

AgeSA

Q1 2024 Financial Results

Earnings Release

May 8, 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

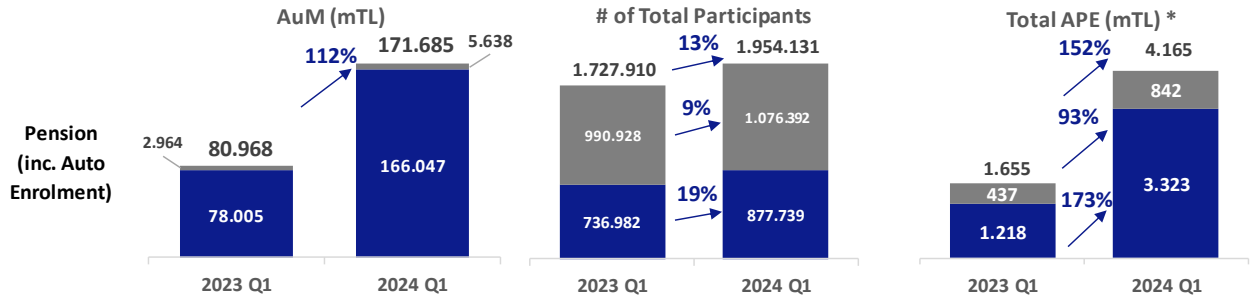
- The Pension Assets under Management (AuM) has grown by 112% yoy and reached 171.7 billion TL as of Q1 2023.
- Auto Enrolment AuM increased by 90% yoy resulting mainly from the increasing inforce volume. AgeSA is one of the leader companies in terms of private sector participants and AuM.
- Total Life&PA premiums grew by 111% yoy, driven by both 114% growth in credit-linked production and 107% growth in stand-alone (non-credit linked) life underpinning AgeSA's diverse business model and product positioning.
- Inflation accounting is not applied for 31 March 2024 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 264% at 885 mTL mainly due to** higher financial income regarding interest and 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 128% yoy driven by the growth in life protection volumes and pension AuM.
- RoE is 70.1% as of Q1 2024.
- 300 mTL dividend has been paid in March
- Statutory profit is 691 mTL with significant increase of 222% due to mainly higher financial income.
- Share buyback program has been started in 2023 April. Within the scope of the program, as of March 2024 1.291k shares were bought with an average price of 44,31 TL

STRATEGIC HIGHLIGHTS

- AgeSA serves 4.1 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.
- 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

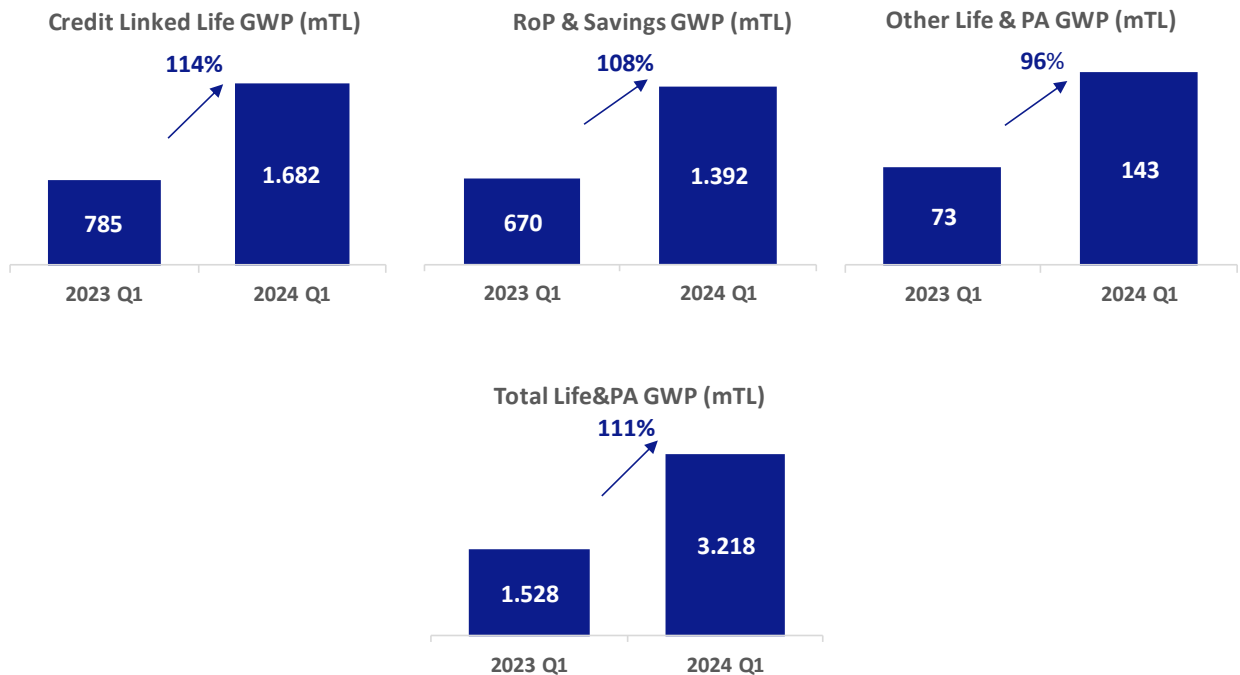
- AgeSA is the market leader in terms of Pension AuM since June 2015 among the private pension companies, and achieved the leadership among whole market in 2024.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM has reached 171.7 bnTL with 2m participants, including AE.



Source: Pension Monitoring Center 31.03.2024

*Before opt-out

- AgeSA is the market leader in terms of Total Life & PA Premium among whole market as of March'24
- Total Life & PA gross written premiums reached 3.218 mTL; higher than prior year by 111% continuing the momentum in a sustainable manner.



AGESA MANAGEMENT REPORTING SEGMENT RESULTS

(mTL)	2023 Q1	2024 Q1	Change
Credit Linked Life	785	1.682	114%
RoP & Savings	670	1.392	108%
Other Life & PA	73	143	96%
Total Premium	1.528	3.218	111%
Pension	186	550	196%
Credit Linked Life	222	480	116%
RoP & Savings	217	431	99%
Other Life & PA	27	23	-17%
Total Technical Income	651	1.483	128%
Total General Expenses	-420	-858	104%
Net Technical Profit	231	625	171%
Total Investment & Other Income	97	549	464%
Total Tax	-85	-289	240%
Net Profit	243	885	264%

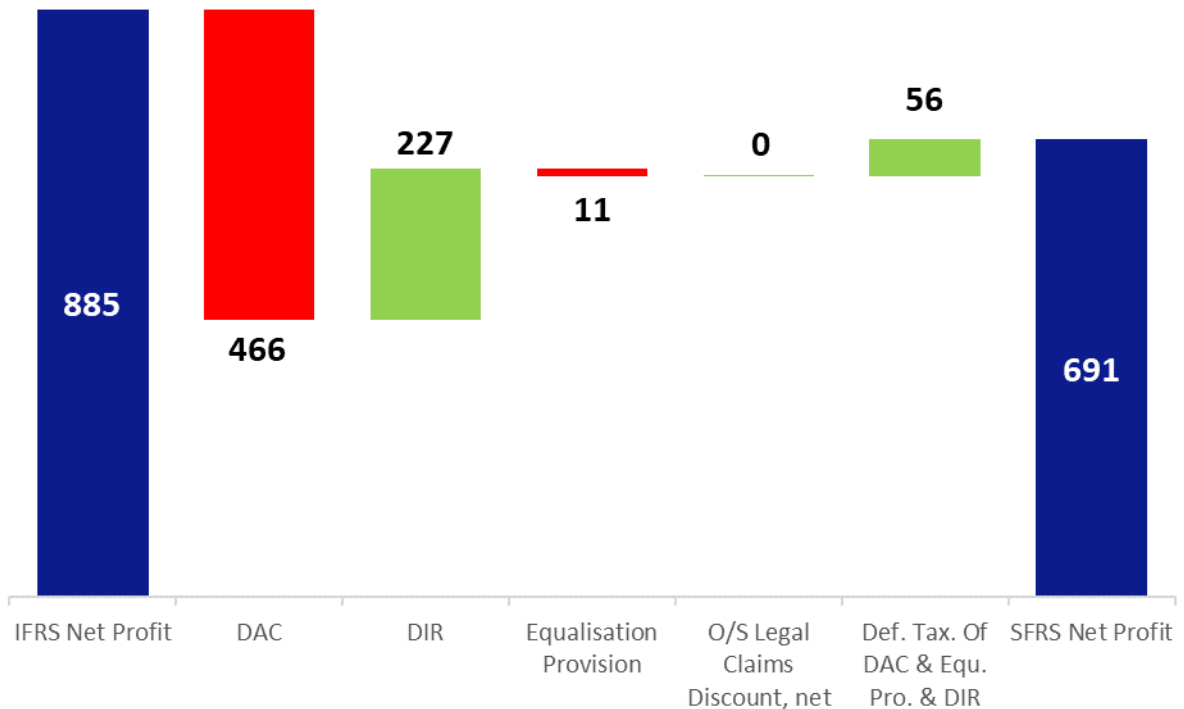
- Total technical income grew by 128% mainly driven by credit linked life and pension profitability growth.
 - Pension technical profit increased by 196% mainly due to higher total fund management fee regarding AuM increase
 - Credit linked Life technical profit increased by 116% mainly due to increase in premiums
 - RoP & Savings technical profit increased by 99% thanks to strong RoP portfolio.
 - Other Life & Personal accident technical profit decreased by 17%.
- General expenses are 858 mTL with a yoy increase of 104% mainly due to high inflationary environment for major cost items (i.e. Personnel, IT, Outsourcing, Consultancies)
- Total investment and other income is 549 mTL with a yoy increase by 464% mainly due to higher financial income regarding interest & f/x gains, besides sharp decrease in equity market and lower FV realization of CPI linkers in January 23.

AGESA STATUTORY / SFRS SEGMENT RESULTS

(m TL)	2023 Q1	2024 Q1	Change
Life	123	177	45%
Non-Life	0	-4	-2284%
Pension	-77	-78	2%
Net Technical Profit	46	95	105%
Total Investment & Other Income	236	829	252%
Tax	-67	-233	245%
Net Profit	215	691	222%

- Net profit for the period is 691 mTL with an increase of 222% mainly due to higher financial income regarding interest and f/x gains in addition to higher technical profit thanks to life business.
- Total net technical profit decrease;
 - Life net technical profit is higher than prior year by 45% 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 4 mTL.
 - Due to higher expense allocation, which is done according to the local regulation rules, pension net technical profit after general expenses is slightly 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)	Q1 2023	Q1 2024	Change(%)
Credit-linked Life	142	454	219%
ROP & Savings	52	412	687%
Other Life & PA	5	20	312%
Pensions	133	285	114%
Value of New Business	333	1.170	252%

(m TL)	Q1 2023	Q1 2024	Change(%)
Credit-linked Life	808	1.802	123%
ROP & Savings	919	2.935	219%
Other Life & PA	74	139	88%
Pensions*	10.534	18.564	76%
Present Value of New Business Premiums	12.335	23.440	90%

(*): Including State Contribution

(m TL)	Q1 2023	Q1 2024	Change(Diff.)
Credit-linked Life	17,6%	25,2%	7,6
ROP & Savings	5,7%	14,0%	8,3 pp
Other Life & PA	6,5%	14,1%	7,7 pp
Pensions	1,3%	1,5%	0,3 pp
New Business Margin	2,7%	5,0%	2,3 pp

Source: Company data, unaudited results

- Value of new business (VNB) and present value of new business premiums (PVNBP) have increased by 252% year-on-year as a result of significantly higher Pension, Credit-linked Life and new ROP product new business sales.
- The new Savings product contributed 1,038m TRY to the PVNBP total while the new ROP product added 1,896m 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 doubled to 14.7%.
- Credit-linked Life VNB increased by 219%, helped by higher volumes, new pricing, and strong rider penetration levels.
- Pension PVNBP was increased by 76%, as regular contributions were up 159% compared to Q1 2023. PVNBP was further boosted by 6.5 billion TL of lump-sum payments (up 209% compared to Q1 2023).

DISCLAIMER

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