

Aksigorta

BUY

Review of 4Q25 Financials

Upside Potential 33%

Decline in the discount rate and elevated loss ratios weighed on quarterly net profit.

Net profit below expectations. Aksigorta reported a net profit of TRY 451mn in 4Q25, below both our estimate of TRY 558mn and the market consensus of TRY 575mn. Net profit declined 45% QoQ and 35% YoY. The company ended 2025 with a 38% return on equity.

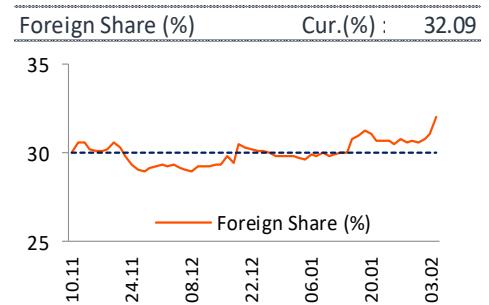
A slight pressure on the combined ratio. The combined ratio increased by 700 bps QoQ to 142%. We did not observe the expected improvement in Aksigorta's combined ratio this quarter, as the company continues its restructuring process. The main drivers were higher provisions stemming from the change in 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. Aksigorta reported gross written premiums of TRY 11.5 billion in 4Q25, representing a 16% YoY increase. For full-year 2025, the company generated total gross written premiums of TRY 35.1 billion, corresponding to a 1% increase compared to 2024. The ratio of technical profit to gross earned premiums (GEP) — a key indicator of underwriting efficiency — stayed constant at 12%, proving the company's improved technical performance.

Decline in underwriting profitability. Aksigorta's net underwriting result (UWR) turned negative for the first time on a quarterly basis in 2025, posting a loss of TRY 144mn in the quarter. For the full year, net underwriting profit amounted to TRY 427mn, marking a notable improvement compared to the TRY 160mn loss recorded in 2024. The technical margin, calculated as net underwriting profit over earned premiums, declined by around 400bps QoQ to -1% in this quarter.

Stock Data	TL
Price	8.30
Target Price*	11.00
Prev.TP	9.50
Mcap (mn)	13,380
Float Mcap (mn)	3,745
Avg.Daily Volume (3M, mn)	89.4
No. of Shares Outstanding (mn)	1,612
Free Float (%)	28
Foreign Share (%)	32

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	19.6	22.1	10.7
US\$	18.3	20.4	-8.7
Rel.to BIST-100	6.4	1.2	-20.8
Multiples	2024	2025	2026
P/E	7.2	5.2	3.9
P/BV	2.6	1.8	1.2



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The investment portfolio's keep its strong performance. Total AuM increased by 9% QoQ to TL 18.1 bn in 4Q25, investment income allocated to technical reserves is recorded as TL 1.6 bn—up 8% versus the previous quarter. The company recorded total investment income of TRY 5.5 billion in 2025, representing a 26% increase compared to 2024. Aksigorta delivered an annualized return of 34% in 4Q25, representing a 200bp decline QoQ. Annualized yield is defined as annualized financial income divided by average of total AuM in 4Q24 and 4Q25.

Earnings dynamics remain strong as of the second quarter. The resilience in net technical margins observed during the first three quarters of the year could not be sustained in the final quarter. This was mainly driven by the elevated combined ratio, largely stemming from the decline in the discount rate used in the calculation of technical provisions. Looking ahead to 2026, we expect Aksigorta's combined ratio to improve and premium growth to be stronger compared to this year.

We maintain our Buy recommendation on Aksigorta. Net profit for 2025 came in at TRY 2.49 billion, broadly in line with our estimate of TRY 2.50 billion, representing a 34% YoY increase. Based on current market prices, our target price implies an upside potential of 33%.

Table 1: Income Statement

Income Statement	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025	Δ%		Cumulative Δ%	
						QoQ	YoY	QoQ	YoY
Gross written premiums	9,852	8,797	6,578	8,250	11,476	39%	16%	49%	1%
Premiums ceded to Reinsurer	(6,826)	(6,001)	(3,738)	(4,890)	(6,086)	24%	-11%	42%	-10%
Net earned premiums	2,406	2,677	2,718	2,903	2,971	2%	23%	36%	10%
Financial Income Transferred	1,467	1,018	1,486	1,456	1,566	8%	7%	40%	26%
Net claims	(2,431)	(2,040)	(2,056)	(2,039)	(2,084)	2%	-14%	34%	-8%
Operating expenses	(539)	(890)	(813)	(974)	(1,188)	22%	120%	44%	36%
Technical profit	714	543	1,032	1,008	689	-32%	-4%	27%	55%
Investment income, net	(1,629)	(1,259)	(1,679)	(1,497)	(1,353)	-10%	-17%	30%	11%
Other income, net	(102)	(73)	123	(49)	(190)	288%	87%	-35533%	116%
Pre-tax Profit (Loss)	739	386	1,065	858	401	-53%	-46%	17%	35%
Tax	(45)	(34)	(208)	(33)	50	-250%	-210%	-18%	43%
Net profit (loss)	693	352	858	825	451	-45%	-35%	22%	34%

Source: Company Data, İş Investment

Table 2: Balance Sheet

Balance Sheet	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025	Δ%	
						QoQ	YoY
Interest earning assets	4,790	4,999	5,018	5,386	5,692	6%	19%
Other receivables	19,294	20,941	20,869	22,464	26,439	18%	37%
Current Assets	24,084	25,939	25,887	27,850	32,131	15%	33%
Financial assets	0	0	0	9	9	5%	
Fixed assets	261	276	389	347	579	67%	122%
Other	1,211	1,366	1,626	1,677	1,770	6%	46%
Long-term Assets	1,472	1,642	2,015	2,033	2,358	16%	60%
Total Assets	25,556	27,581	27,902	29,883	34,489	15%	35%
Payables	5,139	6,444	5,316	5,725	7,044	23%	37%
Technical reserves	12,413	12,845	13,450	14,291	16,872	18%	36%
Others	2,561	2,476	2,316	2,226	2,413	8%	-6%
Short-term liabilities	20,113	21,764	21,082	22,243	26,330	18%	31%
LT Technical Reserves	181	207	225	252	301	19%	66%
Other LT Items	170	187	279	206	213	3%	25%
Long-term Liabilities	351	395	504	458	514	12%	46%
Paid-in capital	1,612	1,612	1,612	1,612	1,612	0%	0%
Other Equity Items	3,480	3,810	4,703	5,570	6,034	8%	73%
Total equity	5,092	5,422	6,315	7,182	7,646	6%	50%
Total liabilities & equity	25,556	27,581	27,902	29,883	34,489	15%	35%

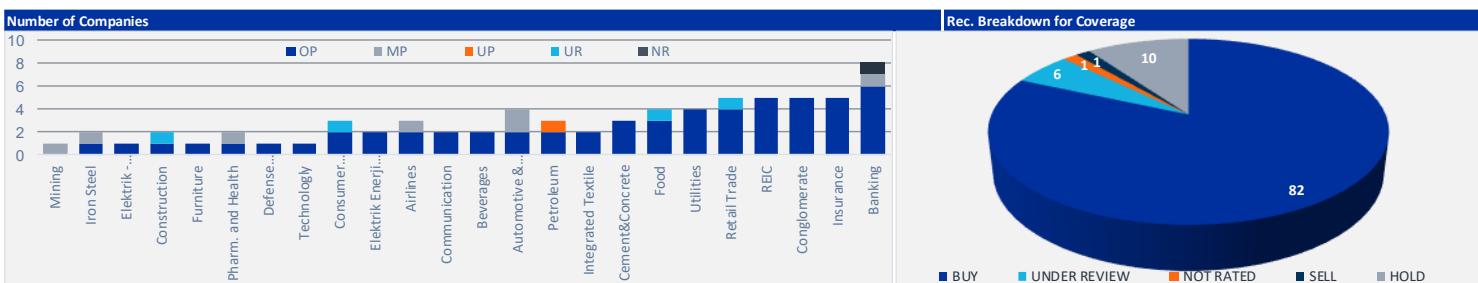
Source: Company Data, Is Investment

Table 3: Ratios

Ratios & Metrics	4Q2024	1Q2025	2Q2025	3Q2025	4Q2025
Premium Growth (%)	31%	-11%	-25%	25%	39%
Technical Margin (%)	30%	20%	38%	35%	23%
Retention Ratio (%)	31%	32%	43%	41%	47%
Combined Ratio (%)	134%	126%	120%	121%	142%
Annualized ROAE (%)	43%	42%	45%	44%	38%

Source: Company Data, Is Investment

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Estimated Forward P/E & 12M Trailing P/E



Estimated Forward P/BV & Current P/BV



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