoP & Savings	372	469	26%
Other Life & PA	15	33	117%
Total Technical Income	864	1.401	62%
Total General Expenses	-486	-913	88%
Net Technical Profit	378	488	29%
Total Investment & Other Income	298	742	149%
Total Tax	-155	-300	94%
Net Profit	521	930	78%

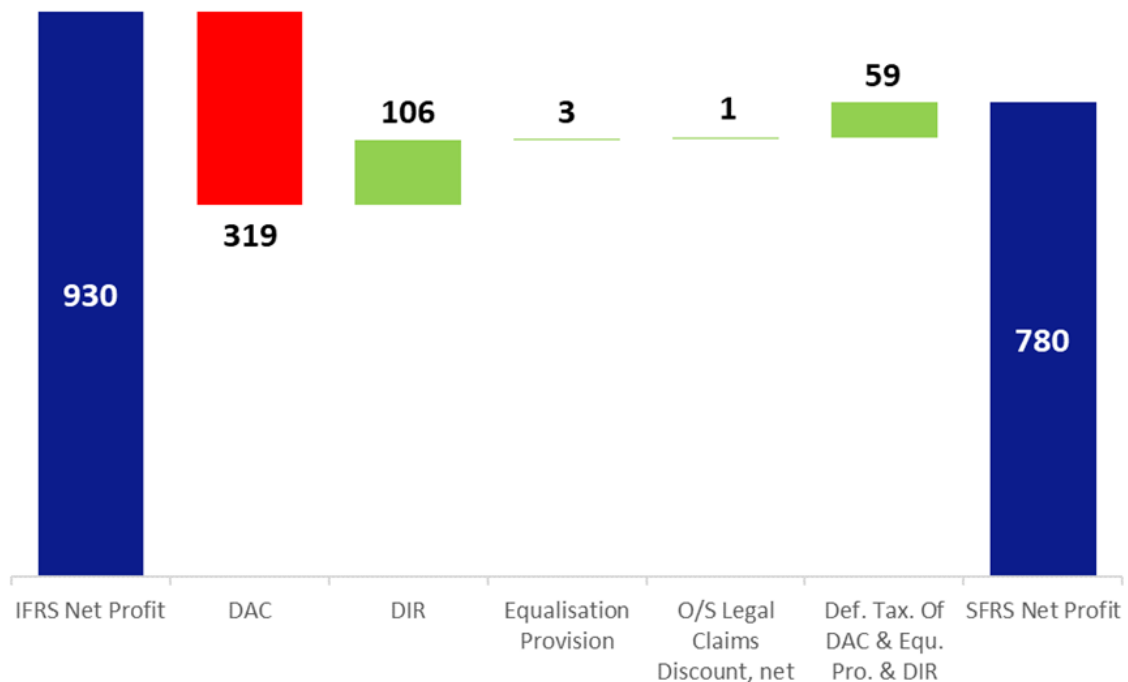
- Total technical income grew by 62% mainly driven by credit linked life and pension profitability growth.
 - Pension technical profit increased by 87% mainly due to higher total fund management fee regarding AuM increase
 - Credit linked Life technical profit increased by 89% mainly due to increase in premiums
 - RoP & Savings technical profit increased by 26% thanks to strong RoP portfolio.
 - Other Life & Personal accident technical profit increased by 117% due to mainly higher premium production.
- General expenses are 913 mTL with a yoy increase of 88% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 742 mTL with a yoy increase by 149% mainly due to higher financial income regarding f/x gains.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2022 H1	2023 H1	Change
Life	239	229	-4%
Non-Life	-3	4	-245%
Pension	-82	-273	235%
Net Technical Profit	154	-41	-126%
Total Investment & Other Income	434	1.057	143%
Tax	-131	-236	80%
Net Profit	458	780	70%

- Net profit for the period is 780 mTL with significant increase of 70% 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 slightly lower than prior year by 4%. Despite increase in volume, 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 7 mTL 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
- There is still no clear information from Accounting and Auditing Standards Authority (“KGK”) for statutory financials yet, inflation accounting is not applied for Financial Statements

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:

- IFRS 4 standard which is still valid for Insurance Law, will be applicable for company financials that will be declared in “KAP” (Public Disclosure Platform).
- In this case, our financials will be exempted from IFRS 17 until 1.1.2024.
- Our IFRS 17 implementation program is on track. We have started IFRS 17 Tests and dry runs

NEW BUSINESS RESULTS

(m TL)	Q2 2022	Q2 2023	Change(%)
Credit-linked Life	119	361	203%
ROP & Savings	302	103	-66%
Other Life & PA	14	19	32%
Pensions	18	402	2138%
Value of New Business	454	885	95%

(m TL)	Q2 2022	Q2 2023	Change(%)
Credit-linked Life	641	1.698	165%
ROP & Savings	1,200	1,712	43%
Other Life & PA	80	125	56%
Pensions*	5,485	17,894	226%
Present Value of New Business Premiums	7,406	21,430	189%

(*): Including State Contribution

(m TL)	Q2 2022	Q2 2023	Change(Diff.)
Credit-linked Life	18.6%	21.2%	2.7%
ROP & Savings	25.2%	6.0%	-19.2%
Other Life & PA	18.0%	15.2%	-2.8%
Pensions	0.3%	2.2%	1.9%
New Business Margin	6.1%	4.1%	-2.0%

Source: Company data, unaudited results

- Value of new business (VNB) and present value of new business premiums (PVNBP) have increased year-on-year owing to higher Pension and credit-life new business sales. The new Savings product contributed 1,712m TRY to the PVNBP total.
- Credit-linked Life VNB increased by 203%, helped by higher volumes.
- ROP & Savings PVNBP increased by almost 43% due to strong sales from the Savings product which was launched in '22Q3. The drop in margins was due to the lack of ROP sales in 2023.
- Pension business NB margin increased with model and assumption updates along with higher lump-sum payments in 2023.

DISCLAIMER

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