TÜRKİYE SİGORTA 2023 FINANCIAL RESULTS

General Overview

Market leadership with a 136% premium growth

Türkiye Sigorta increased its total premium portfolio to TL 59.5 billion in 2023, which represents a 136% increase compared to the previous year. Maintaining its leadership in the non-life insurance market, Türkiye Sigorta's market share surged to 13.9%, marking a 1.5 percentage point rise year-on-year. During the same period, the sector witnessed a 110% increase in premium production. Across the sector, the primary drivers of growth were fire and natural disasters with 140%, health with 135%, and accident with 133% increments. Türkiye Sigorta experienced substantial growth in major branches, notably MOD with 255%, health with 221%, fire and natural disasters with 207% and accident with 156%. However, the growth in the MTPL branch was comparatively lower at 101% compared to the overall portfolio growth.

Türkiye Sigorta solidified its market share and dominance in fire and natural disasters and accident branches through impressive growth performances. Moreover, in the MOD branch, it surged from the seventh position with a 5% market share to attain a 10% market share, elevating its sector rank to third place. Additionally, in the health branch, it advanced one spot in the market share rankings, now holding the fifth position. This progress was fueled by significant growth, particularly in complementary health insurance, which experienced a 328% annual increase.

Strengthened technical profitability through contributions from all major branches

The non-life insurance sector faced technical profitability pressure in 2022, especially in the motor branches. This was attributed to several factors including surging exchange rates, minimum wage hikes, rising spare part and labor costs, increased vehicle prices and a spike in damage frequency. The sector's net loss ratio surged by 11 percentage points, reaching 101%, while the combined ratio closed the year at 133%. Türkiye Sigorta mirrored these sectoral trends, concluding the year with a 105% loss ratio and a 132% combined ratio.

However, in 2023, Türkiye Sigorta swiftly reversed course, significantly improving its technical performance. This turnaround can be attributed to the balancing on the cost side, robust growth in products featuring low loss ratios, effective claims management, strong reinsurance protection for catastrophic events and the implementation of a new tariff structure focused on sustainable profitability. Türkiye Sigorta, which suffered a loss of TL 1.5 billion in the motor branch and TL 352 million in the health branch throughout 2022, concluded the period with a technical profit of TL 620 million in the motor branch and TL 370 million in the health branch. A substantial growth with an impressive low loss ratio in MOD; a well-managed growth pattern with a decline in market share in MTPL and a strong organic growth within a better cost environment in the health branch were the main drivers of the improvement.

The occurrence of the earthquake disaster in the first quarter had a significant impact on the loss ratio within the fire and natural disasters branch of the insurance sector, surging to 182%. However, Türkiye Sigorta, distinguished itself positively from the sector by maintaining a much lower rate of 49%, attributed to its robust reinsurance protections and effective claims management practices. Subsequently, the branch showed sequential improvement in each quarter, culminating in a reduced loss ratio of 23% by the end of 2023.

These factors collectively contributed to a remarkable improvement in the overall net loss ratio, which decreased from 105% last year to 82% this year. Consequently, the combined ratio exhibited a favorable shift from 132% to 108%. As evidence of this enhanced performance, Türkiye Sigorta concluded this period with a noteworthy technical profit of TL 7.9 billion, a significant leap compared to the previous year's performance of TL 502 million.

On the flip side, operating expenses saw a substantial increase of 179% year over year. Net commission expenses rose by 245% annually due to the escalating premium production, while personnel expenses grew by 137%. Excluding net commission and personnel expenses, overall expenses surged by 84% annually.

Investment portfolio

In 2023, the investment portfolio surged by 130% on an annual basis, reaching TL 31 billion.** Investment income witnessed a remarkable growth of 258% year over year (yoy), while investment expenses rose by 297%. Including investment income transferred to the technical division, net investment income soared by 207% yoy, reaching TL 9,705 million.

Income from financial investments and valuation experienced a significant uptick of 326% yoy. Due to the incremental trend in exchange rates, net FX gains surged by 664%. Investment income transferred to the technical division increased by 250% annually.

** The reported Asset Under Management (AUM) excludes the portion attributed to leverage through financial liabilities.

Summary P&L *TL million*	2022	2023	YoY
Gross Written Premiums	25,173	59,518	136%
Technical Profit	502	7,905	1473%
Net Investment Income	3,159	9,705	207%
Net Profit	941	6,155	554%

Ratios	2022	2023
Net Loss Ratio	105%	82%
Net Commission Ratio	12%	14%
Net Expense Ratio	15%	12%
Net Combined Ratio	132%	108%
RoAA	4%	12%
RoAE	18%	56%
Effective Tax Rate	26%	20%
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.

Net Profit & Capital Adequacy

In 2023, Türkiye Sigorta reported a net profit of TL 6,155 million, marking an annual increase of 554%. The average return on equity was realized at 56%. According to data provided by the Insurance Association of Türkiye, the non-life insurance sector generated a net profit of TL 34 billion in 9M23, with an average return on equity of 62%.

The tax provision for the fiscal year ending in 2023 amounted to TL 1,499 million, indicating an effective tax rate of approximately 20%.

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%.

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 3,758 branches throughout the country. Ziraat Bank has the largest branch network with 1,745 domestic branches in Turkey, while Halkbank ranks second with 1,073 branches, Vakıfbank is fourth with 940 branches. These three banks account for approximately 40% of the total branches that the deposit banks have.

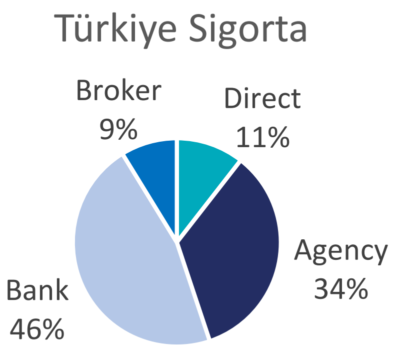
In 2023, Türkiye Sigorta growing its premiums produced through the bank channel by 126% yoy to TL 28 billion, had 46% of the banking channel production of the sector. The share of bank channel in Türkiye Sigorta’s premium production is 46%.

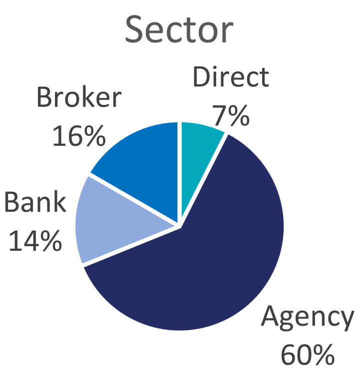
Strengthening its dominant position on the bancassurance front, Türkiye Sigorta has also been focusing on efficiency increase in agency channel which stays at 3,640 by the end of 2023. Channel optimization is one of the focus areas in the agency network, which has become wider and well-spread. The capacity 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.

The premiums written through the agency channel witnessed an annual increase of 137%, reaching TL 20 billion. In 2023, the market share in premiums generated through agencies was 8%. Looking ahead, Türkiye Sigorta aims to boost its market share in the agency channel while ensuring sustainable growth in profitable branches.

Distribution Channel Structure Comparison (By Premium Production, 2023)



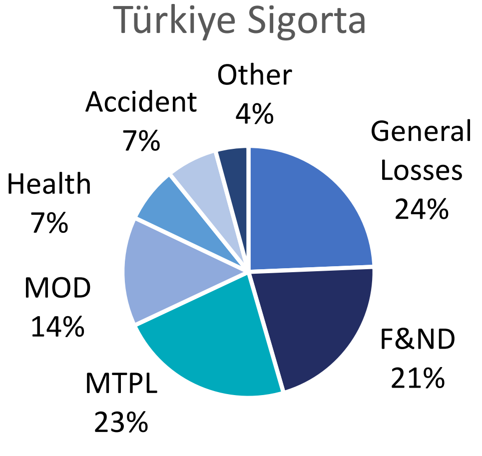


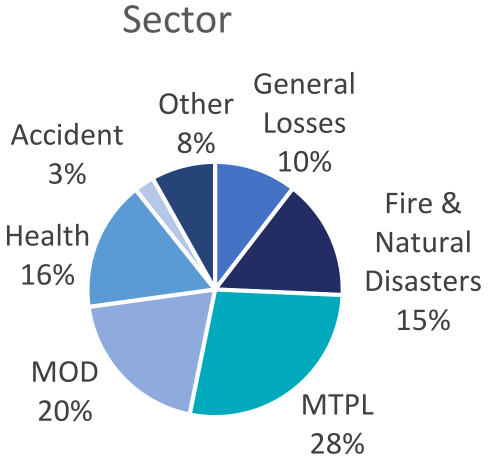
Leadership in niche businesses and profitability-driven portfolio structure

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 13.9%. In the branches where the bank dominance pays off, a market share of 32% in the general losses, 19% in the fire and natural disasters and 36% 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 52% (sector average is 28%).

Motor branches; MTPL and MOD grew by 101% and 255% yoy, reaching market shares of 11.4% and 9.9%, respectively. The share of motor branches in total premium portfolio, with 37%, remained below the sector average of 47%. In health branch; 328% yoy growth in complementary and 178% in private health insurances led to an increase of 221% in the branch.

Branch Mix (2023)





Premium Production by Major Branches (2023)

Major Branches	GWP *TL million*	YoY Change	Share in Total	Market Share	Sector Ranking
General Losses	14,495	98%	24%	32.3%	1
Fire & Natural Disaster	12,588	207%	21%	19.2%	1
Accident	3,907	156%	7%	35.7%	1
MTPL	13,399	101%	23%	11.4%	2
MOD	8,363	255%	14%	9.9%	3
Sickness/Health	4,248	221%	7%	6.0%	5
Other	2,518	34%	4%	7.2%	5
TOTAL	**59,518**	**136%**	**100%**	**13.9%**	**1**

Strong technical profitability with successful risk management

In 2023, Türkiye Sigorta achieved a technical profit of TL 7,905 million 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 35,074 million technical profit in the first nine months of 2023.

In 2023, general losses, accident and fire & natural disasters branches, in which Türkiye Sigorta has 32%, 36% and 19% market shares, respectively, generated TL 6,648 million technical profit (up 199% yoy). Thanks to the policy renewals, effective risk management, despite the decreasing market share in the MTPL branch, the increase in MOD market share, a profit of TL 990 million was achieved in 2023 in the motor and health branches, which incurred a total loss of TL 1.9 billion in 2022, and significant improvements were observed in the loss ratios.

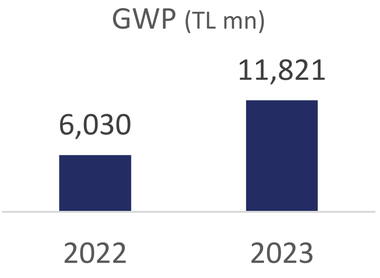
As a result of the improvement in the loss ratios, significant reductions were observed in unexpired risk reserves calculated based on the loss ratio. In 2022, owing to the high loss ratio, reserves of TL 1.1 billion were allocated for unexpired risks, primariliy in the MTPL and health branches, while in 2023, unexpired risks reserves totaling TL 600 million were set aside.

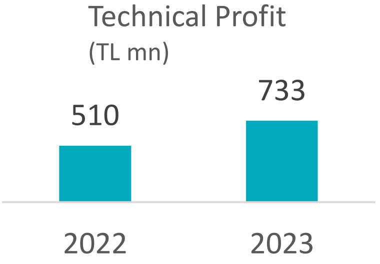
Technical Results by Major Branches

Technical Profit	2022	2023	YoY
General Losses (Agriculture, Engineering	593	943	59%
Fire & Natural Disaster	735	2,875	291%
Accident	895	2,830	216%
MTPL	-1,990	-3,291	65%
MOD	465	3,912	741%
Sickness/Health	-352	370	N.A.
Other	156	266	70%
TOTAL	**502**	**7,905**	**1473%**

Leader in Agriculture on solid bancassurance capacity

Aligned with its mission, Ziraat Bank operates nearly unchallenged in the realm of agricultural banking. With a substantial cash loan size of TL 395 billion, it commands a 76% market share in agricultural loans. Leveraging this banking dominance, Türkiye Sigorta generated 87% of its premiums in the agricultural branch through the bank channel. This translated into a remarkable 57% market share, reflecting a total premium production of TL 11.8 billion, a figure 3 times higher than that of its nearest competitor. With its robust influence in the agricultural domain through its strong bank channel, Türkiye Sigorta continues to fortify its leading position.

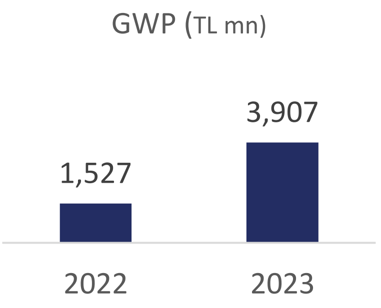


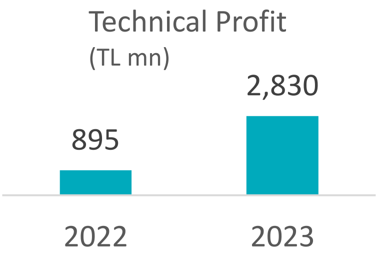


In the agriculture branch, insurance companies mostly work as an agency of the "Agricultural Insurance Pool (Tarsim)" with state-subsidized insurance products. Tarsim is an insurance pool system established in 2005 to support the dissemination of agricultural insurance in our country. Through the insurance 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 733 million.

Increasing profitability and market share in Accident branch



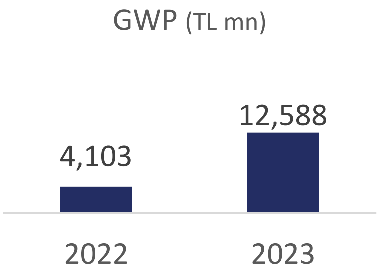


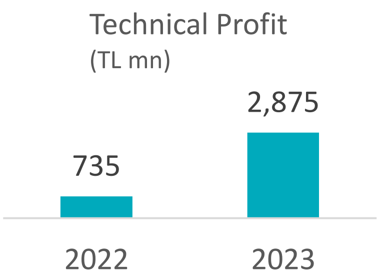
Accident insurances, especially personal accident, is produced mainly through the bank channel in connection with lending activities. With effective use of the bank channel, Türkiye Sigorta increased its premium production in the accident branch by 156% yoy from TL 1,527 million to TL 3,907 million. The market share rose from 32% to 36% in the same period and the market leader position in the branch further strengthened. The sector, on the other hand, increased its premiums by 133%.

Türkiye Sigorta grew its technical profit by 216% to TL 2,830 million, with a combined ratio of 49%. Branch profitability has remained quite strong due to high conservation and significantly lower combined ratios.

Effective risk management and excessive capacity in Fire and Natural Disasters

Premium growth in the fire and natural disasters branch was 207% yoy, the total premium volume reached TL 13 billion. With a 19% market share, Türkiye Sigorta achieved sector leadership in this branch. Due to housing and compulsory earthquake insurances, bank channel accounts for 64% of branch premium production. Technical profit quadrupled yoy and reached TL 2.875 million. The branch's retention ratio increased from 33% in 2022 to 37% by the close of 2023, while the combined ratio stood flattish at 60% compared to the previous year figures (sector average is 140% as of 9M23). Despite the earthquake disaster we experienced in February, effective risk management and risk selection policies on the reinsurance side stand out in the strong technical performance achieved by Türkiye Sigorta.





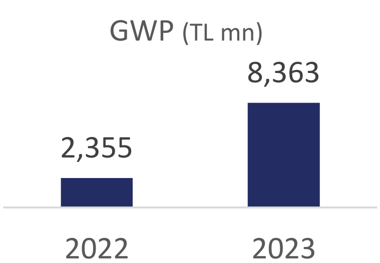
Fire and natural disaster insurance policies are mainly offered in bundle in the commercial and corporate segments. In this branch, channels such as brokers, agencies and direct sales make a significant contribution to the production. Given excessive policy and coverage size in most cases, strong capital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

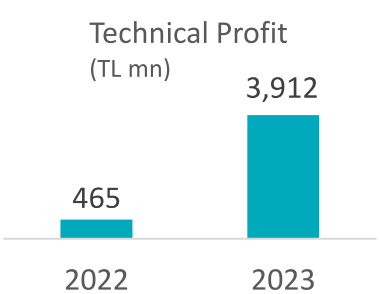
<u>Strong growth and positive technical profitability in motor branches</u>

In 2023, Türkiye Sigorta continued to demonstrate strong performance in the motor branches while MOD branch, which grew by 255% outperformed MTPL which grew by 101%. Türkiye Sigorta reached market shares of 11% in MTPL and 10% in MOD branches.

As a result of the stabilization of fundamental cost factors, particularly exchange rates and inflation, the loss ratios improved and this brought about the decrease in unexpired risk reserves. As a consequence, Türkiye Sigorta achieved a technical profit of TL 620 million in 2023 in motor branches compared to a loss of TL 1.525 million in end of the previous year.

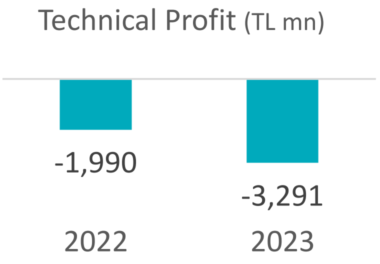
In MOD branch, Türkiye Sigorta achieved a strong momentum in 2023, with an annual increase of 255% in premium production. With this growth, the market share, which was 5% last year, increased to 10%.





The loss ratio in MOD branch, which ended 2022 at a level of 75% on a cumulative basis, closed 2023 at 50%. Strong premium production, an increase in earned premiums, relatively controlled trend in claims costs and actuarial pricing discipline resulted in an improvement in the net loss ratio. The combined ratio was at 100% at the end of 2022, while it was realized at 74% in this year. The branch's technical profit surged from TL 465 million in 2022 to an impressive TL 3,912 million in 2023.

In MTPL branch, the market share, which rose to a peak level of 18% especially in the second quarter of last year, normalized as expected and the market leadership position in the branch was handed over. The market share decreased from 11.55% in 2022 to 11.35% in 2023.



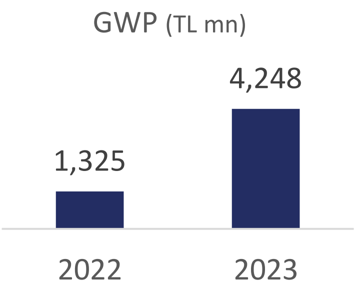
The monthly ceiling price increase rate of 4.75% until May followed by 2% thereafter and the stabilized cost environment have brought about an improvement in the loss ratio of the branch. According to latest regulation of SEDDK, the monthly ceiling price increase rate will be 5% until May 2024.

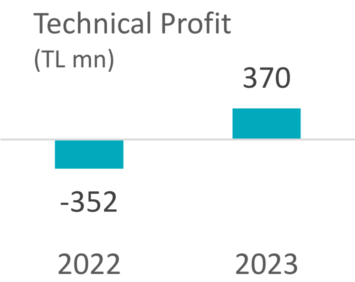
The net loss ratio, which was at 218% at the end of 2022, was realized at 163% in 2023. As a direct result of the improvement in the loss ratio, a significant improvement was also observed in the unexpired risk reserves for the branch; while TL 985 million was allocated as unexpired risks last year, only TL 760 million was allocated in 2023. The branch recorded a technical loss of TL 3,291 million in 2023.

The regulatory authority SEDDK raised the discount rate of the net cash flows arising from the outstanding claims provision from 28% to 35%. Additionally, the regulatory authority published a circular earlier this year addressing the supply issues in the sector related to MTPL insurances by specifying the circumstances regarding the avoidance of MTPL policy issuances. Türkiye Sigorta continues to allocate the necessary reserves in line with strong reserve practices that cover all possible scenarios.

Strong growth in Health

Emergency health insurance, Complementary health insurance (TSS) and Private health insurance (ÖSS) products are the main products in the health branch. With its customer and product portfolios, Türkiye Sigorta posted 328% yoy growth in TSS and 178% in ÖSS segments. Total premiums in the branch came in TL 4,248 million, up by 221%.





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 due to balanced cost factors, strong premium production and actuarial pricing discipline. The net combined ratio also declined from 193% at the end of 2022 to 109% as of 2023. With the improvement in loss ratios, the unexpired risk reserves, amounting to TL 160 million in the previous year, were fully released in 2023. The technical loss of TL 352 million turned into a technical profit of TL 370 million in the previous year.

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 2023, the investment portfolio grew by an annual rate of 130% to reaching TL 31.3 billion from TL 13.6 billion.* The net investment income, including investment income transferred to the technical division, increased by 207% to TL 9,705 million.

With the expanding investment portfolio and product diversity, income from financial investments and the valuation of financial investments more than quadrupled, rising from the level of TL 2.4 billion in 2022 to TL 10.5 billion in 2023.

* The reported Asset Under Management (AUM) excludes the portion attributed to leverage through financial liabilities.

Net foreign exchange income came in at TL 1.6 billion in 2023 with USD 155 million long position (w/o FX protected deposits) in the balance sheet.

TL deposit/participation accounts make up 26% of the investment portfolio, which has grown to TL 31 billion in size. FX deposits represent 4% of the total portfolio, while FX-protected deposits account for 15%. Meanwhile, TL government debt securities and TL private sector bonds hold a weight of 13% and 10%, respectively. The Eurobond portfolio now comprises 8% of the total portfolio. Lastly, the mutual fund and stock investments carry a 24% weight within the entire investment 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 of Financial Statements

Balance Sheet, Million ₺	2022	2023	YoY Change
Cash and Cash Equivalents	9,034	31,547	249%
Receivables from Main Operations	4,536	11,330	150%
Financial Assets	11,646	27,256	134%
Tangible and Intangible Assets	755	1,536	103%
Other Assets	2,229	5,659	154%
TOTAL ASSETS	28,199	77,328	174%
Financial Liabilities	1,900	18,417	869%
Payables Arising from Main Operations	2,975	3,973	34%
Technical Provisions	14,886	35,234	137%
Other Liabilities	2,016	4,278	112%
TOTAL LIABILITIES	21,778	61,902	184%
Paid in Capital	1,162	1,162	0%
Capital and Profit Reserves	4,315	8,103	88%
Accumulated Profit/Losses	2	6	132%
Net Profit/Loss for the Period	941	6,155	554%
TOTAL EQUITY	6,421	15,426	140%
TOTAL EQUITY AND LIABILITIES	28,199	77,328	174%

Income Statement, Million ₺	2022	2023	YoY Change
Gross Written Premiums	25,173	59,518	136%
Technical Balance (Technical Profit)	**502**	**7,905**	**1473%**
Earned Premiums (Net of Reinsurer Share)	6,893	20,258	194%
Incurred Losses (Net of Reinsurer Share)	-7,263	-16,700	130%
Other Technical Income & Expenses (Net of Reinsurer Share)	110	359	225%
Financial Income - Transferred from Non-Technical Section	2,631	9,198	250%
Operating Expenses	-1,869	-5,209	179%
Financial Profit	**528**	**507**	**-4%**
Financial Income	4,112	14,722	258%
Financial Expenses	-3,584	-14,215	297%
Income and Expenses From Other Operations	**235**	**-758**	**N.A.**
Tax	**-324**	**-1,499**	**362%**
Net Profit/Loss	**941**	**6,155**	**554%**

Expectations for 2024

Türkiye Sigorta, aims to grow in profitable branches, in line with its diversified portfolio distribution in order to continue its sustainable growth strategy in 2024.

The Company will be determined to continue positive progress on financial results with the same momentum in 2024 by maintaining its technical profitability outlook by the help of effective damage management and elevated premium increase.

It will continue to be a leader and pioneer in insurance activities with its strong financial structure and assurance size.

Continuing on dividend payment routine for 3 consecutive years since the beginning of merger year and thus being included in BIST Dividend, Türkiye Sigorta sights to be a dividend paying Company for its investors in accordance with the insurance regulation requirements.

Disclaimer Notice

This report is prepared by Türkiye Sigorta AŞ, based on general ideas and it is subject to change without notice. It is based on information obtained from source that company believes to be reliable, but the company does not guarantee the authenticity and completeness of information on this.

This report does not constitute an offer or invitation to sell any securities and does not include incentives or offer to buy or to request in advance. The information contained in this report, including its completeness, authenticity and accuracy, may not be trusted for any purpose. Information in this report is subject to be verified, completed and changed. Thus, depending on the reality of information, its completeness and accuracy, representation or guarantee is not implied or given on behalf of the company or its shareholders, directors, employees and other third parties. Neither the Company nor its shareholders, directors, employees, or any third party does not accept any liability, no matter how much loss arising from use of this report or its contents incurred.

IR Contact e-mail address: investor.relations@turkiyesigorta.com.tr