



**Presentation to  
Investors  
Q3 2022  
Earning Release**

1 November 2022

# 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**.

## Q3 Performance

- **#1 position among private companies** in Private Pension AuM; with 18.1% total market share as of September 2022
- **#1 position among private companies** in Total Life & PA GWP; with 11.6% total market share as of September 2022
- **Almost twice of PY's profit delivery** both in terms of Management Reporting and SFRS net profit in 2022 9M with 105% and 94% yoy growth respectively (based on flash results, will be updated)

## 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	2017	2021	CAGR 2017-21	Q3 2022	YoY 2021-22	
Pension AUM (inc AE)	15.3 bTL	43.5 bTL	30%	60.6 bTL	82%	Leading position in private companies' Pension and AE AUM
Total GWP (Life+PA)	471 mTL	2.020 mTL	44%	2.479 mTL	77%	Leading position in private companies' Total Life&PA GWP Success of strong growing RoP portfolio and credit life product
Total Technical Profit <sup>(1,3)</sup>	385 mTL	1.150 mTL	31%	1.364 mTL	67%	Strong growth resulting from high profitability in life and pension scalability
Expense Ratio <sup>(1,2,3)</sup>	45,0%	38,5%	-1,6 pts	34,6%	-2,8 pts	Expense controls implemented against the impacts of inflation and higher profit increase compared to expense increase
Net Technical Profit <sup>(1,3)</sup>	128mTL	529 mTL	42%	587 mTL	46%	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>	153 mTL	541 mTL	37%	807 mTL	105%	Strong growth regarding financial and technical income increase
ROE (Management Reporting) <sup>(1,3)</sup>	31,9%	44,2%	3,1 pts	57,6%	14 pts	Strong profit combined with lean capital
Profit for the Period (SFRS)	102 mTL	452 mTL	45%	669 mTL	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	172%	145%		158%		Capital-light business, which benefits from AgeSA's sensitive approach to risk and new product introduction
Dividend Pay-outs <small>of related years' profit</small>	48 mTL	160 mTL	35%			
Shareholders' Equity <sup>(1,3)</sup>	523 mTL	1.369 mTL	27%	2.050 mTL	62%	Steady increase in shareholders' equity reflects active management of capitalization to fund business growth
VNB				428 mTL	23%	VNB has increased due to new business sales of Pension and Credit Life products as well as positive economic assumption variances

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



## 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.
- The standard IAS 29 does NOT define what the hyperinflationary economy is. The most exact indicator is that the **cumulative inflation rate over 3 years** of this country **approaches to or exceeds 100%**.

**The Turkish Statistical Institute reported a 3-year and 12-month cumulative rate of inflation of 145% and 83%, respectively, as of September 2022.**

- There is still no clear information from Accounting and Auditing Standards Authority (“KGK”) for statutory financials yet
- Due to lack of consensus about implementation of inflation accounting for Turkey, inflation accounting is not applied for 30 September 2022 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:

- 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

# Summary of P&L from Segmental Reporting (1)

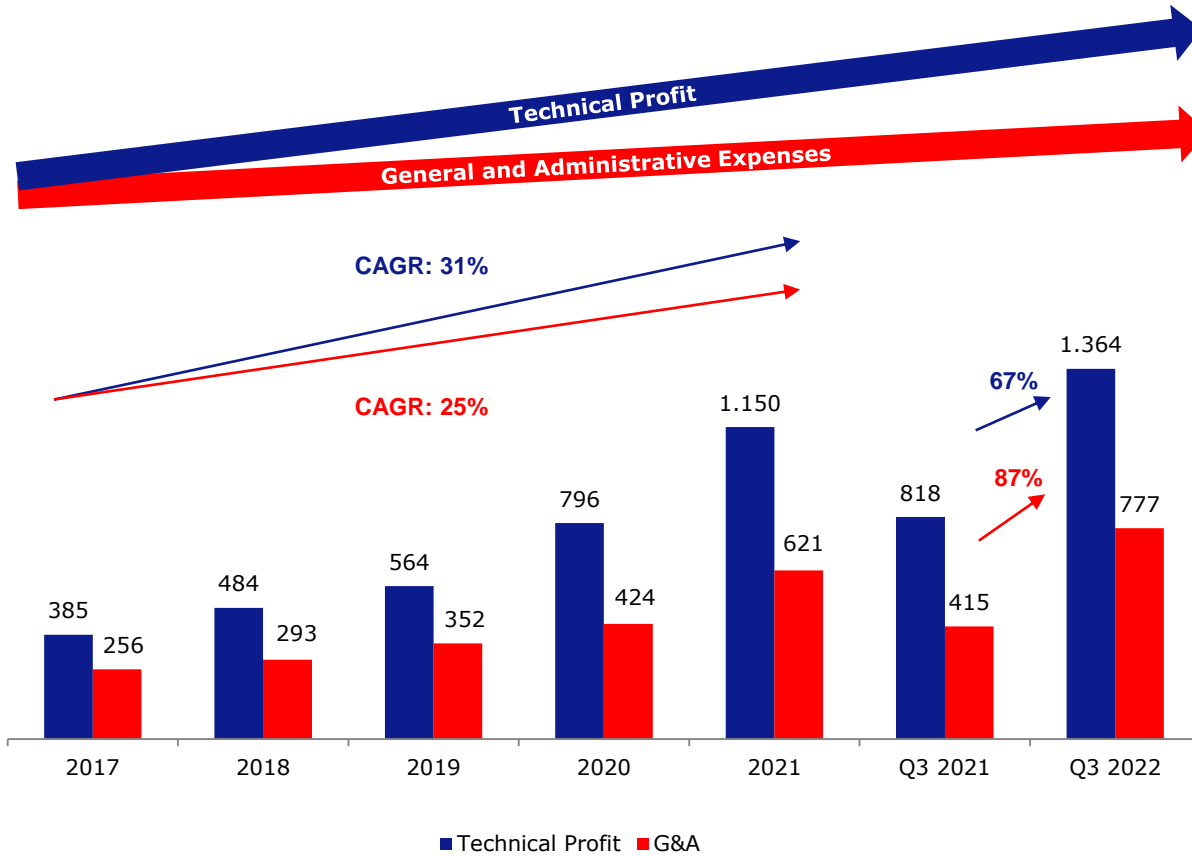
	2017 (2)	2021	CAGR	Q3 2021	Q3 2022	YoY	Q2 2022	Q3 2022	QoQ
Pension Technical Profit	207	349	14%	237	382	61%	126	140	11%
Life Protection Technical Profit	151	765	50%	557	956	71%	333	347	4%
Life Savings Technical Profit	3	5	12%	3	5	73%	2	3	102%
Personal Accident Technical Profit	24	31	6%	21	22	3%	7	9	34%
<b>Total Technical Profit</b>	<b>385</b>	<b>1.150</b>	<b>31%</b>	<b>818</b>	<b>1.364</b>	<b>67%</b>	<b>467</b>	<b>500</b>	<b>7%</b>
General and Administrative Expenses	-256	-621	25%	-415	-777	87%	-268	-291	9%
<b>Total Technical Profit after G&amp;A Expenses</b>	<b>128</b>	<b>529</b>	<b>42%</b>	<b>404</b>	<b>587</b>	<b>46%</b>	<b>199</b>	<b>209</b>	<b>5%</b>
Total Investment Income & Other	63	200	33%	125	459	266%	136	161	18%
Profit Before Taxes	192	729	40%	529	1.046	98%	335	370	10%
<b>Management Reporting Profit for the Period</b>	<b>153</b>	<b>541</b>	<b>37%</b>	<b>394</b>	<b>807</b>	<b>105%</b>	<b>260</b>	<b>286</b>	<b>10%</b>
<b>SFRS Profit for the Period</b>	<b>102</b>	<b>452</b>	<b>45%</b>	<b>344</b>	<b>669</b>	<b>94%</b>	<b>215</b>	<b>211</b>	<b>-2%</b>

Note: (1) Management Reporting: IFRS Financials excluding inflation accounting effect, unaudited results  
 (2) 2017-2019 IFRS figures are restated (deferral of ROP commissions)

# Solid and Resilient Technical Profitability with Operating Leverage Potential

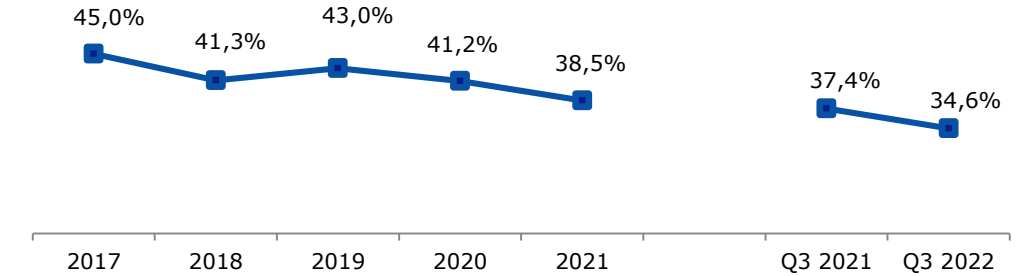


## Technical Profit (mTL)<sup>(1,2)</sup>

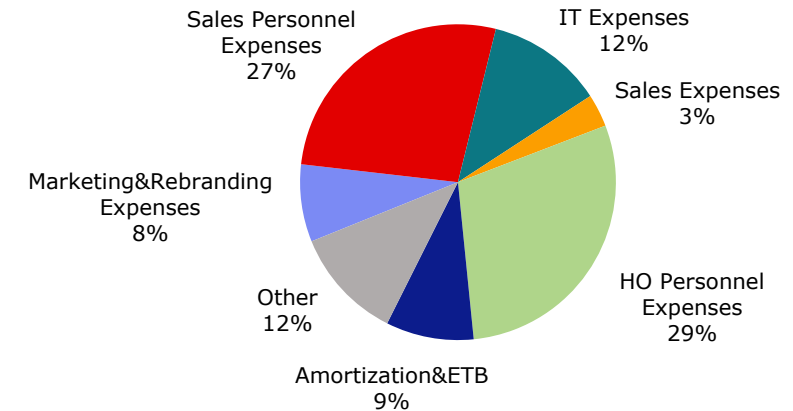


## Expense Ratio (%)<sup>(1,2)</sup>

Expense ratio = (Opex-AE Related Expenses - Sales Expenses) / (Opex-AE Related Expenses - Sales Expenses + Management Reporting Profit Before Tax)



## Breakdown of General Expenses, Management Reporting (Q3 2022)

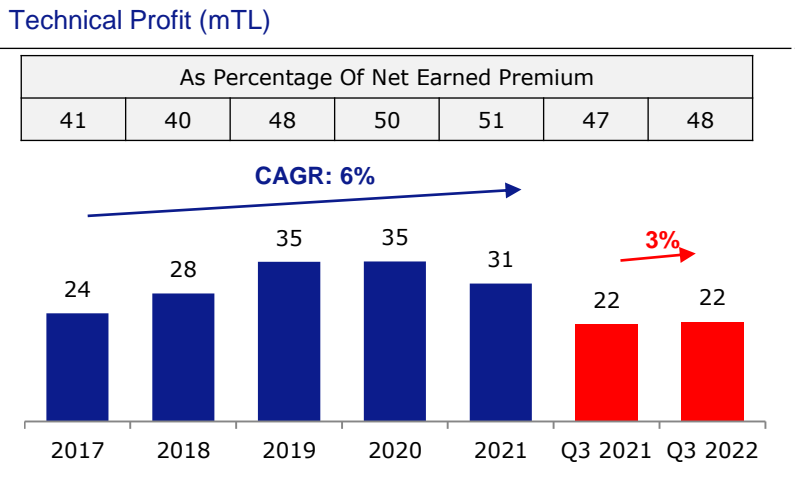
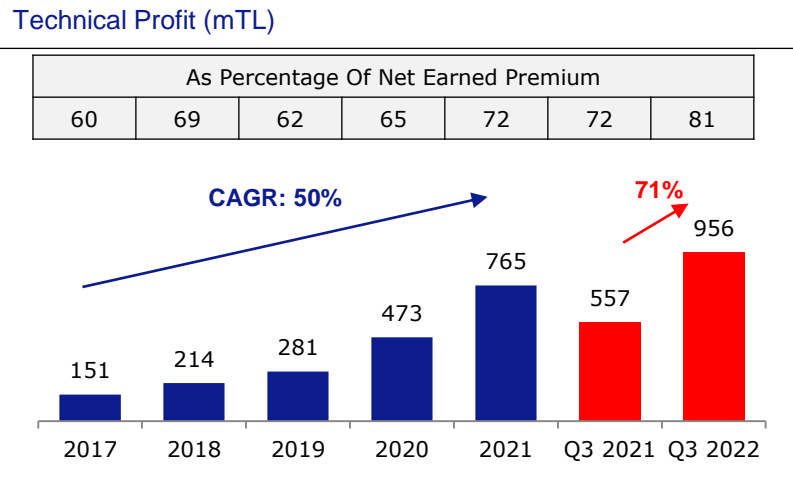
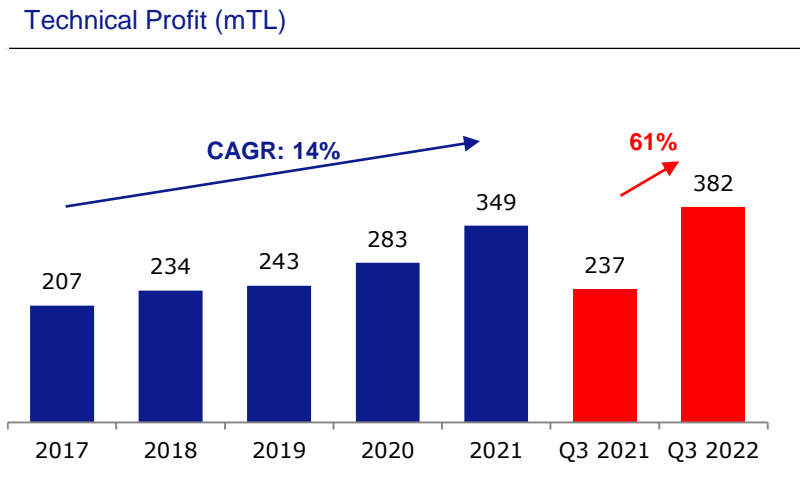
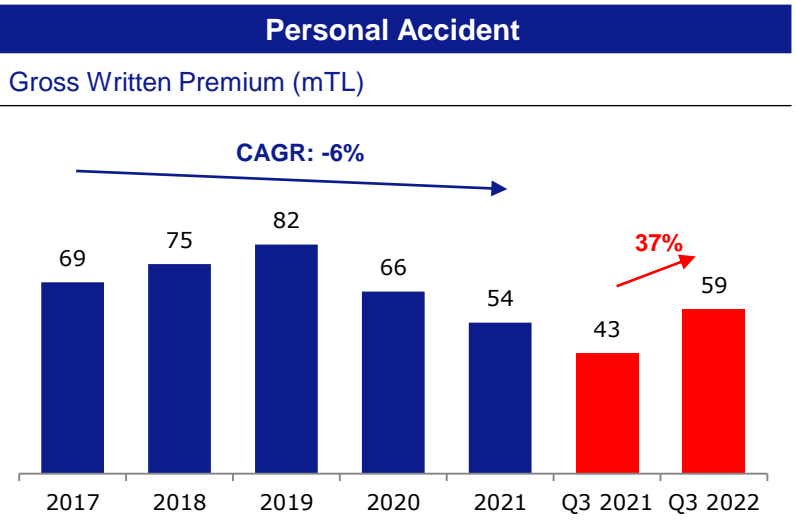
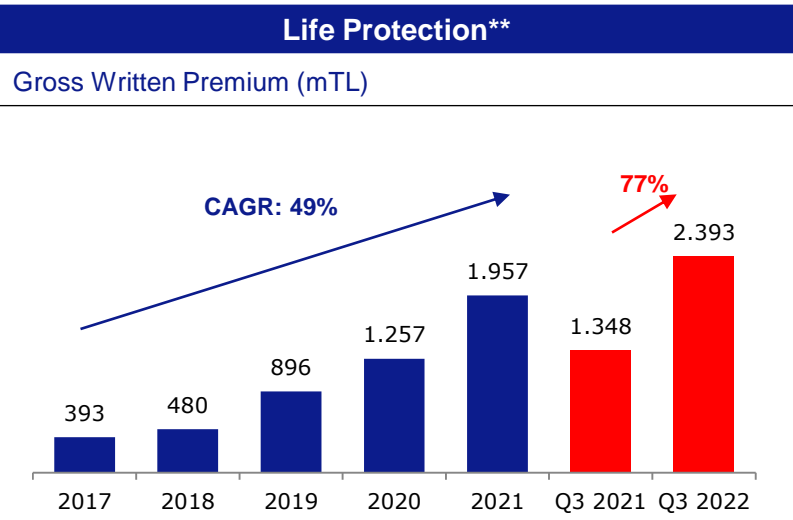
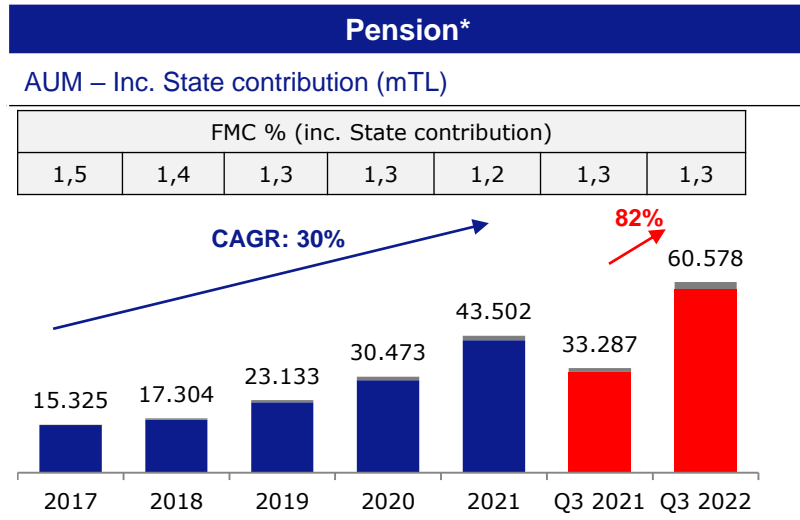




# Overview - Business Lines

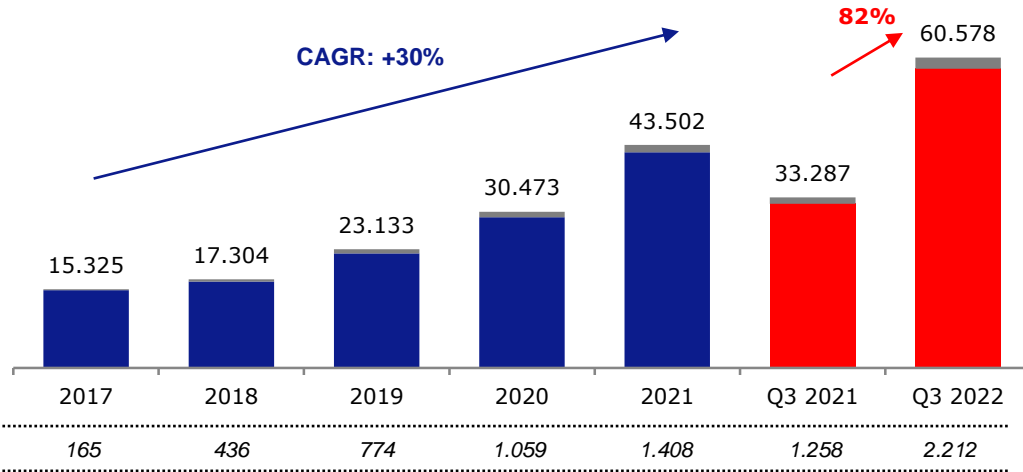


# Differentiated Management of Trends & Dynamics per Segment

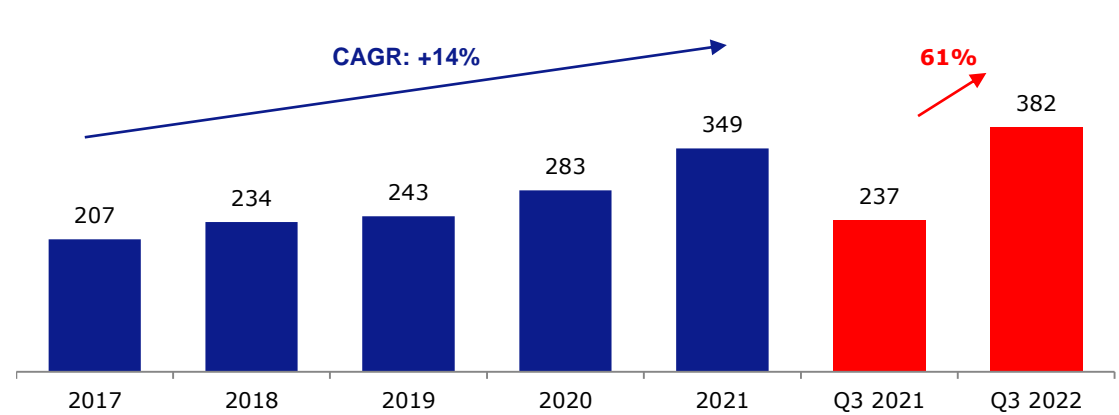


## Sustainable Growth and Scale Ambitions

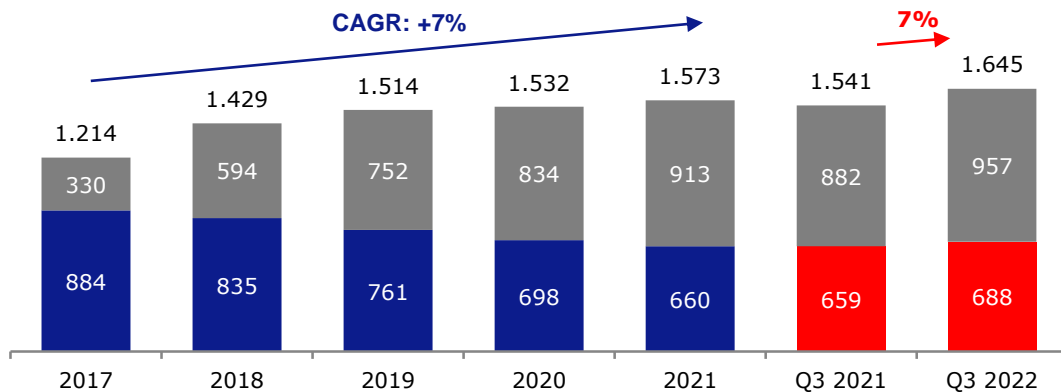
Pensions AUM including State Contribution (mTL)



Technical Profit (mTL)



Number of Participants (x1000)



Market Share Of AgeSA % (in terms of AUM)

	2017	2018	2019	2020	2021	Q3 2021	Q3 2022
<b>Pension</b>	19,5	19,2	18,8	18,6	18,5	18,1	18,1
<b>AE</b>	9,2	9,3	9,4	9,0	8,5	8,6	8,6
<b>Total</b>	19,2	18,7	18,2	17,9	17,8	17,4	17,4

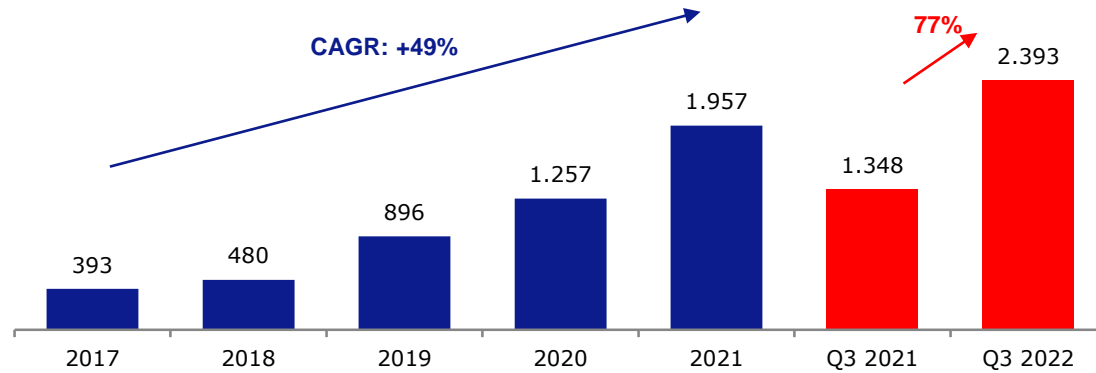
Average Monthly Contribution Size / Policy (TL) Exc. AE

	2017	2018	2019	2020	2021	Q3 2021	Q3 2022
	259	337	473	636	665	633	753

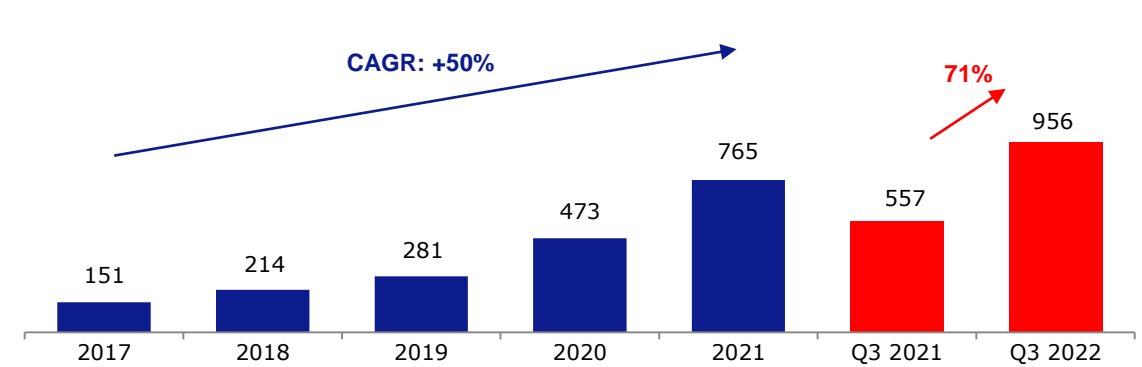
Pension Auto Enrolment

## 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)							
	2017	2018	2019	2020	2021	Q3 2021	Q3 2022
<b>Credit-Linked</b>	-	3,3	5,1	5,3	8,2	8,3	8,3
<b>Stand-Alone</b>	-	16,8	17,4	19,8	18,8	19,0	20,0
<b>Life Protection</b>	-	7,4	8,2	9,1	11,6	11,6	12,7

### Claims and Commission Ratios (%)

(Excluding Life Savings)

	2017	2018	2019	2020	2021	Q3 2021	Q3 2022
<b>Claims Ratio*</b>	13,3%	9,8%	7,1%	9,9%	9,0%	8,7%	9,5%
<b>Comm. Ratio**</b>	23,9%	22,3%	30,3%	22,4%	31%	29,4%	20,8%

\* Total Claims (exc. Surrender) / NEP

\*\* Commission expenses net of income / NEP

Source: SBM, 2017 datas are not announced

\*2017-2019 figures are restated (deferral of ROP commissions)









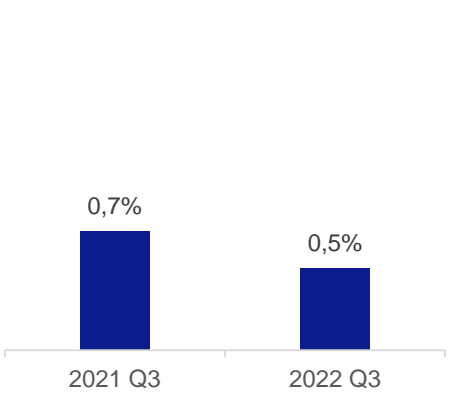
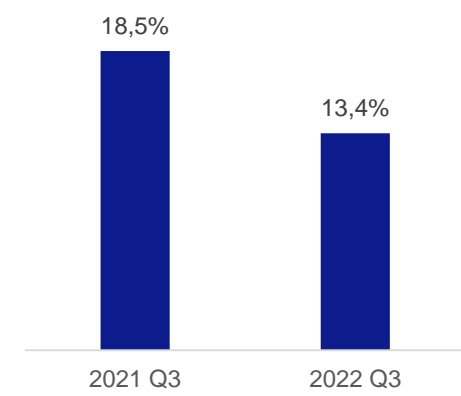
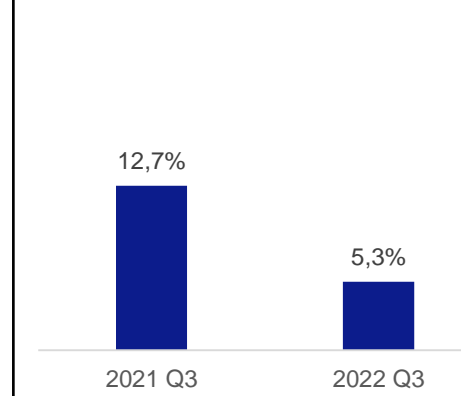
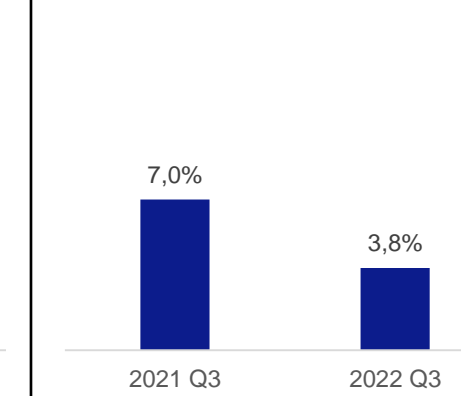
Note: Technical Margin calculated as Technical Profit over NEP.

# Market Consistent Embedded Value Disclosures



# Diversified business model supporting value growth



	Pension		Life Protection		Personal Accident		Total	
	2021 Q3	2022 Q3	2021 Q3	2022 Q3	2021 Q3	2022 Q3	2021 Q3	2022 Q3
<b>PVNB (m TL)</b>	3,203.7	8,274.9 	1,712.6	2,871.0 	54.9	70.3 	4,971.3	11,216.2 
<b>VNB (m TL)</b>	23.6	38.1 	317.1	385.8 	7.0	3.7 	347.8	427.6 
<b>MCEV New Business Margin (Net tax)</b>								
<b>IRR (%)</b>	20.0%	28.1%	>1000%	>100%	54.3%	38.5%	>100%	94.2%
<b>Payback (in years)</b>	5.8	3.9	0.5	0.7	1.0	1.0	1.0	1.8

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**Thank you**

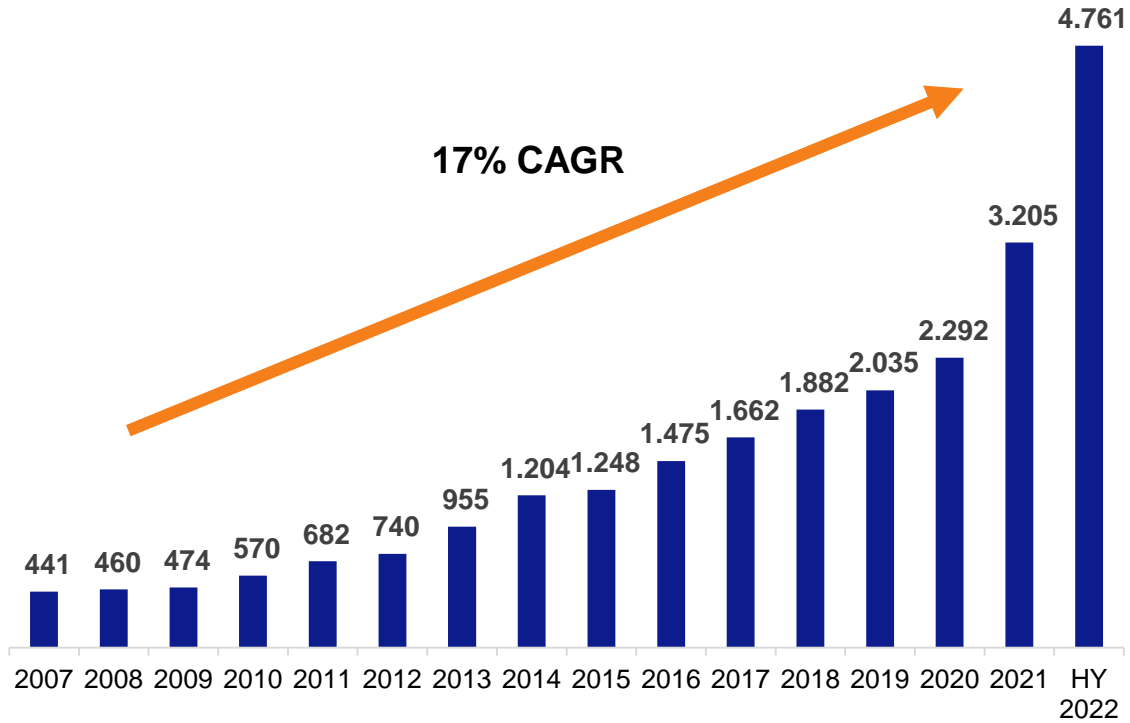




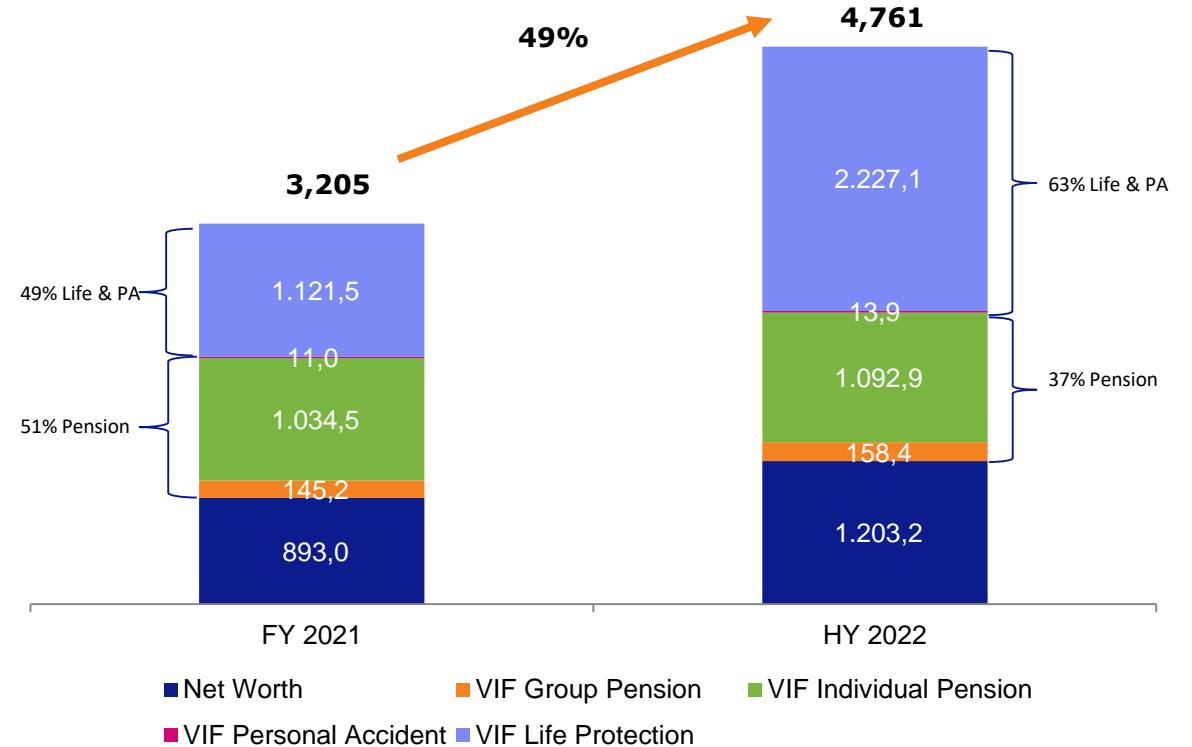
# Appendix



## Proven track record

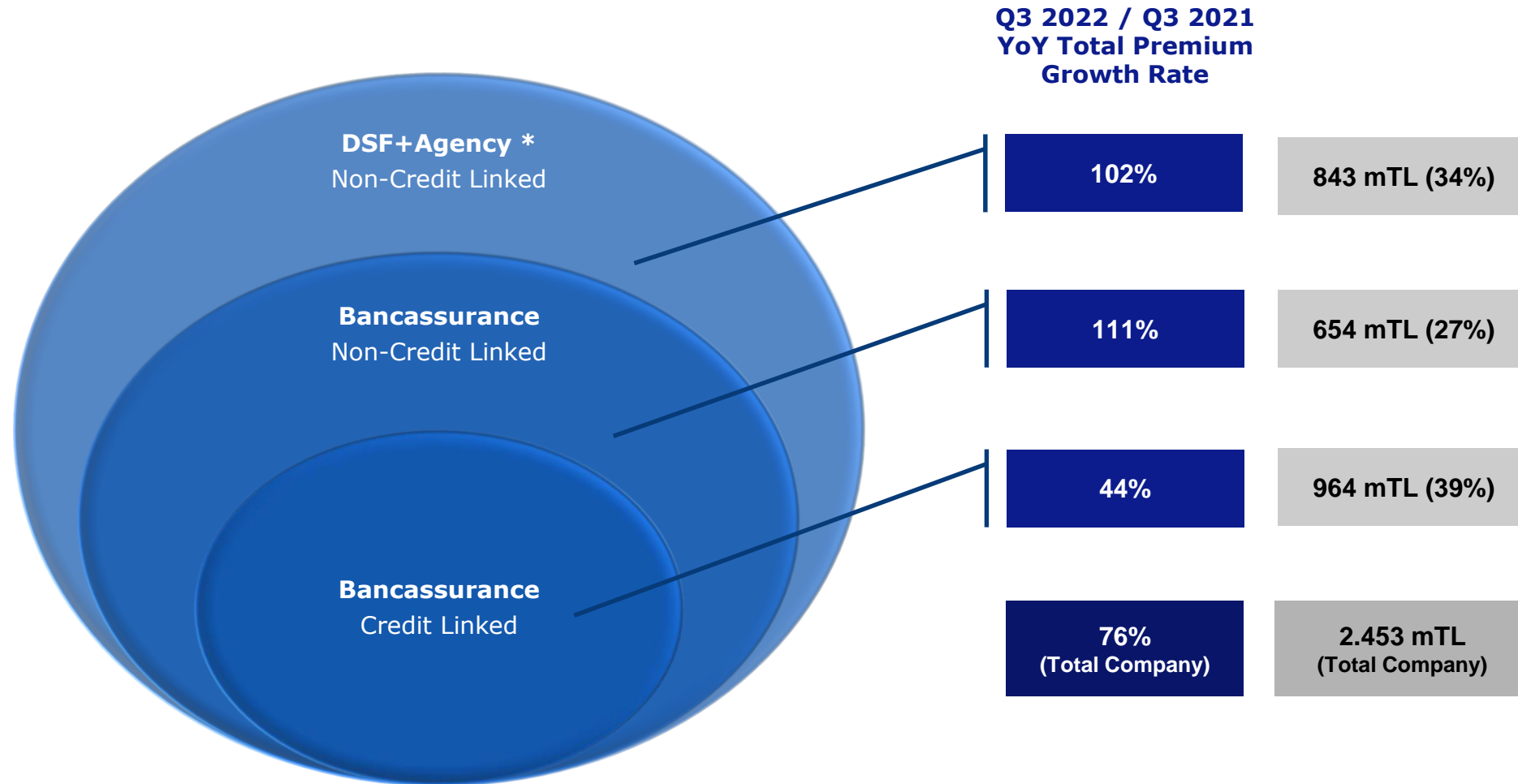


## Value Driven Year-on-Year Growth



- Value of in-force (VIF) is the stock of discounted value of future profits, contributing 75% of the value in the MCEV balance sheet whereas the remaining 25% is composed of the net assets, ie net worth.
- No allowance is made for future new business expected to be written after HY 2022.
- Pensions VIF increased by 6% as fund growth and new business value creation has offset increases to the corporate tax rate.
- Life protection VIF has grown 98% since FY21 due the addition of new business and the growth of the inforce portfolio due to an increase in USD swap levels and USD/TRY exchange rate.
- Net worth is up by 35% since year-end, demonstrating the very strong capital generation of the business.

## 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: 5.911m (53%)

**Agencies**  
# Agencies: ~ 300  
Total PVNBP: 1.791m (16%)

Fastest growing distribution channel

**Direct sales force (DSF)**  
# FAs: ~ 550 (covering 17 cities)  
Total PVNBP: 2.044m (18%)

Largest direct sales force in the sector



Key Distribution Channels

**Corporate**  
# Corporate Sales Team: ~ 25  
# Total PVNBP: 415m (4%)  
# PVNBP Only AE: 1.054m (9%)

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

**Direct (web+call center+mobilapp)**  
Total PVNBP: 1m

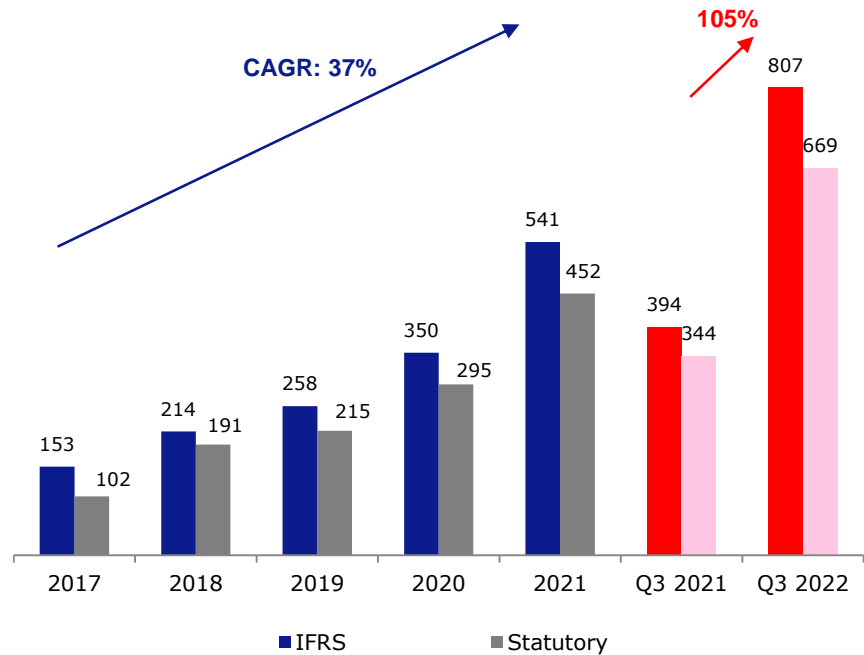
# Summary of P&L from SFRS Reporting

	2017	2018	2019	2020	2021	CAGR	Q3 2021	Q3 2022	YoY	Q2 2022	Q3 2022	QoQ
Pension Technical Profit	250	303	321	383	450	16%	317	513	62%	161	181	12%
Life Technical Profit	211	277	378	574	904	44%	665	907	36%	297	323	9%
Non-Life Technical Profit	51	62	69	70	62	5%	45	47	4%	15	18	19%
<b>Total Technical Profit</b>	<b>512</b>	<b>642</b>	<b>769</b>	<b>1.027</b>	<b>1.417</b>	<b>29%</b>	<b>1.027</b>	<b>1.467</b>	<b>43%</b>	<b>473</b>	<b>522</b>	<b>10%</b>
Total Expenses (Including Commissions)	-443	-490	-625	-760	-1.147	27%	-778	-1.310	68%	-410	-519	26%
<b>Total Technical Profit after G&amp;A Expenses</b>	<b>69</b>	<b>152</b>	<b>144</b>	<b>267</b>	<b>269</b>	<b>41%</b>	<b>249</b>	<b>157</b>	<b>-37%</b>	<b>63</b>	<b>3</b>	<b>-95%</b>
Total Investment Income & Other	58	93	133	114	339	56%	207	697	237%	212	263	24%
Profit Before Taxes	127	246	277	381	608	48%	456	855	87%	275	266	-3%
<b>Profit for the Period</b>	<b>102</b>	<b>191</b>	<b>215</b>	<b>295</b>	<b>452</b>	<b>45%</b>	<b>344</b>	<b>669</b>	<b>94%</b>	<b>215</b>	<b>211</b>	<b>-2%</b>
<i>Profit for the Period (Ecluding tax rate change)</i>										231	218	-6%

# Reconciliation between Management & Statutory Profit



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



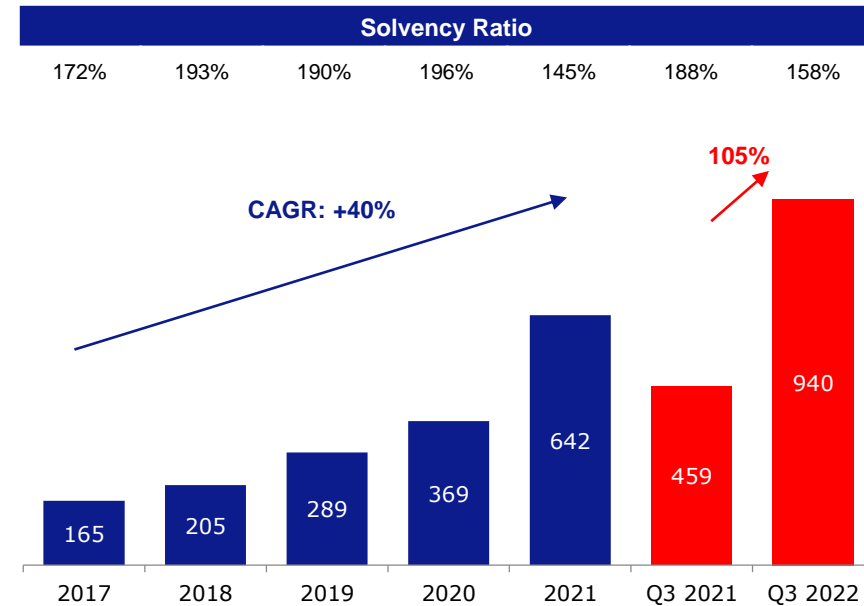
## Profit for the Period Reconciliation (mTL)\*

	2017	2018	2019	2020	2021	CAGR	Q3 2021	Q3 2022	YoY
<b>Management Reporting Profit for the Period</b>	<b>153</b>	<b>214</b>	<b>258</b>	<b>350</b>	<b>541</b>	<b>37%</b>	<b>394</b>	<b>807</b>	<b>105%</b>
Equalisation Reserve write-off	-5	-6	-10	-11	-7	12%	-6	-6	3%
Change in Deferred Acquisition Costs	-56	-32	-51	-57	-107	18%	-63	-200	220%
Change in Deferred Income Reserve	-5	8	4	-12	-8	14%	-5	14	n/a
Deferred Tax	14	8	14	17	33	25%	23	51	127%
Outstanding Legal Claims Discount, net				8	0	n/a	0	2	658%
<b>Statutory Profit for the Period</b>	<b>102</b>	<b>191</b>	<b>215</b>	<b>295</b>	<b>452</b>	<b>45%</b>	<b>344</b>	<b>669</b>	<b>94%</b>
<i>Total Difference</i>	51	22	43	55	89	15%	50	138	174%

- 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					Q3 2021	Q3 2022
	2017	2018	2019 <sup>(1)</sup>	2020	2021		
<b>A</b> AgeSA net assets	283	396	547	722	932	862	1.481
<b>B</b> AgeSA Required Capital	165	205	289	369	642	458	940
AgeSA guarantee fund	55	68	96	123	214	153	313
<b>Surplus of net assets in excess of Required Capital</b>	<b>118</b>	<b>191</b>	<b>259</b>	<b>353</b>	<b>290</b>	<b>403</b>	<b>541</b>
Surplus of net assets in excess of guarantee fund	228	327	451	599	718	709	1.168

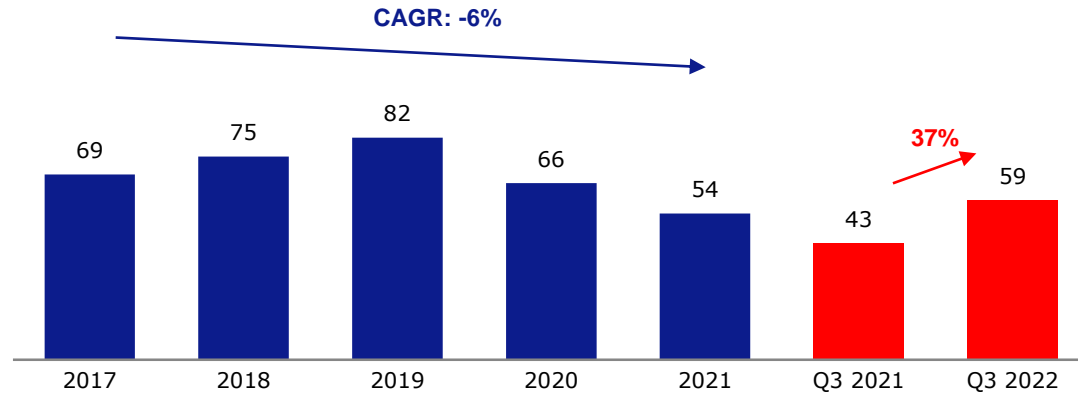


Source: Company information

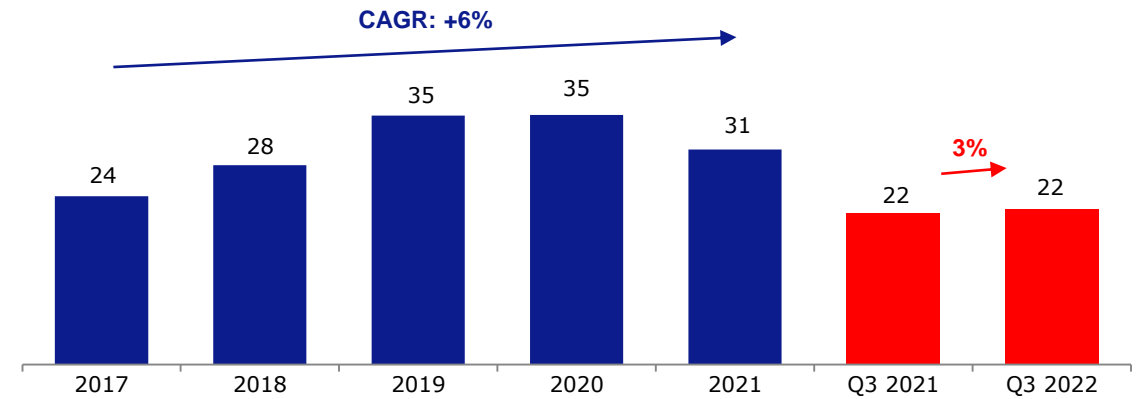
(1) As of Q3 2020 in order to reflect Turkish market conditions for interest risk calculations, interest risk calculations were revised. 2019 figures were updated to provide comparable figures under revised calculation

## 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)							
	2017	2018	2019	2020	2021	Q3 2021	Q3 2022
<b>Personal Accident</b>	15,0	13,7	10,9	9,3	8,4	9,3	8,5

### Claims & Commission Ratio (%)

	2017	2018	2019	2020	2021	Q3 2021	Q3 2022
<b>Claims Ratio</b>	11,5%	10,7%	5,8%	3,6%	3,8%	3,9%	6,9%
<b>Comm Ratio*</b>	45,6%	48,1%	46,2%	49,2%	52,4%	51,7%	54,3%

\* Commission Expenses, net of income / NEP