



Q3 2019 EARNINGS RELEASE

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

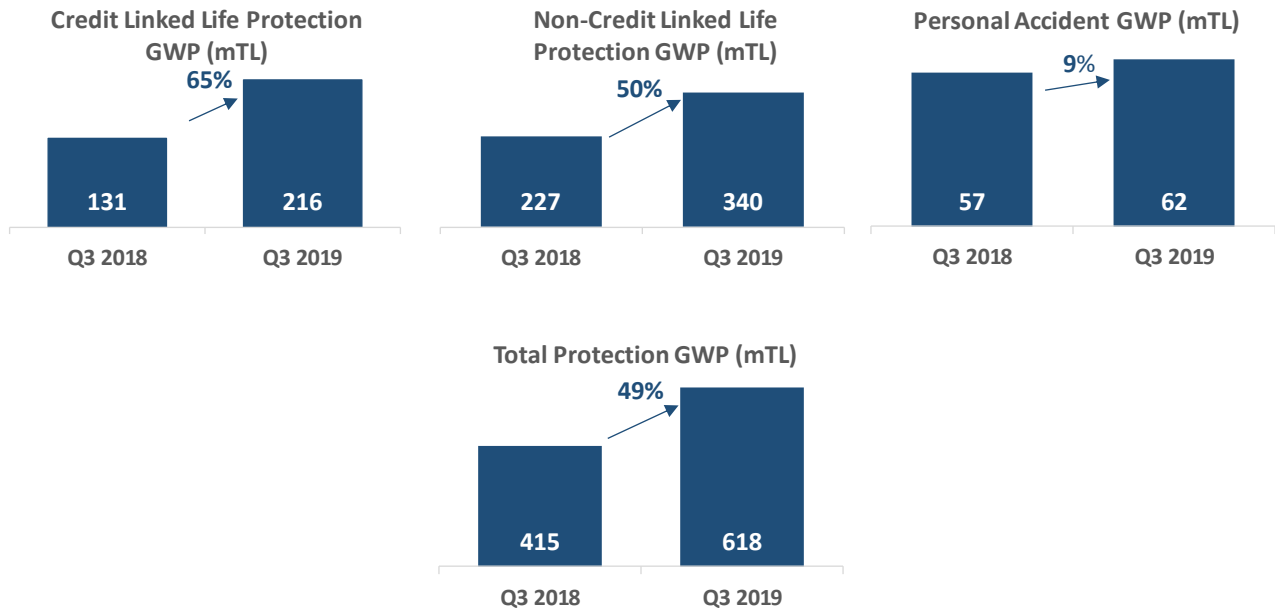
- Total protection premiums grew by 49% driven by both 65% growth in credit linked and 50% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model
- The Pension Assets Under Management-AuM has grown by 19% and reached 20.3 billion TL by the end of September 19 supporting AvivaSA to maintain the market leadership since June 2015
- Auto Enrolment AuM increased by 85% with the increasing IF volume. AvivaSA is the leader company in terms of private sector participants. AvivaSA ranked 2nd in both number of AE participants and AuM excluding public companies.
- IFRS Net Profit is higher than prior year by 18% at 176.7 mTL driven by mainly healthy underwriting margins from the protection book and financial income in a high interest environment
- Total technical income has increased by 12% driven by the growth in life protection volumes.
- RoE is 36.6% as of September 2019.
- Statutory profit is 169.5 mTL with a growth of 19% at a path to converging to IFRS profits indicating the quality of underlying earnings

Key Developments and Changes in 2019

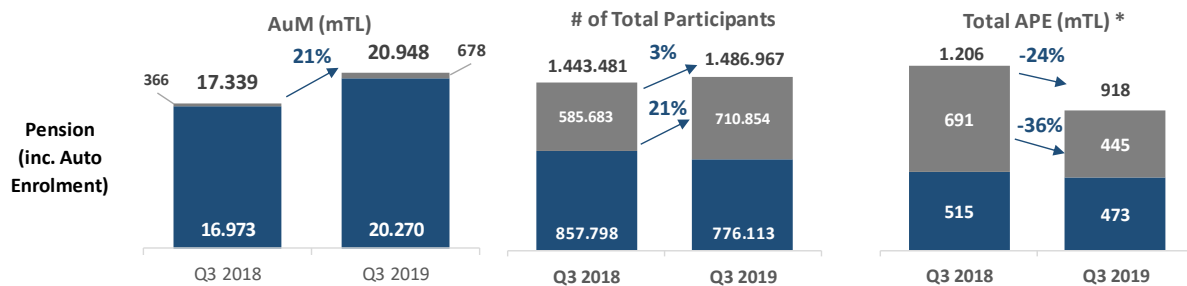
- **Accounting policy change in IFRS Financials:** Inclusion of RoP bank commissions to the scope of deferral. Previous years' impact of 8.3m TL booked to the opening of 2019 financials as the amount is below the materiality level for restatement of prior year financials. Current year net P&L, after tax impact is +14.3 mTL.
- **Accounting estimate change in IFRS financials:** Average life-time of pension business is reduced from 9 to 8 years. Net P&L (after tax) impact in Q3 2019 financials is -3.1 mTL.
- **New accounting standard – IFRS16:** Effective from 1 January 2019. Net P&L (after tax) impact in Q3 2019 financials is -1.4 mTL.

Topline Volumes

- Total Protection gross written premiums reached 618 mTL; higher than prior year by 49% continuing the momentum in a sustainable manner



- AvivaSA is the market leader in terms of Pension AuM since June 2015
- Supported by the strong fund return performance (22,6% last 1 year pension plan return) in a volatile market
- Total AuM reached 20.9 bnTL with 1.5m participants (pension + auto enrolment)



Source: Pension Monitoring Center 30.09.2019

*Before opt-out

IFRS Segmental Results

(m TL)	Q3 2018	Q3 2019	Change
Life Protection	157,8	186,8	18%
Personal Accident	19,6	25,6	31%
Savings	5,9	3,6	-39%
Pension	171,1	181,0	6%
Total Technical Income	354,5	397,0	12%
Total General Expenses	-216,1	-261,5	21%
Net Technical Profit	138,3	135,5	-2%
Total Investment & Other Income	56,0	93,0	66%
Total Tax	-44,5	-51,8	16%
Net Profit	149,8	176,7	18%

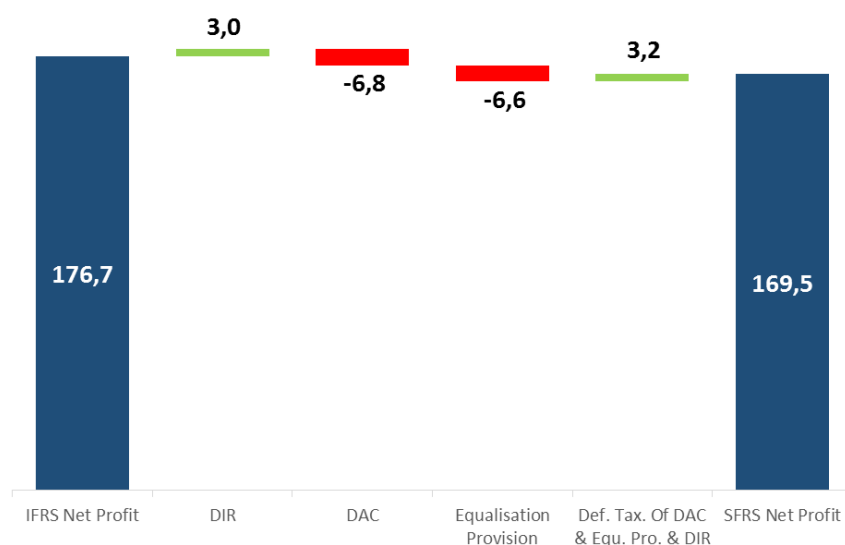
- Total technical income grew by 12% mainly driven by protection profitability grew by 18%
 - Life protection technical profit increased by 18% due to 55% increase in premiums and favourable underwriting experience
 - Personal accident technical profit increased by 31% due to lower claims.
 - Pension technical profit increase is limited as a result of participants' fund allocation preference towards funds with lower fees
- General expenses for Q3 2019 is 261.5 mTL with a yoy increase of 21% mainly due to increase in IT and personnel expenses.
- Total investment and other income is 93.0 mTL and increased by 66% mainly due to higher interest income and increase in assets in line with profit increase.

Statutory / SFRS Results

(m TL)	Q3 2018	Q3 2019	Change
Life	85,5	57,2	-33%
Non-Life	1,0	4,0	297%
Pension	42,5	54,7	29%
Net Technical Profit	129,0	115,9	-10%
Total Investment & Other Income	55,1	102,2	85%
Tax	-41,6	-48,6	17%
Net Profit	142,5	169,5	19%

- Net profit for the period is 169.5m TL with an increase of 19% demonstrating the quality of underlying earnings
- Total net technical profit increase :
 - Life net technical profit is lower than prior year by 33% due to increasing expenses regarding to volume increase
 - Non-life (personal accident) net technical profit after general expenses is three times higher than prior year mainly due to higher premiums and lower claims with respect to prior year
 - Pension net technical profit after general expenses is 54.7 mTL and 29% higher compared to prior year due to the critical mass of portfolio.

Bridging from IFRS to Statutory Profit



New Business

(m TL)	Q3 2018	Q3 2019	Change(%)
Life Protection	104.3	239.2	129.4%
Personal Accident	6.2	6.3	2.6%
Pensions	48.0	34.1	-29.0%
Value of New Business	158.5	279.7	76.5%

(m TL)	Q3 2018	Q3 2019	Change(%)
Life Protection	586.7	1,316.9	124.5%
Personal Accident	75.2	86.2	14.6%
Pensions*	3,270.1	2,790.3	-14.7%
Present Value of New Business Premiums	3,932.0	4,193.4	6.6%

(*): Including State Contribution

(m TL)	Q3 2018	Q3 2019	Change(Diff.)
Life Protection	17.8%	18.2%	0.4%
Personal Accident	8.2%	7.4%	-0.9%
Pensions	1.5%	1.2%	-0.2%
New Business Margin	4.0%	6.7%	2.6%

Source: Company data, unaudited results

- Sales as measured by present value of new business premiums (PVNBP) for pensions is lower compared to last year mainly due to completion of auto-enrolment phases.
- Life protection PVNBP is up by 124.5% driven primarily by return of premium business and the launch of long-term credit linked life protection product.
- Value of new business has increased year-on-year thanks to life protection sales dominated by credit life protection and return of premium product.
- Overall VNB margin has increased year-on-year primarily due to mix of new business. Sales mix has shifted more towards protection business from pension business.