



PROPERTY & CASUALTY INSURANCE BUSINESS

Speaker: Giorgi Baratashvili, CEO

Georgia Capital Investor Day

12 November 2020

Track record

Market overview

P&C Insurance business overview

3Q20 & 9M20 performance overview

Update on strategic priorities



FIRST INSURANCE COMPANY IN GEORGIA

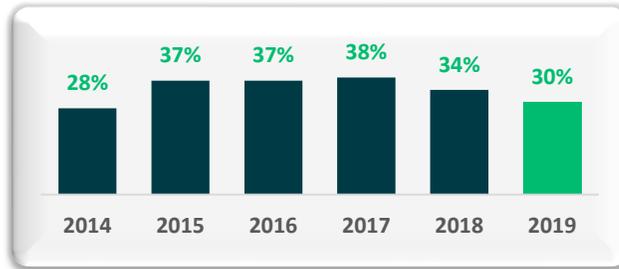


BROAD RANGE OF PRODUCTS, INNOVATIVE, NEW OFFERINGS



MANY YEARS OF EXPERIENCE, BEST INSURANCE DECISIONS

ROAE (average)
34%



GROSS PREMIUM GROWTH (CAGR)
14%



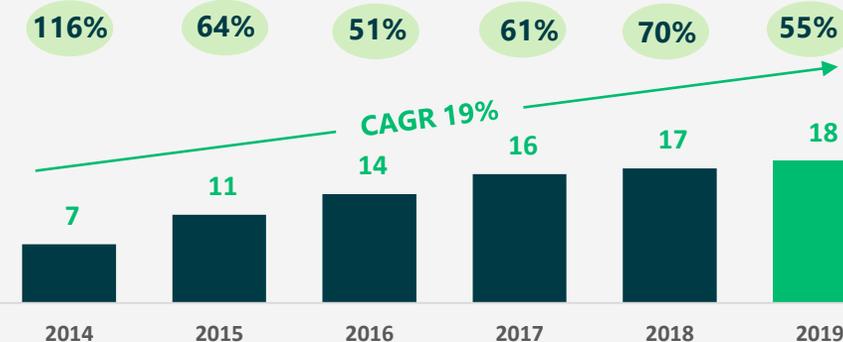
SUCCESSFUL TRACK RECORD OF DELIVERING STRONG RESULTS

- Regular dividend payouts over the years:**
Payout ratio above **50%** since 2014 - pure P&C company
- Attractive ROAE** driven by:
Consistent premium growth and focus on healthy portfolio
- Adequate solvency position:**
Increasing buffer in solvency ratio over minimum regulatory requirements each year

Profit & Dividend payout ratio

(GEL mln)

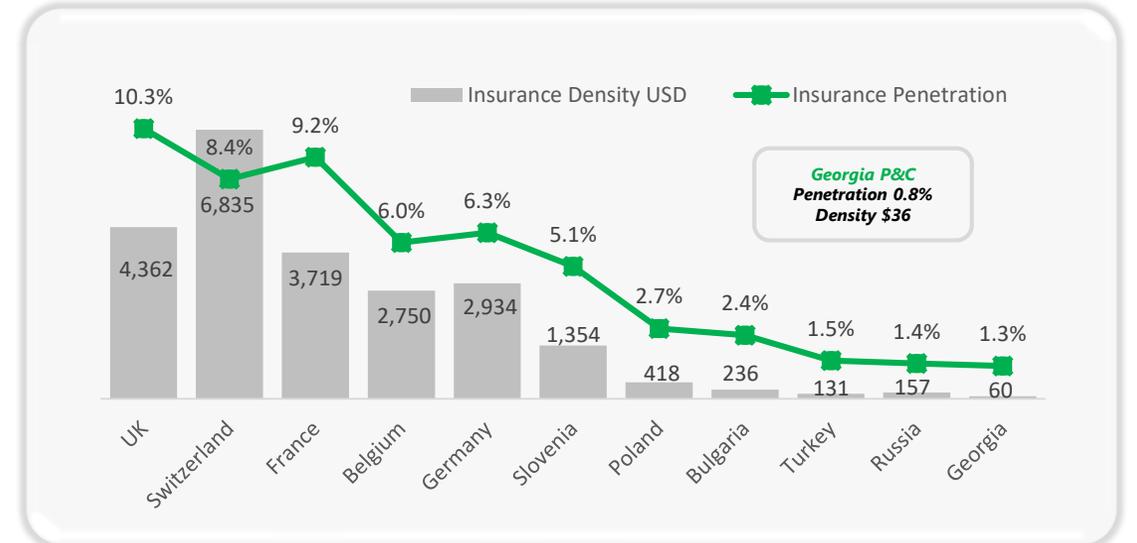
PAYOUT RATIO



Market Premiums (GEL mln)



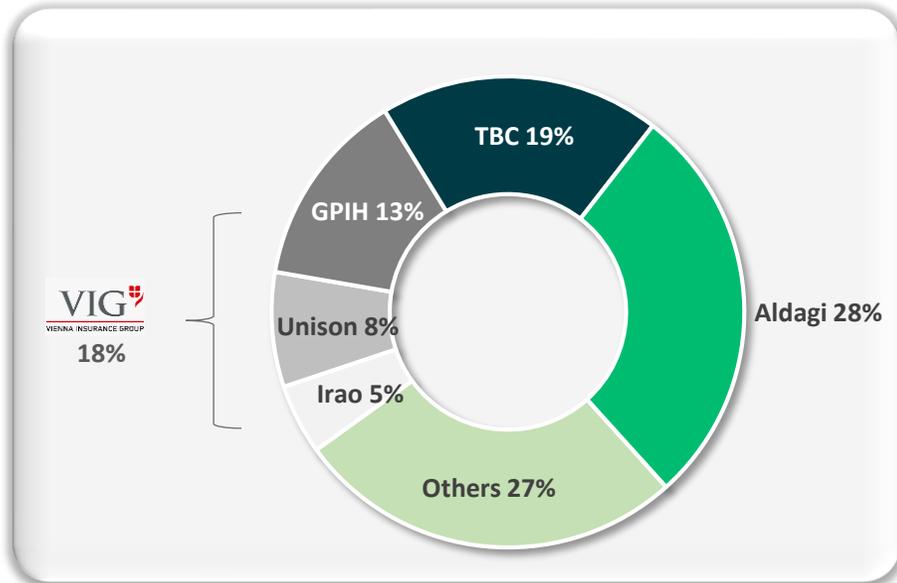
Insurance Penetration & Density*



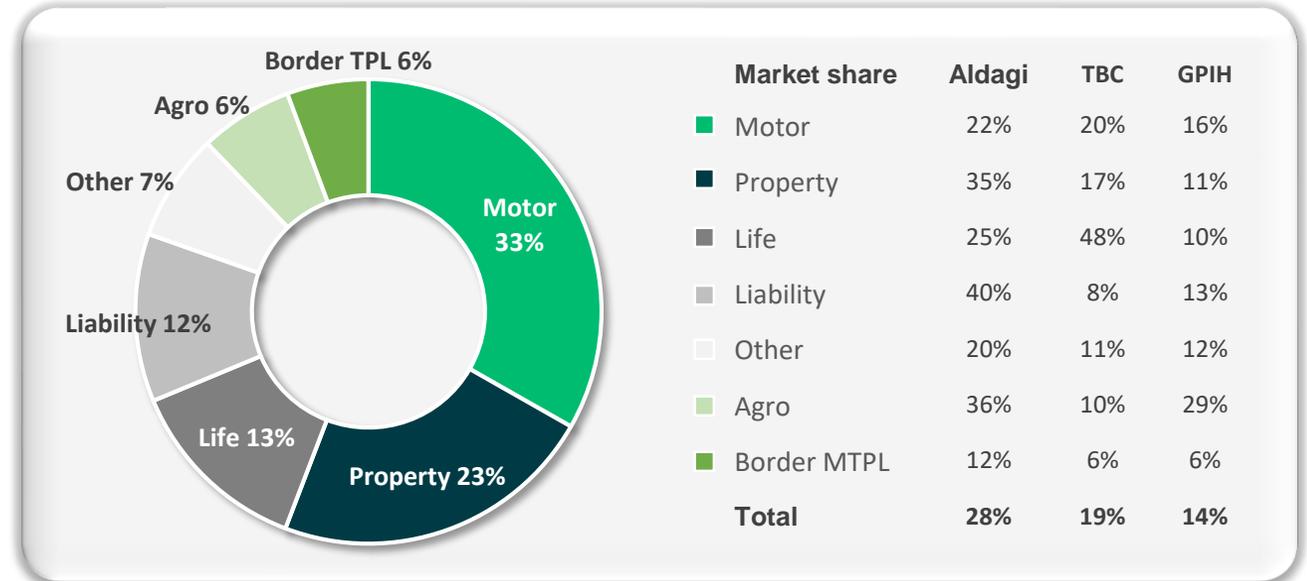
Key takeaways

- Very low P&C insurance penetration of 0.8%
- Market has been growing by 14% CAGR during 2010-2019 years
- Awaiting compulsory local third party liability

Market Share 1H20 *(premiums written, gross)*



Market Composition by product lines 1H20

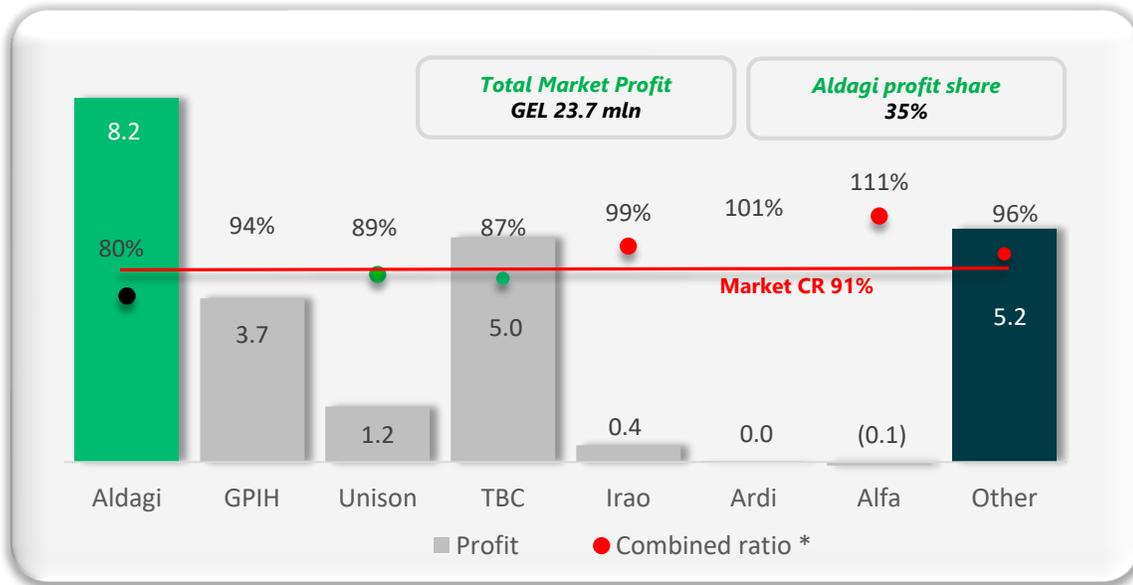


Key takeaways

- Regulatory and insurance body– Insurance State Supervision Service of Georgia
- 18 Insurance companies on market
- Biggest driver for P&C market is motor insurance
- Aldagi has highest market shares in all insurance products*

* Excluding life insurance

Market PL & Combined Ratio 1H20



The leader on P&C market with 35% share in total market profit

5 year Aldagi outperformance VS Market **



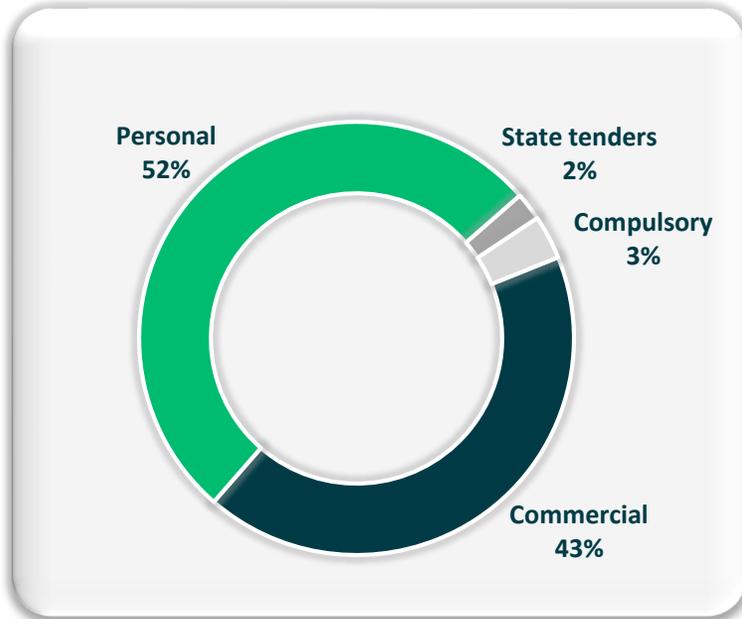
Disciplined underwriting and increased actuarial role is reflected in the track record of healthy combined ratio

* Aldagi and TBC Insurance net profits and combined ratios are based on IFRS amounts

** 2015-2019 data; Market excluding Aldagi

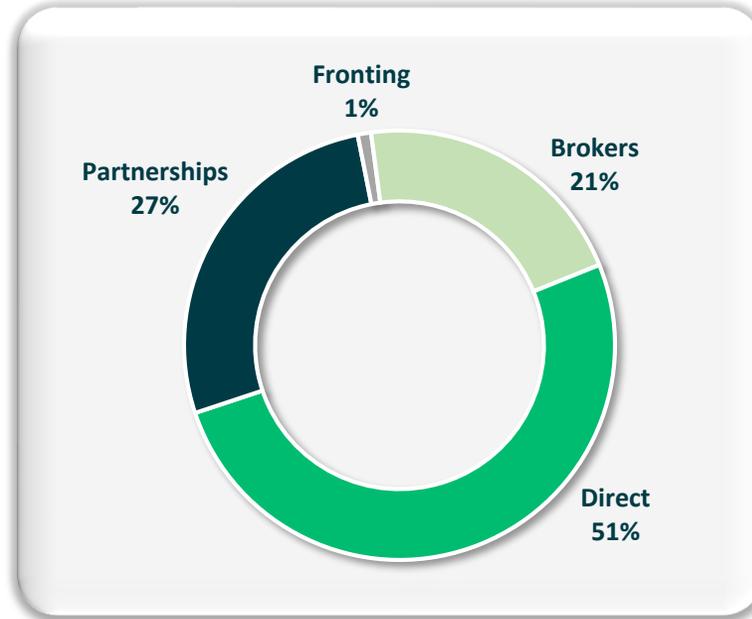
*** Excluding life insurance

Business Units (net GPW %)



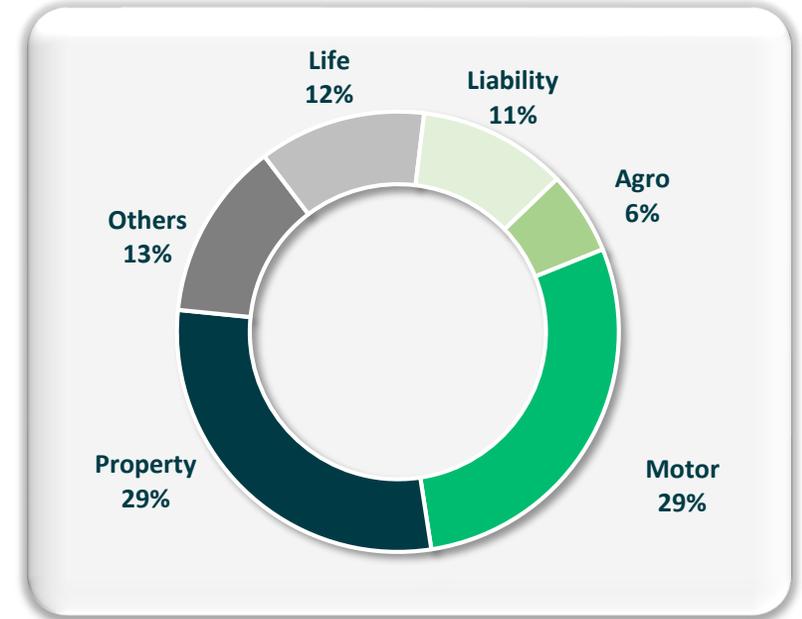
Equal distribution between Personal and Commercial businesses

Distribution Mix (GPW %)



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

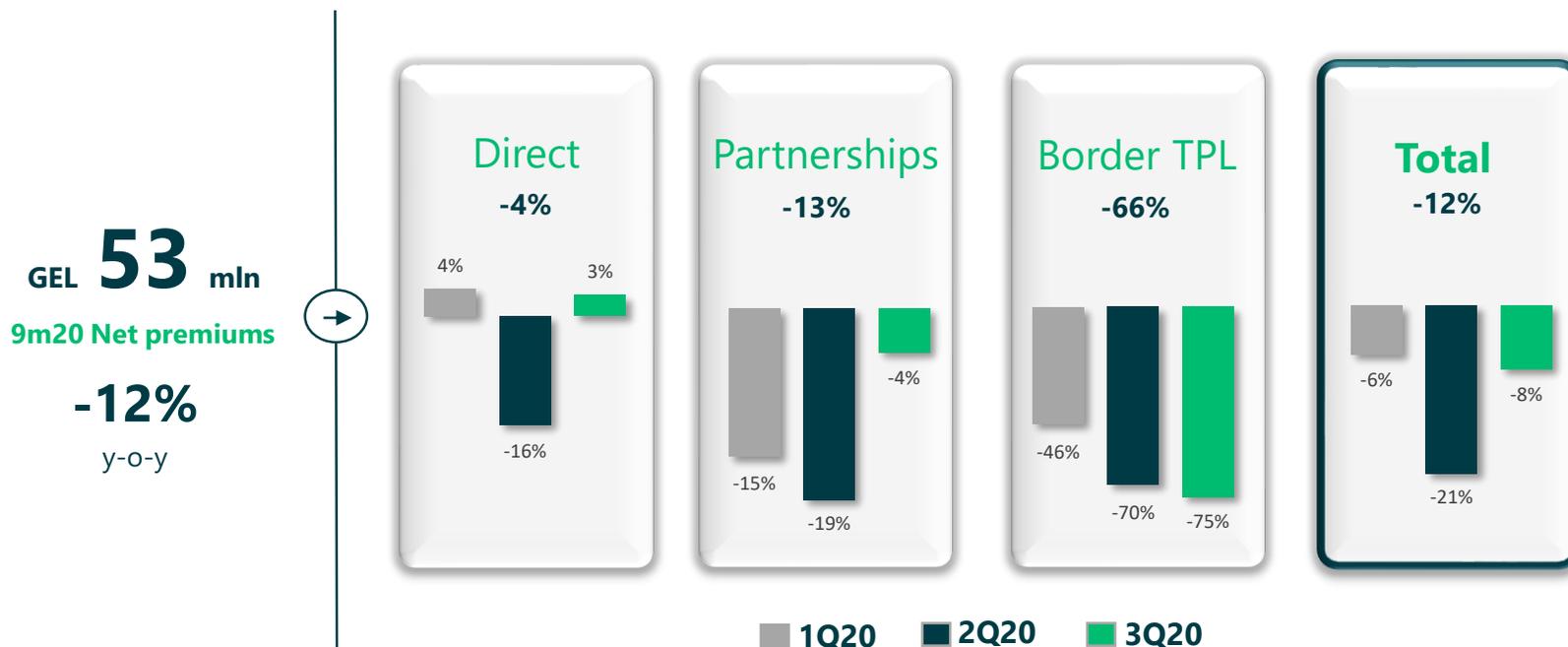
Lines of Business (GPW %)



Retaining balanced product lines mix

Net premiums written

Impacts of COVID 19 have been challenging - downsizing economy limiting insurance growth



Against this backdrop, Aldagi maintained solid operating results, solvency ratio is up by 10 pts y-o-y at 145% and cash resources remain strong

9m 2020 results y-o-y

➤ Net profit	12 mln	-11%
➤ Operating CF	17 mln	-7%*
➤ ROAE	24%	-6pts
➤ Solvency Ratio	145%	+9pts
➤ Dividend payout	55%	-15pts
➤ Policies - Commercial	53K	+2%
➤ Policies - Personal	98K	+14%
➤ Retention rate	76%	+3pts
➤ Market share**	28%	flat

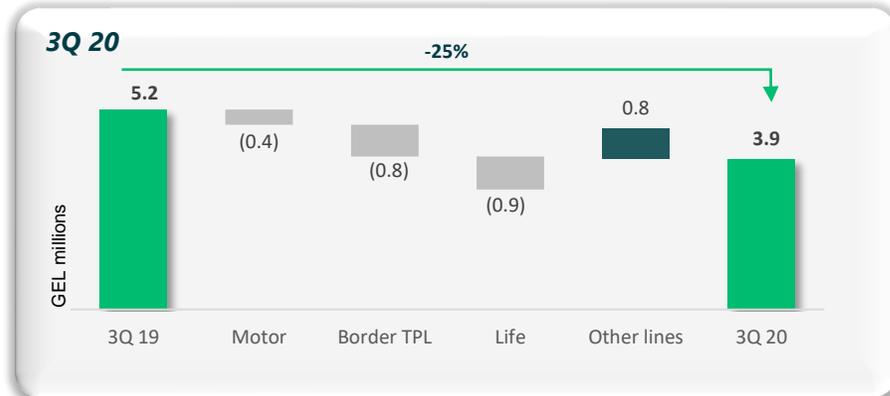
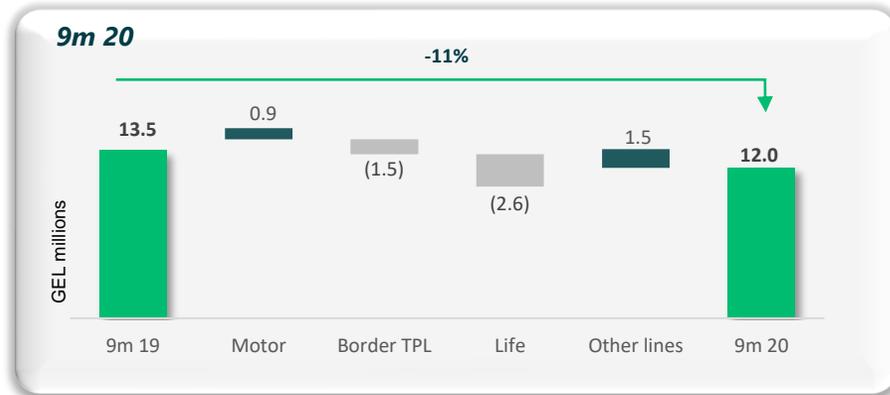


- ✓ Clients were offered premium deferral option
- ✓ Remote claims reimbursement was enhanced despite premiums payment disruptions
- ✓ Employees quickly transitioned to distance work

* 9m 19 Operating CF adjusted by time gap between reimbursement of large reinsured property claim by the reinsurer during 9M19 and settlement of the underlying claim in 4Q19

** 6m 20 – latest available data from Insurance State Supervision Service of Georgia

Net profit 9m 20 & 3Q 20



➤ Motor

1Q and 2Q – low frequency from curfews and lockdowns; 3Q - higher mobility and loss ratio from increased domestic tourism

➤ Compulsory Border TPL

Border TPL most severely impacted by COVID-19 from restrictions on travel. Highest revenue used to be in 3Q due to seasonality

➤ Life

Increase in life loss ratio (non-related to COVID 19) due to several large claims in Q1 and Q3 2020

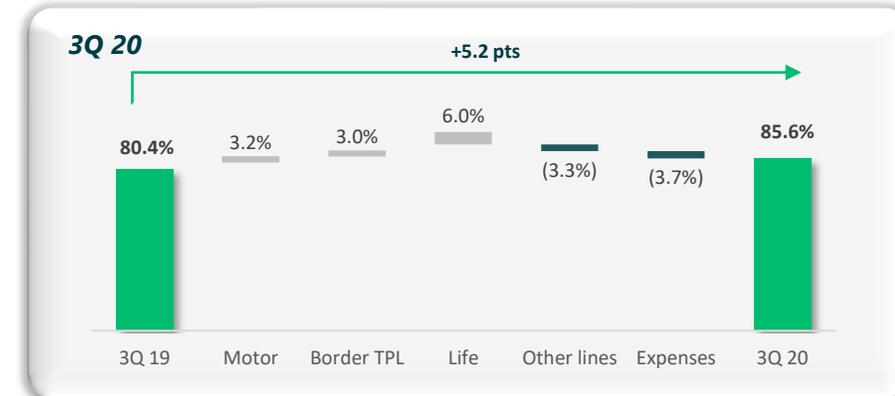
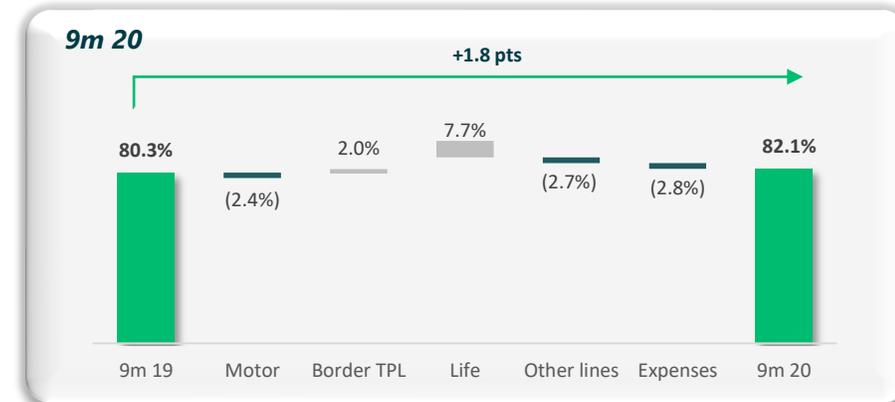
➤ Other lines

Negative effect of COVID and increased life loss ratio partially offset by positive performance of other business lines, both in terms of premium growth and decrease in loss ratio

➤ Expenses

Lower general expenses reflecting cost saving initiatives

Combined ratio 9m 20 & 3Q



STRATEGIC FOCUS UNCHANGED

Gaining a strategic edge by focusing on underwriting excellence and portfolio profitability backed by key five pillars



Financial Targets 2021-2023



Market share
25% - 30%

ROAE
20% - 25%

Dividend payout
50% - 60%

Combined ratio
80% - 85%

Solvency ratio
150%+

Retail concentration
60%+



Attractive underpenetrated market, awaiting compulsory lines



Healthy portfolio / sustainable growing returns from all business lines



Track record of sustainable dividend payer (50%+); Market outperformance in ROAE by 6 times



Resilience and solid operating results despite challenging context of COVID-19



Upgrading customer experience through strong CRM & embracing digitalization

Forward looking statements

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