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TÜRKİYE SİGORTA 9M22 FINANCIAL RESULTS

General Overview

Market leadership with a strong premium growth

Türkiye Sigorta increased its total premium portfolio by 109% yoy to TL 16.1 billion in the first nine months of 2022. Türkiye Sigorta maintained its leadership in non-life insurance market with a market share of 12.8%. The non-life insurance sector grew its premiums by 117% in the same period. With a strong contribution from bancassurance channel, Türkiye Sigorta grew its premiums by 73% in the general losses branch (agriculture, engineering etc.), 84% in the fire & natural disasters and 149% in the accident branches. Premiums were up by 203% and 123% yoy in MTPL and MOD branches. Sickness/health branch posted 62% growth yoy.

Positive technical profitability despite sectoral increase in damage frequency and claims costs

Prior to re-opening in the summer period of 2021, the mobility and damage frequencies fared relatively low on pandemic-related restrictions and brought positive repercussions in terms of technical profitability, though causing a high base effect for the first half of 2022. With the normalization in the second half of 2021, it has been observed that the claims costs are going up significantly on increasing damage frequencies, returning postponed health expenditures, rising spare part costs with the fluctuations in exchange rates, high inflation and labor costs. In 9M22, damage frequency and costs continued to increase especially in motor and health branches, putting pressure on the technical profitability of the sector.

Türkiye Sigorta recorded a technical profit of TL 347 million in the first nine months of the year despite sectoral increase in claims costs. While general losses, fire and natural disasters and accident branches generated TL 1.334 million technical profit (+77% yoy), motor (MTPL and MOD) and sickness/health branches posted TL 1.137 million technical losses (TL 1.059 million technical loss in MTPL branch). TL 149 million technical profit was obtained from other branches. In motor branches, apart from the high base effect of last year, the rise in exchange rates, minimum wage, spare part and labor costs, market value of the vehicle, damage frequency and provisions for unexpired risks (TL 668 million) turned out to be the most important factors driving profitability into the negative territory.

Operational expenses grew by 89% yoy compared to the same period of the previous year. With the increase in premium production, net commission expenses increased by 67% yoy, while personnel expenses increased by 85%. The headcount number rose by 322 on an annual basis and reached 1,547. Operational expenses excluding net commissions and personnel expenses increased 82% yoy.

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Summary P&L (TL million)	9M21	9M22	YoY
Gross Written Premiums	7.718	16.106	109%
Technical Profit	970	347	-64%
Net Investment Income	220	281	28%
Net Profit	785	518	-34%

Ratios	9M21	9M22
Loss Ratio	73%	100%
Commission Ratio	9%	11%
Expense Ratio	12%	14%
Combined Ratio	94%	126%
RoAA	9%	4%
RoAE	29%	16%
Effective Tax Rate	24%	36%
CAR	215%	121%

Expansion in net investment yield

Income from financial investments was up by 109% yoy, financial investment expenses were also up by 127% including investment income transferred to the technical profit. Consequently, net investment income was up by 28% yoy to TL 281 million. When investment income transferred to technical profit is included in income from financial investments, net investment income rises to TL 1.8 million, up 100% yoy.

Backed by improving yield on investments in 9M, income from financial investments and valuation increased by 69% yoy. Income from subsidiaries rose by 287% (Turkey Hayat Emeklilik dividend income came in TL 90 million vs TL 48 million last year), while net FX gains increased by 208% on an upward trend in exchange rates. Investment income transferred to the technical profit increased by 124% yoy. Investment portfolio expanded by 63% yoy and yield enhancement supported profitability (net investment yield increased from 18% to 25% in 9M22, including investment income transferred to the technical profit).

Net profit & Capital adequacy

Despite increasing sector-wise profitability pressure, Türkiye Sigorta recorded a net profit of TL 518 million in 9M22. Net profit dropped by 34% compared to the same period of the previous year. RoAE came in at 16%. As per the data compiled by Insurance Association of Türkiye, non-life insurance sector posted TL 1.710 million net profit in 1H22 with an annual decline of 46%, translating into 11% RoAE.

The tax provision in 9M was TL 297 million, increasing effective tax ratio to 36%. Effective tax rate was relatively high as a result of unexpired risk provisions, mostly taken in the second and the third quarters of the year, which were not tax-deductible. On the other hand, these provisions led to deferred tax asset income under income from other and extraordinary operations to increase.

Capital adequacy ratio was at 121%, above the regulatory threshold of 115% with TL 530 million dividend payment in 2Q22, relatively muted profitability and increasing underwriting risk.

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Unique Distribution Channel Strength

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 4,631 branches throughout the country. Ziraat Bank has the largest branch network with 1,730 domestic branches in Turkey, while Halkbank ranks third with 1,030 branches and Vakıfbank is fourth with 936 branches. These three banks account for approximately 40% of the total branches that the deposit banks have.

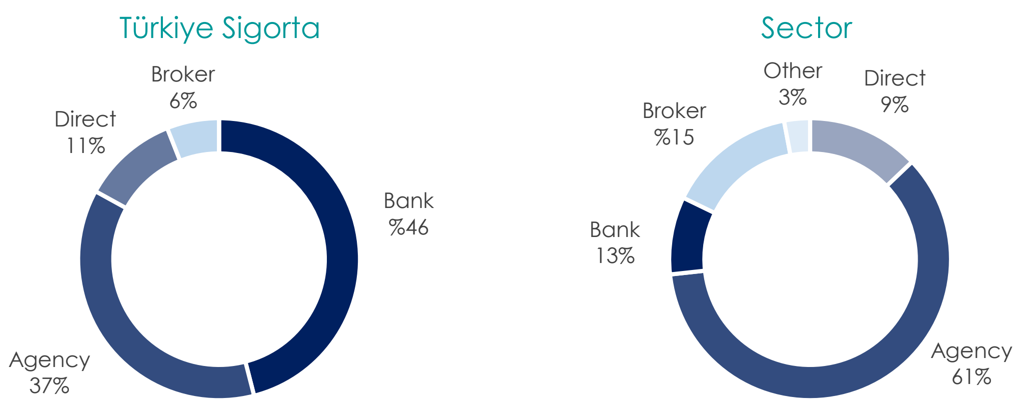
In 9M22, Türkiye Sigorta growing its premiums produced through the bank channel by 81% yoy to TL 7.4 billion, had 46% of the banking channel production of the sector. The share of bank channel in Türkiye Sigorta's premium production is 46%.

Strengthening its dominant position on the bancassurance front, Türkiye Sigorta had achieved a significant growth in agencies in 2021 within the scope of diversification strategy in the distribution channel structure. The number of agencies, which had increased by 1,030 in net terms and reached 3,974 at the end of 2021, rose by 20 agencies in 9M22 and total agency number went up to 3,994. Channel optimization is one of the focus areas in 2022 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.

With increasing number of agencies, premiums written through this channel increased by 155% and reached TL 5.9 billion. The market share in the agency channel went up from 6.9% in Dec-21 to 7.7% in 9M22. The priority of Türkiye Sigorta in the agency channel will be to increase efficiency and optimize the channel structure.

Distribution Channel Structure Comparison (By Premium Production, 9M22)

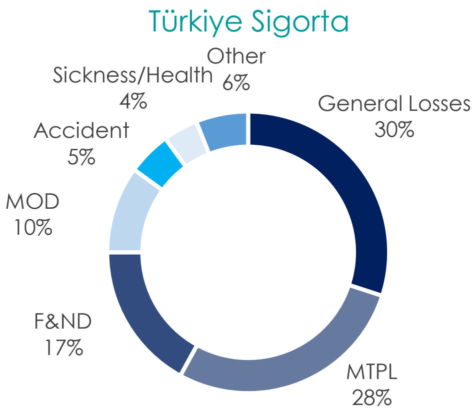


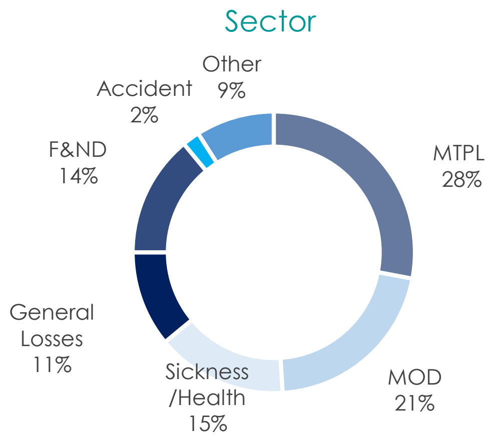
Leadership in Niche Businesses and Profitability-Driven Portfolio Structure

Türkiye Sigorta continued to capitalize on its product and distribution channel diversity effectively, maintaining its leadership in the non-life insurance sector with a premium production market share of 12.8%. In the branches where the bank dominance pays off, a market share of 35% in the general losses, 16% in the fire and natural disasters and 31% in the accident 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 53% (sector average is 27%).

Motor branches MTPL and MOD grew by 203% and 123% yoy, reaching market shares of 13% and 6%, respectively. The share of motor branches in total premium portfolio, with 38%, remained below the sector average of 49%. In sickness/health branch; whilst there was a limited increase in emergency health product, which is sold almost entirely through the bank channel, 59% yoy growth in complementary and 81% in private health insurances led to an increase of 62% in the sickness/health branch.

Branch Mix (9M22)





Premium Production by Major Branches (9M22)

Major Branches	GWP (Million TL)	YoY Change	Share in Total	Market Share	Sector Ranking
General Losses (Agriculture, Engineering etc.)	4.837	73%	30%	35%	1
MTPL	4.465	203%	28%	13%	1
Fire & Natural Disasters	2.745	84%	17%	16%	2
MOD	1.681	123%	10%	6%	7
Accident	876	149%	5%	31%	1
Sickness/Health	588	62%	4%	3%	7
Other	914	89%	6%	8%	4
TOTAL	**16.106**	**109%**	**100%**	**13%**	**1**

Positive Technical Profitability Despite Sectoral Increase in Damage Frequency and Claims Costs

Türkiye Sigorta delivered TL 347 million technical profit despite sector-wise increasing cost pressure. Despite the challenging operating environment, the optimally structured bank-non-bank distribution channel and the basis of the motor/non-motor product diversification strategy were maintained and technical profitability remained positive. As per the data compiled by Insurance Association of Türkiye, non-life insurance sector registered TL 400 million technical profit in 1H22. General losses, accident and fire & natural disasters branches, in which

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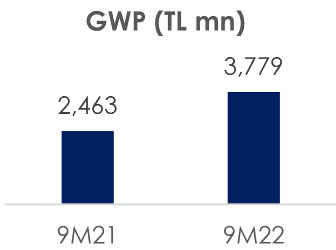
Türkiye Sigorta has 35%, 31% and 16% market shares, respectively, generated TL 1,334 million technical profit (up 77% yoy). Arising from sectorally increasing claims, motor and sickness/health branches generated a technical loss of TL 1,134 million. Rise in the exchange rate, minimum wage, spare part cost, market value of the vehicle, the minimum attorneyship fees, damage frequency as well as the provision for unexpired risks in motor branches, and the return of deferred health expenditures and increasing medical inflation in the sickness/health branch have weighed on the loss ratios. On the other hand, the increase in the discount rate of the net cash flows arising from the outstanding claims provision first from 14% to 17% in Q1, then to 22% in Q2 with the circular issued by the regulatory agency SEDDK, alleviated the outstanding reserve burden in the MTPL branch.

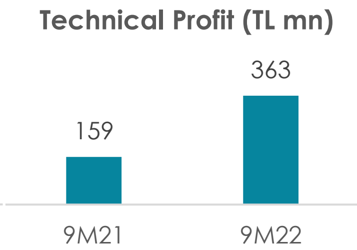
Technical Results by Major Branches

Technical Profit/Loss	9M21	9M22	YoY Change
General Losses (Agriculture, Engineering etc.)	212	406	91%
Fire & Natural Disaster	283	413	46%
Accident	258	516	100%
MTPL	-128	-1.059	N.M.
MOD	211	150	-29%
Sickness/Health	92	-227	N.A.
Other	41	149	261%
TOTAL	**970**	**347**	**-64%**

Leader in Agriculture on Solid Bancassurance Capacity

Ziraat Bank operates almost unrivaled in agricultural banking in line with its mission. With a cash loan size amounting to TL 149 billion, its market share in agricultural loans is 64%. With this superiority in the banking channel, Türkiye Sigorta produced 84% of its premium in the agricultural branch through the bank channel. 57% market share was achieved with a total premium production of TL 3.8 billion was almost 3 times that of its closest competitor. With its strong bank channel dominating the agricultural field, Türkiye Sigorta continues to solidify its leadership.



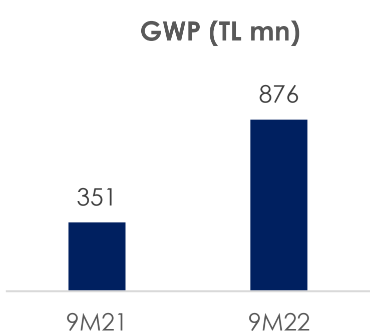


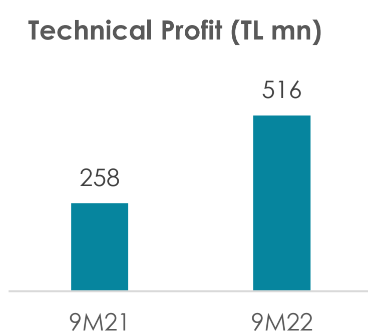
In the agriculture branch, insurance companies mostly work as an agency of the "Agricultural Insurance Pool (Tarsim)" with state-subsidized insurance products. Tarsim is an insurance pool system established in 2005 to support the dissemination of agricultural insurance in our country. Through the insurance 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 363 million.

Increasing Profitability and Market Share in Accident Branch

Accident insurances, especially personal accident, is produced mainly through the bank channel in connection with lending activities. With effective use of the bank channel, Türkiye Sigorta increased its premium production in the accident branch by 149% yoy from TL 351 million to TL 876 million. The market share rose from 21% to 31% in the same period and the market leader position in the branch further strengthened. The sector, on the other hand, could increase its premiums by 72%.





Türkiye Sigorta grew its technical profit by 100% to TL 516 million, with a combined ratio of 47%. Branch profitability has remained quite strong due to high conservation and low combined ratios.

After the singularization regarding personal accident products of the companies that constituted Türkiye Sigorta with the merger, the scope of coverage was expanded and while strong growth trend from 2021 continues, the strong results achieved in this field is aimed to be sustained.

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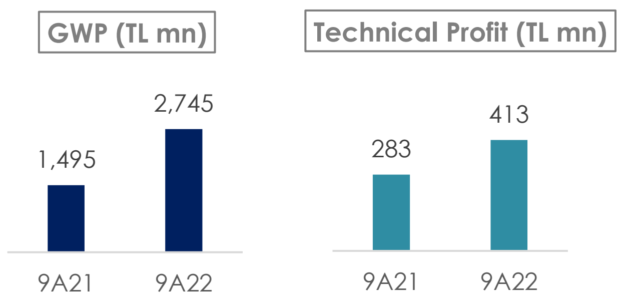
Effective Risk Management and Excessive Capacity in Fire and Natural Disasters

Premium growth in the fire and natural disasters branch was 84% yoy, the total premium volume reached TL 2.7 billion. Due to housing and compulsory earthquake insurances, bank channel accounts for 66% of branch premium production. Technical profit incereased by 46% yoy and reached TL 413 million. Resulting from increasing claims costs in the fire branch, the combined ratio of the total branch raised to 68% (sector average is 119% as of June-22). The combined ratio of the branch entered a downward trend after rising at 77% in March. Effective risk management and risk selection policies on the reinsurance side stand out in the strong technical performance achieved by Türkiye Sigorta.



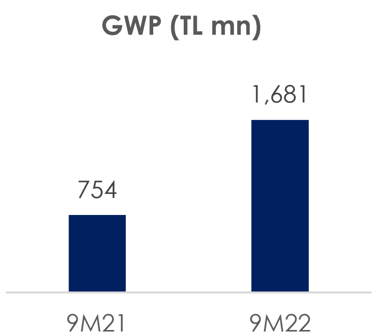
Fire and natural disaster insurance policies are mainly offered in bundle in the commercial and corporate segments. In this branch, channels such as brokers, agencies and direct sales make a significant contribution to the production. Given excessive policy and coverage size in most cases, strong capital 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.

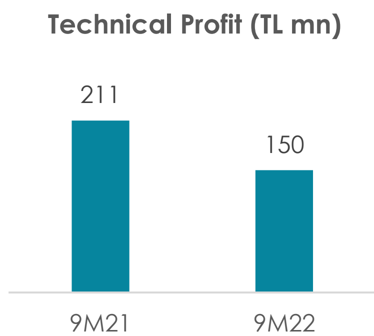
Accelerating Growth in Motor Branches

Despite the normalization trend seen in the third quarter of the year, the activity of Türkiye Sigorta in motor branches remained strong. While the market share reached 13% with 203% yoy premium growth in MTPL, it was 6% with a premium growth of 123% in MOD.

Recovering mobility post-reopenings in 2021, rise in spare parts costs due to exchange rates and supply bottlenecks, surging labor costs and regulatory effects translated into sectoral loss ratio increases in motor branches. The regulatory institution SEDDK's increase in the discount rate of net cash flows arising from outstanding claims provision to 22% has provided some relief on the increased provision burden in the MTPL branch.

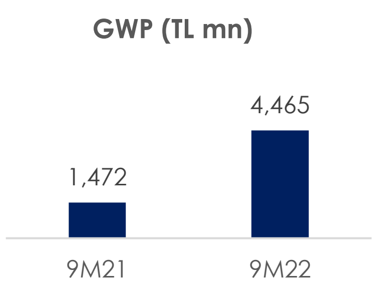
Premium production of Türkiye Sigorta **in MOD branch** accelerated in Q2 and Q3 following a muted start in Q1. In line with actuarial pricing and profitability targets, together with expanding agency channel, the market share in MOD branch is expected to converge towards MTPL market share.

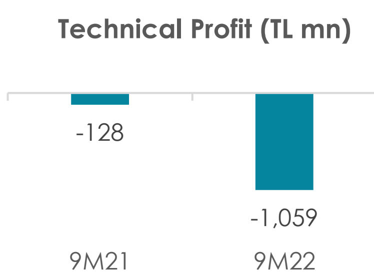




In MOD branch, after completing the first half of the year at 89%, the net loss ratio closed the third quarter at 87% on a cumulative basis. The growing earned premiums and relatively flattish claims cost brought by declining net loss ratio qoq. After completing the first quarter at the level of 123%, COR decreased to 115% in the first six months and 114% in the first nine months. While the branch recorded a technical loss of 5 million TL in the first quarter of the year, it closed the nine-month period with a technical profit of 150 million TL, as a result of a positive course in the second and third quarters. Despite cost pressures for the remainder of the year, the positive impact of actuarial discipline on technical profitability will be felt stronger thanks to new sales and renewals in the existing portfolio.

In MTPL branch, in line with the anticipated normalization trend, Türkiye Sigorta's market share dropped to 13% after the incremental trend seen in the second quarter and from16%. For the rest of the year, MTPL market share is expected to lag behind the overall market share.



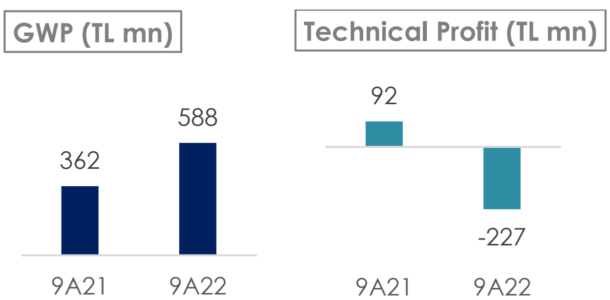


Non-life insurance sector booked TL 5.3 billion technical loss in MTPL branch in 1H22 arising from increasing currency, minimum wage, spare parts and labor costs, market value of the vehicles and damage frequency as well as unexpired risk provisions. In the same period Türkiye Sigorta recorded TL 517 million technical loss but it ended 9M22 with a technical loss of TL 1.059 million. Resulting from increase in the loss ratio, TL 668 million unexpired risks provision was set aside but discount rate increase by the SEDDK alleviated the outstanding reserve burden. Increases in the minimum attorneyship fees in September, between 70% and 199% in various items, at an average of 110%, had an increasing effect on the IBNR provisions of the sector.

SEDDK has released a series of updates on ceiling prices throughout the year. To be implemented in February, June and September, one-time ceiling price increases of 20%, 25% and 20% were applied, respectively. SEDDK also increased the monthly ceiling price increase rate from 2.25% to 4.75%, effective from September.

Moderate Growth in Health

Emergency health insurance, Complementary health insurance (TSS) and Private health insurance (ÖSS) products are the main products in the Sickness/health branch. With its customer and product portfolios, Türkiye Sigorta posted 81% yoy growth in TSS and 59% in ÖSS segments. Total premiums in the branch came in TL 588 million, up by 62%



Loss ratio continued to increase since last year, as expected with the return of health expenditures delayed due to the pandemic. Net loss ratio increased to 123% as well as the net combined ratio to 155%. Technical profit-wise, the branch recorded TL 227 million technical loss in 9M22 from TL 92 million profit in 9M21.

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 the release of mobile healthcare app will add futher muscle to the competitiveness of Türkiye Sigorta.

Improving Yield on Investment Portfolio

Net investment income came in at TL 280 million in 9M22, up by 28% yoy. Including investment income transferred to the technical profit, it goes up by 100% to TL 1.7 billion.

Income from financial investments rose by 70% yoy as the volume of AUM increased from TL 7.0 billion in 9M21 to TL 11.3 billion in 9M22 and the yield on investment portfolio went up as well. Net foreign exchange profit came in at TL 179 million in 9M22 with roughly USD 53 million long position (w/o FX protected deposits) in the balance sheet. On income from subsidiaries front, Türkiye Sigorta was paid a dividend of TL 90 million by Türkiye Hayat Emeklilik compared to TL 48 million paid last year.

In the AUM, which reached TL 11.3 billion in size, the TL deposit/participation account share fell from 84% in 2020 to 42% in 9M22 on diversification efforts, while local government bonds and private sector bonds were included in the portfolio with relatively higher yields. With the downward trend in the Turkish Lira yield curve in the recent period, the weight of floating-rate securities in the portfolio, especially CPI-indexed securities, has been increased. In the portfolio, especially in the third quarter of the year, more weight was given to stock and fund investments. With the addition of relatively high-yielding assets to the portfolio, the average return of the portfolio increased from 18% in 9M21 to 25% in 9M22.

Buyback of TURSG Shares

Within the scope of the share buyback decision taken by the Board of Directors on 28 June regarding "TURSG" shares up to 35 million, the number of shares bought back reached 6.4 million, while the average cost of the purchases was 6.2 TL. Türkiye Sigorta has become the only company in its sector that conducts share buybacks and paying out dividends. In addition to its financial and strong operational performance, Türkiye Sigorta continues to provide value to its stakeholders with subsequent buybacks.

Türkiye Sigorta Customer Platform Continues to Grow

As Türkiye Sigorta, we launched Turkey's first insurance super application at the end of March. The platform has kept going strong since the day it was launched by increasing its growth and the number of services.

Türkiye Sigorta, which has been on the leading position in reaching customers with its strong business partners in sales and distribution channels, has managed to reduce the cost of new customer acquisition and customer retention thanks to the Customer Platform it has implemented. These two areas seem to be the most important and challenging points of the insurance industry in digitalization according to global researches. Türkiye Sigorta has also shown that the intangibility, being the main problem of the insurance industry, has been eliminated in this way.

At the first stage of the implemententaion of the super-app, Türkiye Sigorta has enabled platform users to access the products and services they need in daily life related to insurance and pension products with affordable prices and customer experience, through business partnerships it has established in the finance, motor and health verticals. After the success of this process, the efforts which were carried out to meet all the needs related to housing were completed and the housing function has been put into the service on the customer platform. With the housing function, platform users in addition to basic insurance transactions, started to benefit from many business operations such as transportation services and alarm systems.

Users will have the opportunity to meet new brands and have many new financial benefits on the platform, which is accessible to all users, whether they are Türkiye Sigorta customers or not. With this, Türkiye Sigorta preserves the loyalty and customer satisfaction. In addition, customers has started to perform basic insurance and pension operations such as viewing contracts/policy, filing a health expense claim, seeing contracted providers, uploading incomplete documents, requesting mini-repair and tow truck, opening and viewing a claiming file, adjusting the fund mix, increasing contribution margin and make an interim payment. In addition to these with the artificial intelligence-based robotic fund management service "Ask the Fund", customers have also started to use the personalized fund management service which has been customized to the risk perceptions of all customers, whether they are financially literate or not.

Looking at the first eight months results on the brand-new platform, it is seen that more than 45 business partners offer more than 90 services to the platform users. More than 1.5 million users in total, approximately 300 thousand of whom are not Türkiye Sigorta customers, have actively used the platform, and it is aimed to increase the number of active users to 4 million by year-end, with the implementation of strategies for installation and utilization. These figures have been achieved without allocating any budget to marketing communications.

With the transactions made by using the platform, the average benefit per customer stays at 27%. Türkiye Sigorta pioneers the use of a platform-based business model based on ecosystem cooperation for the first time in the insurance industry in order to provide sustainable value to its business partners and customers.

Keeping the vision of "Mobile Only" in mind which is foreseen to be among the trends of 2023, Türkiye Sigorta aims to complete the process of transforming the mobile platform into a digital branch in an end-to-end. Until the end of the year, it is planned to improve and develop existing branches and to add other branches to the mobile platform.

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Summary Financial Statements

Balance Sheet (TL million)	9M21	9M22	YoY Change
Cash & Cash Equivalents	6.088	6.150	1%
Receivables from Main Operations	2.727	3.731	37%
Financial Assets	2.773	7.541	172%
Tangible & Intangible Assets	295	458	55%
Other Assets	866	1.648	90%
Total Assets	**12.750**	**19.529**	**53%**
Financial Liabilities	15	31	110%
Payables from Main Operations	1.824	2.085	14%
Technical Provisions	6.167	11.748	91%
Other Liabilities	893	1.303	46%
Total Liabilities	**8.898**	**15.167**	**70%**
Paid-in Capital	1.162	1.162	0%
Capital & Profit Reserves	1.907	2.682	41%
Accumulated Profit/Losses	0	1	N.A.
Net Profit/Losses for the Period	784	518	-34%
Shareholder's Equity (SHE)	**3.852**	**4.362**	**13%**
Total Liabilities & SHE	**12.750**	**19.529**	**53%**

Income Statement (TL mn)	9M21	9M22	YoY Change
Gross Written Premiums (GWP)	7.718	16.106	109%
Technical Profit	**970**	**347**	**-64%**
Earned Premiums (Net of Reinsurer Share)	3.019	4.702	56%
Incurred Losses (Net of Reinsurer Share)	-2.210	-4.723	114%
Other Technical Income&Expenses (Net of Reinsurer Share)	131	79	-40%
Financial Income Transferred from Non-Technical Section	662	1.484	124%
Operating Expenses	-631	-1.195	89%
Net Investment Income	**220**	**281**	**28%**
Investment Income	1.207	2.526	109%
Investment Expenses	-987	-2.245	127%
Income/Expenses from Other Operations	**-156**	**187**	**N.A.**
Tax Provision	**-250**	**-297**	**-19%**
Net Profit/Loss	**784**	**518**	**-34%**

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