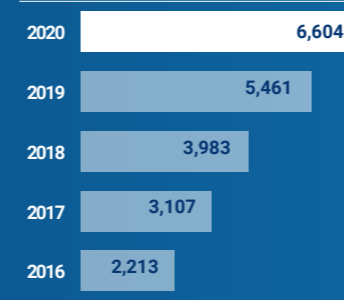


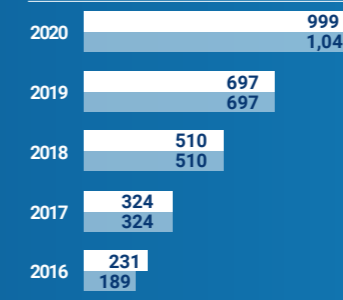
# Financial Services

Despite the pandemic, Aksigorta and Avivasa extended their solid performance thanks to comprehensive digitalization efforts.

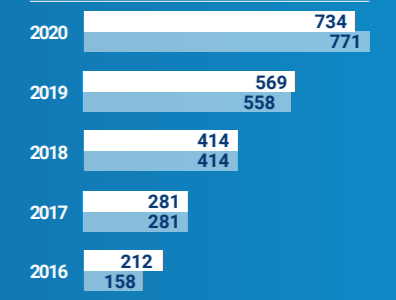
**Combined Net Sales**  
(TL Million)



**Combined EBITDA**  
(TL Million)



**Combined Net Income**  
(TL Million)



■ EBITDA ■ EBITDA\*  
<sup>(\*)</sup> Excluding one-off income/expenses

■ NET INCOME ■ NET INCOME\*  
<sup>(\*)</sup> Excluding one-off income/expenses

## DEVELOPMENTS IN 2020



### Improved income

In 2020, Aksigorta boosted its income with the reduction in vehicle insurance claims due to the COVID-19 pandemic.

### Ecosystem collaborations

Aksigorta entered into pioneering collaborations in the insurance ecosystem with Telcosurance and Fiat Connect.

### Digital risk awareness initiative

During the year, Aksigorta launching an important corporate responsibility effort in conjunction with Boğaziçi University to raises societal awareness of digital risks. Aksigorta's Digital Security platform aims to provide information on risks in the digital environment via online training sessions and informational content.

## DEVELOPMENTS IN 2020



### Sector leadership

Avivasa expanded further by maintaining market leadership in fund size among private companies.

### Strong growth

In 2020, Avivasa's growth rate outperformed the sector average.

### Corporate social responsibility (CSR) projects that raise social awareness

Avivasa is the first private insurance provider to focus on aging and age discrimination as a social issue. During the year, Avivasa launched the #yaşiyok (#noage) campaign to promote its "At All Ages" CSR initiative.

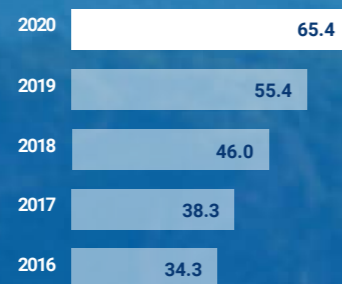
**Total Fund Size of Turkey<sup>(\*\*)</sup>**  
(TL Billion)

27%<sup>(\*)</sup> Increase ↑



**Total Non-Life Premium Production in Turkey**  
(TL Billion)

18%<sup>(\*)</sup> Increase ↑



<sup>(\*)</sup> 2016-2020 CAGR  
<sup>(\*\*)</sup> Excluding auto-enrollment.

<sup>(\*)</sup> 2016-2020 CAGR



## Financial Services

In 2020, digitalization became a must in the financial services sector due to the coronavirus pandemic. Aksigorta successfully digitalized all its business processes and further increased customer satisfaction during this challenging year.

### Developments in 2020

#### Fundamental Changes in the Sector

In 2020, the COVID-19 pandemic negatively affected the entire world and caused major changes in the insurance industry. During a time when concern for the future preoccupied much of the population, individuals better understood the importance of insuring themselves, their loved ones and their personal belongings. The year's prominent themes in the insurance sector included "quick adaptation to changes," "customer-orientation," "digitalization," "sustainability" and "new business models."

#### Strong Growth in the Insurance Sector

In 2020, the Turkish insurance industry produced a total of TL 65.4 billion in non-life insurance premiums. The sector recorded total growth of 18%: 9% in the motor third party liability, 15% in MoD, 26% in non-motor and 21% in health insurance.

In private pensions, the total PPS participant base including auto-enrollment climbed to about 12.6 million. Total funds under management grew to TL 170 billion, including government contributions. Growth in life insurance reached a record high 25%, especially due to the acceleration in housing and personal loans.

#### Priorities in 2020

Since its founding, Aksigorta has differentiated in the insurance sector with its well experienced staff. During the year, the company adopted the remote working method to safeguard the health and well-being of its employees. Aiming to develop practices that will improve performance while working at home, Aksigorta transformed the remote working

### Non-life Insurance

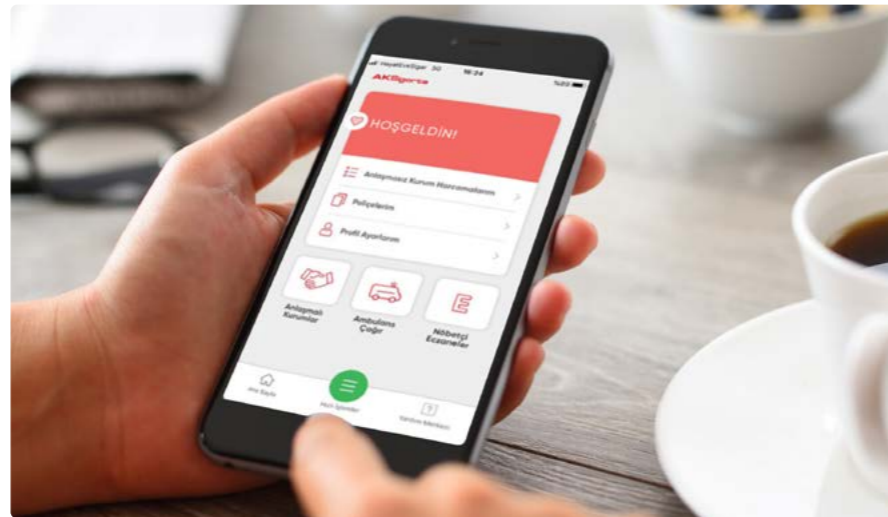
Market share  
**8.3%**

Number of customers  
**3.3 million**

Number of agencies  
**3 thousand+**

Premium production  
**TL 5.3 billion 18%↑**

ROE  
**43%**



model into an opportunity for continuous improvement. The company was committed to keeping employees engaged and ensuring team cohesiveness in the remote working environment. To this end, Aksigorta launched numerous practices to consolidate the motivation and performance of its employees while they worked from home.

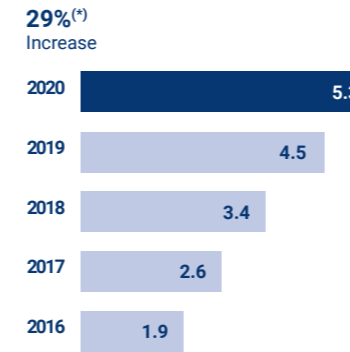
#### Sustainability and "Good Deed" Projects from Avivasa

In line with its approach of being a good corporate citizen, Avivasa implemented a wide range of supportive actions and projects for its employees, customers, agencies and society during the pandemic.

Quickly adopting the remote working method, Avivasa launched the Employee Support Program. This effort is designed to address key areas – with psychological counseling services, medical advisory, family counseling, child and adolescent counseling – to support its employees. In 2020, Avivasa demonstrated the strong bond it has with its staff by reporting an employee engagement rate of 91%.

During this challenging year, Avivasa provided support to its agency network in terms of both business operations and agency staff. This assistance included technical equipment, training, market information, health measures and

### Aksigorta's Premium Production Increase (TL billion)



<sup>(\*)</sup> 2016-2020 CAGR

Completing over 90 work processes in eight different departments in 2020, ADA received the "Best Cost-Cutting IT Project" award from IDC.



motivational support. Additionally, Avivasa made LEAP, a guidance and psychological counseling service specially designed for company employees, available to its agencies in 2020.

In response to the pandemic, Avivasa directly communicated with its customers one-on-one via telephone to relieve their growing concerns. The company demonstrated a sensitive and responsible approach in its brand communications by sharing health, nutrition and family-related content via its social media accounts.

Avivasa ensured that the policies of customers facing difficulties in paying their health insurance premiums due to the COVID-19 pandemic were not canceled. Procedures where an original signature or paper based documentation is mandatory can now be completed via voice approval, e-mail or via WhatsApp to facilitate claims and support processes. Life insurance policyholders are provided the opportunity to access additional benefits in health, child development and education. This comprehensive support includes flexibility in utilization of these benefits.

#### Performance in 2020

Aksigorta, moving forward with the vision "Making insurance simple, lean and accessible," boosted its premium production to TL 5.3 billion in 2020, an increase of 18% year-on-year. Total assets climbed to TL 9,165 million. In this challenging year, Aksigorta reported net income of TL 374 million by focusing on innovation, analytics, artificial intelligence and new technology investments with a customer-oriented approach. Aksigorta achieved growth of 11% in motor third party liability, 23% in MoD, 20% in non-motor section and 21% in health. By taking proactive steps to reach its targets, Aksigorta maintained its 8.3% market share.

In 2020, digitalization became a must in the financial services sector due to the coronavirus pandemic. Aksigorta successfully digitalized all its business processes and further increased customer satisfaction during this highly challenging year. In addition, Aksigorta's customer-oriented technology initiatives were recognized with prestigious awards in 2020.

Avivasa demonstrated a robust and flexible stance in a year full of unprecedented challenges and uncertainties. The company recorded stable growth by maintaining its financial strength. Since 2015, Avivasa has been the private sector market leader in PPS including auto-enrollment. In 2020, the

company reported a PPS fund size of TL 30.5 billion. At year's end, Avivasa registered premium production of TL 66 million in non-life, and TL 1,257 million in life insurance. By recording 2.1 million active non-life policies and 1.3 million life policies, Avivasa boosted its net income by 36% as of year-end 2020.

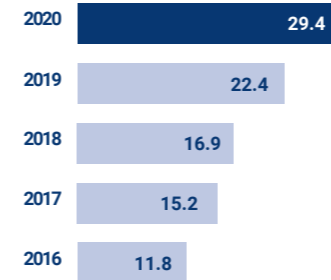
#### Digitalization, Technology and Investments

##### Digital Security Platform

The convenience provided by technology has accelerated digital transformation in Turkey, and across the world. However, this technology-based environment has dramatically increased digital security risks. Launching a major sustainability initiative in digital security, Aksigorta helps inform society about growing risks in the digital world with its Digital Security platform. The company collaborated with Boğaziçi University Lifelong Learning Center and Boğaziçi University Management Information Systems Cybersecurity Center to develop the informational platform. Free online digital security trainings feature on the platform with special content for each target audience (e.g. home and SME). The Digital Security platform aims to raise society's awareness and knowledge of digital risks, while preparing both institutions and individuals to more securely navigate our increasingly digital world.

## Financial Services

In 2020, Aksigorta focused on innovation, digitalization, analytics, artificial intelligence and new technology investments with a customer-oriented approach.

Avivasa PPS Fund Size  
(TL billion)

26%<sup>(\*)</sup>  
INCREASE

With a PPS fund size of TL 29.4 billion<sup>(\*\*)</sup>, Avivasa is the undisputed sector leader in PPS.<sup>(\*\*\*)</sup>

<sup>(\*)</sup> 2016-2020 CAGR  
<sup>(\*\*)</sup> Excluding auto-enrollment.  
<sup>(\*\*\*)</sup> Among private PPS companies.



Transactions made with ADA over the last two years

4 million+

## Fiat Connect Collaboration

In 2020, Aksigorta launched the customized policy era with Fiat Yol Arkadaşım Connect MOD. This innovative offering is a first in Turkey in motor own damage insurance and was developed in cooperation with Fiat. Thanks to this advanced technology application, the motor own damage insurance rate is calculated taking into account the number of days of use and the customer's driving score. Drivers using this app enjoy discounts of over 10% on motor own damage policies depending on the duration of vehicle use. The customer's driving score is calculated by analyzing vehicle usage data. Fiat Connect insurance policies are issued by Aksigorta. During the year, Aksigorta also commenced sales of DASK (Turkish Catastrophe Insurance Pool/TCIP) products via the Vodafone Yanımda mobile app and sales of "Nolur Nolmaz (Just in Case)" insurance through Vodafone Call Center. Aksigorta developed APIs with the Vodafone Yanımda mobile app in order to initiate and finalize the entire sales process on the digital platform. In 2021, Aksigorta plans to add other products to its growing and innovative portfolio.



## Chat-Fast Solutions

Aksigorta's ClaimsChat application provides a chat-fast response to customer claims. A WhatsApp group – consisting of an expert, a filing officer, the service provider and the customer service representative – is created by artificial intelligence. Transparent and fast communication is ensured with the WhatsApp group which is formed shortly after notice of a claim. The policyholder sends photographs of the damage to the WhatsApp group; then, the claim document is indexed automatically. Subsequently, the expert asks the customer questions to generate the claims report. The filing officer shares claims and payment information with the WhatsApp group. When the process is complete, the AI executes a sentiment analysis of the conversation and automatically sends the data to the CRM system.

By digitalizing the quotation stage with its chatbot app, Aksigorta continuously improves its defined operational services to be faster and more reliable.

## Artificial Intelligence Technologies

As an innovation leader, Aksigorta introduced the use of artificial intelligence to the Turkish insurance industry. Aksigorta started conducting risk pricing processes with the support of AI, a major development for the end-user. Achieving yet another first in the insurance industry, Aksigorta began to price its entire individual MTPL portfolio via artificial intelligence in 2020. With this innovative effort, Aksigorta won the "Best Business Development Project" award at the IDC CIO Awards. The company manages pricing processes with AI especially in motor third party liability



Net income growth

36%

In line with its approach of being a good corporate citizen, Avivasa implemented a wide range of supportive actions and projects for its employees, customers, agencies and society during the pandemic.

insurance, a major step forward in the sector. Aksigorta aims to utilize AI-supported pricing for other products as well in the coming year.

## Data Analytics

Finalizing its advanced data analytics investments, Aksigorta conducted joint studies with Sabancı University and SabancıDx on agency behavior prediction and MOD potential analysis. By establishing a data governance structure based on its research, Aksigorta ensured that appropriate data ownership is achieved across the organization. Aksigorta's data analytics management was recognized with an award from IDC CIO.

## Customer First

At Aksigorta, a Customer First team is formed to support customers until their issues are resolved. This approach provides Aksigorta customers with a reliable and easy complaint resolution experience. The Customer First team analyzes complaint data in detail and extracts customer insights. Subsequently, the dedicated team prepares and publishes customer stories as case studies. The Customer First team also designs new processes in line with customer expectations by meeting with business units on development areas based on Aksigorta customer stories.

## 10 Awards in Human Resources, Customer Satisfaction and Technology

Avivasa is widely known for differentiating its customer and employee experience with unique applications and innovative solution. In 2020, Avivasa was deemed worthy of 10



awards by leading platforms – including Stevie Business Awards, Brandon Hall and IDC – for its excellence in customer satisfaction and experience, human resources and business technologies.

## Paper-Free Sales with Bi'Tikla

In 2019, Avivasa provided its customers with the opportunity to sign and confirm applications with biometric signature with the launch of Bi'Tikla. Thanks to this e-commerce platform, Avivasa reduced the application-approval process to 10 minutes, down from

around two days previously. With the paper-free e-commerce platform Bi'Tikla, Avivasa aims to conserve 26 thousand m<sup>3</sup> of water and save 313 trees annually by using 2.6 million fewer pieces of paper for some 100,000 contracts or policies. The platform started to be used for the sales of the Bright Side of Life Insurance product in 2019. During the pandemic, Bi'Tikla expanded its remote paper-free sales by making it available for PPS.

## Financial Services

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### A First in the Sector: Internal Efficiency Ratio

In 2020, the Avivasa Mobile app was presented with the Gold award at the Stevie Awards in the "Innovation in Business Information" category. Continuously improving the application in line with the expectations and needs of its customers, Avivasa introduced new functionality to the app in 2020: Internal Efficiency Ratio. This function enables PPS participants to compare their fund returns according to the inflation rate. The Internal Efficiency Ratio feature is designed to provide participants with the highest efficiency from the PPS based on economic conditions.

### Entrepreneurship Support in Insurance Technologies

Avivasa is committed to fostering digitalization in the insurance industry. To this end, Avivasa sponsors the Insurtech Program of ITU Çekirdek – Turkey's largest incubation center. In addition to providing mentorship support to 70 entrepreneurs at ITU Çekirdek, Avivasa is also giving grant support for two initiatives under the program. As part of its innovation and digitalization strategy, Avivasa continued its collaborations with the Turkish Artificial Intelligence platform and BlockChain Turkey in 2020.

### People and Sustainability

#### Turkey's First Private Company to Focus on Aging and Age Discrimination

Avivasa is the first private company in Turkey to target and develop initiatives related to aging and age discrimination. Taking into consideration the evolving needs and emerging agenda items brought about by pandemic, Avivasa launched "At All Ages," a social responsibility initiative that raises awareness on age discrimination. This effort

**i** Number of Avivasa's awards in 2020  
**10** awards



also includes various projects to support the elderly. With the #noage awareness campaign, Avivasa communicated the key message "We are never too old or young to achieve." Digital, written and audio communications and content partnerships boosted the effectiveness of the campaign.

During the year, Avivasa delivered online trainings on age discrimination to about 1,000 employees and business partners. In addition, Avivasa commenced efforts to make its business operations and processes more age-friendly by organizing internal workshops and volunteer projects.

Collaborating with Red Crescent (Kızılay), Avivasa reached out to 3,000 households of elderly citizens who experienced difficulties in meeting their basic needs due to pandemic restrictions. Avivasa provided an aid package to meet these citizens' food needs for one month. In December 2020, working in

conjunction with the municipalities of Istanbul, Ankara, Izmir and Bursa, Avivasa provided food, health and hygiene packages to 2,300 people in need over the age of 65. As part of the Psychosocial Support Hotline, young psychologists started to provide psychological support by telephone to elderly citizens in the region under the guidance of a geriatric specialist.

### 2021 Priorities and Industry Strategy

#### Future Outlook

Aksigorta plans to create even more value in the future in parallel with its objective to achieve profitable growth. Adopting a customer-oriented approach, Aksigorta pursues sustainable growth by prioritizing digitalization and technology. The company also plans to take steps to bolster its already strong ties with its nationwide agency network. Aksigorta aims to continue its sustainable growth with its transparent and solid balance sheet, robust

## TOTAL LIFE INSURANCE PREMIUM PRODUCTION

### 35% INCREASE

Avivasa recorded premium production of TL 1,332 million in life and personal accident insurance.

capital structure, and balanced product and channel portfolio. Capitalizing on technology and digitalization, Aksigorta targets developing additional innovative products and solutions that will differentiate the insurance experience. Empowering the next-generation insurance with other brand ecosystems, Aksigorta plans to create innovative insurance solutions that add value to consumers. The company is committed to ensuring its future success with customer-oriented products and services. To this end, Aksigorta's strategic priority is effectively using next-generation technologies, such as big data, advanced data analytics, cybersecurity, industrial IoT, robotic workforce, artificial intelligence and blockchain. In the coming year, Aksigorta aims to reach an even wider audience with its Digital Security platform, an effort launched in 2020 to raise societal awareness of the increased risks in the digital world.

Avivasa targets maintaining market leadership in terms of PPS fund size among private pension companies. The company also aims to achieve growth above the sector average in life insurance. In addition to providing financial assurance and customer-oriented services, Avivasa plans to develop innovative business models and projects to ensure sustainable growth of the sector. Embracing digitalization across its operations, Avivasa prioritizes innovation, technology, simplicity and speed in its products, services and business processes. Continuing its efforts for cultural development since 2017, Avivasa aims to further boost employee loyalty and satisfaction. The company places a special focus on social investments as part of its sustainability strategy. Toward this goal, Avivasa plans further projects that will raise societal awareness on old age and aging under its "At All Ages" corporate social responsibility initiative.

## AKSigorta

### Area of activity:

Non-life insurance activities

### Countries of activity:

Turkey

### Number of provinces:

81

### Distribution channel:

10 regional directorates, more than 3 thousand independent agencies, 716 Akbank branches, 102 brokers and almost 6 thousand contracted institutions

### Digital sales channels:

aksigorta.com.tr

### Products:

Fire, Marine, Accident, Engineering, Agriculture, Legal Protection, Personal Accident, Health, MTPL, Auto Insurance, Credit, Travel, Building, Cybersecurity, Pati Pet and Loan Insurance etc.

### Number of customers:

3.3 million

### Number of employees:

668

### Total premium production:

TL 5,272 million

### Sabancı Holding share

36.0%

### Website

www.aksigorta.com.tr

According to data as of 31.12.2020.

## AVIVASA

### Area of activity

Private pension and life insurance

### Countries of activity

Turkey

### Number of provinces

81

### Digital service channels

avivasa.com.tr and Avivasa Mobile application (iOS and Android)

### Distribution Channel

Regional and sales offices in 15 provinces, 716 Akbank branches, 336 agencies

### Products

PPS and Life Insurance

### Number of customers

2.4 million

### Fund size

TL 30.5 billion<sup>(\*)</sup>

### Market share and position

Leader in PPS with 18.6% market share

### Number of employees

1,386

### Sabancı Holding share

40.0%

### Website

www.avivasa.com.tr

<sup>(\*)</sup> Including auto-enrollment. According to data as of 31.12.2020.