



# Q1 2020 EARNINGS RELEASE

## While continuing our leadership in Pension, we also maintained a sustainable growth in Life

- The Pension Assets Under Management-AuM has grown by 32% yoy and reached 23.5 billion TL as of March 2020 supporting AvivaSA to maintain the market leadership since June 2015
- Auto Enrolment AuM increased by 61% yoy resulting mainly from the increasing IF volume. AvivaSA is the leader company in terms of private sector participants.
- Total protection premiums grew by 86% yoy driven by both 217% growth in credit linked and 38% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model
- IFRS Net Profit is slightly lower than prior year by 3% at 53.0 mTL mainly due to decrease in financial income resulting from lower interest environment. (Please note that the March 2019 figures are restated as explained below.)
- Total technical income has increased by 15% yoy driven by the growth in life protection volumes.
- RoE is 39.9% as of March 2020.
- Statutory profit is 41.6 mTL with a decrease of 19% due to mainly decrease in financial income and the new business strain in rapidly growing life protection business.
- The first installment of dividend amounting to 100 mTL and representing a 4% dividend yield, is paid at the end of March 2020, in accordance with the General Assembly decision. The second installment of dividend amounting to 60 mTL, which is due in September 2020, will be reassessed in accordance with Covid-19 measures taken by the authorities and Solvency requirements of the Company.
- There is no material impact from Covid-19 on Company's financials.

## Key Developments and Changes in Q1 2020

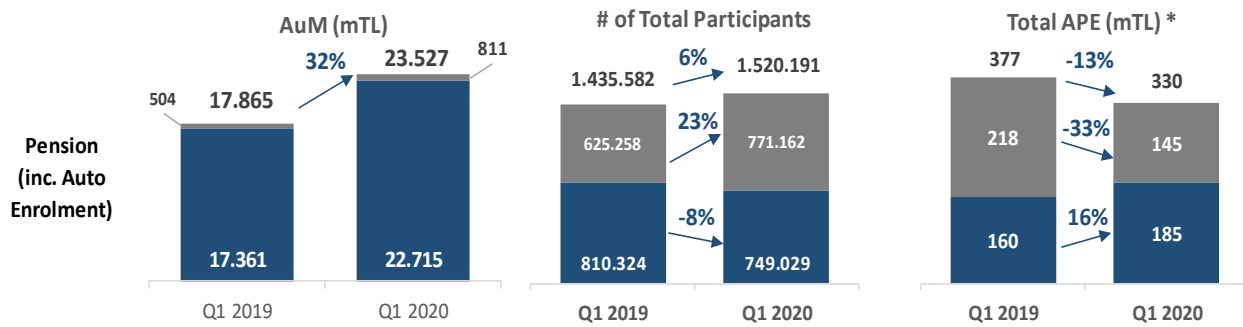
- **Accounting policy change and restatement in IFRS Financials :**

ROP commissions paid to agencies and sales personnel are included in deferral under IFRS15 as of March 2020. Due to the materiality of the prior years' impacts (+47.2 mTL), the prior years' IFRS financials have been restated accordingly.

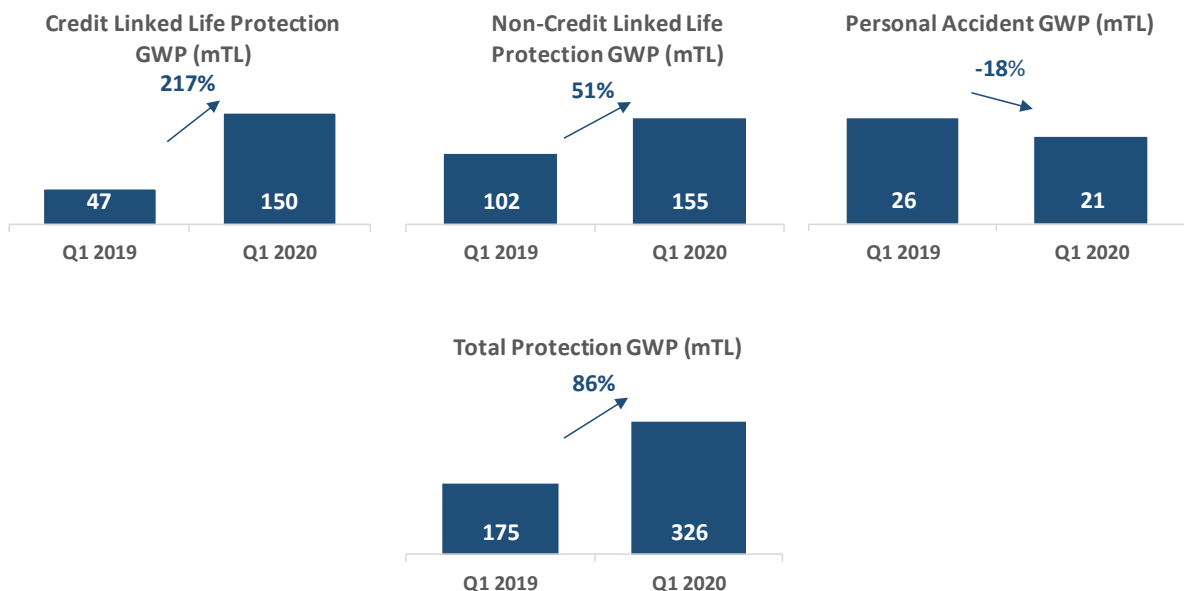
2020 Q1 net P&L (after tax) impact is +4.5 mTL. 2019 Q1 impact is +3.4 mTL (2019 FY impact is +17.0 mTL).

## Topline Volumes

- AvivaSA is the market leader in terms of Pension AuM since June 2015
- Supported by the strong asset performance in a volatile market
- Total AuM reached 23.5 bnTL with 1.5m participants



- Total Protection gross written premiums reached 326 mTL; higher than prior year by 86% continuing the momentum in a sustainable manner



## IFRS Segmental Results

(mTL)	Q1 2019 reported	Q1 2019 restated	Q1 2020	Change
Life Protection	1,1	58,9	76,8	30%
Personal Accident	49,0	8,5	9,7	14%
Savings	8,5	1,1	0,8	-29%
Pension	65,7	65,7	66,9	2%
<b>Total Technical Income</b>	<b>124,4</b>	<b>134,3</b>	<b>154,2</b>	<b>15%</b>
<b>Total General Expenses</b>	<b>-88,6</b>	<b>-86,8</b>	<b>-102,9</b>	<b>19%</b>
<b>Net Technical Profit</b>	<b>35,8</b>	<b>47,5</b>	<b>51,3</b>	<b>8%</b>
<b>Total Investment &amp; Other Income</b>	<b>31,4</b>	<b>24,1</b>	<b>17,1</b>	<b>-29%</b>
<b>Total Tax</b>	<b>-15,9</b>	<b>-16,9</b>	<b>-15,3</b>	<b>-9%</b>
<b>Net Profit</b>	<b>51,3</b>	<b>54,7</b>	<b>53,0</b>	<b>-3%</b>

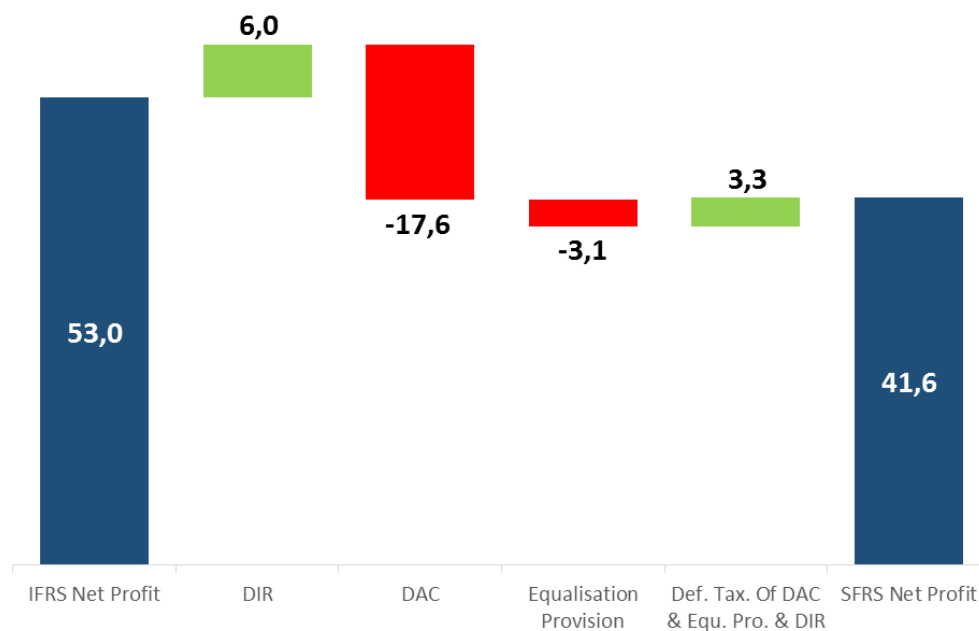
- Total technical income grew by 15% mainly driven by protection profitability which grew by 28%
  - Life protection technical profit increased by 30% due to 104% increase in premiums and favorable underwriting experience
  - Personal accident technical profit increased by 14% due to higher earned premiums.
- General expenses for Q1 2020 is 102.9 mTL with a yoy increase of 19% mainly due to increase in IT and personnel expenses.
- Total investment and other income is 17.1 mTL and decreased by 29% mainly due to lower interest rates.

## Statutory / SFRS Results

(m TL)	Q1 2019	Q1 2020	Change
Life	14,5	18,2	25%
Non-Life	0,0	0,9	n/a
Pension	24,2	14,5	-40%
<b>Net Technical Profit</b>	<b>38,8</b>	<b>33,6</b>	<b>-13%</b>
<b>Total Investment &amp; Other Income</b>	<b>27,8</b>	<b>20,1</b>	<b>-28%</b>
<b>Tax</b>	<b>-15,4</b>	<b>-12,1</b>	<b>-22%</b>
<b>Net Profit</b>	<b>51,1</b>	<b>41,6</b>	<b>-19%</b>

- Net profit for the period is 41.6m TL with a decrease of 19% due to lower pension technical profit and financial income
- Total net technical profit increase :
  - Life net technical profit is higher than prior year by 25% due to increasing volume. However the SFRS profitability is negatively impacted from the commissions paid which are not deferrable in SFRS.
  - Pension net technical profit after general expenses is 14.5 mTL and 40% lower compared to prior year due to commissions paid which are not deferrable in SFRS.

## Bridging from IFRS to Statutory Profit



## New Business

(m TL)	Q1 2019	Q1 2020	Change(%)
Life Protection	55.5	84.2	51.7%
Personal Accident	3.9	4.9	26.1%
Pensions	14.7	9.8	-33.3%
<b>Value of New Business</b>	<b>74.1</b>	<b>98.9</b>	<b>33.5%</b>

(m TL)	Q1 2019	Q1 2020	Change(%)
Life Protection	346.0	474.4	37.1%
Personal Accident	33.8	28.0	-17.3%
Pensions*	1,021.0	1,129.8	10.7%
<b>Present Value of New Business Premiums</b>	<b>1,400.8</b>	<b>1,632.1</b>	<b>16.5%</b>

(\*): Including State Contribution

(m TL)	Q1 2019	Q1 2020	Change(Diff.)
Life Protection	16.0%	17.7%	1.7%
Personal Accident	11.6%	17.6%	6.1%
Pensions	1.4%	0.9%	-0.6%
<b>New Business Margin</b>	<b>5.3%</b>	<b>6.1%</b>	<b>0.8%</b>

Source: Company data, unaudited results

- Pension VNB is lower compared to last year due to operational assumption changes despite a slight increase in PVNBP level compared to previous year.
- Life protection sales were up 37% driven by the credit-linked life protection product launched as of May 2019.
- Value of new business has increased year-on-year thanks to life protection sales dominated by credit life protection and the return of premium product.
- Overall VNB margin has increased year-on-year primarily due to the mix of new business. The sales mix has shifted towards protection business from pension business.