

Türkiye Sigorta H1 2024 Financial Results

July 25, 2024

Key Highlights:

- 1. Premium production:** 107% yoy increase to TL50.4 billion, driven by strategic focus on high-growth segments
- 2. Net profit:** 129% yoy increase to TL6,569 million, with ROE at 72%, reflecting improved underwriting performance and investment gains. (Q2 2024 net profit: TL3,042 million)
- 3. Market position:** Leader with 15% total share in non-life insurance sector as of June, 2024
- 4. Growth:** Health (237%), F&ND (165%), and General Losses (138%), in line with market trends and risk appetite
- 5. Solvency:** 147% CAR, well above regulatory requirements and dividend threshold, ensuring strong financial resilience and dividend potential

Strategic Growth and Market Positioning

Türkiye Sigorta demonstrated exceptional growth in H1 2024, strengthening its leadership in Turkey's non-life insurance sector. Premium production significantly outpaced the sector's 81% growth. This performance stems from our strategic focus on high-growth, profitable segments.

We managed to capitalize increasing brand awareness of Türkiye Sigorta and showed 237% growth in Health segment. Similarly, Fire and Natural Disasters (165% growth) and General Losses (138% growth) reflect our agile response to evolving risk landscapes and unreachable penetration performance at landmark projects of Türkiye. MOD grew by 92%, outperforming the market average, while Traffic Insurance remained flat, indicating a deliberate strategy to maintain a balanced portfolio.

Financial Performance and Profitability

- Net profit increased by 129% to TL6,569 million, driven by improved underwriting performance, strong investment returns and operational efficiency amid rapid growth.
- Technical profit increased to TL7,988 million. Main contribution came from F&ND (TL3,601 million), MOD (TL2,363 million), and Accident (TL2,340 million) branches.
- ROE reached an impressive 72%, reflecting efficient capital management and strong operational performance.
- Loss ratio increased marginally to 75% from 72%, while Commission ratio rose to 12% from 11%.
- Combined Ratio increased slightly to 97% from 94%, primarily due to strategic investments in growth segments and prudent reserve strengthening.
- We reserved additional TL8.2 billion IBNR in Q2 2024, reinforcing our commitment to long-term financial stability.
- General expenses (excl. commissions) increased from TL709 million to TL1,383 million, but Expense ratio decreased from 11% to 9% due to higher production.
- Effective tax rate for the period was 23%, with tax provisions totaling c.TL2billion.

Quarterly performance showed consistent strength:

- Q1 net profit: TL3,527 million (Q1 2023: TL537 million)
- Q2 net profit: TL3,042 million (Q2 2023: TL2,333 million)

Segment Performance and Risk Management

Türkiye Sigorta showed strong performance across various segments:

- General Losses: 39.5% market share (+863 bp yoy)
- Health: 5.9% market share (+238 bp yoy)
- MTPL: 6.8% market share (-551 bp), in line with our portfolio optimization strategy
(incl. green card and voluntary financial liabilities)

Distribution Channels and Premium Mix

In addition to agency and bancassurance connections, we maintained our growth in broker and direct sales channels, which we planed to strengthen in the next period, compared to the same period as previous year:

- Agency: 48% yoy growth, reaching TL12.7 billion (25% of total production)
- Broker and Direct: 289% yoy growth to TL15.5 billion (31% of total production)
- Bancassurance: 87% yoy growth to TL22.2 billion (44% of total production)

The yoy mix of premium production shifted towards more profitable segments: F&ND (+6.0%), General Losses (+4.1%) and Health (+2.9%) while MTPL (-13.3%).

Investment Strategy and Income

Net investment income, including transfers to technical division, grew by 126% yoy to TL7.8 billion. AuM (excl. repo.) reached to TL44.8 billion by June, 2024, with a diversified mix:

TL denominated assets (total amount and share in portfolio):

- Deposits: TL10 billion (23%)
- FX-protected deposits (KKM): TL2.7 billion (6%)
- Government bonds: TL4.3 billion
- Corporate bonds: TL5.3 billion (Gov't and Corporate together 22%)

FX denominated assets:

- Deposits: \$61 million (4% of total)
- Corporate and Government Eurobonds: \$92 million (7% of total)

This balanced approach has proven resilient in the face of market volatility.

Capital Strength and Future Outlook

With a capital adequacy ratio of 147%, Türkiye Sigorta is well-positioned to support future growth and weather potential market uncertainties. We remain committed to mobile and digital transformation, product innovation, and operational efficiency to drive sustainable growth and enhance shareholder value.

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Summary P&L (million ₺)	1H23	1H24	Δ YoY
Technical Income	11,768	27,052	130%
<i>Earned Premiums (Net of Reinsurer Share)</i>	8,322	19,554	135%
<i>Investment Income From Non-Technical Division</i>	3,331	7,077	112%
<i>Other</i>	115	421	265%
Technical Expenses	-7,882	-19,065	142%
<i>Claims Paid (Net of Reinsurer Share)</i>	-3,809	-9,945	161%
<i>Change in Provision for Outstanding Claims</i>	-2,198	-4,808	119%
<i>Operating Expenses</i>	-1,823	-4,163	128%
<i>Other</i>	-52	-149	188%
Technical Profit/Loss*	3,885	7,988	106%
Investment Income	4,989	11,209	125%
Investment Expenses	-4,860	-10,454	115%
Income/Expense from Other Extraordinary Operations	-349	-481	38%
Profit/Loss Before Tax	3,666	8,262	125%
Tax	-796	-1,693	113%
Net Profit	2,870	6,569	129%

Ratios	1H23	1H24
Retention Ratio	55%	42%
Net Loss Ratio	72%	75%
Net Commission Ratio	11%	12%
Net Expense Ratio	11%	9%
Net Combined Ratio	94%	97%
RoE	74%	72%
RoA	16%	16%
Effective Tax Ratio	22%	23%
CAR	172%	147%

Balance Sheet (million ₺)	1H23	2023	1H24	Δ YoY
Cash and Cash Equivalents	17,097	31,547	21,576	26%
Receivables from Main Operations	9,996	11,330	20,192	102%
Financial Assets	14,140	27,256	37,894	168%
Tangible and Intangible Assets	772	1,536	1,548	101%
Other Assets	3,608	5,659	7,002	94%
Total Assets	45,613	77,328	88,213	93%
Financial Liabilities	8,167	18,417	5,706	-30%
Payables Arising from Main Operations	2,571	3,973	12,827	399%
Technical Provisions	22,244	35,234	41,866	88%
Other Liabilities	3,386	4,278	6,789	100%
Total Liabilities	36,369	61,902	67,187	85%
Paid in Capital	1,162	1,162	1,162	0%
Capital and Profit Reserves	4,621	8,103	9,451	105%
Accumulated Profit/Losses	592	6	3,844	549%
Net Profit/Loss for the Period	2,870	6,155	6,569	129%
Total Equity	9,244	15,426	21,026	127%
Total Liabilities and Equity	45,613	77,328	88,213	93%

Quarterly GWP Production (₺ million)

Premium Production	2Q23	3Q23	4Q23	1Q24	2Q24	Δ QoQ	Δ YoY
General Losses	2,632	2,395	5,673	8,276	7,046	-15%	168%
F&ND	2,674	3,836	3,601	7,301	6,351	-13%	138%
Accident	1,082	1,070	1,068	1,174	1,102	-6%	2%
MTPL	3,506	3,097	4,016	3,000	3,262	9%	-7%
MOD	1,461	2,411	3,403	2,618	2,273	-13%	56%
Health	349	752	2,399	2,650	1,046	-61%	200%
Other	523	733	660	3,143	1,167	-63%	123%
Total	12,227	14,295	20,821	28,163	22,248	-21%	82%

Cumulative GWP Production (₺ million)

	1H23	9M23	2023	3M24	1H24	Δ YoY
General Losses	6,426	8,822	14,495	8,276	15,322	138%
F&ND	5,150	8,987	12,588	7,301	13,652	165%
Accident	1,769	2,839	3,907	1,174	2,276	29%
MTPL	6,285	9,383	13,399	3,000	6,263	0%
MOD	2,548	4,959	8,363	2,618	4,891	92%
Health	1,097	1,849	4,248	2,650	3,697	237%
Other	1,126	1,859	2,518	3,143	4,310	283%
Total	24,402	38,697	59,518	28,163	50,411	107%

Quarterly Technical Profit (₺ million)

Technical Profit	2Q23	3Q23	4Q23	1Q24	2Q24	Δ QoQ	Δ YoY
General Losses	387	189	154	725	925	28%	139%
F&ND	725	1,175	803	1,441	2,160	50%	198%
Accident	736	868	899	1,035	1,305	26%	77%
MTPL	-24	-1,152	-1,860	-303	-2,450	709%	10015%
MOD	846	1,199	1,476	1,134	1,229	8%	45%
Health	230	116	-1	459	26	-94%	-89%
Other	56	80	75	130	172	32%	206%
Total	2,957	2,474	1,545	4,621	3,366	-27%	14%

Cumulative Technical Profit (₺ million)

	1H23	9M23	2023	3M24	1H24	Δ YoY
General Losses	601	789	943	725	1,649	175%
F&ND	897	2,072	2,875	1,441	3,601	301%
Accident	1,063	1,931	2,830	1,035	2,340	120%
MTPL	-279	-1,431	-3,291	-303	-2,753	886%
MOD	1,237	2,436	3,912	1,134	2,363	91%
Health	256	371	370	459	485	90%
Other	112	192	266	130	303	171%
Total	3,885	6,360	7,905	4,621	7,988	106%

Branches	Net Loss Ratio (Cumulative)			Net Expense Ratio (Cumulative)			Net Commission Ratio (Cumulative)			Net Combined Ratio (Cumulative)		
	1H23	2023	1H24	1H23	2023	1H24	1H23	2023	1H24	1H23	2023	1H24
General Losses	58.9%	57.2%	49.1%	11.6%	17.2%	11.4%	-15.3%	-24.0%	-19.6%	55.3%	50.4%	40.9%
F&ND	32.9%	22.8%	12.2%	19.1%	19.3%	13.2%	10.8%	17.5%	15.9%	62.8%	59.6%	41.3%
Accident	0.8%	0.8%	0.6%	5.8%	6.8%	5.9%	38.8%	41.1%	39.9%	45.4%	48.7%	46.4%
MTPL	129.5%	163.2%	144.2%	5.9%	6.3%	7.3%	10.2%	11.1%	9.1%	145.6%	180.7%	160.7%
MOD	38.5%	49.8%	61.6%	8.9%	9.0%	9.6%	14.3%	15.2%	14.1%	61.7%	73.9%	85.3%
Health	66.8%	78.0%	95.2%	17.7%	21.6%	5.8%	6.5%	9.6%	8.9%	91.1%	109.2%	110.0%
Total	72.2%	82.4%	75.4%	10.8%	11.9%	9.2%	11.1%	13.8%	12.1%	94.1%	108.2%	96.7%

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