



## **PROPERTY & CASUALTY INSURANCE BUSINESS**

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Georgia Capital Investor Day  
9 May 2022

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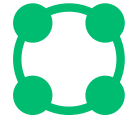
# SNAPSHOT



31-YEAR HISTORY OF ALDAGI EVOLUTION AND SUCCESS



FIRST INSURANCE COMPANY IN GEORGIA



BROAD RANGE OF PRODUCTS, INNOVATIVE, NEW OFFERINGS



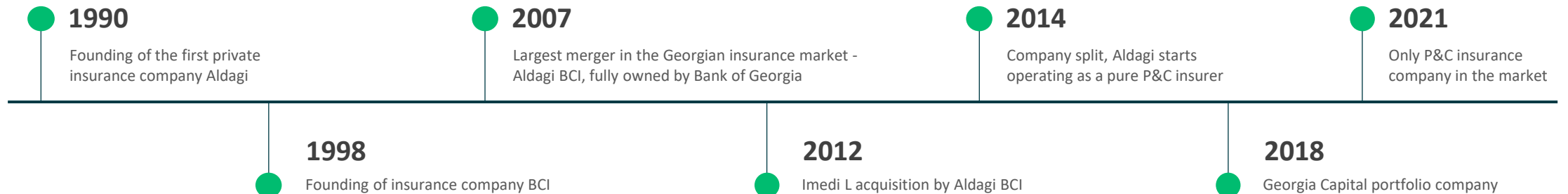
MANY YEARS OF EXPERIENCE, BEST INSURANCE DECISIONS

NUMBER OF CLIENTS **65K +**

AVERAGE ROAE\* **32%**

SOLVENCY RATIO **174%**

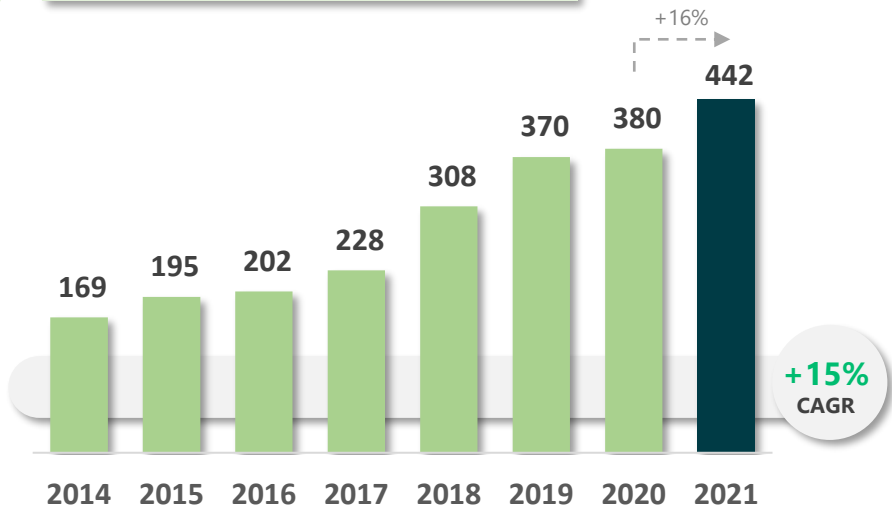
GPW & PROFIT CAGR\* **14%**



\* 2014-2021 period - since becoming a pure P&C company

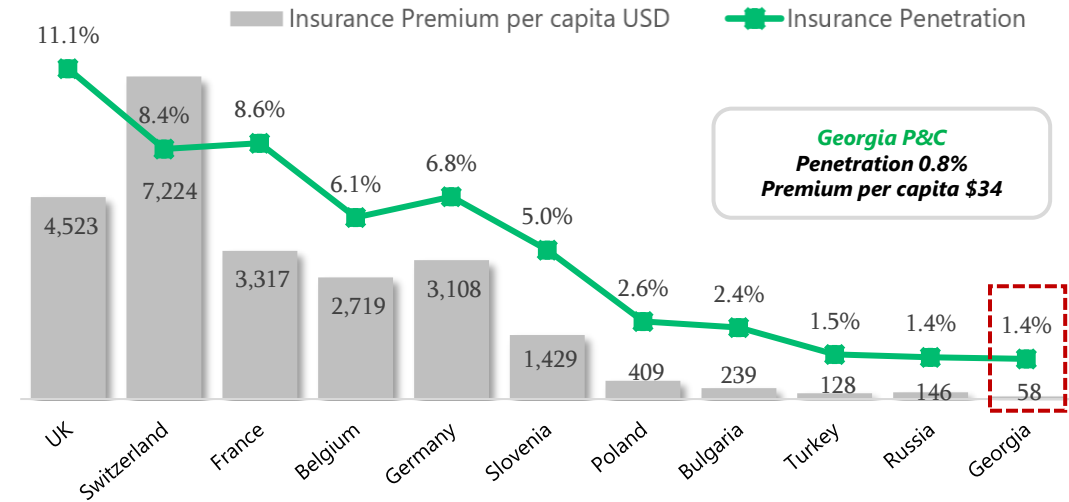
# MARKET OVERVIEW

## Market Premiums (GEL mln)



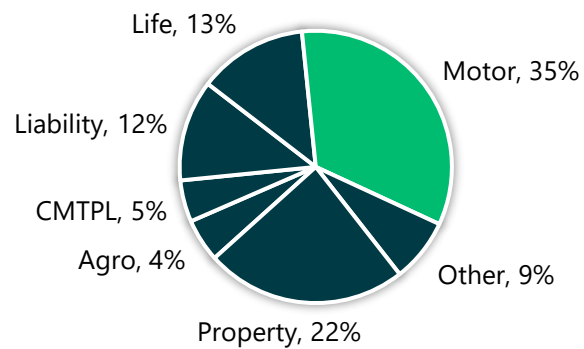
Source: Insurance State Supervision Service of Georgia

## Insurance Penetration & Premium per capita



(1) Penetration and premium per capita are stated including healthcare insurance (as of latest available data).

## Market Composition FY21



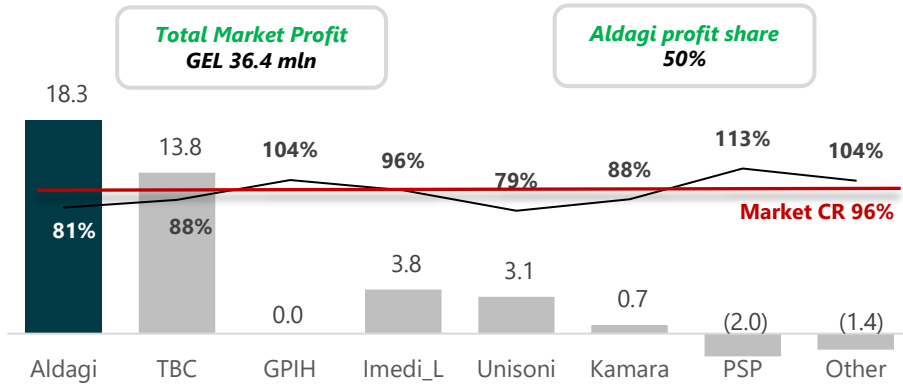
## Key Takeaways

- Very low P&C insurance penetration of 0.8% and density of \$34
- Market has been growing by 15% CAGR during 2014-2020
- Biggest driver for P&C market is motor insurance
- Awaiting the introduction of compulsory local third party liability insurance

# MARKET OVERVIEW



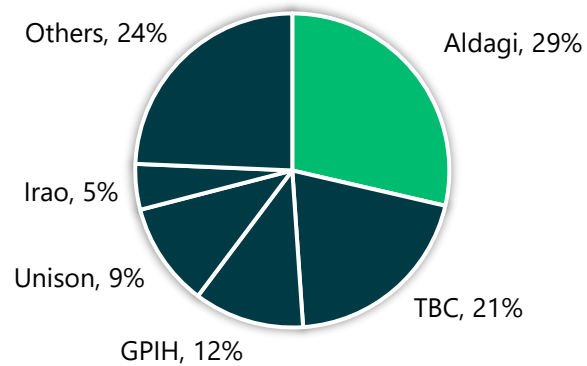
## Market Profit & Loss (GEL mln) & Combined Ratio % FY21



## Key Takeaways

- 18 insurance companies operating in Georgia
- Aldagi is undisputed leader on P&C market
- Aldagi has highest market shares in all P&C products\*, with total share of 29%
- Aldagi is the most profitable on market with highest profit share of 50% and lowest combined ratio of 81%

## Market Shares FY21 (GPW, gross)



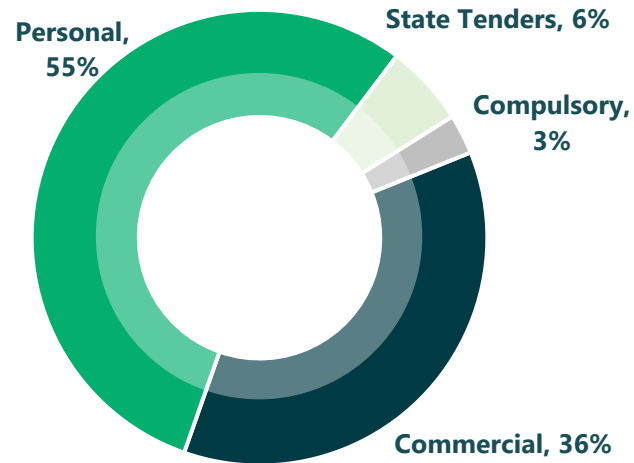
## Market shares per products

Market Share	Aldagi	TBC	GPIH
Motor	26%	24%	16%
Property	32%	17%	12%
Life	30%	53%	3%
Liability	35%	6%	17%
Other	35%	10%	0%
Agro	25%	9%	8%
Border MTPL	11%	6%	6%
<b>Total</b>	<b>29%</b>	<b>21%</b>	<b>12%</b>

\* Excluding life insurance

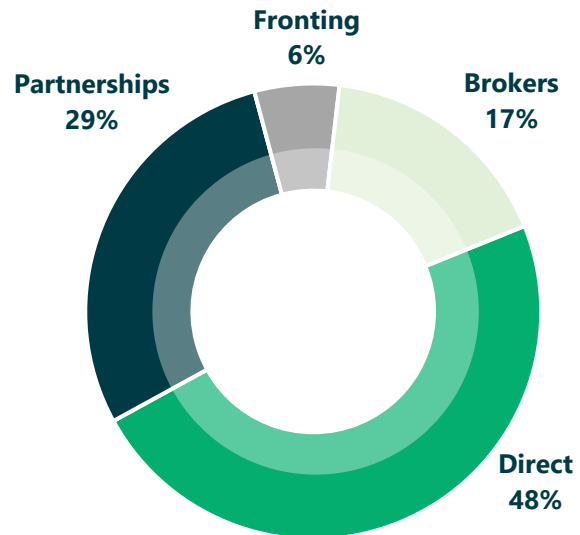
# DIVERSIFIED PORTFOLIO

**Business Units** (net GPW) %



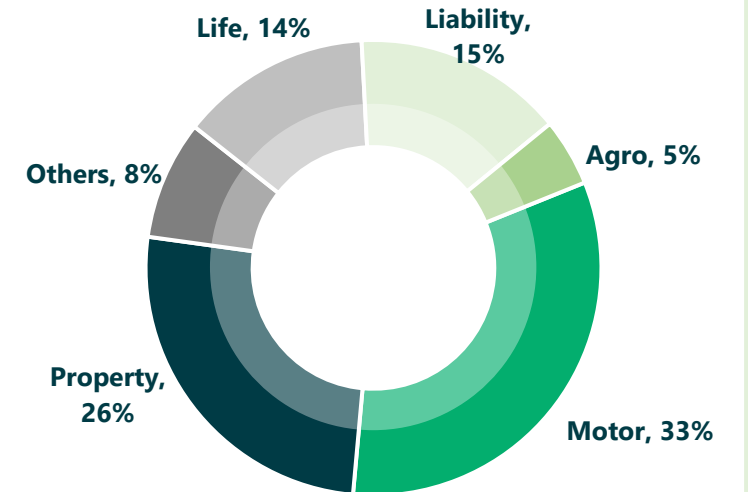
Low dependency on State tenders and Compulsory lines

**Distribution Mix** (GPW) %



Maintaining diversified distribution channels, majority of revenue generated through direct sales

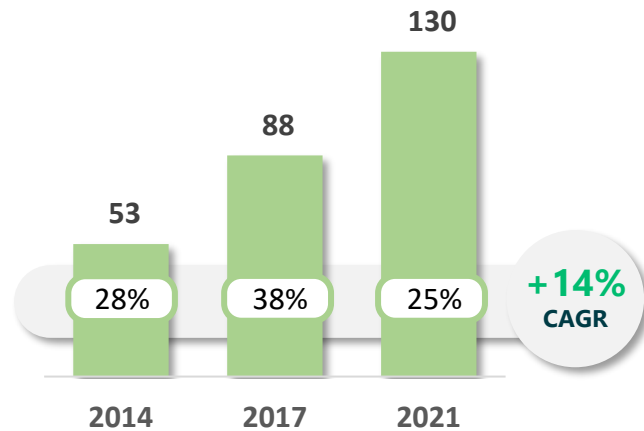
**Lines of Business** (GPW) %



Retaining balanced product lines mix

# SOLID PERFORMANCE OVER THE YEARS

## Total GPW (GEL mln)

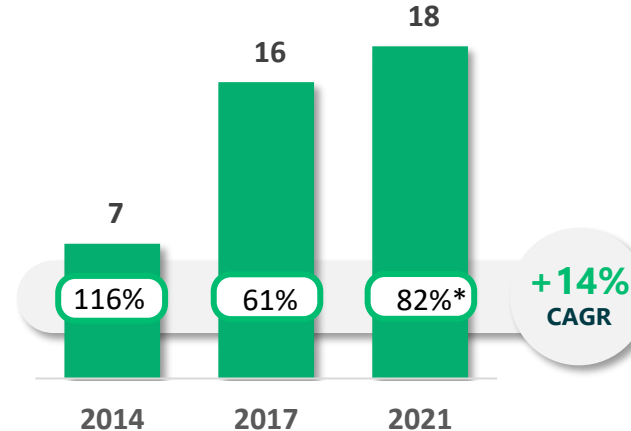


ROAE

### Attractive ROAE of average 32%

Market ROAE outperformance by 4 times driven by consistent premium growth and healthy portfolio from all business lines

## Profit (GEL mln)

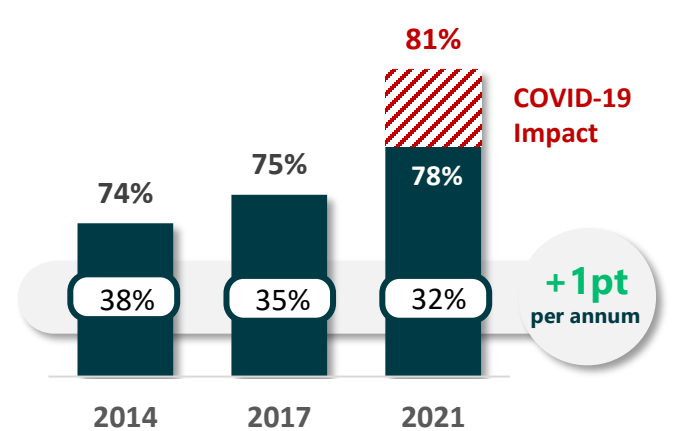


Dividend payout

### Regular dividend payouts over the years

Payout ratio above 50% since 2014 - pure P&C company

## Combined ratio %



Expense ratio

### Focus on healthy portfolio over the years

Improving expense ratio on yearly basis; COVID-19 had substantial impact on credit life loss ratio

# P&C FINANCIAL PERFORMANCE

## 1Q22 performance

	2021	1Q21	1Q22	Y-o-Y %
<i>All amounts in '000 GEL</i>				
<b>Revenue, net</b>	86,489	18,707	21,705	16%
<b>Underwriting profit</b>	34,216	7,199	8,456	17%
<b>Investment result</b>	6,099	1,614	941	-42%
<b>Net profit</b>	<b>18,265</b>	<b>4,174</b>	<b>3,965</b>	<b>-5%</b>
<b>Loss ratio</b>	48%	50%	49%	-1 pt
<b>Combined ratio</b>	81%	84%	82%	-2 pt
<b>Operating CF</b>	19,264	7,290	3,419	-53%
<b>Solvency ratio</b>	153%	167%	174%	7 pt
<b>ROAE</b>	25%	24%	23%	-1 pt

## 1Q22 Performance highlights

- **Existing regional geopolitical situation** does not pose significant threat to insurance portfolio, reflecting very low dependency on Russian reinsurance (only 1.6% of total insurance portfolio, 80% of which have already been substituted to date)
- GEL 0.6mln loss was incurred in 1Q22 on **investments placed in publicly traded securities in Eastern Europe**, including Russia and Ukraine
- **1Q22 revenue was up by 16% y-o-y; loss ratio and combined ratio improved by 1pt and 2pt, respectively**



# GOING FORWARD

## Key unchanged strategic priority:

Focus on exceptional and disciplined underwriting that consistently results in strong portfolio profitability



### Retail Growth

Strengthening customer retention

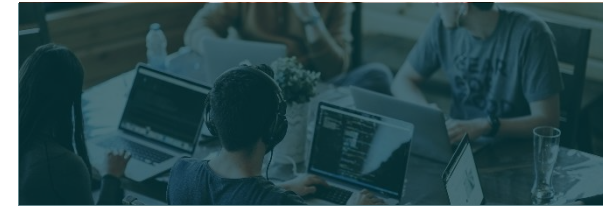
Retention rate		
2014	Now	Ambition
46%	73%	80%



### CRM

Customer segmentation management

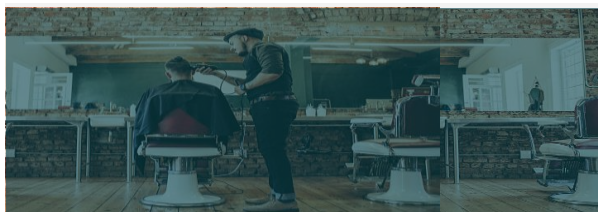
CSAT	
Now	Ambition
71%	80%



### Culture

Employee recognition enhancement

Barrett culture score*
Now
10%



### MSME

Most unpenetrated segment in Georgia



### Efficiency

Enhancing Telematics & Building Motor claims settlement platform

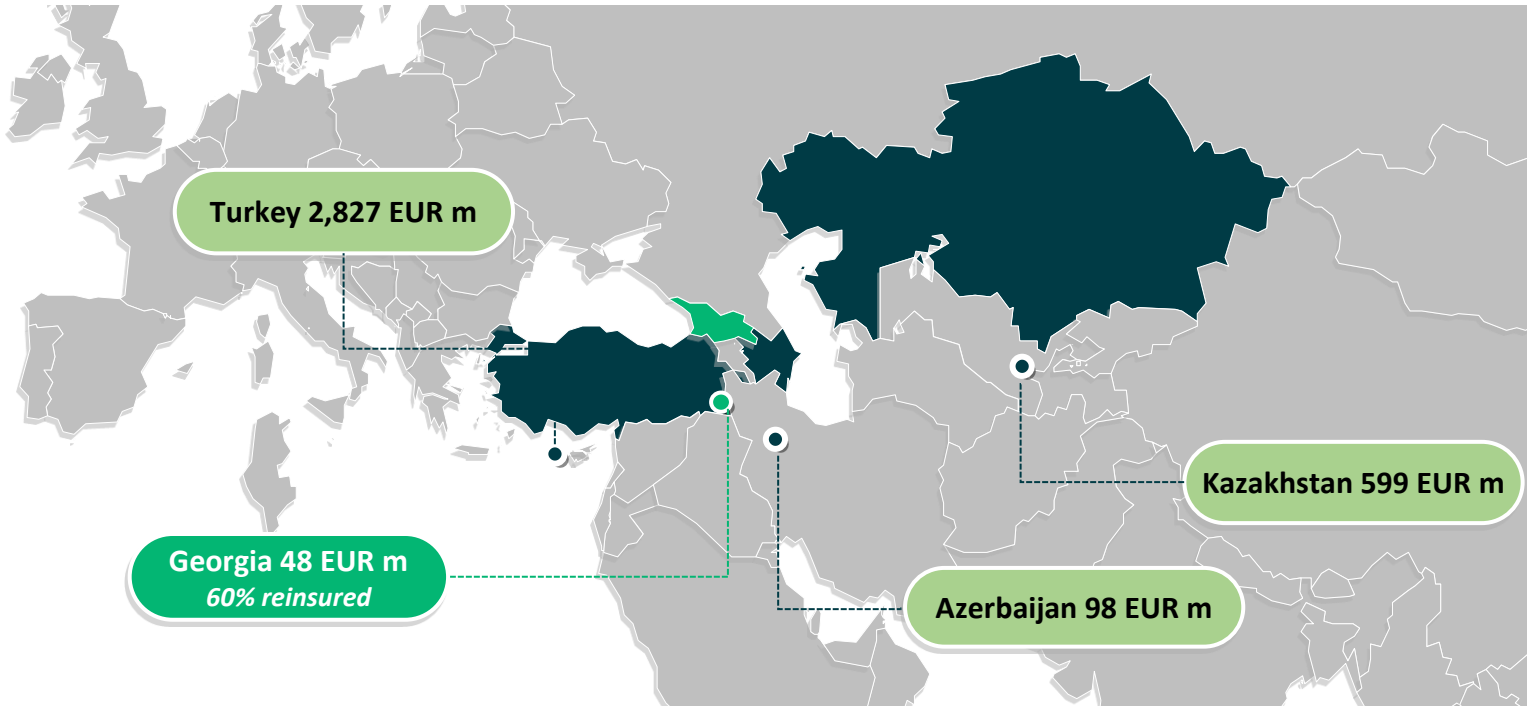


### Risk appetite

Gain first-mover advantage on regional reinsurance market

\* Barrett's cultural entropy score reveals % of energy consumed in unproductive work - the degree of dysfunction in an organization that is generated by the self-serving, fear-based actions of leaders  
 < 13% score is considered as a healthy functioning organizational culture, while company with 29%+ score has notable cultural issues

# ENTERING REGIONAL REINSURANCE MARKET



In light of on-going sanctions against Russia, regional reinsurance market has been freed-up

**CEE Market**  
11,580 mln EUR

**SEE & CIS Markets**  
9,282 mln EUR

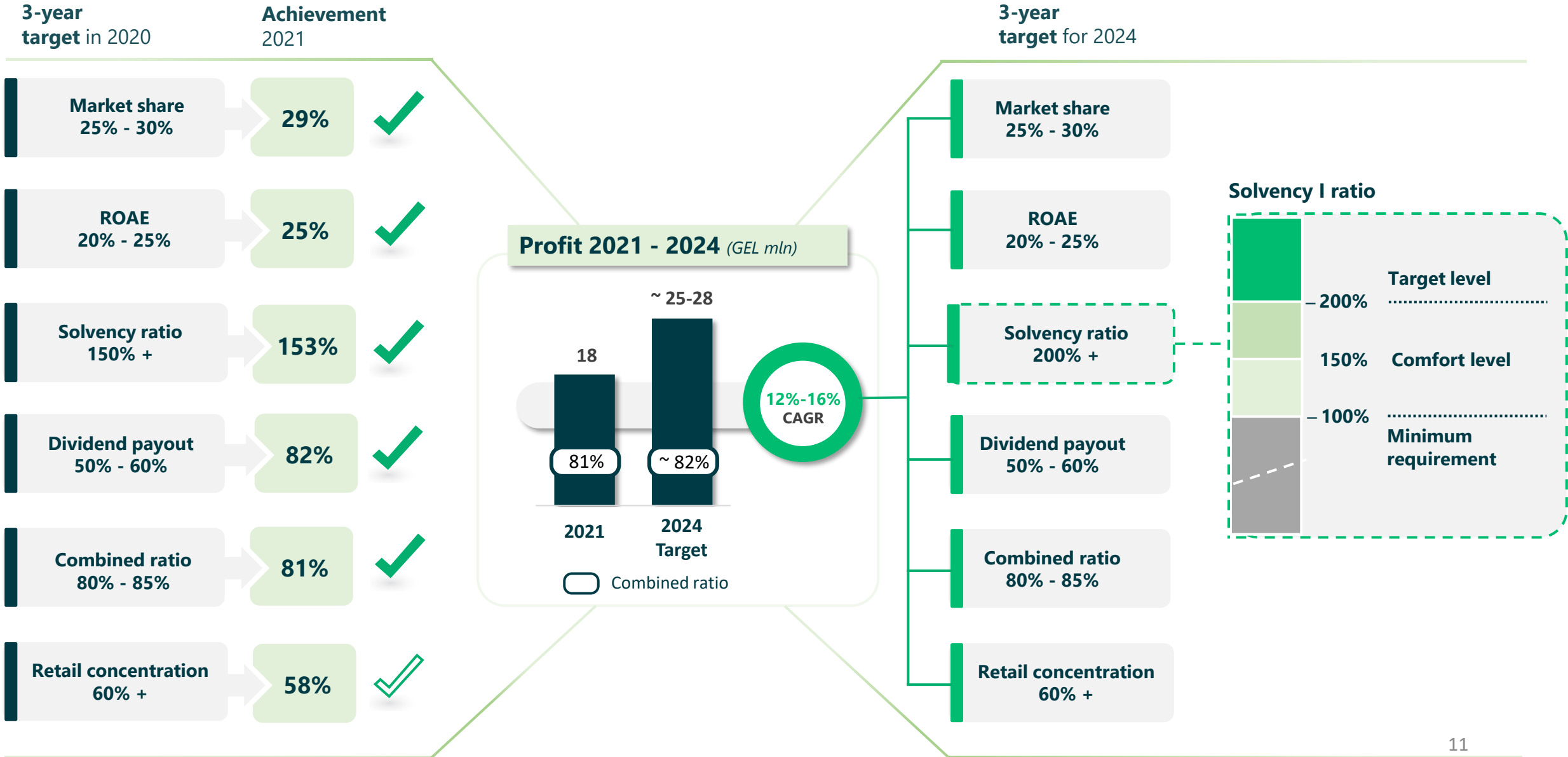
- **Currently not targetable** | Most countries are under Solvency II regimes and will not accept a reinsurer with lower than AA rating or from outside Solvency II regime
- **Target market** | Georgia, Armenia, Azerbaijan, Turkey and Kazakhstan will be starting point, utilizing Aldagi's existing connections with local reinsurers

\* Target market comprises of FY21 total non-life market in million EUR, excluding health and motor insurance, same for Georgia for comparison

Source: XPRIMM

Region	Target Market *	Density	Penetration	GDP per capita
	FY21 EUR m	EUR/capita	% in GDP	EUR
Poland	4,269	362	2.7%	13,228
Czech Republic	2,667	599	3.0%	19,968
Hungary	978	338	2.5%	13,345
Slovak Republic	572	399	2.4%	16,710
Slovenia	560	1,226	5.6%	22,090
Romania	515	122	1.1%	11,153
Croatia	485	344	2.8%	12,128
Bulgaria	327	213	2.5%	8,691
Serbia	296	135	2.0%	6,699
Lithuania	256	342	2.0%	17,451
Latvia	251	418	2.7%	15,386
Estonia	173	353	1.7%	20,442
Macedonia	74	79	1.5%	5,184
Bosnia & Herzegovina	54	118	2.3%	5,181
Kosovo	46	56	1.5%	3,776
Albania	35	47	1.0%	4,635
Montenegro	22	150	2.2%	6,737
<b>Total CEE Market</b>	<b>11,580</b>	<b>312</b>	<b>2.3%</b>	<b>11,930</b>
★ Turkey	2,827	107	1.6%	6,562
Greece	874	366	2.4%	15,483
Cyprus	177	1,035	4.4%	23,705
<b>Total SEE Market</b>	<b>3,878</b>	<b>503</b>	<b>2.8%</b>	<b>15,250</b>
Russia	3,695	116	1.4%	8,008
★ Kazakhstan	599	58	0.8%	6,987
Ukraine	436	31	1.1%	2,838
Belarus	294	51	1.0%	4,932
Uzbekistan	183	5	0.4%	1,338
★ Azerbaijan	98	35	1.0%	3,433
★ Georgia *	48	45	1.4%	3,303
Kyrgyzstan	22	2	0.2%	871
Moldova	18	26	0.7%	3,580
★ Armenia	11	23	0.7%	3,248
<b>Total CIS Market</b>	<b>5,404</b>	<b>39</b>	<b>0.9%</b>	<b>3,854</b>
<b>Total</b>	<b>20,862</b>	<b>285</b>	<b>2.0%</b>	<b>10,344</b>

# DELIVERY ON TARGETS AND GOING FORWARD



# FORWARD LOOKING STATEMENTS



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