

# AgeSA

## Q1 2022 Financial Results

### Earnings Release

May 9, 2022

#### **Leadership Position in Pension, Sustainable Growth as Top Tier Player in Life**

AgeSA maintains Pension&AE AuM leadership among private companies and has a 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 results in net profit, thanks to strong technical income growth resulting from high profitability in life and pension scalability and financial income increase despite economic volatilities.

#### **FINANCIAL HIGHLIGHTS**

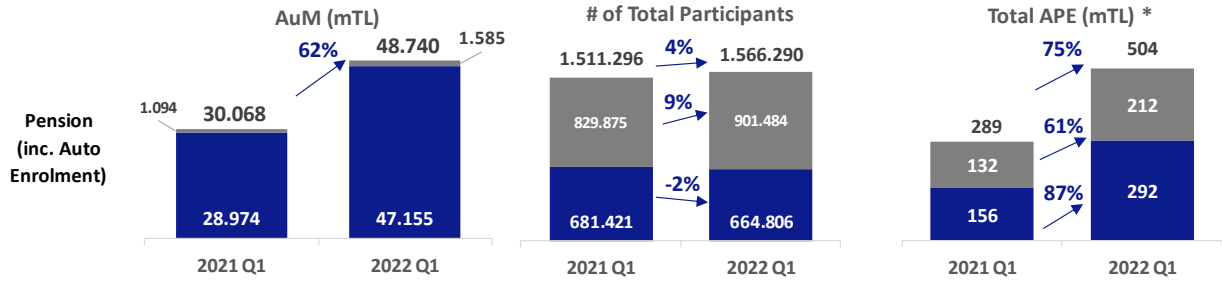
- The Pension Assets under Management (AuM) has grown by 63% yoy and reached 47.2 billion TL as of Q1 2022.
- Auto Enrolment AuM increased by 45% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total protection premiums grew by 67% yoy, driven by both 29% growth in credit linked and 97% growth in stand-alone (non-credit linked) life protection underpinning AgeSA's diverse business model and product positioning.
- IFRS Net Profit is higher than prior year by 90% at 261 mTL mainly due to strong growth in all major business lines (pension, credit Life and RoP) and increase in net financial income resulting from higher interest and f/x rates.
- Total technical profit has increased by 49% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 50.9% as of Q1 2022.
- Statutory profit is 243 mTL with an increase of 91% due to mainly growth in life protection technical profit and increase in financial income.
- In order to meet our fast growing company strategy, long term investment and financing policies and shareholders' expectations, and to be prudent for the uncertainties that may arise from IFRS 17 which will be effective from 1.1.2023 and current macro economic environment, the company decided to keep 2021 distributable profit as a reserve to strengthen our equity.
- There is no material impact from Covid-19 on Company's financials.

## STRATEGIC HIGHLIGHTS

- AgeSA serves 2.8 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.
- Our aim in 2022 is to maintain our strong presence in the private pension market and expand our life insurance business even further. In order to achieve this, AgeSA plans to enrich its product range and services through customer-oriented and innovative solutions, both for pensions and life insurance.
- In order to respond to shifting market and customer dynamics, AgeSA continued to improve its distribution capabilities in Q1 2022, in particular with the growth of the direct sales channel.
- In addition to providing financial assurance to customers, AgeSA will also develop innovative business models and projects for sustainable growth. Parallel with the changes in global demographics, Turkey's elderly population is growing rapidly with a lack of qualified services for an ageing population necessitating new initiatives, services and products. The problems faced by senior citizens also come within the scope of our corporate social responsibility project, "Her Yaşta", which addresses a wide range of the age-related issues faced by individuals and society.
- AgeSA's "Life Cycle" Pension Funds allows customers to access three different "fund of funds" options which offer stable and sustained returns in the long run in parallel with investor profiles. These funds offer agile and professional investment alternatives, especially during volatile economic conditions.
- AgeSA also released its new product, "Sustainability Funds" for pension business, which allows customers to invest in companies that embrace Environmental, Social and Governance values in order to obtain high real returns for long term perspective

## TOPLINE HIGHLIGHTS

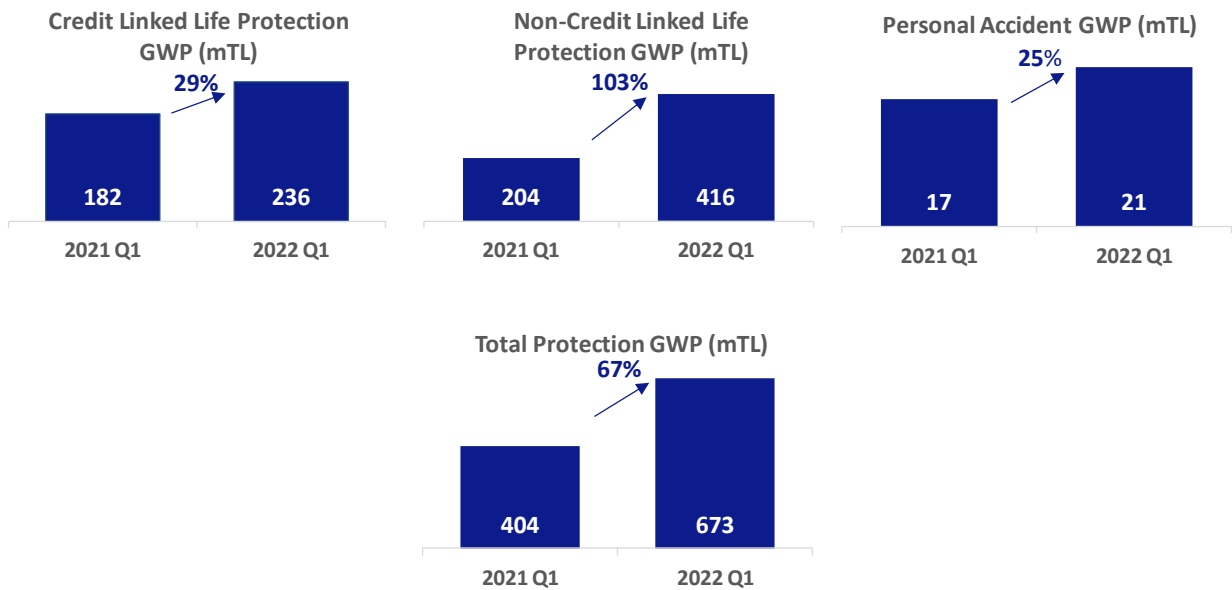
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM reached 48.7 bnTL with 1.6m participants, including AE.



Source: Pension Monitoring Center 31.03.2022

\*Before opt-out

- Total Protection gross written premiums reached 673 mTL; higher than prior year by 67% continuing the momentum in a sustainable manner.



## AGESA IFRS SEGMENT RESULTS

(mTL)	2021 Q1	2022 Q1	Change
Life Protection	178	276	55%
Personal Accident	7	7	-7%
Savings	1	-1	-157%
Pension	81	115	43%
<b>Total Technical Income</b>	<b>267</b>	<b>397</b>	<b>49%</b>
<b>Total General Expenses</b>	<b>-126</b>	<b>-218</b>	<b>74%</b>
<b>Net Technical Profit</b>	<b>142</b>	<b>179</b>	<b>26%</b>
<b>Total Investment &amp; Other Income</b>	<b>32</b>	<b>162</b>	<b>412%</b>
<b>Total Tax</b>	<b>-35</b>	<b>-79</b>	<b>124%</b>
<b>Net Profit</b>	<b>138</b>	<b>261</b>	<b>90%</b>

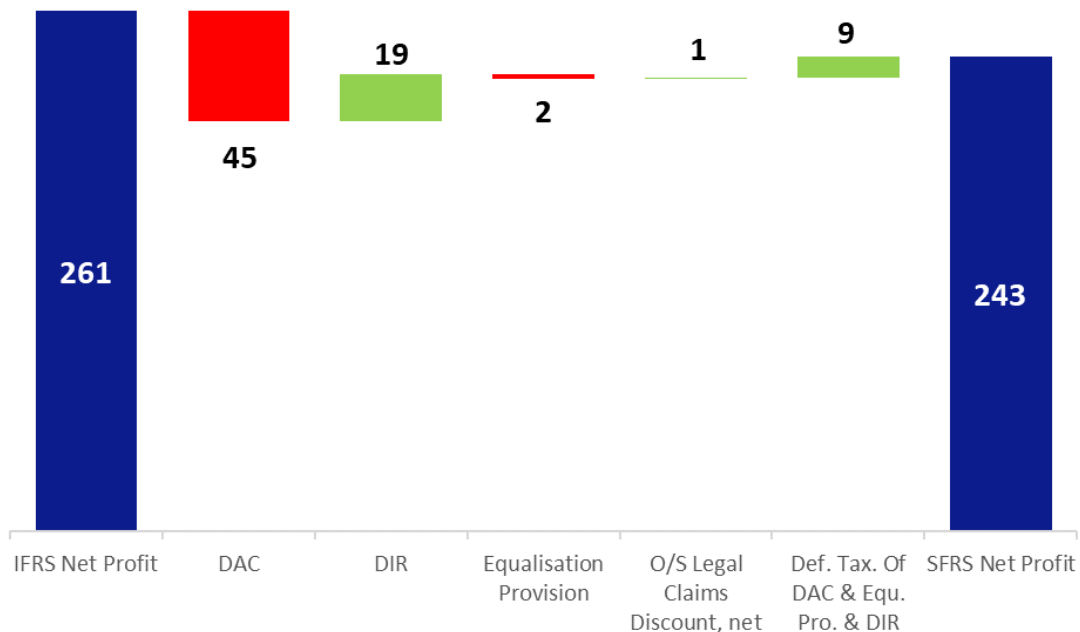
- Total technical income grew by 49% mainly driven by protection and pension profitability growth.
  - Pension technical profit increased by 43% mainly due to higher total fund management fee regarding AuM increase
  - Life protection technical profit increased by 55% due to increase in premiums thanks to both our credit linked and non-credit linked RoP products.
  - Personal accident technical profit decreased by 7% due to lower earned premiums.
- General expenses are 218 mTL with a yoy increase of 74% mainly due to high inflation environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 162 mTL with a yoy increase by 412% mainly due to higher interest and f/x rates, in addition to higher shareholders' fund.

## AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2021 Q1	2022 Q1	Change
Life	80	105	32%
Non-Life	0	-4	2236%
Pension	17	-9	-156%
<b>Net Technical Profit</b>	<b>96</b>	<b>91</b>	<b>-5%</b>
<b>Total Investment &amp; Other Income</b>	<b>64</b>	<b>222</b>	<b>249%</b>
<b>Tax</b>	<b>-33</b>	<b>-71</b>	<b>114%</b>
<b>Net Profit</b>	<b>127</b>	<b>243</b>	<b>91%</b>

- Net profit for the period is 243 mTL with an increase of 91% mainly due to growth in Life technical profit and financial income.
- Total net technical profit increase;
  - Life net technical profit is higher than prior year by 32% 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 lower than prior year by 4 mTL mainly due to higher expenses despite 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 IFRS TO STATUTORY PROFIT



## NEW BUSINESS RESULTS

(m TL)	Q1 2021	Q1 2022	Change(%)
Life Protection	90.8	110.9	22.1%
Personal Accident	2.8	1.5	-45.2%
Pensions	7.1	31.6	344.4%
<b>Value of New Business</b>	<b>100.8</b>	<b>144.1</b>	<b>43.0%</b>

(m TL)	Q1 2021	Q1 2022	Change(%)
Life Protection	527.6	848.7	60.9%
Personal Accident	22.0	25.1	13.8%
Pensions(*)	1,027.4	2,448.7	138.3%
<b>Present Value of New Business Premiums</b>	<b>1,577.0</b>	<b>3,322.4</b>	<b>110.7%</b>

(\*) Including State Contribution

(m TL)	Q1 2021	Q1 2022	Change(Diff.)
Life Protection	17.2%	13.1%	-4.1%
Personal Accident	12.8%	6.2%	-6.7%
Pensions	0.7%	1.3%	0.6%
<b>New Business Margin</b>	<b>6.4%</b>	<b>4.3%</b>	<b>-2.1%</b>

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 new business sales.
- Life Protection margins have dropped since last year mainly due to a change in the surrender payment legislation requiring surrender values to be calculated gross of premium loadings.
- Life protection VNB increased by 22.1% helped by higher volumes as well as an increase in USD and TRY swaps.
- The present value of new business premiums for the pension portfolio is higher compared to last year due to impressive business sales growth.
- The personal accident line of business has seen a decrease in NB margin compared to last year due to higher unit expenses.

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