



FY 2019 EARNINGS RELEASE

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

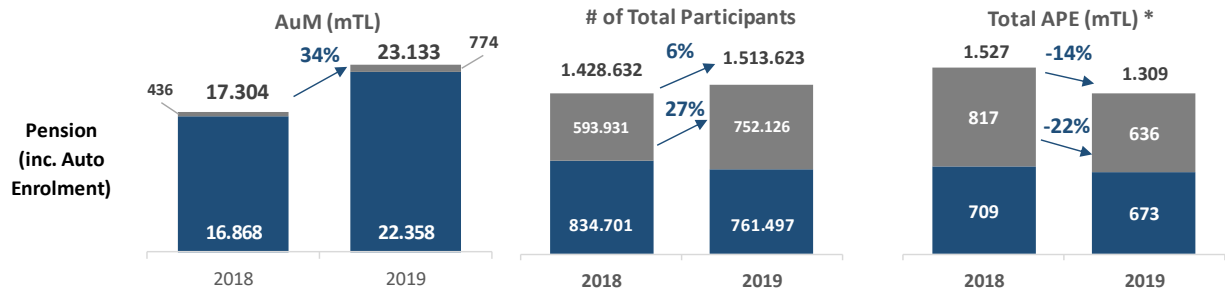
- The Pension Assets Under Management-AuM has grown by 34% and reached 23.1 billion TL as of December 19 supporting AvivaSA to maintain the market leadership since June 2015
- Auto Enrolment AuM increased by 78% with the increasing IF volume.
- AvivaSA ranked 2nd in both number of AE participants and AuM excluding public pension companies. AvivaSA is the leader company in terms of private sector participants.
- Total protection premiums grew by 76% driven by both 161% growth in credit linked and 42% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model
- IFRS Net Profit is higher than prior year by 20% at 240.5 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 17% driven by the growth in life protection volumes.
- RoE is 35.7% as of December 2019.
- Statutory profit is 214.7 mTL with a growth of 12% at a path to converging to IFRS profits indicating the quality of underlying earnings

Key Developments and Changes in FY 2019

- **Accounting policy change in IFRS Financials:** Inclusion of RoP commissions given in bank channel into the scope of deferral. Previous years' impact of 8.3m TL booked to the opening equity 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 +17.1 mTL.
- **Accounting estimate change in IFRS financials:** Average life-time of pension business is reduced from 9 to 8 years in accordance with the experience. Net P&L (after tax) impact in FY 2019 financials is -8.4 mTL.
- **New accounting standard – IFRS16:** Effective from 1 January 2019. Net P&L (after tax) impact in FY 2019 financials is -2.0 mTL.

Topline Volumes

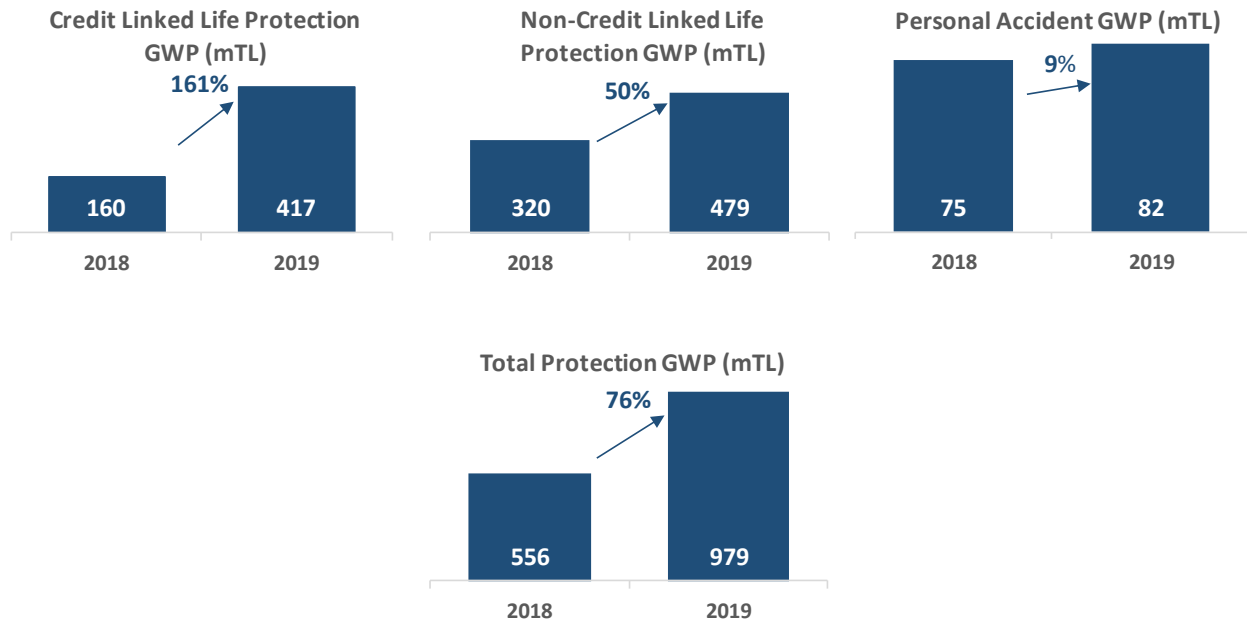
- AvivaSA is the market leader in terms of Pension AuM since June 2015
- Supported by the strong asset performance in a volatile market
- Total AuM reached 23.1 bnTL with 1.5m participants



Source: Pension Monitoring Center 31.12.2019

*Before opt-out

- Total Protection gross written premiums reached 979 mTL; higher than prior year by 76% continuing the momentum in a sustainable manner



IFRS Segmental Results

(m TL)	2018	2019	Change
Life Protection	202,4	270,5	34%
Personal Accident	28,3	35,3	25%
Savings	7,3	4,7	-36%
Pension	233,8	242,7	4%
Total Technical Income	471,8	553,2	17%
Total General Expenses	-297,6	-363,0	22%
Net Technical Profit	174,1	190,2	9%
Total Investment & Other Income	84,8	121,1	43%
Total Tax	-58,3	-70,8	21%
Net Profit	200,6	240,5	20%

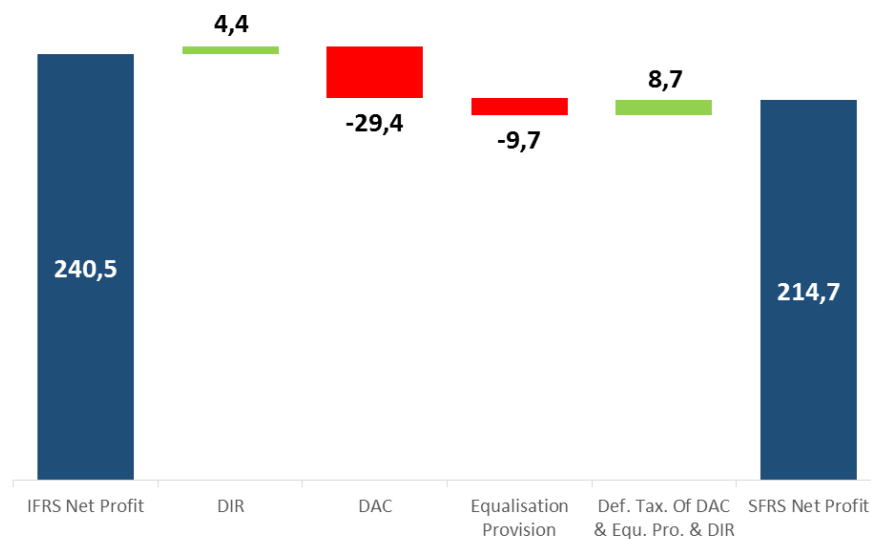
- Total technical income grew by 17% mainly driven by protection profitability.
 - Life protection technical profit increased by 34% due to 87% increase in premiums and favourable underwriting experience
 - Personal accident technical profit increased by 25% due to lower claims.
- General expenses for FY 2019 is 363.0 mTL with a yoy increase of 22% mainly due to increase in IT and personnel expenses.
- Total investment and other income is 121.1 mTL and increased by 43% mainly due to higher interest income.

Statutory / SFRS Results

(m TL)	2018	2019	Change
Life	92,2	86,9	-6%
Non-Life	0,9	7,1	679%
Pension	59,2	49,9	-16%
Net Technical Profit	152,3	143,8	-6%
Total Investment & Other Income	93,3	132,8	42%
Tax	-54,5	-62,0	14%
Net Profit	191,2	214,7	12%

- Net profit for the period is 214.7m TL with an increase of 12% demonstrating the quality of underlying earnings
- Total net technical profit increase :
 - Life net technical profit is lower than prior year by 6% due to increasing expenses regarding to volume increase
 - Non-life (personal accident) net technical profit after general expenses is six 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 49.9 mTL and 16% lower compared to prior year due to commissions paid.

Bridging from IFRS to Statutory Profit



Market Consistent Embedded Value

(m TL)	FY 2018	FY 2019	FY 2018 v FY 2019
Value of In-Force	1,511.3	1,526.4	1.0%
Present Value of Future Profits	1,671.2	1,723.9	3.2%
Frictional Costs	-37.7	-36.7	-2.5%
Cost of Non-Hedgeable Risks	-122.2	-160.8	31.5%
Time Value of Options & Guarantees	0.0	0.0	N/A
Net Worth	370.3	519.8	40.4%
Free Surplus	62.8	52.0	-17.2%
Required Capital	307.5	467.8	52.1%
Market Consistent Embedded Value	1,881.6	2,046.1	8.7%

Source: Company data, unaudited results

- MCEV as at 31 December 2019 is 2.0bn TL up 8.7% from start of the year.
- Present value of future profits is slightly up year-on-year where new business growth and unwind of the profits from the existing business was offset by a change to bank commission structure and a drop in the average Fund Management Charge assumption change for pensions business.
- Significant increase in inforce protection portfolio increases the statutory solvency capital.
- AvivaSA has a positive free surplus despite 100 m dividend payment.

New Business

(m TL)	FY 2018	FY 2019	Change(%)
Life Protection	164.3	351.8	114.1%
Personal Accident	11.0	24.7	124.9%
Pensions	58.0	45.2	-22.1%
Value of New Business	233.3	421.7	80.8%

(m TL)	FY 2018	FY 2019	Change(%)
Life Protection	919.2	1,930.3	110.0%
Personal Accident	100.6	113.8	13.0%
Pensions(*)	4,304.9	3,769.2	-12.4%
Present Value of New Business Premiums	5,324.7	5,813.2	9.2%

(*): Including State Contribution

(m TL)	FY 2018	FY 2019	Change(Diff.)
Life Protection	17.9%	18.2%	0.4%
Personal Accident	10.9%	21.7%	10.8%
Pensions	1.3%	1.2%	-0.1%
New Business Margin	4.4%	7.3%	2.9%

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 grew 110.0% driven primarily by the return of premium business and launch of new credit linked life protection product. The bancassurance channel was the biggest contributor to this growth.
- Value of new business has increased year-on-year primarily due to growth in the life protection business.
- Overall VNB margin has increased year-on-year primarily due a shift in business mix towards higher margin protection business.
- In addition, the personal accident line of business has seen an increase in NB margin compared to last year due to higher average premium and assumption changes.