

AgeSA

H1 2024 Financial Results

Earnings Release

August 5, 2024

#1 Leadership in Pension AuM and Total Life & PA GWP markets

AgeSA strengthened its leadership in both Pension & AE AuM and Life & PA premium production among whole market 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 interest& f/x gains besides strong technical income growth resulting from high profitability in life and pension scalability.

FINANCIAL HIGHLIGHTS

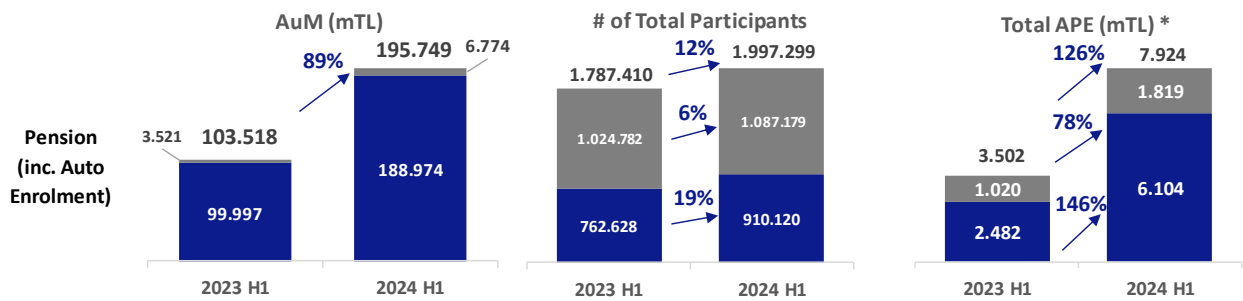
- The Pension Assets under Management (AuM) has grown by 89% yoy and reached 195.7 billion TL as of H1 2024.
- Auto Enrolment AuM increased by 92% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total Life&PA premiums grew by 103% yoy, driven by both 106% growth in credit-linked production and 99% growth in stand-alone (non-credit linked) life underpinning AgeSA's diverse business model and product positioning.
- Inflation accounting is not applied for 30 June 2024 Financial Statements, all financial figures represent Management Reporting (IFRS Financials excluding inflation accounting effect)
- 629 mTL has been paid as capital advance to MediSA (Sabancı Health insurance company), in April. AgeSA has become the main shareholder with 80% share.
- Both AgeSA **Management reporting** and **SFRS** financial figures are shown **before** MediSA consolidation.
- **Management Reporting Net Profit is significantly higher than prior year by 90% at 1.768 mTL mainly due to** high increase in technical income regarding strong growth in all major business lines (Pension, Credit Life and RoP) despite limited growth on financial income regarding lower f/x gains.
- Total technical profit has increased by 132% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 63.0% as of H1 2024.
- 300 mTL dividend has been paid in March
- Statutory profit is 1.305 mTL with an increase of 67% mainly due to both higher technical and financial income. MediSA consolidation P/L impact is -30 mTL.
- Share buyback program has been started in 2023 April. Within the scope of the program, as of June 2024 1.403k shares were bought with an average price of 48,76 TL

STRATEGIC HIGHLIGHTS

- AgeSA serves 4 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 achieving leadership in terms of premium production.

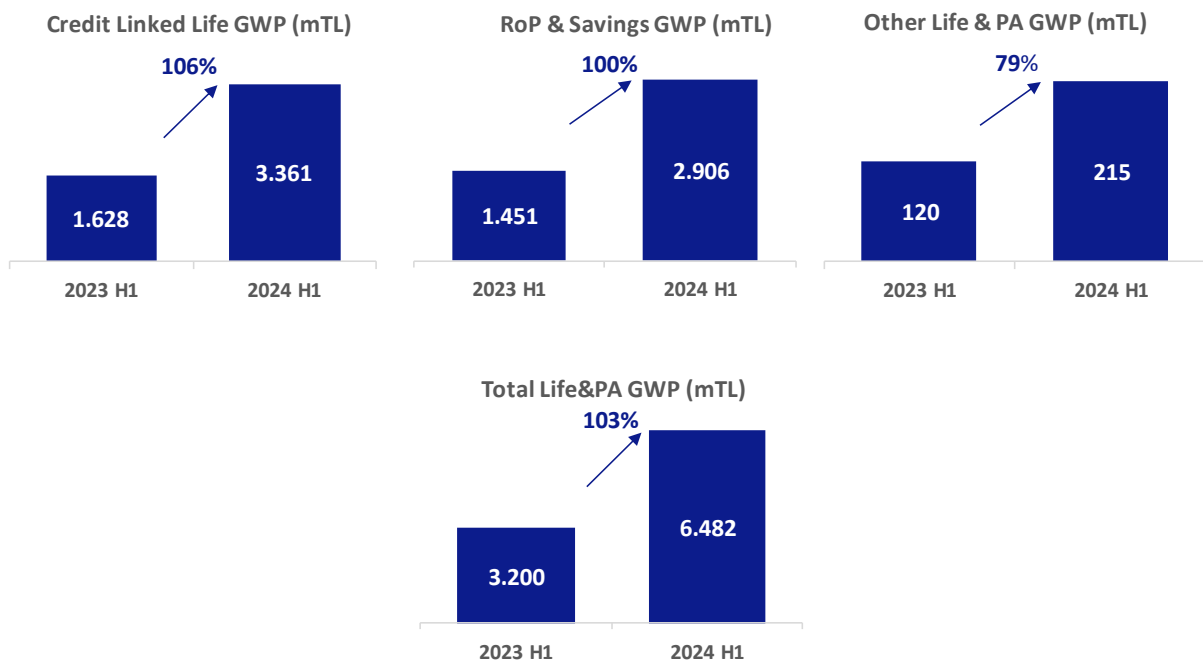
TOPLINE HIGHLIGHTS

- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies, and achieved the leadership among whole market in 2024.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 195.7 bnTL with 2m participants, including AE.



Source: Pension Monitoring Center 30.06.2024
*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among whole market as of June'24
- Total Life & PA gross written premiums reached 6.482 mTL; higher than prior year by 103% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2023 H1	2024 H1	Change
Credit Linked Life	1.628	3.361	106%
RoP & Savings	1.451	2.906	100%
Other Life & PA	120	215	79%
Total Premium	3.200	6.482	103%
Pension	453	1.146	153%
Credit Linked Life	446	1.075	141%
RoP & Savings	469	973	107%
Other Life & PA	33	60	81%
Total Technical Income	1.401	3.254	132%
Total General Expenses	-913	-1.822	100%
Net Technical Profit	488	1.432	193%
Total Investment & Other Income	742	954	29%
Total Tax	-300	-619	106%
Net Profit	930	1.768	90%

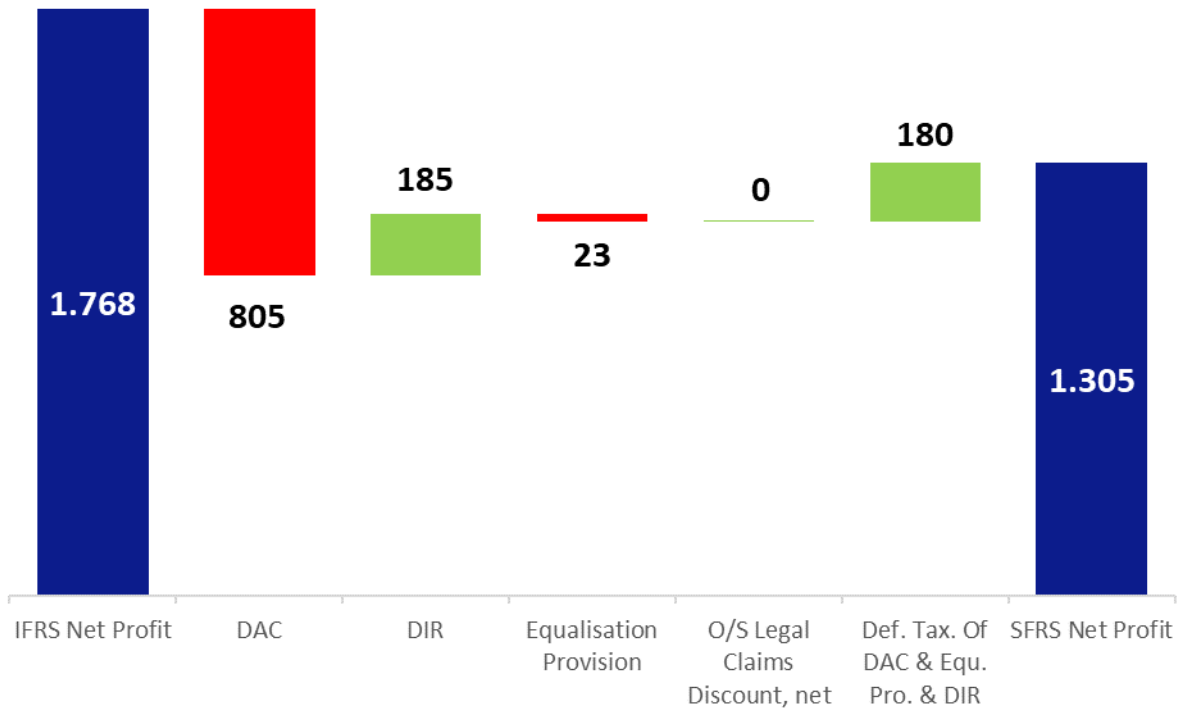
- Total technical income grew by 132% driven by all business lines profitability growth.
 - Pension technical profit increased by 153% mainly due to higher total fund management fee regarding AuM increase
 - Credit linked Life technical profit increased by 141% mainly due to increase in premiums
 - RoP & Savings technical profit increased by 107% thanks to strong RoP portfolio.
 - Other Life & Personal accident technical profit increased by 81% due to mainly higher premiums.
- General expenses are 1.822 mTL with a yoy increase of 100% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Marketing, Outsourcing, Consultancies)
- Total investment and other income is 954 mTL with a yoy increase by 29% mainly due to higher financial income regarding interest gains, despite lower increase in f/x gains.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2023 H1	2024 H1	Change
Life	229	657	187%
Non-Life	4	15	271%
Pension	-273	-451	65%
Net Technical Profit	-41	221	n/a
Total Investment & Other Income	1.057	1.523	44%
Tax	-236	-439	86%
Net Profit	780	1.305	67%

- Net profit for the period is 1.305 mTL with an increase of 67% mainly due to higher technical profit thanks to life business in addition to higher financial income regarding interest gains.
- Total net technical profit increase;
 - Life net technical profit is higher than prior year by 187% 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 11 mTL.
 - 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
- SEDDK made an official announcement that insurance companies are exempted for IAS29 compliance as of 1.1.2025.
- AgeSA provides IAS 29 compliant audited financials to Sabancı Holding for consolidation purposes.

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:

- Transition to IFRS 17 has been postponed to 1.1.2025 by local regulator. 2024 will be parallel reporting period in terms of regulatory reporting.

NEW BUSINESS RESULTS

(m TL)	H1 2023	H1 2024	Change(%)
Credit-linked Life	296	959	224%
ROP & Savings	91	901	884%
Other Life & PA	8	20	166%
Pensions	277	375	36%
Value of New Business	672	2.255	236%

(m TL)	H1 2023	H1 2024	Change(%)
Credit-linked Life	1.687	3.615	114%
ROP & Savings	1.730	5.488	217%
Other Life & PA	126	214	69%
Pensions*	21.536	32.314	50%
Present Value of New Business Premiums	25.079	41.631	66%

(*): Including State Contribution

(m TL)	H1 2023	H1 2024	Change(Diff.)
Credit-linked Life	17,5%	26,5%	9,0 pp
ROP & Savings	5,3%	16,4%	11,1 pp
Other Life & PA	6,0%	9,5%	3,5 pp
Pensions	1,3%	1,2%	-0,1 pp
New Business Margin	2,7%	5,4%	2,7 pp

Source: Company data, unaudited results

- Value of new business (VNB) and present value of new business premiums (PVNBP) have increased by 236% year-on-year as a result of significantly higher Pension, Credit-linked Life and new ROP product sales.
- The Savings product launched in 2022 contributed 1.584m TRY to the PVNBP total while the new ROP product added 3.904m TRY of PVNBP. With the launch of the new ROP product in Q3 23, the NBM for the ROP & Savings line of business more than tripled to 16,4%.
- Credit-linked Life VNB increased by 224%, helped by higher volumes, new pricing, and strong rider penetration levels.
- Pension PVNBP increased by 50%, as regular contributions were up 113% compared to H1 2023. PVNBP was further boosted by 11,6 billion TL of lump-sum payments (up 178% compared to H1 2023).

DISCLAIMER

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