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# 2015 Q1 EARNINGS RELEASE

## **Summary**

### **Growth;**

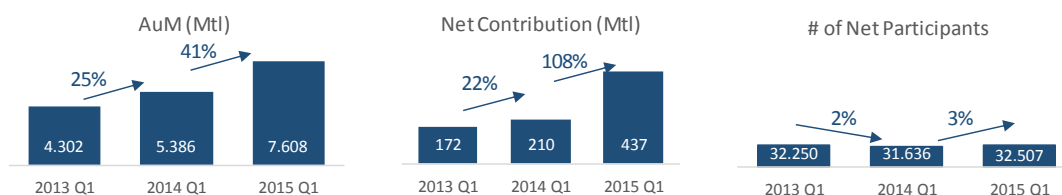
- Pensions growth was very strong: 108% in net contributions
- Pension AuM increased by 41% reaching 7,608 Mtl
- Despite sluggish credit-linked segment, total protection premiums remained stable with 4% growth

### **Profitability;**

- IFRS net profit amounted to 29.1 Mtl with 35% growth
- Statutory net profit reached 16.8 Mtl with an increase of 47%
- Annualized RoE reached 34%
- Value of New Business grew by 33%

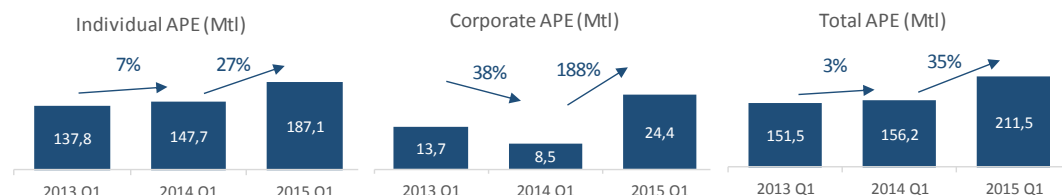
## Top Line Volumes

- Pension volumes continued to grow at a rapid pace in 2015

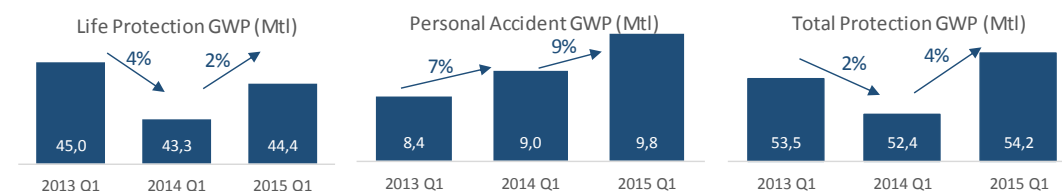


\*Source: Pension Monitoring Center 31.03.2015

- Single premiums and corporate fund transfers helped fuel the AuM growth in 2015
- Number of participants increased by 32.5k net of exits with 3% increase in comparison with previous year
- Our focus in Q1 has been on growing the APE that increased by 35% in total;



- Total Protection gross written premiums reached 54.2 Mtl with an increase of 4%



- Despite a 13% decrease in credit-linked premiums, life protection grew by 2% thanks to an increase of 84% in retail premiums
- Personal accident premiums increased by 9% mostly due to the production in Akbank branch network

## IFRS Segmental Results

IFRS (m TL)	Q1 2014	Q1 2015	Change
Savings	0,9	0,6	-32%
Life Protection	25,3	25,1	-1%
Personal Accident	2,6	6,5	155%
Pension	24,9	34,3	38%
<b>Total Technical Income</b>	<b>53,6</b>	<b>66,5</b>	<b>24%</b>
<b>Total General Expenses</b>	<b>-37,0</b>	<b>-42,6</b>	<b>15%</b>
<b>Net Technical Profit</b>	<b>16,7</b>	<b>23,9</b>	<b>43%</b>
<b>Total Investment &amp; Other Income</b>	<b>12,1</b>	<b>12,9</b>	<b>7%</b>
<b>Total Tax</b>	<b>-7,2</b>	<b>-7,7</b>	<b>7%</b>
<b>Net Profit</b>	<b>21,6</b>	<b>29,1</b>	<b>35%</b>
<b>Expense Ratio</b>	<b>14,5%</b>	<b>8,9%</b>	<b>-6%</b>

- Total technical profit grew by 24% driven by pension and personal accident businesses that grew by 38% and 155% respectively.
  - Growing pension business in terms of AuM (+41%) and net contributions (+108%), leading to a solid increase in technical profit, main driver being the fund management income
  - Life protection technical profit is at the same level with previous year due to the effects of a dormant credit segment
  - Significant increase in personal accident is due to increase in earned premiums and decrease in outstanding claims
- General expenses for the year was 42.6 Mtl increasing by 15% mainly due to personnel expenses. Expense ratio decreased to 8.9% due to significant growth in pension net contributions related with a corporate transfer from competition
- Total investment and other income was 12.9 Mtl increasing by 7%

## Statutory / SFRS Results

SFRS (m TL)	Q1 2014	Q1 2015	Change
Life	12,3	10,1	-18%
Non-Life	-0,9	2,7	na
Pension	-6,0	-3,0	50%
<b>Net Technical Profit</b>	<b>5,4</b>	<b>9,8</b>	<b>81%</b>
<b>Total Investment &amp; Other Income</b>	<b>10,7</b>	<b>11,7</b>	<b>9%</b>
<b>Tax</b>	<b>-4,7</b>	<b>-4,7</b>	<b>0%</b>
<b>Net Profit</b>	<b>11,5</b>	<b>16,8</b>	<b>47%</b>

- Net profit for the year was 16.8 Mtl increasing by 47%
- Total net technical profit shows significant increase with 81% growth
  - Life (including life savings) net technical profit after general expenses was 10.1 Mtl decreasing by 18%
  - Non-life (personal accident) net technical profit after general expenses increased to 2.7 Mtl profit from 0.9 Mtl loss
  - Pension net technical loss after general expenses decreased to 3.0 Mtl from 6.0 Mtl due to an increase in income from the in-force

## New Business

(m TL)	Q1 2014	Q1 2015	Change
Life Protection	16.7	16.9	1%
Personal Accident	3.3	4.1	25%
Pensions	17.3	28.8	66%
<b>Value of New Business</b>	<b>37.3</b>	<b>49.8</b>	<b>33%</b>

(m TL)	Q1 2014	Q1 2015	Change
Life Protection	58.5	71.2	22%
Personal Accident	10.9	13.5	24%
Pensions(*)	737.1	1,126.9	53%
<b>Present Value of New Business Premiums</b>	<b>806.5</b>	<b>1,211.6</b>	<b>50%</b>

(\*): Including State Contribution

(m TL)	Q1 2014	Q1 2015	Change
Life Protection	28.6%	23.7%	-4.9%
Personal Accident	30.1%	30.5%	0.4%
Pensions	2.3%	2.6%	0.3%
<b>New Business Margin</b>	<b>4.6%</b>	<b>4.1%</b>	<b>-0.5%</b>

- Sales as measured by present value of new business premiums (PVNBP) has increased by 50%, mainly due to strong inflows of individual and corporate pensions
- Continuing from the previous year, life protection value of new business (VNB) was affected by mix where slowdown in higher margin credit-linked sales was partially offset by the growth in lower margin retail business
- Personal accident segment has demonstrated strong double digit growth both in terms of sales and value, without any reduction in profitability
- Strong pension sales has led to an increase in VNB, supported by positive mix impact within the individual pension segment