

Equity / Large Cap. / Insurance

30.01.2026

# Anadolu Sigorta

BUY

## Review of 4Q25 Financials

Upside Potential 38%

### Investment income continues to support net profit.

**Earnings exceeded expectations.** Anadolu Sigorta reported a net profit of TL 4.09bn in 4Q25, exceeded our estimate of TL 3.58bn. Net income increased by 19% on a quarterly basis and was up 36% year-on-year. Anadolu Sigorta closed 2025 with total net profit of TRY 12.73 billion, representing a 17% increase compared to 2024. The company delivered an average return on equity of 36% in 2025.

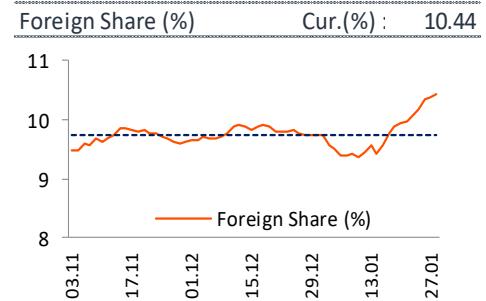
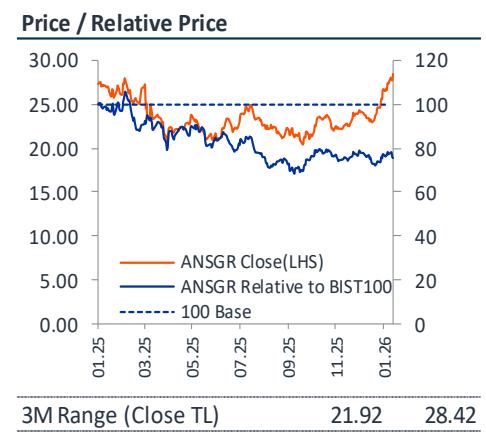
**A slight hiccup in the combined ratio.** Although the gross technical income continued to improve as expected, the combined ratio headed up by 80bps to 110.4%. The main drivers were higher provisions stemming from the change in the discount rate used in the calculation of IBNR reserves (new rate: 29% vs. 30% previously), the increase in the minimum wage, and seasonally higher claim frequency in the motor third-party liability segment. Looking ahead to 2026, we expect at least two additional cuts in discount rates amid the ongoing easing cycle, which may continue to pressure the combined ratio. Nevertheless, we maintain our expectation of a gradual improvement in the combined ratio over the medium to long term.

**Premium production improved in 4Q.** Anadolu Sigorta reported gross written premiums of TRY 30.0 billion in 4Q25, representing a 30% YoY increase. For full-year 2025, the company generated total gross written premiums of TRY 97.9 billion, corresponding to a 41% increase compared to 2024. The ratio of technical profit to net earned premiums — a key indicator of underwriting efficiency — increased to 36% (3Q25: 28%), proving the company's improved technical performance.

**The investment portfolio's performance continued to strengthen.** Total AUM increased by 8% QoQ to TL 78bn in 4Q25 and investment income transferred to the technical side recorded as TL 8.2bn—up 23% versus the previous quarter. The company recorded total investment income of TRY 24.3 billion in 2025, representing a 43% increase compared to 2024. Annual yield, calculated as financial income divided by average of total AuM in 4Q24 and 4Q25, was calculated as 35%.

Stock Data	TL
Price	28.42
Target Price*	39.20
Prev.TP	30.75
Mcap (mn)	56,840
Float Mcap (mn)	19,746
Avg.Daily Volume (3M, mn)	216.5
No. of Shares Outstanding (mn)	2,000
Free Float (%)	35
Foreign Share (%)	10

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	21.9	22.5	5.4
US\$	20.5	21.1	-13.2
Rel.to BIST-100	-1.8	-0.3	-23.2
Multiples	2024	2025	2026
P/E	5.2	4.6	3.1
P/BV	1.9	1.4	1.1



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**Earnings dynamics remain strong as of the last quarter.** Anadolu Sigorta closed 2025 on a strong note, supported by solid fourth-quarter financials. Technical profit in the non-life segment continued to grow on a quarterly basis, ending the year at TRY 18.2 billion. Robust investment income further supported net profit, resulting in a positive bottom-line performance. While we expect potential cuts in discount rates to continue weighing on the combined ratio next year, we believe strong premium growth and still elevated interest rates, supporting investment income, will allow 2026 to remain a profitable year.

**We maintain our BUY recommendation on Anadolu Sigorta.** Net profit for 2025 came in at TRY 12.7 billion, slightly above our estimate. Based on current market prices, our target price implies an upside potential of 38%.

**Table 1: Income Statement**

Income Statement	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025	QoQ	Δ%		Cumulative Δ%	
							YoY	QoQ	YoY	QoQ
Gross written premiums	23,030	23,192	21,277	23,449	29,965	28%	30%	44%	41%	
Premiums ceded to Reinsurer	(4,899)	(5,053)	(5,123)	(3,745)	(5,718)	53%	17%	41%	20%	
Net earned premiums	11,600	12,806	15,290	16,776	18,569	11%	60%	41%	54%	
Change in Unearned Prem. Res.	5,114	4,342	5,033	6,701	8,211	23%	61%	51%	43%	
Net claims	(8,166)	(10,421)	(11,918)	(13,847)	(14,492)	5%	77%	40%	70%	
Operating expenses	(3,860)	(3,504)	(4,378)	(4,801)	(5,027)	5%	30%	40%	48%	
Technical profit	3,830	2,975	3,698	4,730	6,759	43%	76%	59%	21%	
Investment income, net	184	(55)	5	(58)	(57)	-1%	-131%	53%	-629%	
Other income, net	(138)	(213)	(149)	(123)	(1,125)	813%	718%	232%	81%	
Pre-tax Profit (Loss)	3,877	2,707	3,554	4,549	5,577	23%	44%	52%	16%	
Tax	(878)	(451)	(594)	(1,122)	(1,487)	33%	69%	69%	12%	
Net profit (loss)	2,999	2,256	2,959	3,427	4,090	19%	36%	47%	17%	

Source: Company Data, İş Investment

Table 2: Balance Sheet

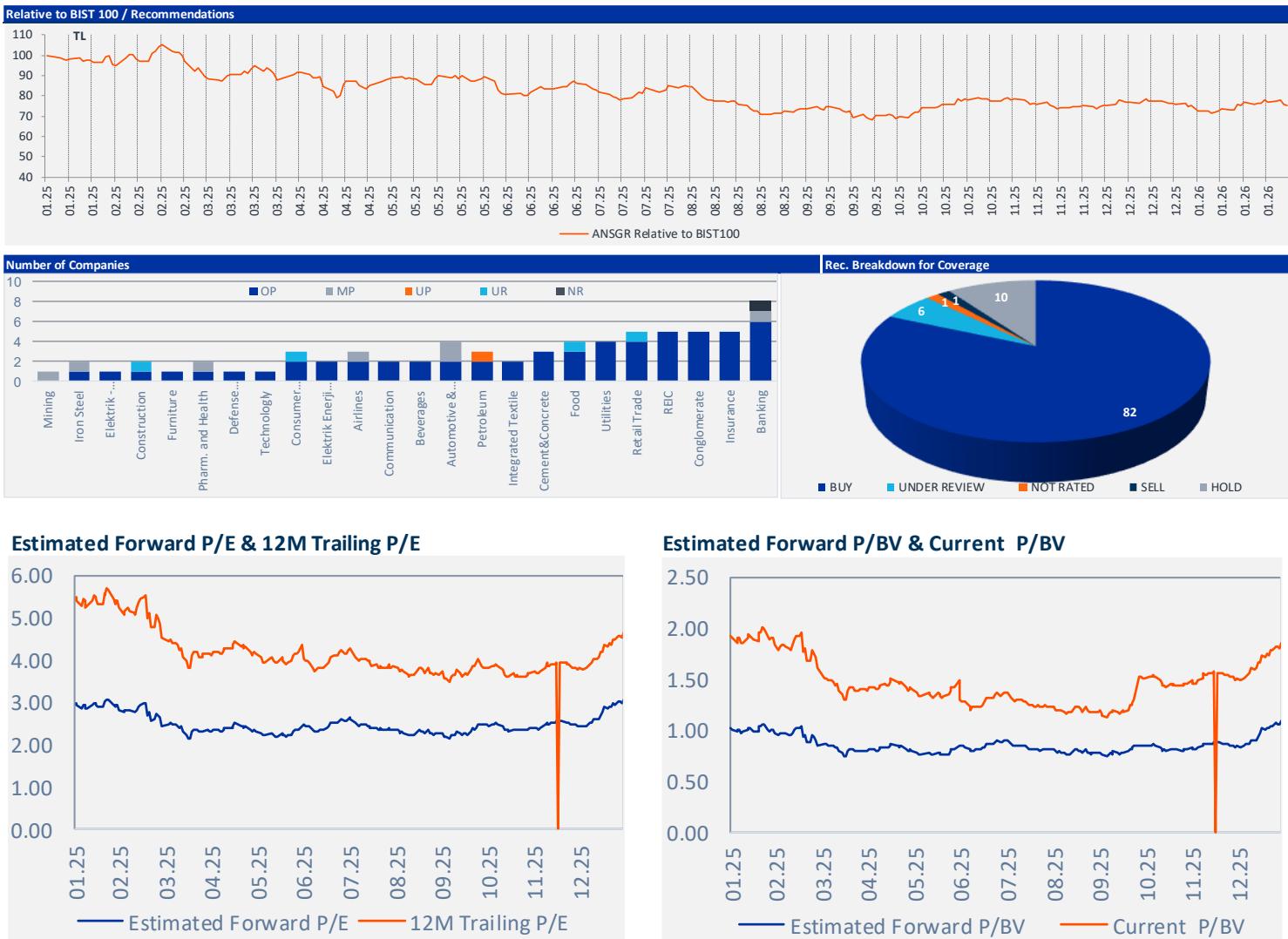
Balance Sheet	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025	Δ%	
						QoQ	YoY
Interest earning assets	18,026	16,624	23,443	23,876	24,327	2%	35%
Other receivables	66,720	80,534	79,338	88,009	98,916	12%	48%
Current Assets	84,746	97,158	102,781	111,885	123,242	10%	45%
Financial assets	8,944	7,551	6,816	7,770	8,450	9%	-6%
Fixed assets	1,107	1,080	1,195	1,193	1,289	8%	16%
Other	1,401	1,430	1,090	1,265	1,431	13%	2%
Long-term Assets	11,452	10,061	9,100	10,229	11,169	9%	-2%
Total Assets	96,198	107,219	111,881	122,113	134,411	10%	40%
Payables	9,343	15,060	14,858	13,809	11,994	-13%	28%
Technical reserves	50,270	57,327	60,534	65,990	73,705	12%	47%
Others	4,505	4,082	3,195	4,156	5,034	21%	12%
Short-term Liabilities	64,118	76,469	78,587	83,955	90,733	8%	42%
LT Technical Reserves	1,072	1,264	1,373	1,554	1,951	26%	82%
Other LT Items	352	382	411	400	456	14%	30%
Long-term Liabilities	1,424	1,646	1,784	1,954	2,407	23%	69%
Paid-in capital	500	500	500	2,000	2,000	0%	300%
Other Equity Items	30,156	28,604	31,010	34,205	39,271	15%	30%
Total equity	30,656	29,104	31,510	36,205	41,271	14%	35%
Total Liabilities & equity	96,198	107,219	111,881	122,113	134,411	10%	40%

Table 3: Ratios

Ratios & Metrics	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025
Premium Growth (%)	53%	1%	-8%	10%	28%
Technical Margin (%)	33%	23%	24%	28%	36%
Retention Ratio (%)	79%	78%	76%	84%	81%
Combined Ratio (%)	102.2%	104.7%	110.7%	109.6%	110.4%
Annualized ROAE (%)	45%	37%	36%	35%	36%

Source: Company Data, İş Investment

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