

AgeSA

Q3 2023 Financial Results

Earnings Release

November 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

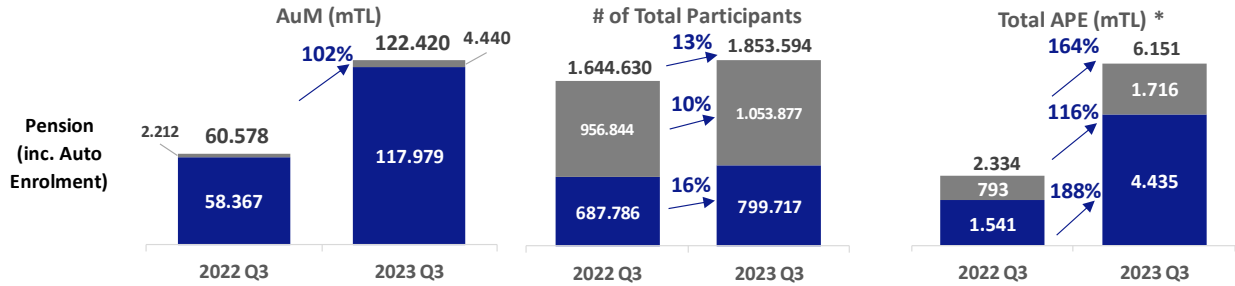
- The Pension Assets under Management (AuM) has grown by 102% yoy and reached 118.0 billion TL as of Q3 2023.
- Auto Enrolment AuM increased by 101% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total Life&PA premiums grew by 109% yoy, driven by both 161% growth in credit-linked production and 76% growth in stand-alone (non-credit linked) life underpinning AgeSA's diverse business model and product positioning.
- Inflation accounting is not applied for 30 September 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 71% at 1.377 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 79% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 60.2% as of Q3 2023.
- 150 mTL dividend has been paid in March
- Statutory profit is 1.055 mTL with significant increase of 58% 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 Q3 698k shares were bought with an average price of 33,26 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

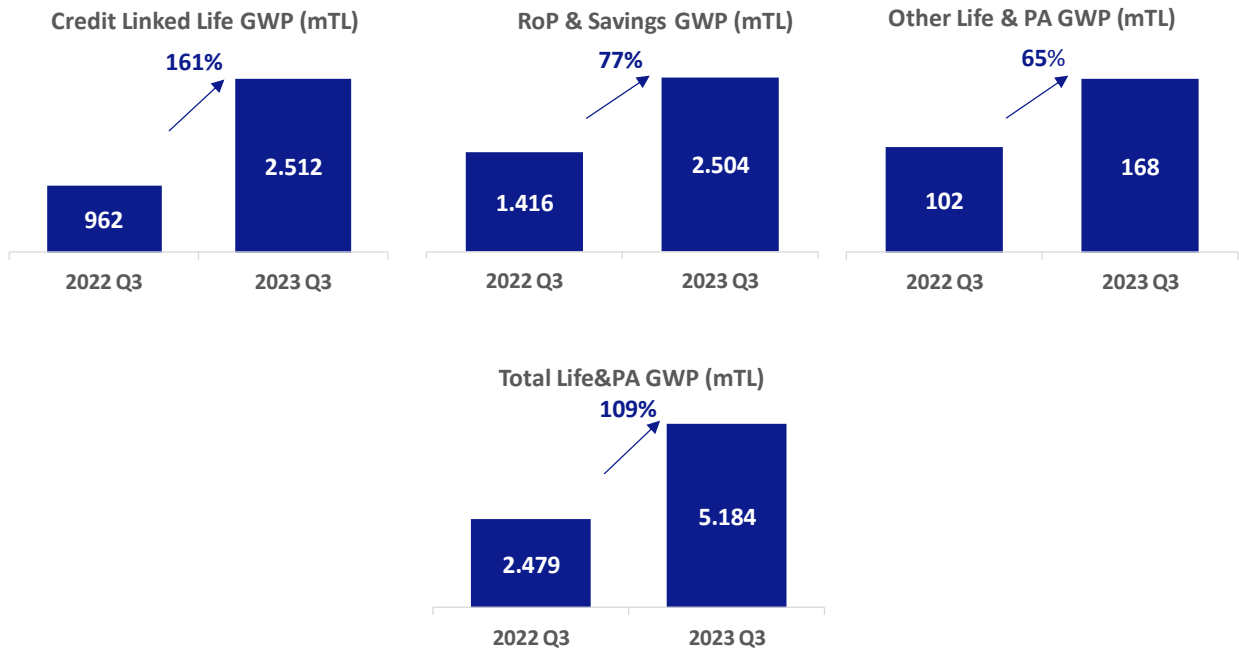
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 122.4 bnTL with 1.9m participants, including AE.



Source: Pension Monitoring Center 30.09.2023

*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among private companies as of September'23
- Total Life & PA gross written premiums reached 5.184 mTL; higher than prior year by 109% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2022 Q3	2023 Q3	Change
Credit Linked Life	962	2.512	161%
RoP & Savings	1.416	2.504	77%
Other Life & PA	102	168	65%
Total Premium	2.479	5.184	109%
Pension	382	792	107%
Credit Linked Life	356	743	109%
RoP & Savings	596	848	42%
Other Life & PA	31	61	98%
Total Technical Income	1.364	2.444	79%
Total General Expenses	-777	-1.529	97%
Net Technical Profit	587	915	56%
Total Investment & Other Income	459	985	115%
Total Tax	-239	-523	119%
Net Profit	807	1.377	71%

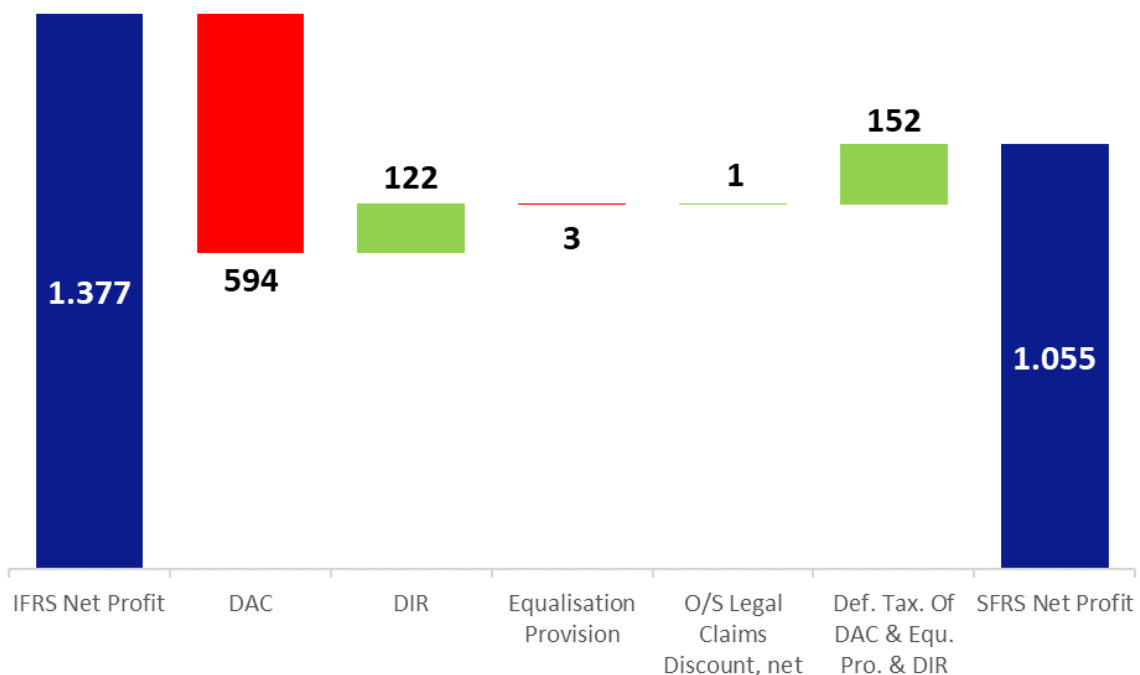
- Total technical income grew by 79% mainly driven by credit linked life and pension profitability growth.
 - Pension technical profit increased by 107% mainly due to higher total fund management fee regarding AuM increase
 - Credit linked Life technical profit increased by 109% mainly due to increase in premiums
 - RoP & Savings technical profit increased by 42% thanks to strong RoP portfolio.
 - Other Life & Personal accident technical profit increased by 98% due to mainly higher premium production.
- General expenses are 1.529 mTL with a yoy increase of 97% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 985 mTL with a yoy increase by 115% mainly due to higher financial income regarding f/x gains.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2022 Q3	2023 Q3	Change
Life	363	500	38%
Non-Life	-3	20	n/a
Pension	-202	-622	207%
Net Technical Profit	157	-101	n/a
Total Investment & Other Income	697	1.522	118%
Tax	-186	-366	97%
Net Profit	669	1.055	58%

- Net profit for the period is 1.055 mTL with an increase of 58% 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 38% 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 23 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)	Q3 2022	Q3 2023	Change(%)
Credit-linked Life	179	576	222%
ROP & Savings	356	237	-33%
Other Life & PA	20	25	23%
Pensions	19	672	3381%
Value of New Business	574	1510	163%

(m TL)	Q3 2022	Q3 2023	Change(%)
Credit-linked Life	965	2,617	171%
ROP & Savings	1,771	2,903	64%
Other Life & PA	119	175	47%
Pensions*	9,318	30,474	227%
Present Value of New Business Premiums	12,172	36,169	197%

(*): Including State Contribution

(m TL)	Q3 2022	Q3 2023	Change(Diff.)
Credit-linked Life	18.5%	22.0%	3.5%
ROP & Savings	20.1%	8.2%	-11.9%
Other Life & PA	17.0%	14.2%	-2.8%
Pensions	0.2%	2.2%	2.0%
New Business Margin	4.7%	4.2%	-0.5%

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-linked Life new business sales. The new Savings product contributed 2,388m TRY to the PVNBP total while the new ROP product added 515m TRY of PVNBP.
- Credit-linked Life VNB increased by 222%, helped by higher volumes and strong rider penetration levels.
- ROP & Savings PVNBP increased by almost 64% 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. The new ROP product was launched in '23Q3 and will help boost profit margins.
- Pension business NB margin increased with model and assumption updates along with higher lump-sum payments in 2023.

DISCLAIMER

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