



**Presentation to  
Investors  
FY 2022  
Earning Release**

16 February 2023

We are deeply saddened by the earthquakes that took place in Kahramanmaraş and the surrounding 10 provinces on February the 6th, 2023. We offer our deepest condolences to the families of those affected and a speedy recovery to all those injured.

At this time, we would like to reassure our shareholders that we do not foresee any material effect to our 2023 profitability or balance sheet due to the events of last week as AgeSA holds reinsurance to cover such catastrophic risk events.

## Following measures have been taken

### Regulatory

- 🔹 Turkish government **declared state of emergency** for the area impacted by the earthquake (“EQ area”) for a period of **3 months**. **National mourning** has also been declared on 06.02.2023 **for 7 days**.
- 🔹 Istanbul stock exchange (**BIST**) **has been closed** effective as of 08.02.2023 (disclosed on 10.02.2023), for 5 business days **until 14.02.2023**.
- 🔹 On 08.02.2023, Capital Markets Board (“**CMB**”) decided to **postpone all transaction value dates to 15.02.2023** or later **for all pension funds**.
- 🔹 Turkish Banking Association (“**TBA**”) decided the banks postpone following loan payments for 6 months: (i) due payments and (ii) payments to be due in 6 months. If banks decided to apply interest for the period postponed, they have to get the consent of the clients for postponement, and if not postponement will be made automatically.
- 🔹 Insurance Regulator requested data from all insurance companies in fire, engineering, MTPL, personal accident, health, life and other insurance segments in EQ area to calculate the financial consequences of the earthquake on the sector.
- 🔹 Turkish Insurance Association (“**TSB**”) **shared a guidance for actions to support the customers and the agencies**.

### Products and Coverage

- 🔹 Our life and personal accident products provide earthquake coverage. AgeSA currently holds **35m USD of CAT XL** cover from Swiss (first 15m USD) and RGA (following 20m USD) and the **retention limit is 750k USD**.

### Customers and Operational

- 🔹 All necessary actions are taken In line with TSB guidance

### Aid & donations

- 🔹 **All aid and donations are organized by Sabancı Holding**.

# Key Financial Results



★ AgeSA maintains **Pension 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**.

## FY Performance

- **#1 position among private companies** in Private Pension AuM; with 18.2% total market share as of December 2022
- **#1 position among private companies** in Total Life & PA GWP; with 11.6% total market share as of December 2022
- **Almost twice of PY's profit delivery** both in terms of Management Reporting and SFRS net profit in 2022 with 108% and 94% yoy growth respectively

## Strengthened fundamentals

- **Strong and exclusive bancassurance** partnership with Akbank
- **Accelerated growth** with strengthened base of **DSF**
- **More Diversified Product Portfolio** with a New Savings Product
- Strongly building and investing on **digital, analytics and customer** capabilities
- Earned and potential **synergies w/ Aksigorta** both for topline and operational excellence areas
- **Governmental growing appetite** for pension and life business **supported by incentives**
- **Strong Shareholder Structure**

## Future

- Providing new solutions for ageing population
- Health insurance synergies w/ Sabancı Ageas Saęlık A.Ş.
- Sustainability at the heart of business to build a better future
- Future of work & end to end IT and cultural transformation

# Historical Track Record of Value Creation



A Story of Solid Profitable Growth

Solid Financial Foundations	2018	2021	2022	CAGR 2018-22	YoY 2021-22	
Pension AUM (inc AE)	17.3 bTL	43.5 bTL	75.6 bTL	45%	74%	Leadership position among private companies' Pension and AE AUM
Total GWP (Life+PA)	565 mTL	2.020 mTL	3.717 mTL	60%	84%	Leadership among private companies' Total Life&PA GWP Success of strong growing RoP portfolio and credit life product
Total Technical Profit <sup>(1,3)</sup>	484 mTL	1.150 mTL	1.936 mTL	41%	68%	Strong growth resulting from high profitability in life and pension scalability
Expense Ratio <sup>(1,2,3)</sup>	41,3%	38,5%	37,1%	-1,1 pts	-1,4 pts	Expense controls implemented against the impacts of inflation and higher profit increase compared to expense increase
Net Technical Profit <sup>(1,3)</sup>	191 mTL	529 mTL	784 mTL	42%	48%	Increase in net technical profit resulting from high technical profitability and controlled expenses against high inflation
Profit for the Period (Management Reporting) <sup>(1,3)</sup>	213 mTL	541 mTL	1.127 mTL	52%	108%	Strong growth regarding financial and technical income increase
ROE (Management Reporting) <sup>(1,3)</sup>	36,1%	44,2%	58,9%	5,7 pts	14,7 pts	Strong profit combined with lean capital
Profit for the Period (SFRS)	191 mTL	452 mTL	875 mTL	46%	94%	SFRS Profit growth is strong, thanks to life tech. profit despite lower pension tech. profit due to undeferred commissions in SFRS
Solvency I Ratio	193%	145%	165%			Well managed capital position under volatile macro-economic environment with growing appetite
Dividend Pay-outs <small>of related years' profit</small>	48 mTL					
Shareholders' Equity <sup>(1,3)</sup>	660 mTL	1.369 mTL	2.454 mTL	39%	79%	Steady increase in shareholders' equity reflects active management of capitalization to fund business growth
MCEV <sup>(3)</sup>			6.269 mTL		96%	FY'22 MCEV has increased since year-end due to new business sales and earnings on the inforce portfolio
VNB			711 mTL		46%	VNB has increased due to increased Pension and Credit Life sales. The newly launched Savings product also contributed to the VNB growth

Note: <sup>(1)</sup> Management Reporting: IFRS Financials excluding inflation accounting effect

<sup>(2)</sup> Expense ratio=(Opex-Rebranding Expenses-Sales Expenses)/(Opex-Rebranding Expenses-Sales Expenses+Management Reporting Profit Before Tax)

«Opex=G&A+Financial Expense»

<sup>(3)</sup> Source: Company data, unaudited results

# Financials



# Summary of P&L from Segmental Reporting <sup>(1)</sup>

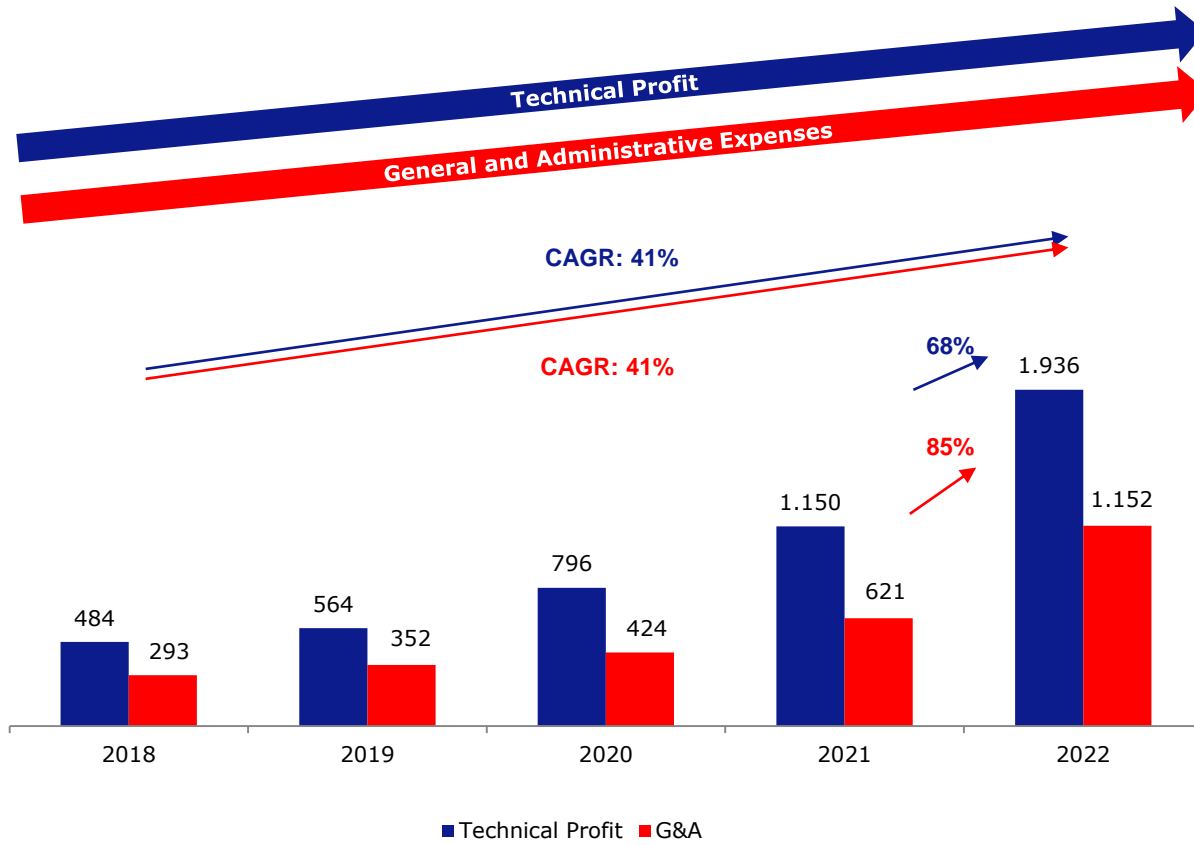
	2018	2021	2022	CAGR 2018-22	YoY 2021-22	Q3 2022	Q4 2022	QoQ
Pension Technical Profit	234	349	547	24%	57%	140	165	18%
Life Protection Technical Profit	214	765	1.334	58%	74%	347	379	9%
Life Savings Technical Profit	7	5	14	17%	186%	3	9	168%
Personal Accident Technical Profit	28	31	41	10%	34%	9	19	115%
<b>Total Technical Profit</b>	<b>484</b>	<b>1.150</b>	<b>1.936</b>	<b>41%</b>	<b>68%</b>	<b>500</b>	<b>572</b>	<b>14%</b>
General and Administrative Expenses	-293	-621	-1.152	41%	85%	-291	-375	29%
<b>Total Technical Profit after G&amp;A Expenses</b>	<b>191</b>	<b>529</b>	<b>784</b>	<b>42%</b>	<b>48%</b>	<b>209</b>	<b>197</b>	<b>-6%</b>
Total Investment Income & Other	85	200	602	63%	200%	161	143	-11%
Profit Before Taxes	276	729	1.386	50%	90%	370	340	-8%
<b>Management Reporting Profit for the Period</b>	<b>213</b>	<b>541</b>	<b>1.127</b>	<b>52%</b>	<b>108%</b>	<b>286</b>	<b>319</b>	<b>12%</b>
<b>SFRS Profit for the Period</b>	<b>191</b>	<b>452</b>	<b>875</b>	<b>46%</b>	<b>94%</b>	<b>211</b>	<b>206</b>	<b>-2%</b>

Note: <sup>(1)</sup> Management Reporting: IFRS Financials excluding inflation accounting effect, unaudited results  
<sup>(2)</sup> 2018-2019 IFRS figures are restated (deferral of ROP commissions)

# Solid and Resilient Technical Profitability with Operating Leverage Potential

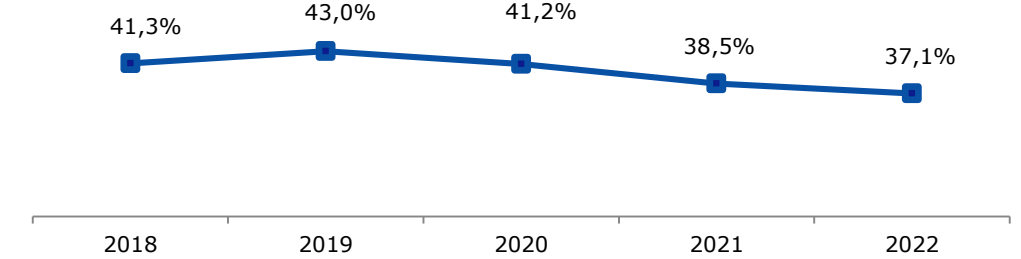


## Technical Profit (mTL)<sup>(1,2)</sup>

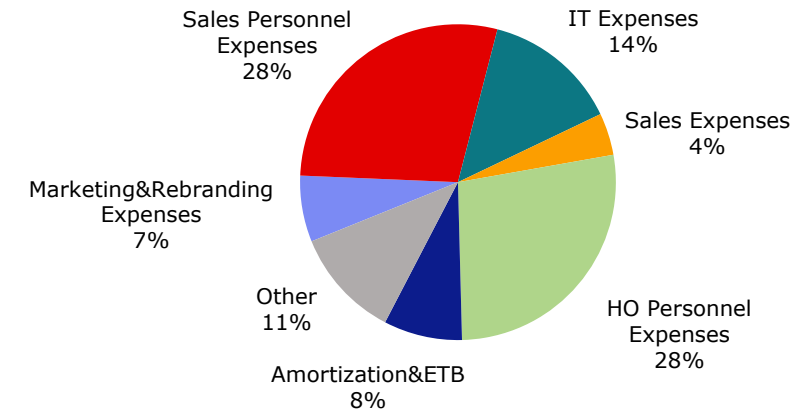


## Expense Ratio (%)<sup>(1,2)</sup>

Expense ratio =  $(\text{Opex-AE Related Expenses} - \text{Sales Expenses}) / (\text{Opex-AE Related Expenses} - \text{Sales Expenses} + \text{Management Reporting Profit Before Tax})$



## Breakdown of General Expenses, Management Reporting (FY 2022)

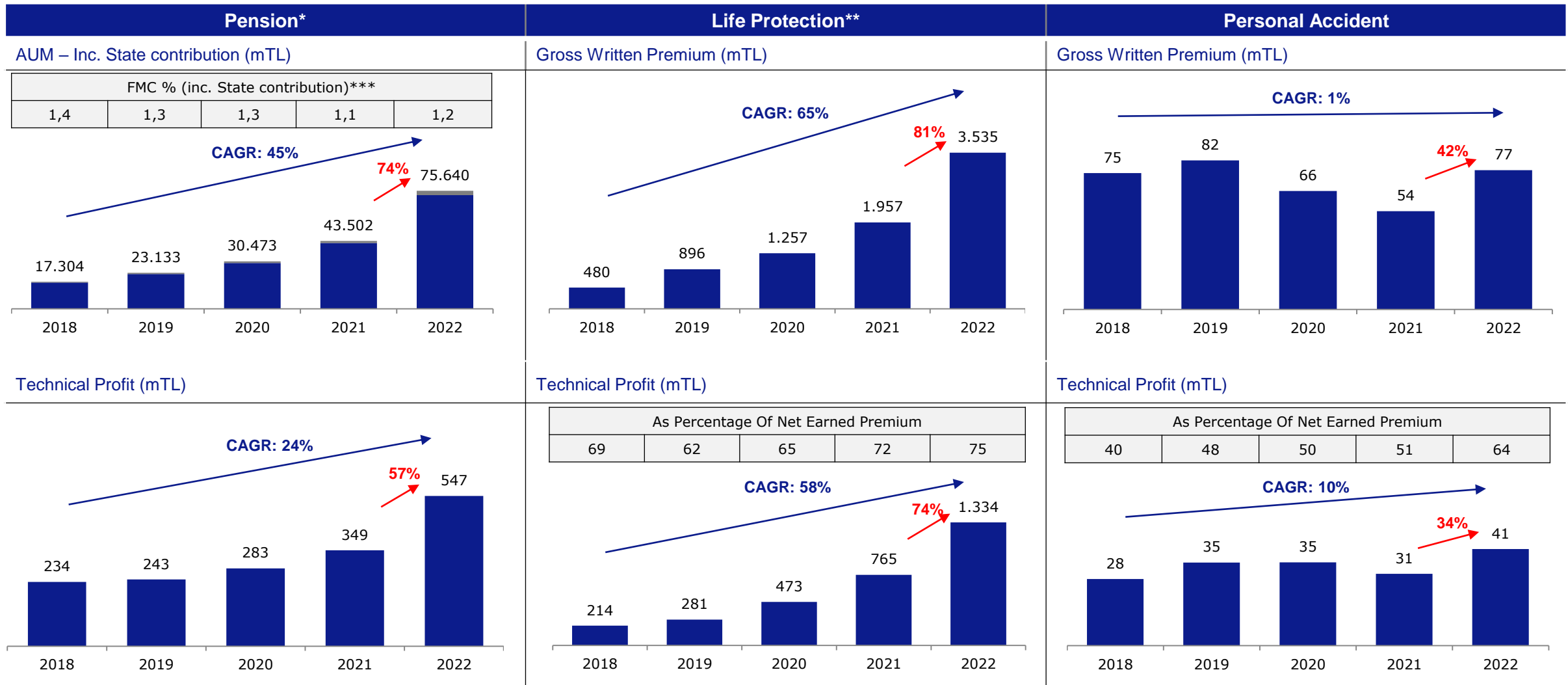




# Overview - Business Lines



# Differentiated Management of Trends & Dynamics per Segment



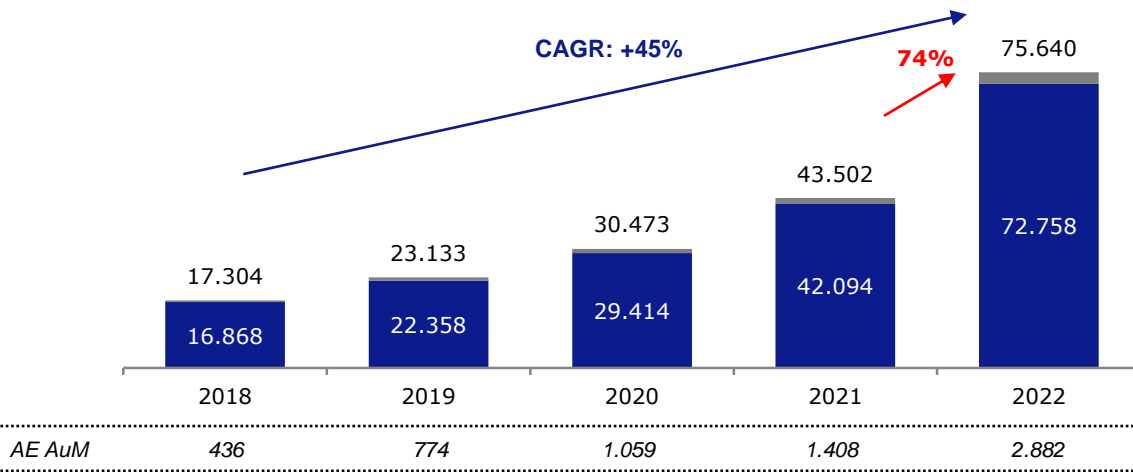
\*Pension figures are including AE

\*\*2018-2019 figures are restated (deferral of ROP commissions)

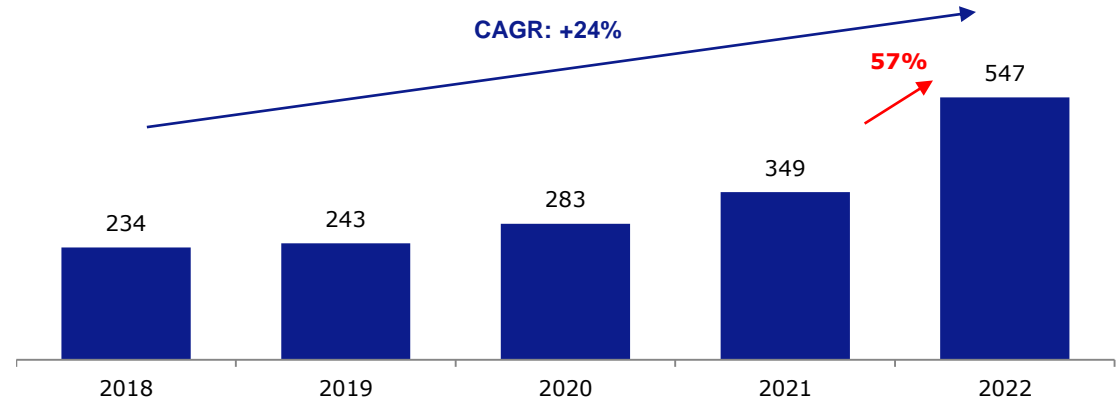
\*\*\* FMC income, net / Average of Opening and closing AuM

## Sustainable Growth and Scale Ambitions

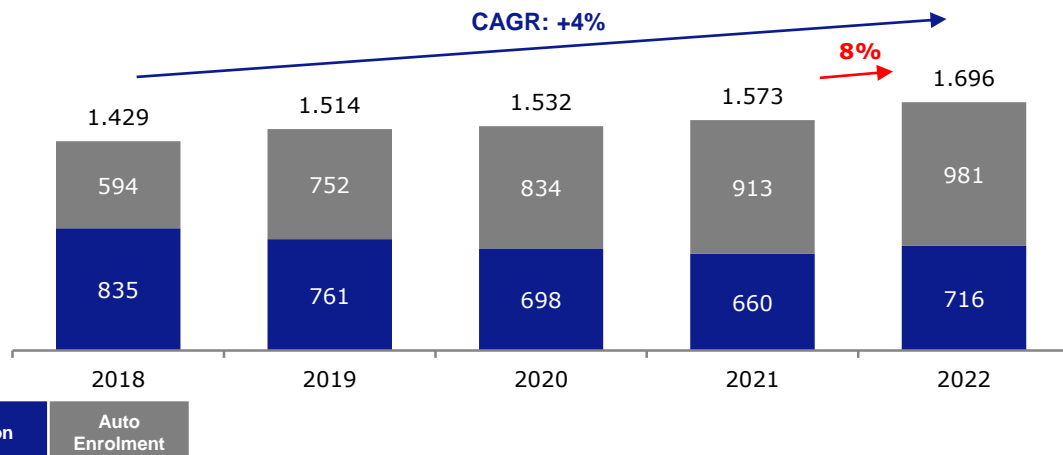
Pensions AUM including State Contribution (mTL)



Technical Profit (mTL)



Number of Participants (x1000)

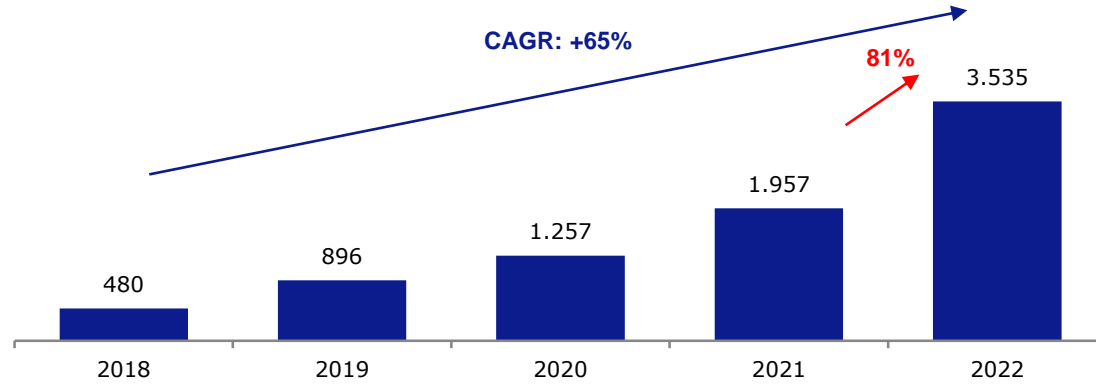


Market Share Of AgeSA % (in terms of AUM)					
	2018	2019	2020	2021	2022
Pension	19,2	18,8	18,6	18,5	18,2
AE	9,3	9,4	9,0	8,5	8,6
Total	18,7	18,2	17,9	17,8	17,5

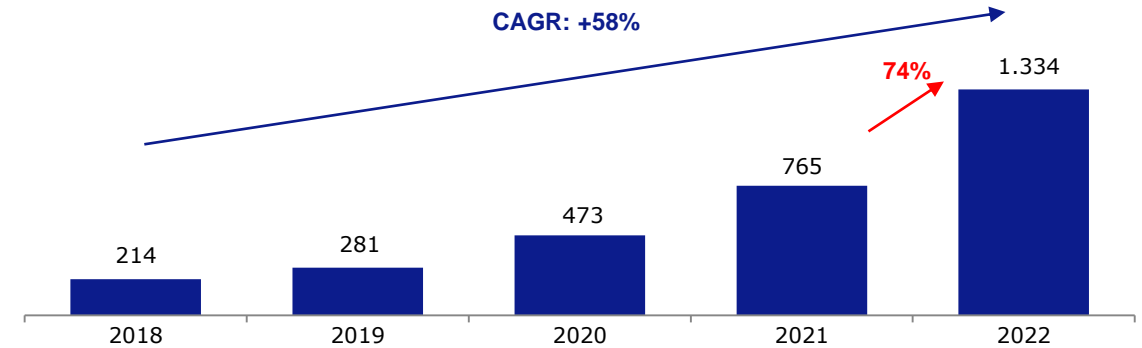
Average Monthly Contribution Size / Policy (TL) Exc. AE					
	2018	2019	2020	2021	2022
	337	473	636	665	766

## Sustainable and Resilient Growth Model Fuelled by Multidistribution Channel Structure and Diversified Product Portfolio

GWP (mTL)



Technical Profit (mTL, %)\*



Market Share % (in terms of GWP)

Market Share Of AgeSA % (in terms of GWP)					
	2018	2019	2020	2021	2022
<b>Credit-Linked</b>	3,3	5,1	5,3	8,2	8,6
<b>Stand-Alone</b>	16,8	17,4	19,8	19,0	18,0
<b>Life Protection</b>	7,4	8,2	9,1	11,7	12,2

Claims and Commission Ratios (%)

(Excluding Life Savings)

	2018	2019	2020	2021	2022
<b>Claims Ratio*</b>	9,8%	7,1%	9,9%	9,0%	8,7%
<b>Comm. Ratio**</b>	22,3%	30,3%	22,4%	31,0%	22,8%

\* Total Claims (exc. Surrender) / NEP

\*\* Commission expenses net of income / NEP

Source: SBM

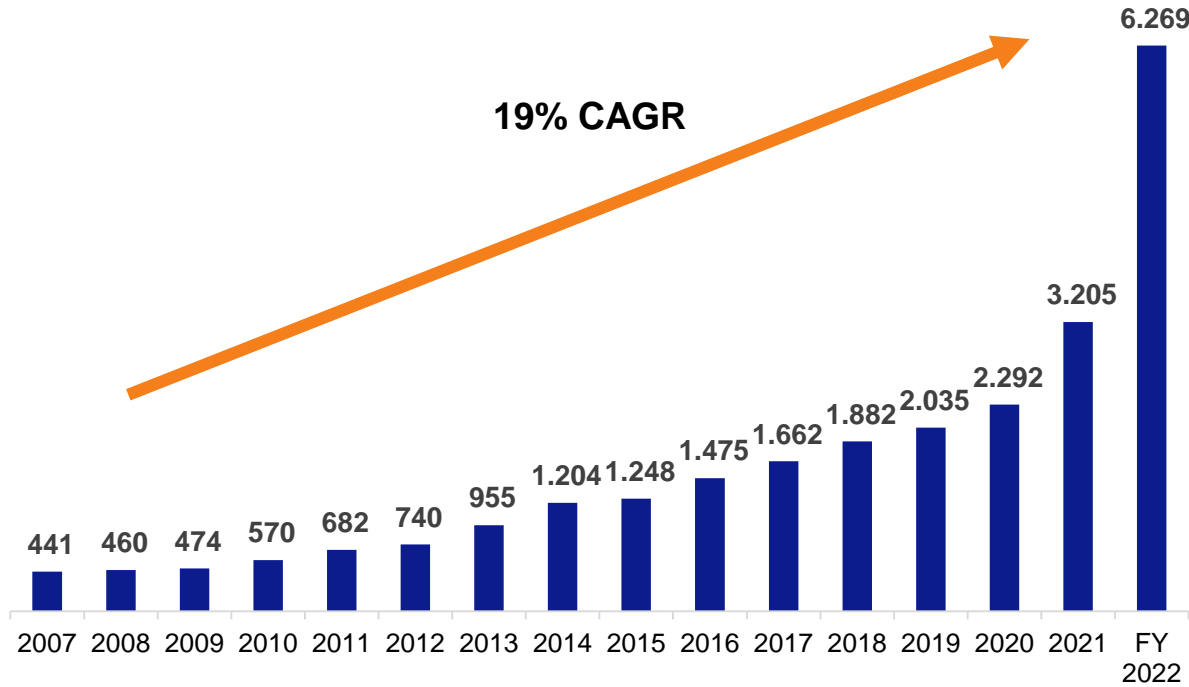
\*2018-2019 figures are restated (deferral of ROP commissions)

Note: Technical Margin calculated as Technical Profit over NEP.

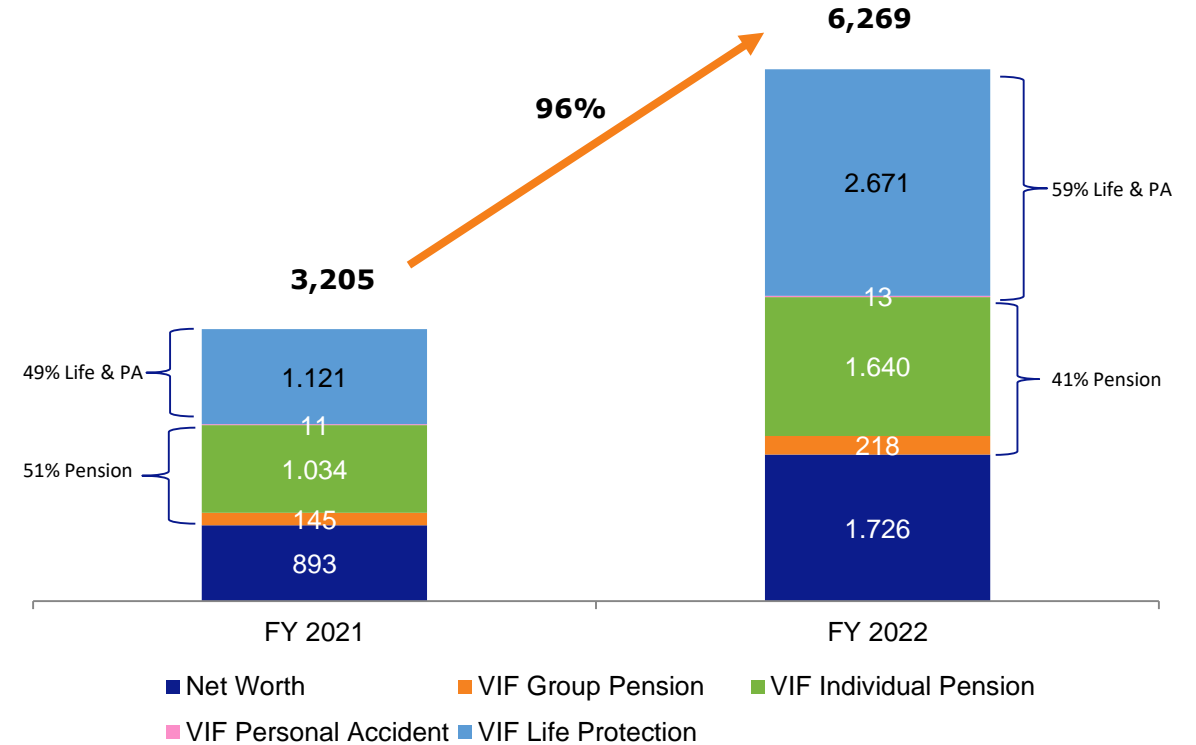
# Market Consistent Embedded Value Disclosures



## Proven track record



## Value Driven Year-on-Year Growth



- Value of in-force (VIF) is the stock of discounted value of future profits, contributing 78% of the value in the MCEV balance sheet whereas the remaining 28% is composed of the net assets, ie net worth.
- No allowance is made for future new business expected to be written after FY 2022.
- Pensions VIF increased by 58% as fund growth and new business value creation has offset increases to the corporate tax rate.
- Life protection VIF has grown 138% since FY21 due the addition of new business and the growth of the inforce portfolio along with the USD/TRY exchange rate.
- Net worth is up by 93% since last year end, demonstrating the very strong capital generation of the business.

# Diversified business model supporting value growth



	Pension		Life Protection		Personal Accident		Total	
	2021 Q4	2022 Q4	2021 Q4	2022 Q4	2021 Q4	2022 Q4	2021 Q4	2022 Q4
<b>PVNB (m TL)</b>	5,633	17,407	2,422	4,237	69	99	8,125	21,743
	209% ↑		75% ↑		44% ↑		168% ↑	
<b>VNB (m TL)</b>	45	173	441	538	3	1	489	711
	282% ↑		22% ↑		-71% ↓		46% ↑	
<b>MCEV New Business Margin (Net tax)</b>	0,8%	1,0%	18,2%	12,7%	4,0%	0,8%	6,0%	3,3%
	2021 Q4	2022 Q4	2021 Q4	2022 Q4	2021 Q4	2022 Q4	2021 Q4	2022 Q4
<b>IRR (%)</b>	20.7%	25.4%	>1000%	>100%	25.2%	18.2%	>100%	73.9%
<b>Payback (in years)</b>	5.5	3.7	0.0	2.2	1.0	1.0	0.9	2.9

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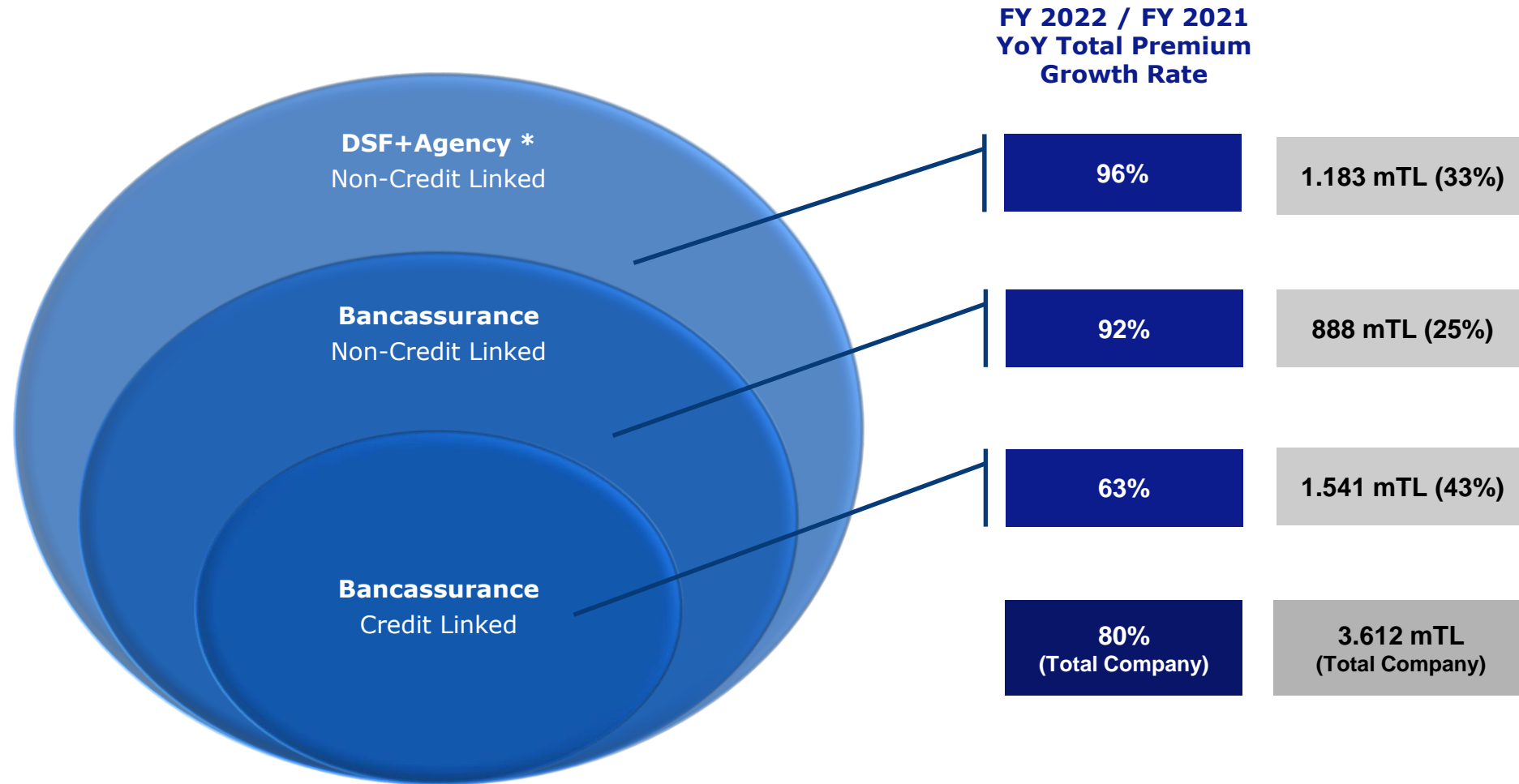
**Thank you**



# Appendix



## Life Protection + Personal Accident



# Solid Sales Culture through a Multidistribution Platform to Expand Scale and Penetration in Pension and Life



Exclusive 15-year distribution agreement

**Bancassurance**  
# Branches Akbank: ~ 800  
Akbank sales coaches: ~ 330  
Total PVNBP: 10.644m (54%)

**Direct sales force (DSF)**  
# FAs: ~ 600 (covering 17 cities)  
Total PVNBP: 3.538m (18%)

Largest and most productive direct sales force in the sector

**Agencies**  
# Agencies: ~ 300  
Total PVNBP: 3.026m (15%)

Fastest growing distribution channel



**Corporate**  
# Corporate Sales Team: ~ 25  
# Total PVNBP: 681m (3%)  
# PVNBP Only AE: 1.685m (9%)

Strong position in employer-sponsored group pension contracts by market share

**Direct (web+call center+mobilapp)**  
Total PVNBP: 2m

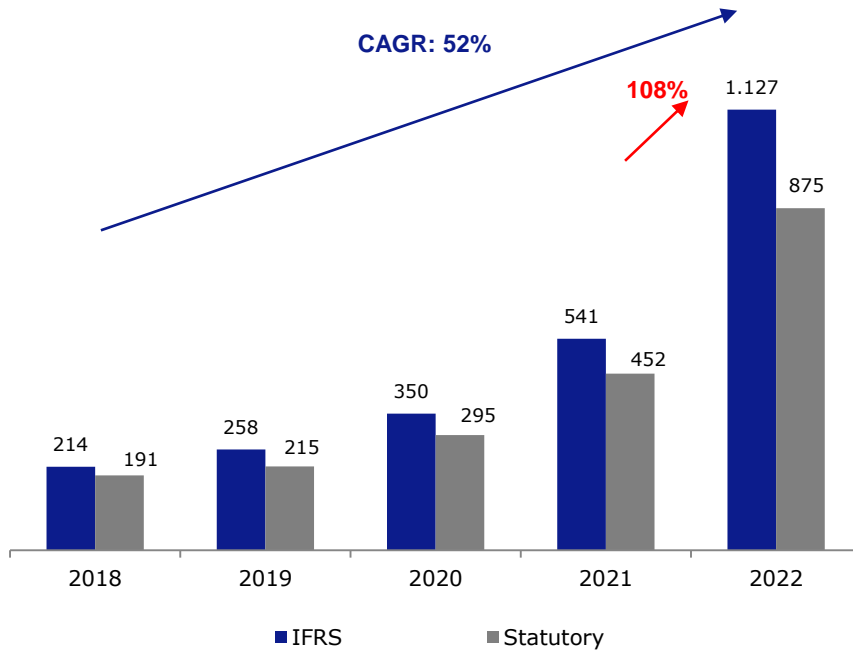
# Summary of P&L from SFRS Reporting

	2018	2021	2022	CAGR	YoY	Q3 2022	Q4 2022	QoQ
Pension Technical Profit	303	450	733	25%	63%	181	219	21%
Life Technical Profit	277	904	1.394	49%	51%	323	456	41%
Non-Life Technical Profit	62	62	77	5%	24%	18	30	67%
<b>Total Technical Profit</b>	<b>642</b>	<b>1.417</b>	<b>2.173</b>	<b>36%</b>	<b>53%</b>	<b>522</b>	<b>706</b>	<b>35%</b>
Total Expenses (Including Commissions)	-490	-1.147	-2.039	43%	78%	-519	-729	40%
<b>Total Technical Profit after G&amp;A Expenses</b>	<b>152</b>	<b>269</b>	<b>134</b>	<b>-3%</b>	<b>-50%</b>	<b>3</b>	<b>-23</b>	<b>n/a</b>
Total Investment Income & Other	93	339	910	77%	169%	263	212	-19%
Profit Before Taxes	246	608	1.044	44%	72%	266	189	-29%
<b>Profit for the Period</b>	<b>191</b>	<b>452</b>	<b>875</b>	<b>46%</b>	<b>94%</b>	<b>211</b>	<b>206</b>	<b>-2%</b>
<i>Profit for the Period (Excluding tax rate change)</i>						<b>218</b>	<b>209</b>	<b>-4%</b>

# Reconciliation between Management & Statutory Profit



## Management Reporting vs. Statutory Profit for the Period (mTL)\*



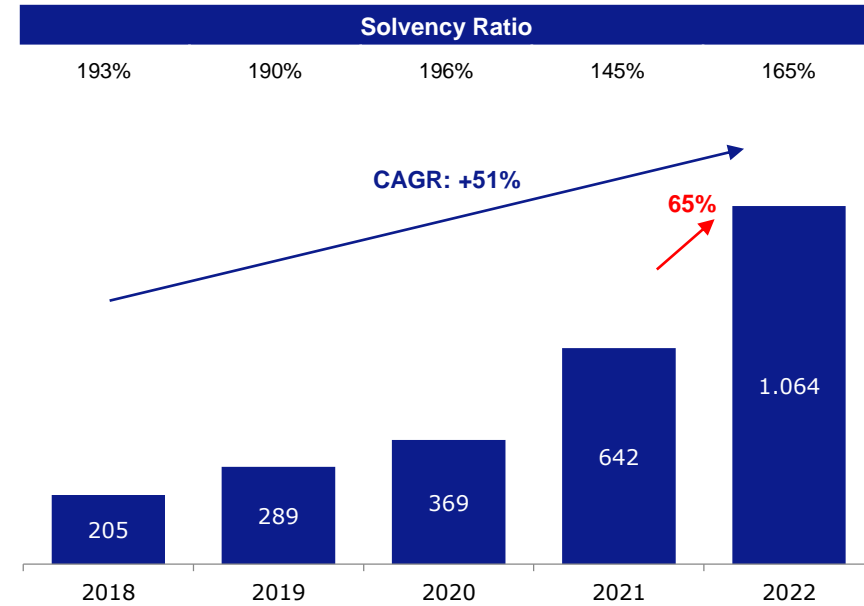
## Profit for the Period Reconciliation (mTL)\*

	2018	2019	2020	2021	2022	CAGR	YoY
<b>Management Reporting Profit for the Period</b>	<b>214</b>	<b>258</b>	<b>350</b>	<b>541</b>	<b>1,127</b>	<b>52%</b>	<b>108%</b>
Equalisation Reserve write-off	-6	-10	-11	-7	-9	10%	25%
Change in Deferred Acquisition Costs	-32	-51	-57	-107	-356	82%	234%
Change in Deferred Income Reserve	8	4	-12	-8	24	31%	n/a
Deferred Tax	8	14	17	33	88	82%	167%
Outstanding Legal Claims Discount, net			8	0	2	n/a	2.254%
<b>Statutory Profit for the Period</b>	<b>191</b>	<b>215</b>	<b>295</b>	<b>452</b>	<b>875</b>	<b>46%</b>	<b>94%</b>
<i>Total Difference</i>	22	43	55	89	252	83%	184%

- Comfortable solvency ratios driven by a measured approach to risk and new product introductions, which affords the business scope and flexibility pursuing growth options and / or returning cash to shareholders

## Regulatory Capital Requirement

Calculation of net assets to cover solvency margin	December 31				
	2018	2019 <sup>(1)</sup>	2020	2021	2022
<b>A</b> AgeSA net assets	396	547	722	932	1.752
<b>B</b> AgeSA Required Capital	205	289	369	642	1.064
AgeSA guarantee fund	68	96	123	214	355
<b>Surplus of net assets in excess of Required Capital</b>	<b>191</b>	<b>259</b>	<b>353</b>	<b>290</b>	<b>688</b>
Surplus of net assets in excess of guarantee fund	327	451	599	718	1.398

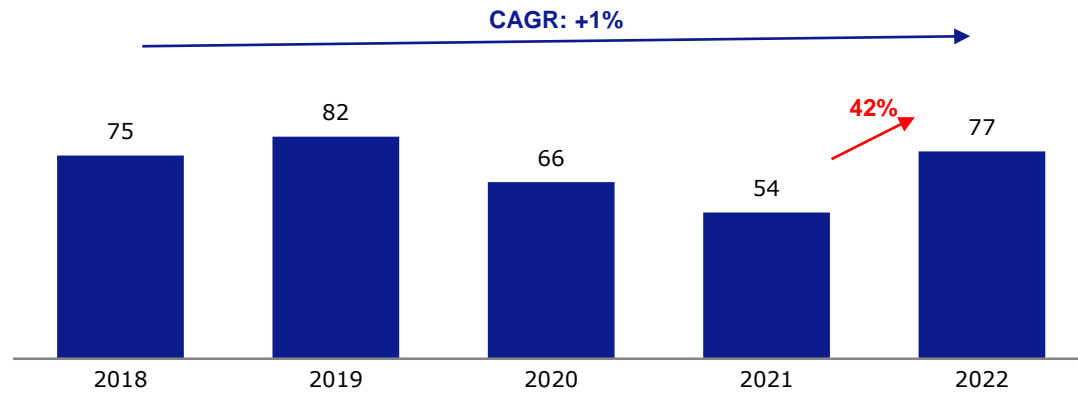


Source: Company information

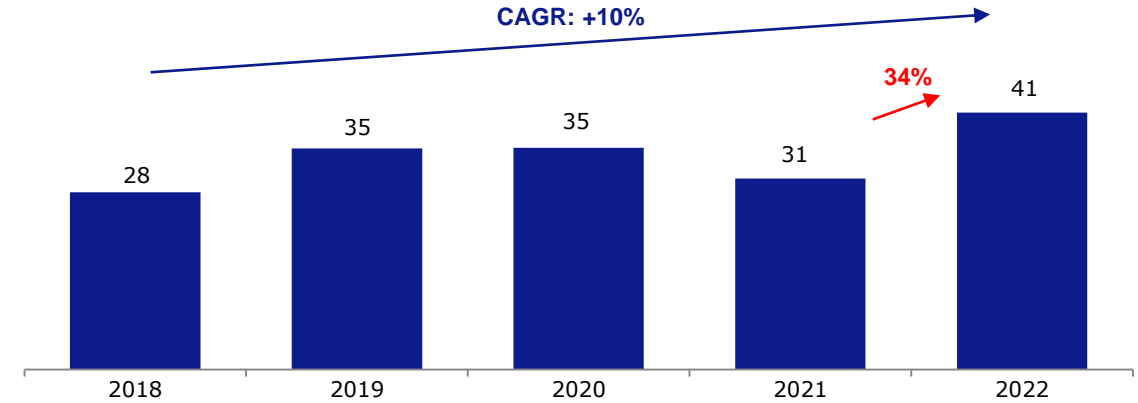
(1) As of Q3 2020 in order to reflect Turkish market conditions for interest risk calculations, interest risk calculations were revised. 2019 figures were updated to provide comparable figures under revised calculation

## A Complementary Profit Pool for the Group

### GWP (mTL)



### Technical Profit (mTL)



### Market Share % (in terms of GWP)

Market Share Of AgeSA % (in terms of GWP)					
	2018	2019	2020	2021	2022
Personal Accident	13,7	10,9	9,3	8,4	6,6

### Claims & Commission Ratio (%)

	2018	2019	2020	2021	2022
Claims Ratio	10,7%	5,8%	3,6%	3,8%	6,0%
Comm Ratio*	48,1%	46,2%	49,2%	52,4%	55,8%

\* Commission Expenses, net of income / NEP