

AgeSA

Q3 2022 Financial Results

Earnings Release

November 1, 2022

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

AgeSA maintains Pension&AE AuM leadership and ranked as leader in Life & PA business 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 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

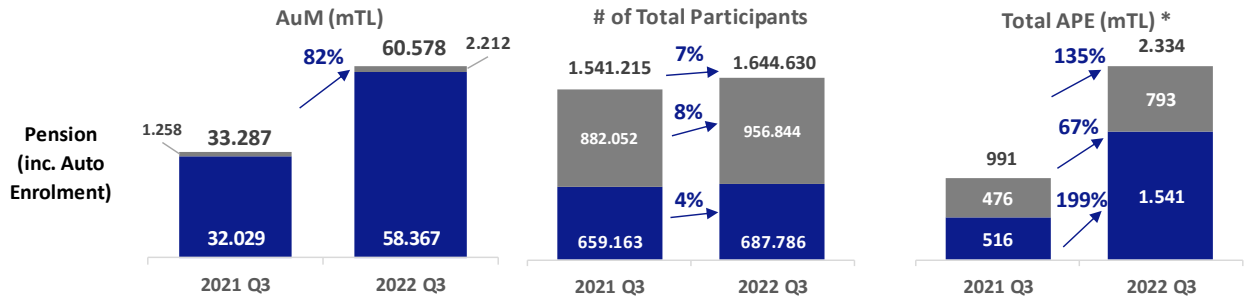
- The Pension Assets under Management (AuM) has grown by 82% yoy and reached 58.4 billion TL as of Q3 2022.
- Auto Enrolment AuM increased by 76% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total protection premiums grew by 76% yoy, driven by 106% growth in stand-alone (non-credit linked) life protection underpinning AgeSA's diverse business model and product positioning.
- Inflation accounting is not applied for 30 September 2022 Financial Statements, all financial figures represent Management Reporting (IFRS Financials excluding inflation accounting effect)
- Management Reporting Net Profit is higher than prior year by 105% at 807 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 67% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 57.6% as of Q3 2022.
- Statutory profit is 669 mTL with an increase of 94% 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 macroeconomic environment, the company decided to keep 2021 distributable profit as a reserve to strengthen our equity.

STRATEGIC HIGHLIGHTS

- AgeSA serves 3.1 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 Q3 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

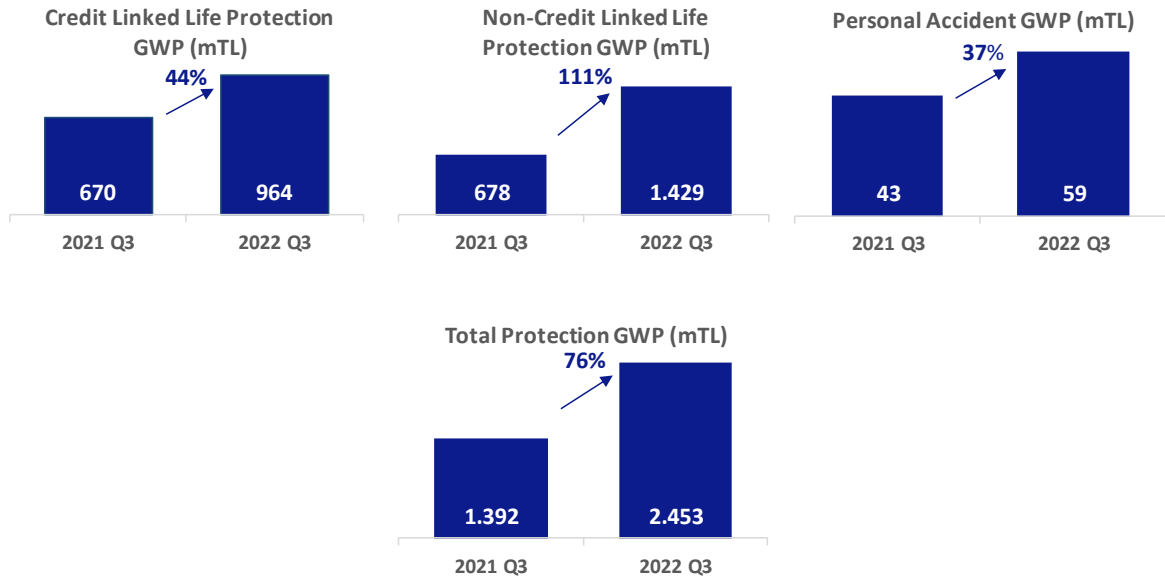
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 60.6 bnTL with 1.6m participants, including AE.



Source: Pension Monitoring Center 30.09.2022

*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among private companies as of September'22
- Total Protection gross written premiums reached 2.453 mTL; higher than prior year by 76% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2021 Q3	2022 Q3	Change
Life Protection	557	956	71%
Personal Accident	21	22	3%
Savings	3	5	73%
Pension	237	382	61%
Total Technical Income	818	1.364	67%
Total General Expenses	-415	-777	87%
Net Technical Profit	404	587	46%
Total Investment & Other Income	125	459	266%
Total Tax	-135	-239	77%
Net Profit	394	807	105%

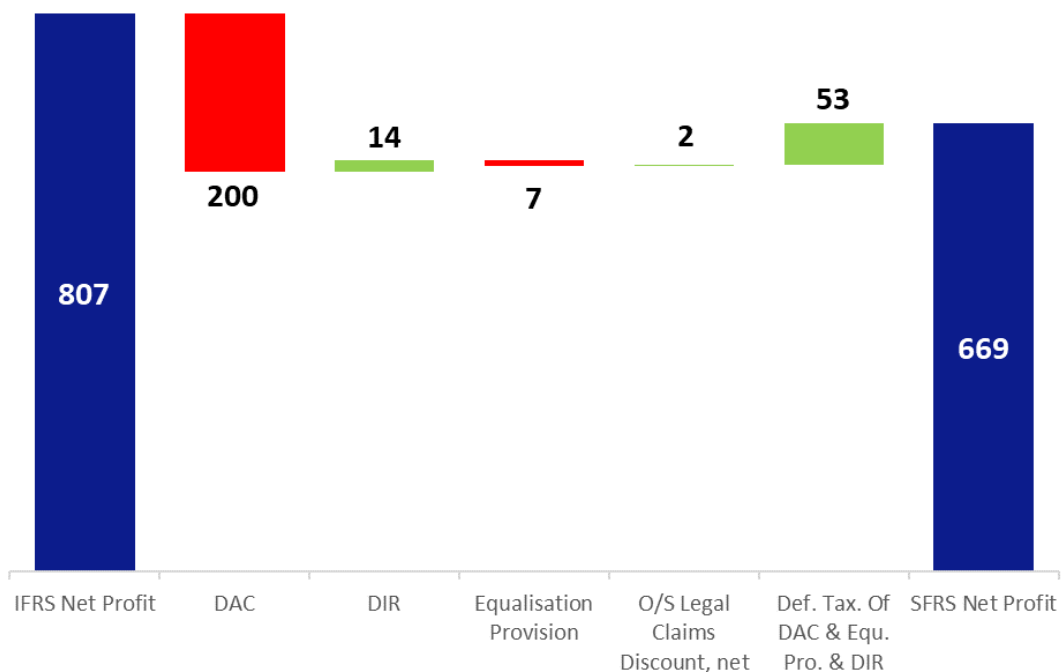
- Total technical income grew by 67% mainly driven by protection and pension profitability growth.
 - Pension technical profit increased by 61% mainly due to higher total fund management fee regarding AuM increase
 - Life protection technical profit increased by 71% due to increase in premiums thanks to both our credit linked and non-credit linked RoP products.
 - Personal accident technical profit is parallel with previous year.
- General expenses are 777 mTL with a yoy increase of 87% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 459 mTL with a yoy increase by 266% mainly due to higher interest gains, returns and f/x rates, in addition to higher shareholders' fund.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2021 Q3	2022 Q3	Change
Life	274	363	33%
Non-Life	2	-3	-282%
Pension	-26	-202	675%
Net Technical Profit	249	157	-37%
Total Investment & Other Income	207	697	237%
Tax	-112	-186	65%
Net Profit	344	669	94%

- Net profit for the period is 669 mTL with an increase of 94% 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 33% 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 5 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 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 30 September 2022 Financial Statements due to lack of consensus about implementation of inflation accounting for Turkey.

IFRS 17

Main purposes of IFRS 17

- Enhance comparability between companies and products
- 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:

- Our IFRS 17 implementation program is on track. We have started IFRS 17 Tests and dry runs for HY 2022 results
- Q1 2023 results will be announced based on IFRS 17 as parallel with IASB requirements

NEW BUSINESS RESULTS

(m TL)	Q3 2021	Q3 2022	Change(%)
Life Protection	317	386	22%
Personal Accident	7	4	-47%
Pensions	24	38	61%
Value of New Business	348	428	23%

(m TL)	Q3 2021	Q3 2022	Change(%)
Life Protection	1.713	2.871	68%
Personal Accident	55	70	28%
Pensions*	3.204	8.275	158%
Present Value of New Business Premiums	4.971	11.216	126%

(*): Including State Contribution

(m TL)	Q3 2021	Q3 2022	Change(Diff.)
Life Protection	18.5%	13.4%	-5.1%
Personal Accident	12.7%	5.3%	-7.4%
Pensions	0.7%	0.5%	-0.3%
New Business Margin	7.0%	3.8%	-3.2%

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.
- 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 21.6%, helped by higher volumes as well as an increase in USD swap and short term TRY swap.
- The personal accident line of business has seen a decrease in NB margin compared to last year due to higher unit expenses.

DISCLAIMER

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