TÜRKİYE SİGORTA 1Q24 FINANCIAL RESULTS

General Overview

Premium growth of 131% by strategic branches

Türkiye Sigorta increased its total premium portfolio to TL 28.2 billion in the first quarter of 2024, which represents a 131% increase compared to the same period of the previous year. The main branches of growth in Türkiye Sigorta were Health with 255%, Fire and Natural Disasters with 195%, MOD with 141% and General Losses with 118%.

According to datas published by TSB, Türkiye Sigorta continued its market leadership with 16.5% market share in the first two months of this year. At the same period the sector grew on non-life branches by 99% yoy whereas the Company recorded a growth of 160%.

The company with its remarkable growth performance, while increasing its market share in the health branch as at February 2024, it gained another place in the sector premium production rankings, rising to fourth place.

Strengthened Technical Profitability with Improvement in Motor and Health Branches

The non-life insurance sector faced impacts of total damage costs due to increase in exchange rates, minimum wage hikes, spare part and labor costs, vehicle prices, and the increase in reinsurance costs, especially due to February 6 earthquakes. While the net combined ratio of fire and natural disasters of the sector increased by 11 points to 122%. With SEDDK's 2023 June and December end discount rates being implemented as 28% and 35%, respectively, sector net combined ratio of the motor vehicles liability branch decreased by 39 points to 158%. The sector's overall net loss premium ratio completed the year at 85% and its net combined ratio at 115%. On the other hand, despite Türkiye Sigorta did not apply discout rate increase in December, completed the year with much more positive profitability ratios compared to the sector, with a net loss ratio of 82% and a net combined ratio of 108%.

Balancing trend on the cost side in the first quarter of 2024, last year, with technical profit gaining in the motor branches by the rapid growth on MOD, ceiling price increases, strong reinsurance protections for catastrophic damages and new tariff system focused on sustainable profitability, postponing the implementation of the published circular on December 2023 to this quarter added value on financial results of first quarter.

Türkiye Sigorta, which had a loss of 3.3 billion TL in the MTPL in all of 2023, decreased the loss of the branch to 303 million TL in the first quarter of this year. Türkiye Sigorta made a profit of 2.9 billion TL in the fire and natural disasters, 620 million TL in the motor branches and 370 million TL in the health in 2023. In the first quarter of 2024 by making a profit of 1.4 billion TL in the fire and natural disasters, 831 million TL in the motor branches, and 459 million TL in the health closed this period with a technical profit of 4.6 billion TL. With this rapid performance, the net loss ratio improved from 82% at the end of 2023 to 70% this quarter. Meanwhile the net combined ratio decreased from 108% to 90%.

Operational costs increased by 155% in the first quarter of 2024 compared to the same period of the previous year. With increasing premium production, net commission expenses grew by 212% yoy, while personnel expenses increased by 118%. Expenses excluding net commission and personnel expenses increased by 87% yoy. Despite increases in operational expenses with the impact of growth performance, net expense ratio dropped from 13% to 9%.

Investment portfolio

In the first quarter of 2024, the investment portfolio increased by 157% on an annual basis, reaching a level of TL 38.1 billion. Investment income grew by 380% yoy, while investment expenses increased by 364%. Including investment income transferred to the technical division, net investment income rose by 359% yoy, reaching TL 3.7 million.

Income from financial investments and valuation increased by 326% yoy. Net FX gains increased by 534%. Technical investment income transferred to the technical division increased by 336% annually.

Summary P&L *TL million*	1Q23	1Q24	YoY
Gross Written Premiums	12.175	28.163	131%
Technical Profit	928	4.621	398%
Net Investment Income	812	3.732	359%
Net Profit	537	3.527	557%

Net Profit & Capital Adequacy

In 1Q24, Türkiye Sigorta reported a net profit of TL 3,527 million, marking 6.6 times increase compared to the previous year. The average return on equity was realized at 82%.

According to data provided by the Insurance Association of Türkiye, the non-life insurance sector generated a net profit of TL 48 billion in 2023, with an average return on equity of 57%.

Ratios	1Q23	1Q24
Net Loss Ratio	73%	70%
Net Commission Ratio	11%	12%
Net Expense Ratio	13%	9%
Net Combined Ratio	97%	90%
RoAA	7%	17%
RoAE	33%	82%
Effective Tax Rate	26%	23%
CAR*	159%	165%

*The measurement of the company's capital adequacy is conducted twice a year, following the months of June and December, in accordance with the Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance and Reinsurance Companies and Pension Companies. This measurement is carried out within two months following each of these periods.

The tax provision for the first quarter of 2024 was TL 1.081 million, indicating effective tax rate of around 23%.

As of 2023, capital adequacy ratio is at 165% thanks to the internal capital generation fueled by superior profitability, above the regulatory self-assessment level of 115% and profit distribution threshold of 135%.

<u>Unique distribution channel strength</u>

With the exclusivity agreements it has signed, especially with the three state-owned banks, Türkiye Sigorta is the dominant player in premium production through bank channel, having direct access to a network of 3,779 branches throughout the country. Ziraat Bank has the largest branch network with 1,753 domestic branches in Turkey, while Halkbank ranks second with 1,084 branches, Vakıfbank is fourth with 944 branches. These three banks account for approximately 40% of the total branches that the deposit banks have.

In 1Q24, Türkiye Sigorta growing its premiums produced through the bank channel by 121% yoy to TL 13.2 billion, had 46% of the banking channel production of the sector. The share of bank channel in Türkiye Sigorta’s premium production is 47%.

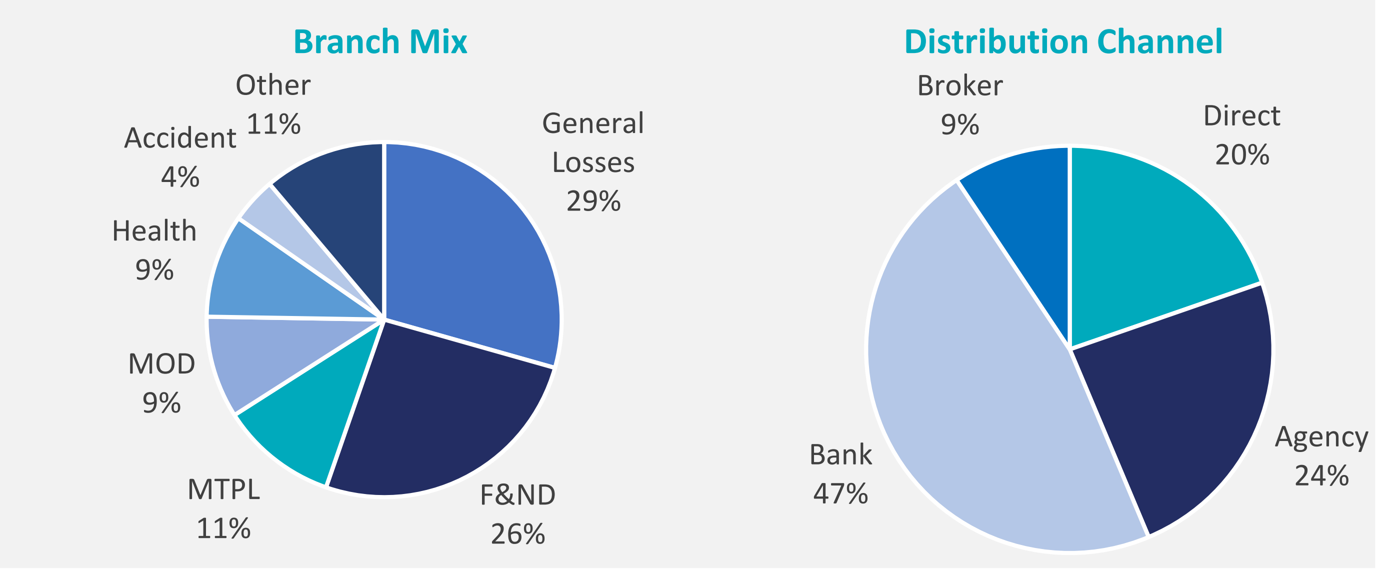
Strengthening its dominant position on the bancassurance front, Türkiye Sigorta has also been focusing on efficiency increase in agency channel which stays at 3,666 by the end of 1Q24. Channel optimization is one of the focus areas in the agency network, which has become wider and well-spread. The capacity reached in the agency channel facilitates market share gains in branches such as health and motor and it makes important contributions in terms of diversification in the channel structure and brand awareness.

Depending on the pace of lending, premium production through bank channel may fluctuate over time and agency channel may bring in a more consistent production performance in such periods thanks to its stable nature and insurance expertise.

Premiums written through agency channel increased by 71% and reached to TL 6.8 billion. When MTPL excluded, premium increase became 187%. According to sector data as of February 2024, the market share of premiums produced through agencies increased by 0.9 points, rose to 7.7% compared to the same period of last year.

TÜRKİYE SİGORTA

Distribution of Branch Mix and Channel Structure (as of March 2024)



Premium Production by Major Branches (as of March 2024)

Major Branches	GWP *TL million*	YoY Change	Share in Total
General Losses	8.276	118%	29%
Fire & Natural Disaster	7.301	195%	26%
Accident	1.174	71%	4%
MTPL	3.000	8%	11%
MOD	2.618	141%	9%
Sickness/Health	2.650	255%	9%
Other	3.143	422%	11%
TOTAL	**28.163**	**131%**	**100%**

Leadership in niche businesses and profitability-driven portfolio structure

Türkiye Sigorta continued to capitalize on its product and distribution channel diversity effectively, maintaining its leadership in the non-life insurance sector (according to sector data as of Feb 2024) with a premium production market share of 16.5%. In the branches where the bank dominance pays off, a market share of 36% in the general losses, 29% in the accident and 21% in the fire and natural disasters were successfully attained. The share of these three branches in total premiums, whose claims were low compared to other main branches, turned out to be at 56% (sector average is 33%).

As of March 2024, MTPL and MOD branches under motor branches recorded premium increases of 8% and 141% respectively. The distribution of MTPL and MOD within motor branch group created a more balanced allocation. While the share of the MOD increased from 28% to 47%, the share of the MTPL branch decreased from 72% to 53%.

In health branch; 382% yoy growth in complementary and 212% in private health insurances led to an increase of 255% in the branch.

Strong technical profitability with successful risk management

In the first quarter of 2024, Türkiye Sigorta achieved a technical profit of TL 4,6 billion maintaining the foundation of its optimally structured bank-non-bank distribution channel and product diversification strategy for motor/non-motor products. As per the data compiled by Insurance Association of Türkiye, non-life insurance sector registered TL 51,232 million technical profit.

In 1Q24, general losses, accident and fire & natural disasters branches, in which Türkiye Sigorta has 29.4%, 25.9% and 4.2% premium shares, respectively, generated TL 3,201 million technical profit (up 350% yoy). Besides the policy renewals and effective risk management, the declining market share in the MTPL branch, with the market share gain in the MOD branch achieved the technical profit of the MOD branch closing the technical loss of the MTPL branch, plus a total technical profit of 620 million TL was obtained in the motor branches in 2023. In the first quarter of 2024, in addition to actions taken in 2023, new discount rate was applied in MTPL branch and thus reflecting positively in technical profitability and the technical profit of the motor branches increased to 831 million TL.

In health branch, which reached annual increase rates of 226% and 255% in the last 2 quarters,respectively, health technical profit reached 459 million TL (as of last quarter) in the first quarter of 2024.

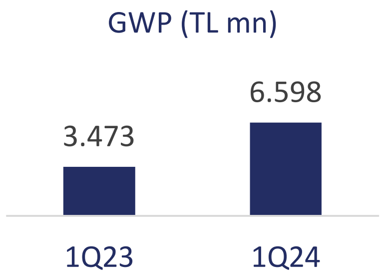
Technical Results by Major Branches

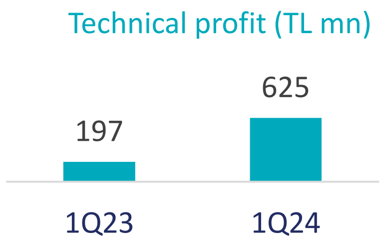
Technical Profit	1Q23	1Q24	YoY
General Losses (Agriculture, Engineering	213	725	240%
Fire & Natural Disaster	172	1.441	737%
Accident	326	1.035	217%
MTPL	-255	-303	19%
MOD	391	1.134	190%
Sickness/Health	26	459	1690%
Other	55	130	136%
TOTAL	**928**	**4.621**	**398%**

As a result of the improvement in loss ratios, significant decreases were observed in the unexpired risk reserves. While an unexpired risk reserves of TL 760 million was allocated in MTPL branch at the end of 2023, no provision was made in the first quarter of 2024 as a result of the improvement in the loss ratio. What’s more, unexpired risk reserves set aside from the previous period made a positive impact on MTPL technical loss.

Leader in Agriculture on solid bancassurance capacity

Ziraat Bank operates almost unrivaled in agricultural banking in line with its mission. With this superiority in the banking channel, Türkiye Sigorta produced 80% of its premium in the agricultural branch through the bank channel as of first quarter of 2024. By February 2024, a total premium production of 4.9 billion TL was achieved with a 47% market share which is 32 points more than that of its closest competitor. With its strong bank channel dominating the agricultural field, Türkiye Sigorta continues to solidify its leadership.





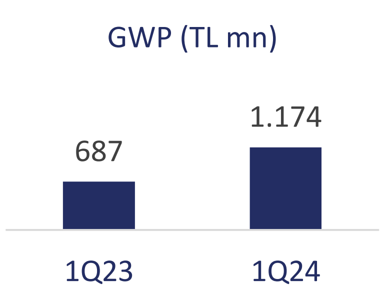
In the agriculture branch, insurance companies mostly work as an agency of the "Agricultural Insurance Pool (Tarsim)" with state-subsidized insurance products. Tarsim is an insurance pool system established in 2005 to support the dissemination of agricultural insurance in our country. Through the insurance companies authorized to issue policies on behalf of Tarsim, farmers registered in the system are written policies with the support of the state, which varies between 50% and 67% depending on the product to be insured.

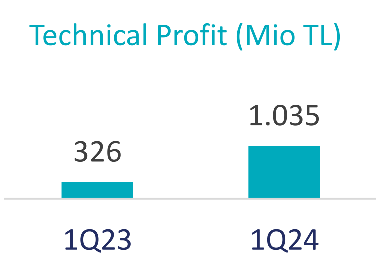
In the model, which runs quite efficiently, insurance companies also have the opportunity to provide reinsurance support to Tarsim if they wish. Türkiye Sigorta, as one of the most active companies in reinsurance support, takes part in Tarsim reinsurance panel as a retrocessionary. Additional profit is obtained through indirect agricultural production written hereby. For risks transferred to the pool, commission income is received and shared with the bank in accordance with the bancassurance agreement. Technical profit in agriculture branch came in at TL 625 million as of 1st quarter of 2024.

Leadership and High Profitability in Accident branch

Accident insurances, especially personal accident, is produced mainly through the bank channel in connection with lending activities. It is anticipated that the market growth of the accident branch in 2024 will be lower than in previous years due to the increase in costs of loans. With effective use of the bank channel, Türkiye Sigorta increased its premium production in the accident branch by 71% yoy from TL 687 million to TL 1,174 million. It is estimated that market share leadership in the sector will continue in 2024.

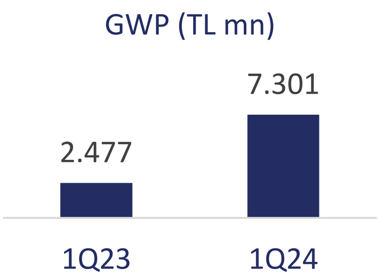
Türkiye Sigorta grew its technical profit by 217% to TL 1,035 million, with a combined ratio of 48%. Branch profitability has remained quite strong due to high retention ratio and significantly lower net combined ratio.

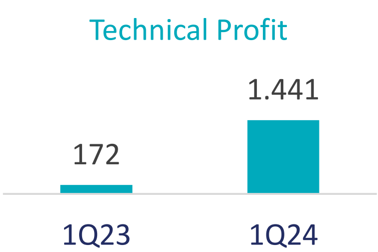




Effective risk management and excessive capacity in Fire and Natural Disasters

Premium growth in the fire and natural disasters branch was 195% in 1Q24 yoy, the total premium volume reached TL 7.3 billion. With a 21% market share in February 2024, Türkiye Sigorta is taking steps to continue the sector leadership it gained in 2023 in this branch. Due to housing and compulsory earthquake insurances, bank channel accounts for 47% of branch premium production. Branch production has achieved a high rate of increase with the newly acquired big accounts. Technical profit increased by 737% yoy and reached TL 1.441 million. Net loss ratio decreased from 49% in the first quarter of 2023 to 11% in the first quarter of this year, while the net combined ratio decreased from 87% in the same period of the previous year to 43%. (sector average is 122% as of 2023). Effective risk management and risk selection policies on the reinsurance side stand out in the strong technical performance achieved by Türkiye Sigorta.





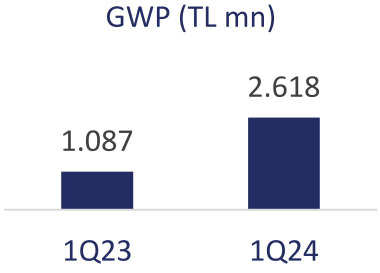
Fire and natural disaster insurance policies are mainly offered in bundle in the commercial and corporate segments. In this branch, channels such as brokers, agencies and direct sales make a significant contribution to the production. Given excessive policy and coverage size in most cases, strong capital adequacy and reinsurance capacity are required for high premium production and profitability. Türkiye Sigorta is the sector leader in both areas and has qualified teams to smoothly execute insurance process from beginning to end in niche products that special expertise is essential for. Due to the aforementioned requirements, many insurance companies in the sector, especially small and medium-sized that face capacity problems, cannot operate effectively in this field.

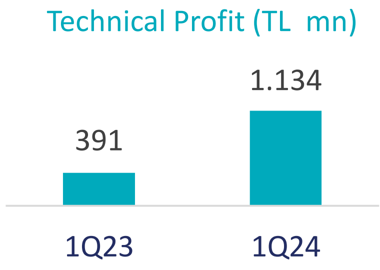
Strong growth and positive technical profitability in motor branches

In the first quarter of the year, MOD branch growing by 141% and MTPL branch growing by 8% below inflation, Türkiye Sigorta's Premium production balance between MOD to MTPL increased from 39% to 87%. According to sector data of February 2024, Türkiye Sigorta reached market shares of 8,2% in MPTL and %10,5 in MOD.

As a result of the stabilization of fundamental cost factors, particularly exchange rates and inflation, the loss ratios improved bringing about the decrease in unexpired risk reserves. As a consequence, Türkiye Sigorta achieved a technical profit of TL 831 million in 1Q24 in motor branches compared to a profit of TL 136 million in the same period last year.

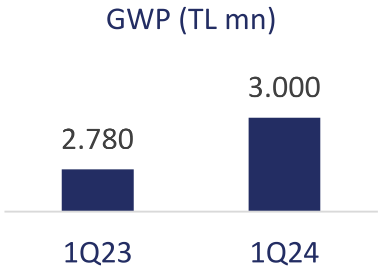
In MOD branch, Türkiye Sigorta achieved a strong momentum in the first quarter of the year, with an annual increase of 141% in premium production. With this growth, the market share, which was 5% at the end of the year, increased to 10%; end of February market share grew to 10,5%.

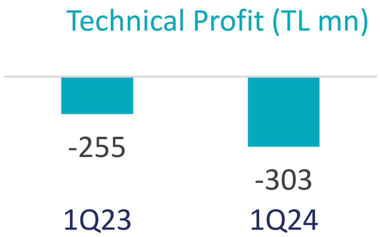




The loss ratio in MOD branch, closed the first quarter of 2024 at 62%. Although the rapid premium growth in the last 3 quarters has increased the amount of claims paid, the net combined ratio was at 74% by the end of 2023 and increased relatively, reaching 87% in the first quarter of the year. The branch recorded a technical loss of TL 391 million in the first quarter of last year, while it achieved a technical profit of TL 1,134 million in the first quarter of this year.

In MTPL branch, aiming on controlled growth, having achieved a peak level of 18% especially in the second quarter of 2022, by the end of 2023 Company reached 11% and market share fell down to 8.2% in the first two months of this year.





Having the ceiling price increase rate of 10% in the former two months of 2024 and 5% in the latter month and together with the balanced cost environment helped the branch to improve loss ratios.

Again, in this quarter, by using the new discount rate allowed by SEDDK, the additional discount amount was reflected in the accounting accounts and the improvement effect in the DERK account was reflected in the accounts.

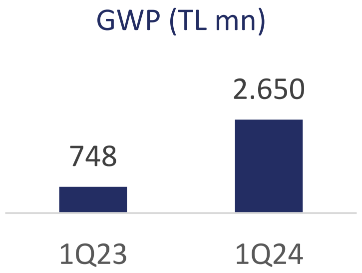
The net loss ratio, which was at 163% at the end of 2023, dropped to 102% in the first quarter of the year. Along with the discount effect, an improvement effect of 1,289 million TL was added to the net outstanding claims provision.

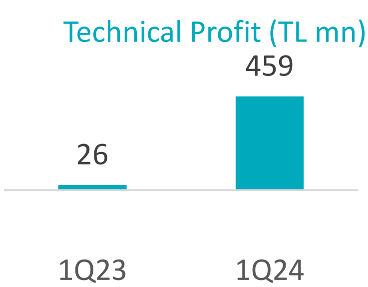
As a direct result of the improvement in the loss premium ratio, a remarkable improvement was observed in the unexpired risk reserves allocated for the branch; While 760 million TL provision was made last year, 730 million TL income impact was reflected in the unexpired risk reserves account in the first quarter of this year. Technical loss of 3.3 billion TL of this branchwas closed in 2023, a technical loss of 303 million TL was recorded in the first quarter of this year.

Regulatory authority SEDDK will continue positive developments on the legislative side in order to balance for technical profitability as by determining the ceiling price increase rates of 5% in April and 3% in May, then every month thereafter, calculating with the damage cost index.

Strong growth in Health

Complementary health insurance (TSS) and Private health insurance (ÖSS) products are the main products in health branch. With its customer and product portfolios, Türkiye Sigorta posted 382% yoy growth in TSS and 212% in ÖSS segments. Total premiums in the branch came in TL 2,650 million, up by 255%.





The branch's loss ratio was at 143% in 2022 due to medical inflation and the return of healthcare expenditures delayed by the pandemic, but it improved to 78% in 2023 thanks to balanced cost factors, strong premium production and actuarial pricing discipline. The net combined ratio also declined from 193% at the end of 2023 to 109%. With the improvement in loss ratios, there was no unexpired risk reserves this quarter (URR was TL 160 million throughout 2022), and branch technical loss of TL 39 million turned into a technical profit of TL 370 million in 2023. Technical profit in the first quarter of 2024 surged to TL 459 million.

It is expected that the rapid growth trend in this branch will continue in the upcoming period. Türkiye Sigorta aims to take a significant share from this growth owing to its enhanced product, digital infrastructure and distribution channel structure after the merger. The steps to enrich customer experience like the improvement in provisioning process and further integrating healthcare functions to our mobile app will strengthen the competitiveness of Türkiye Sigorta. With the bancassurance capacity of Türkiye Sigorta, there is a strong desire to grow in the retail TSS segment in the upcoming period.

Expanding investment portfolio

In the first quarter of 2023, the investment portfolio grew by an annual rate of 157% to reach TL 38.1 billion, up from TL 14.8 billion. The net investment income, including investment income transferred to the technical division, increased by 359% to TL 3.7 billion.

With the expanding investment portfolio and product diversity, income from financial investments and the valuation of financial investments increased by 326%, rising from the level of TL 967 million in the first quarter of 2023 to TL 4,1 billion in the same period of 2024.

In the AUM, which reached TL 38.1 billion in size, the TL deposit/participation account, which was at around 16% in 1Q23, has incecreased to 25% in 1Q24 with a diversification approach, while the share of foreign currency deposits in the total portfolio has reached 5%. FX-protected deposits had a 14% share in the total portfolio. Private sector bonds and Turkish government bonds had weights of 12% and 1%, respectively, while the Eurobond portfolio reached a share of 8% in the total portfolio.

Buyback of TURSG shares

By our company's Board of Directors; decided to revise the 35 million shares subject to repurchase, as determined by the Board decision dated 28 June 2022, to 60 million shares and the allocated fund of TL 300 million to TL 600 million. Within this scope, 33.2 million shares, equivalent to 2.9% of the capital, were repurchased at an average cost of TL 8.96. 30 million of these shares were subsequently sold to institutional investors via the block sales method, generating a profit of TL 660 million. Türkiye Sigorta, the sole company in its sector engaged in both share buybacks and dividend distributions, continues to enhance stakeholder value through its buyback program, as well as its robust financial and operational performance.

Summary Financial Statements

Balance Sheet, Million ₺	3M23	3M24	YoY Change
Cash and Cash Equivalents	13,202	28,922	119%
Receivables from Main Operations	6,359	17,927	182%
Financial Assets	13,611	32,242	137%
Tangible and Intangible Assets	768	1,550	102%
Other Assets	3,006	7,072	135%
TOTAL ASSETS	36,945	87,713	137%
Financial Liabilities	6,301	14,146	125%
Payables Arising from Main Operations	2,969	9,930	234%
Technical Provisions	18,163	39,000	115%
Other Liabilities	2,769	5,592	102%
TOTAL LIABILITIES	30,202	68,668	127%
Paid in Capital	1,162	1,162	0%
Capital and Profit Reserves	4,101	8,196	100%
Accumulated Profit/Losses	944	6,161	553%
Net Profit/Loss for the Period	537	3,527	557%
TOTAL EQUITY	6,744	19,045	182%
TOTAL EQUITY AND LIABILITIES	36,945	87,713	137%

Income Statement, Million ₺	3M23	3M24	YoY Change
Gross Written Premiums	12,175	28,163	131%
Technical Balance (Technical Profit)	**928**	**4,621**	**398%**
Earned Premiums (Net of Reinsurer Share)	3,374	9,969	195%
Incurred Losses (Net of Reinsurer Share)	-2,456	-6,947	183%
Other Technical Income & Expenses (Net of Reinsurer Share)	18	155	785%
Financial Income - Transferred from Non-Technical Section	805	3,513	336%
Operating Expenses	-812	-2,069	155%
Financial Profit	**7**	**219**	**2864%**
Financial Income	1,162	5,572	380%
Financial Expenses	-1,154	-5,353	364%
Income and Expenses From Other Operations	**-251**	**-615**	**145%**
Tax	**-148**	**-699**	**374%**
Net Profit/Loss	**537**	**3,527**	**557%**

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