

AgeSA

Q1 2023 Financial Results

Earnings Release

May 4, 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 net profits are depressed due to lower financial income regarding Equity market loss despite the significant increase in technical income resulting from high profitability in life and pension scalability.

FINANCIAL HIGHLIGHTS

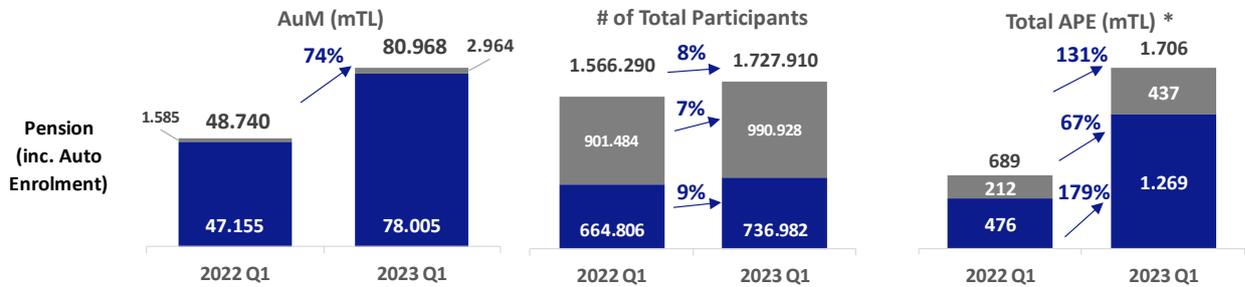
- The Pension Assets under Management (AuM) has grown by 65% yoy and reached 78.0 billion TL as of Q1 2023.
- Auto Enrolment AuM increased by 87% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total Life&PA premiums grew by 126% yoy, driven by both 233% 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 31 March 2023 Financial Statements, all financial figures represent Management Reporting (IFRS Financials excluding inflation accounting effect)
- Management Reporting Net Profit is slightly lower than prior year by 7% at 243 mTL mainly due to lower financial income despite the increase in technical income regarding strong growth in all major business lines (Pension, Credit Life and RoP).
- Total technical profit has increased by 64% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 53.4% as of Q1 2023.
- 150 mTL dividend has been paid in March
- Statutory profit is 215 mTL with slightly decrease of 12% due to mainly lower life and pension 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, 278k shares were bought with an average price of 29,02 TL

STRATEGIC HIGHLIGHTS

- AgeSA serves 3.7 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

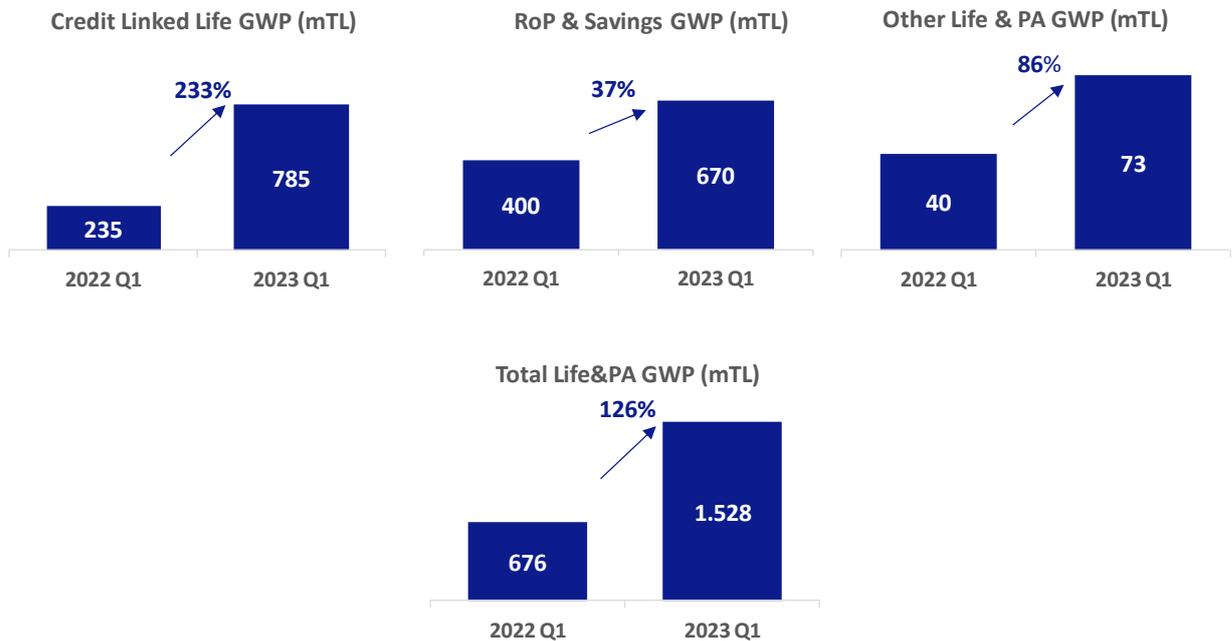
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 81.0 bnTL with 1.7m participants, including AE.



Source: Pension Monitoring Center 31.03.2023

*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among private companies as of March'23
- Total Life & PA gross written premiums reached 1.528 mTL; higher than prior year by 126% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2022 Q1	2023 Q1	Change
Credit Linked Life	235	785	234%
RoP & Savings	400	670	67%
Other Life & PA	40	73	81%
Total Premium	676	1.528	126%
Pension	115	186	61%
Credit Linked Life	102	222	118%
RoP & Savings	170	217	27%
Other Life & PA	10	27	186%
Total Technical Income	397	651	64%
Total General Expenses	-218	-420	93%
Net Technical Profit	179	231	29%
Total Investment & Other Income	162	97	-40%
Total Tax	-79	-85	7%
Net Profit	261	243	-7%

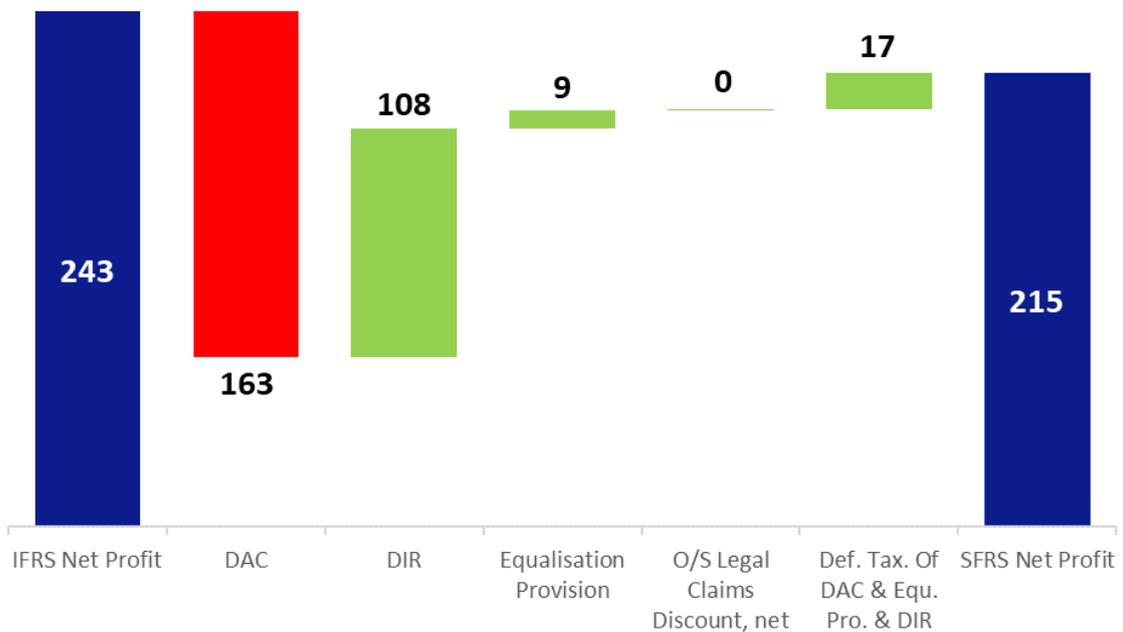
- Total technical income grew by 64% mainly driven by credit linked life and pension profitability growth.
 - Pension technical profit increased by 61% mainly due to higher total fund management fee regarding AuM increase
 - Credit linked Life technical profit increased by 118% mainly due to increase in premiums
 - RoP & Savings technical profit increased by 27% thanks to strong RoP portfolio.
 - Other Life & Personal accident technical profit increased by 186% due to mainly higher premium production.
- General expenses are 420 mTL with a yoy increase of 93% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 97 mTL with a yoy decrease by 40% mainly due to lower interest income.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2022 Q1	2023 Q1	Change
Life	105	123	17%
Non-Life	-4	0	-104%
Pension	-9	-77	719%
Net Technical Profit	91	46	-49%
Total Investment & Other Income	222	236	6%
Tax	-71	-67	-5%
Net Profit	243	215	-12%

- Net profit for the period is 215 mTL with slightly decrease of 12% mainly due to due to lower life and pension technical profit regarding undeferred commissions in SFRS and higher expenses.
- Total net technical profit increase;
 - Life net technical profit is higher than prior year by 17% 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 4 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 Q3, afterwards will be subject to SEDDK evaluation.
- Our IFRS 17 implementation program is on track. We have started IFRS 17 Tests and dry runs

NEW BUSINESS RESULTS

(m TL)	Q1 2022	Q1 2023	Change(%)
Credit-linked Life	37	170	355%
ROP & Savings	148	54	-63%
Other Life & PA	10	15	52%
Pensions	13	189	1378%
Value of New Business	208	429	106%

(m TL)	Q1 2022	Q1 2023	Change(%)
Credit-linked Life	230	873	279%
ROP & Savings	574	927	61%
Other Life & PA	46	86	86%
Pensions*	2.766	8.829	219%
Present Value of New Business Premiums	3.617	10.716	196%

(*): Including State Contribution

(m TL)	Q1 2022	Q1 2023	Change(Diff.)
Credit-linked Life	16,2%	19,5%	3,3%
ROP & Savings	25,7%	5,9%	-19,9%
Other Life & PA	21,7%	17,9%	-3,9%
Pensions	0,5%	2,1%	1,7%
New Business Margin	5,8%	4,0%	-1,8%

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 927m TRY to the PVNBP total.
- Credit-linked Life VNB increased by 279%, helped by higher volumes.
- ROP & Savings PVNBP increased by almost 61% due to strong sales from the Savings product. The drop in margins was due to the lack of ROP sales in Q1 2023.
- Pension business NB margin increased with update model and assumption changes along with higher lump-sum payments in 2023.

DISCLAIMER

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