

#### **Investor Presentation**

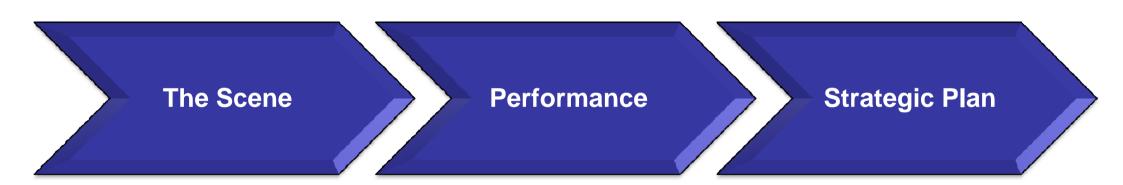
"The Major Player of the Market"

**Investor Meeting, 2012** 

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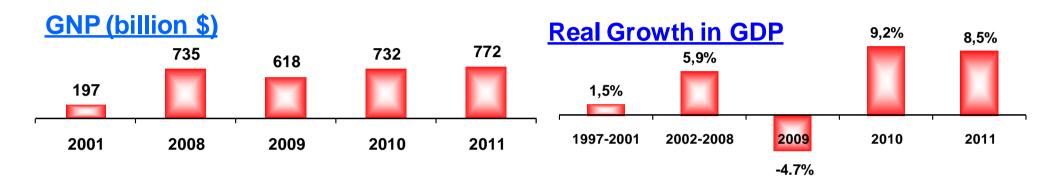
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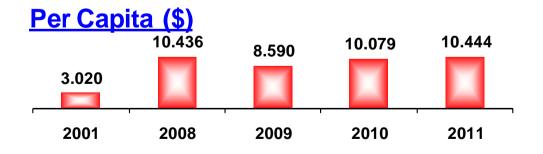


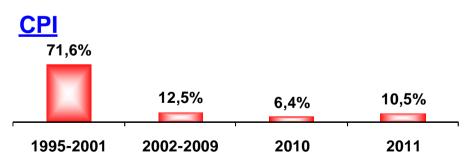




#### **Development in Turkish Economy**



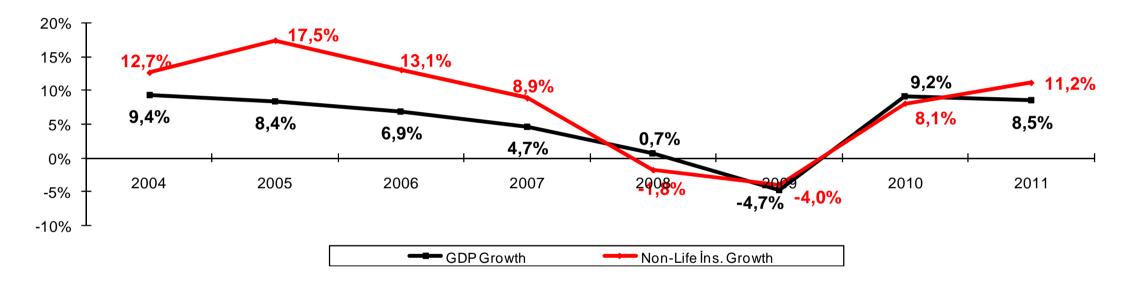


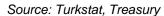


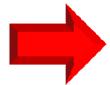
Source: Turkstat, Treasury



# Non-life Insurance Sector and GDP Growth (inflation adjusted) in Turkey

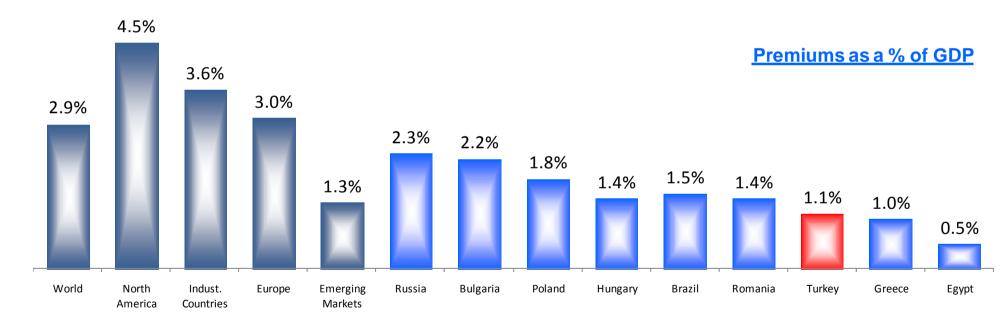


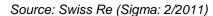


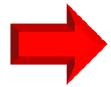


#### **Low Penetration Level in Turkey**

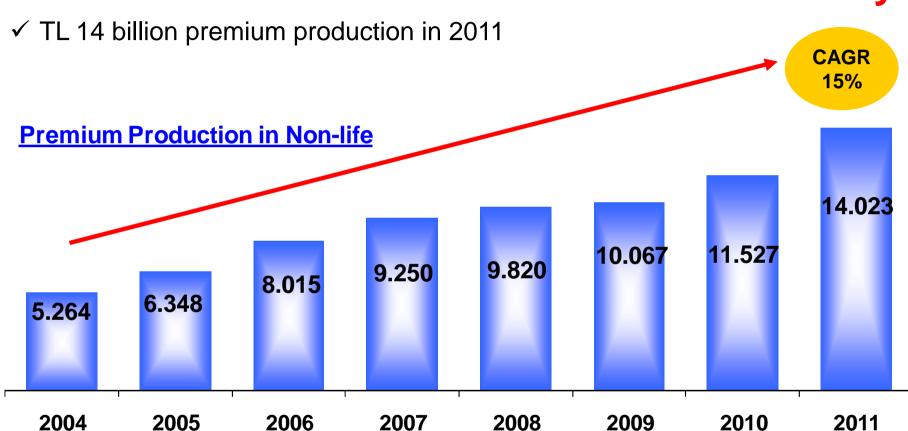
- ✓ Indicators show that the non-life insurance sector has huge growth potential in Turkey
- ✓ Turkey is 17<sup>th</sup> in GDP rankings, but 29<sup>th</sup> in non-life premium rankings YE10







### **Non-Life Insurance Growth Potential in Turkey**



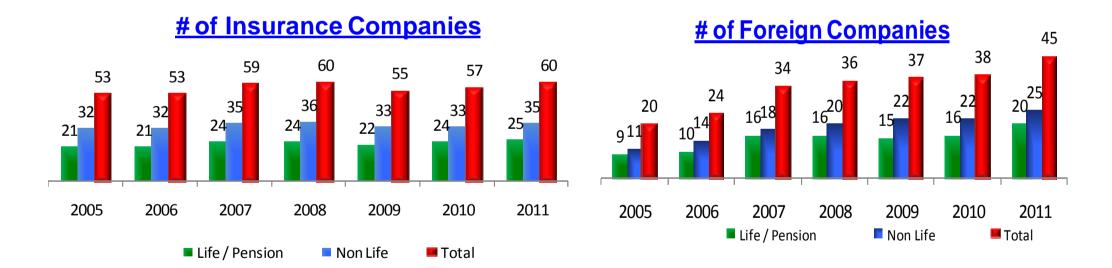
(TL million)

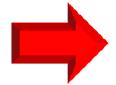




#### **Insurance Companies in Turkey**

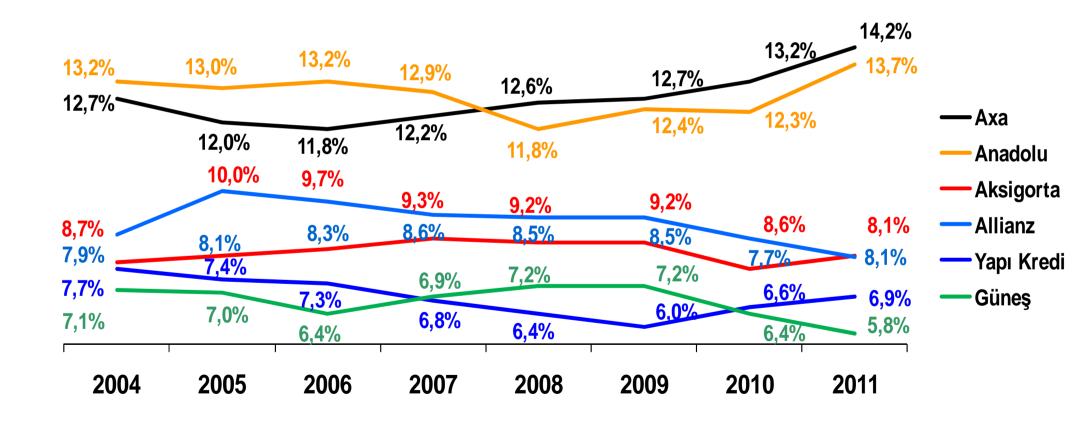
✓ 60 insurance companies in the sector.





#### **Competition in Non Life Business**

✓ Market shares of the leading insurance companies in Turkey since 2004.



Source: Association of the Insurance and Reinsurance Companies of Turkey



#### Further Expectations for Non Life Business

Structure

- Financially more powerful and reliable insurance companies (e.g. Capital Adequacy, Increased Insurance Technical Provisions)
- More transparent insurance business (e.g. Insurance Contract Information, Insurance Arbitration)

Growth

- Motor business continues to be the locomotive of the sector
- Areas where further growth is expected: Liability (Product, Professional), Credit, Mortgage, Agriculture, Health
- Retail & SME businesses are also expected to grow

Competition

- Price competition in motor own damage and in TPL after free tariff
- Service quality and speed is a key distinguishing factor between competitors

**Profitability** 

- Operational profitability is decreasing because of price competition
- The outlook for the reinsurance sector in Turkey for 2009 looks positive despite the difficulties being faced by major foreign reinsurers internationally

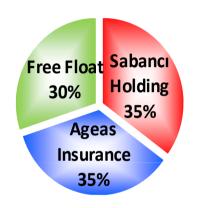
M&A

- M&A will continue
- After global crisis expected consolidation appears closer

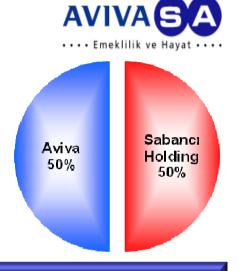


#### Sabancı Group in Insurance & Pension Business

#### **AKSigorta**



Partnership Structures (After Spin-off)



#### Non-Life (2011)

Premiums : TL 1,137 million

Market Share : 8.1 %

Market Rank : 3rd Company

Total Equity : TL 386 million

Life (2011)

Premiums : TL 148 million

Market Share : 5 %

Market Rank : 7th Company

Pension (2011)

AUM : TL 2,951 million

Market Share : 21 %

Market Rank : 2nd Company

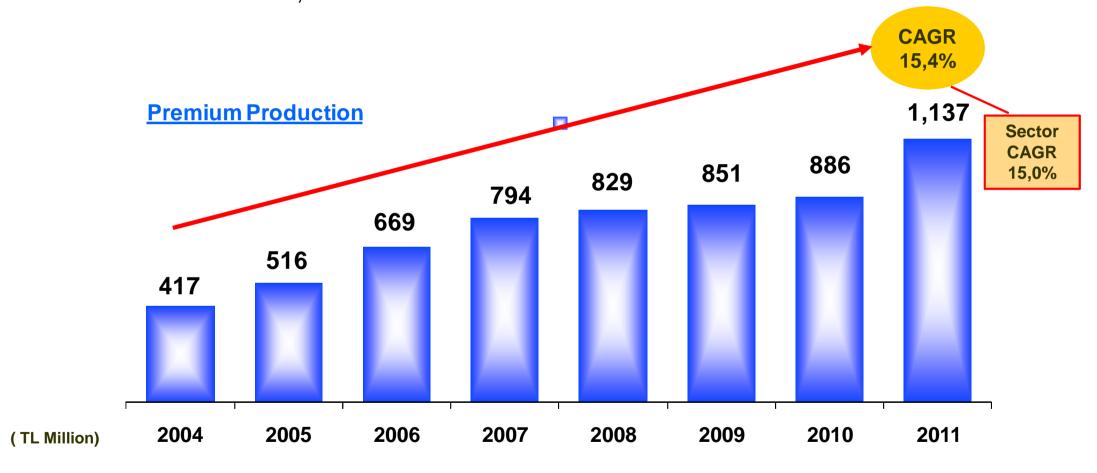
Source: Aksigorta

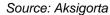


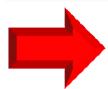


#### **Major Player in Non-Life Business**

✓ GWP is TL 1,137 million in 2011







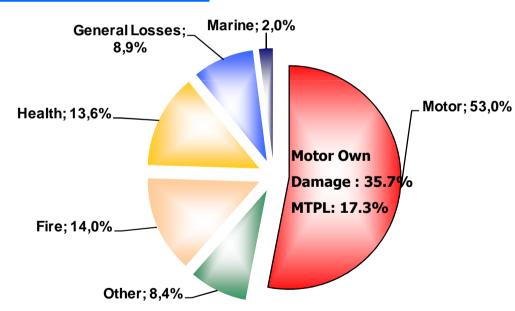
#### **Multi-Line Company**

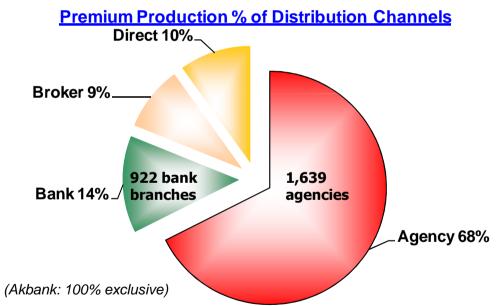
- ✓ Active in all non-life branches with variety of products
- ✓ Package policies with extensive and high coverage limits
- ✓ Simple new products in profitable branches

#### **Multi-Channel Company**

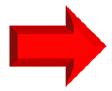
- ✓ Wide Distribution Network
- √ 10 Regional Offices and 2 Regional Representative
  Offices assist the Country-wide Distribution Channels

#### **Premium Distribution, 2011YE**

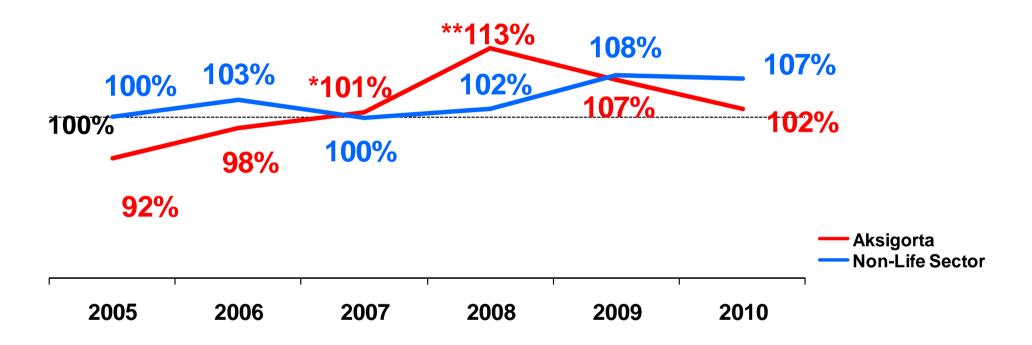




Source: Aksigorta



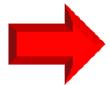
#### **Profitability / Combined Ratio**





<sup>(\*)</sup> Except additional TPL reserves : 95%

<sup>(\*\*)</sup> Except additional new reserves due to legislation: 100%



### 2010 - 2012 Targets

In 2012, combined ratio 2% lower than sector average

Being the sector leader in 2012

Customer satisfaction over the sector average

Raising the employee satisfaction

Configuration of human resources management to create the organizational climate

More benefit by Akbank customer database Establishing new distribution channels where easy and simple products can be sold

Creating actuarial and risk management and internal control systems

Improvement or elimination of operational processes which has no benefit to customer

Innovation for undiscovered and existing customers needs

Reorganization of marketing management function

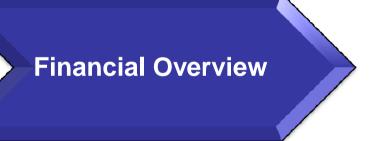
Cooperation with big corporate names (e.g. Sabancı and Turkcell)

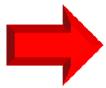
Focus on inorganic growth opportunities

Investment in distribution channels to increase their growth rates









## **Summary of The Balance Sheet**

(TL Million)	2009 YE*	2010 YE	2011 YE
Cash and Cash Equivalents	293	276	520
Marketable Securities (Financial Assets and Investments with Risks on Policy Holders)*	211	228	71
Receivables Arising from Operations	358	375	446
Participations (Financial Assets)	30	30	30
Fixed Assets	44	36	34
Other Assets	2.345	88	111
Total Assets	3.280	1.033	1.213
Payables Arising From Operations	71	61	95
Insurance Technical Provisions	488	527	627
Short Term	475	511	608
Long Term	13	15	19
Tax Provisions	5	16	13
Other Liabilities	47	58	75
Total Shareholders' Equity	2.669	372	403
(Nominal) Capital	306	306	306
Total Liabilities and Shareholders' Equity	3.280	1.033	1.213

<sup>\*</sup>Due to spin-off which was completed on January 14, 2010, Akbank and AvivaSa shares are classified under the Other Assets as "Assets classified as held for distribution to owners".





## **Summary of The Income Statement**

(TL Million)	2009 YE	2010 YE	2011 YE
Premiums Written	851	886	1.137
Premiums Written (Net)	548	635	862
Earned Premiums (Net)	542	599	769
Total Claims (Net)	-448	-449	-540
Total Technical Profit	16	22	37
Net Invesment Income	22	-18	3
Profit (Loss) Before Tax	38	4	40
Tax	-3	-2	-8
Net Profit (Loss)	35	1	32

# **Key Ratios**

	2009 YE	2010 YE	2011 YE
Retention Ratio	64%	72%	76%
Claims Ratio (Net)	83%	<b>74,9</b> %	<b>70%</b>
Expense Ratio (Net)	10%	11,0%	12%
Commission Ratio (Net)	13%	15,8%	17%
Combined Ratio(Net)	107%	102%	99%
Net Income / GWP	4%	0%	3%
ROE	1%	0%	8%



## Foreign Companies and Latest Transactions ✓ Foreign companies are taking position in a high growth emerging market

- ✓ Foreign companies' total market share is increasing.

Foreign Company	Local Company	Equity Share	Market Share (YE08)	Market Share (YE09)	Market Share (YE10)	Ent. / Trans. Date	Trans. %	Trans. Value (Mio. €)	Company Value (Mio. €)
Axa	Axa Sigorta (Axa-Oyak)	100%	12.6%	12.7%	13.2%	1994 / 2M08	35%	240	690
Allianz	Allianz Sigorta (Koç-Allianz)	100%	9.2%	9.2%	8.6%	1988 / 4M08	47%	248	527
ERGO	Ergo Sigorta (İsviçre)	100%	7.1%	6.7%	6.0%	7M08	75%	213	285
	Güneş	30%	7.2%	7.2%	6.4%	1998			
Groupama SA	Başak Groupama (Başak)	100%	5.3%	5.9%	6.0%	1991 / 2M06	57%	202	355
	Güven Sigorta	100%	2.3%			6M08	100%	184	184
Eureko BV	Eureko Sigorta (Garanti)	80%	4.9%	5.4%	5.4%	6M07	80%	365	455
Mapfre SA	Mapfre Genel	90%	3.5%	3.6%	3.6%	3M07	80%	285	355
TBIH FS	Ray Sigorta	84%	2.8%	2.5%	2.2%	6M07	58%	61	105
Aviva	Aviva Sigorta	100%	2.6%	2.7%	2.4%	1988			
HDI Int.	HDI Sigorta (İhlas)	100%	1.5%	1.7%	1.9%	9M06	100%	17	17
Zurich	Zurich Sigorta (TEB)	100%	1.9%	2.1%	2.0%	2M08	100%	n.a	n.a
Chartis (AIG)	Chartis (AIG Sigorta)	100%	1.9%	1.7%	1.5%	1976			
Liberty MG	Liberty Sigorta (Şeker)	90%	0.8%	0.5%	0.5%	9M06	64%	35	55
Generali	Generali Sigorta	100%	1.0%	0.8%	0.7%	1989			
Coface SA	Coface Sigorta	100%	0.2%	0.1%	0.2%	2006			
Atradius	Atradius Sigorta	100%	0.0%	0.0%	0.0%	2007			
Cardif	Cardif Sigorta	100%	0.0%	0.1%	0.1%	2007			
Dubai Ins. Group	Dubai Group Sigorta	98%	0.0%	0.8%	1.1%	2008			
Ace European	Ace Europe Sigorta	100%		0.0%	0.2%	2008			
Harel Group	T.Nippon	96%		0.0%	0.2%	2008			
Turkapital	Neova Sigorta	100%		0.0%	0.5%	2009			
NKSJ	Sompo Japan - Fiba	93%	3.2%	3.0%	2.8%	11M10	90%	246	273
Ageas	Aksigorta	31%	8.4%	8.5%	7.7%	2M11	31%	162	524

76.4% 75.3% 73.2%

Source: Association of the Insurance and Reinsurance Companies of Turkey



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