



# Q3 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 36% yoy and reached 27.6 billion TL as of September 2020 supporting AvivaSA to maintain the market leader position since June 2015
- Auto Enrolment AuM increased by 47% yoy resulting mainly from the increasing inforce volume. AvivaSA is the leader company in terms of private sector participants.
- Total protection premiums grew by 58% yoy driven by both 97% growth in credit linked and 37% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model
- IFRS Net Profit is higher than prior year by 40% at 264.1 mTL mainly due to growth in Credit Life business despite decrease in net financial income resulting from lower interest environment. (Please note that the September 2019 figures are restated as explained below.)
- Total technical income has increased by 42% yoy driven by the growth in life protection volumes.
- RoE is 39.5% as of September 2020.
- Statutory profit is 225.8 mTL with an increase of 33% due to mainly growth in life protection technical profit before expenses and commissions despite decrease in financial income.
- The first installment of dividend amounting to 100 mTL and representing a 4% dividend yield, has been paid at the end of March 2020, in accordance with the General Assembly decision. The second installment of dividend amounting to 60 mTL, which was due in September 2020, has been postponed due to regulatory restriction until the end of the year.
- There is no material impact from Covid-19 on Company's financials.

## Key Accounting Changes in 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.

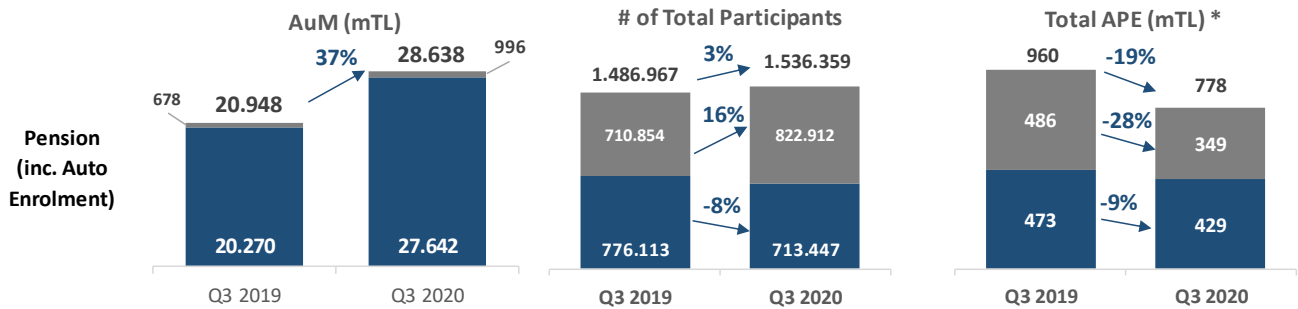
2020 Q3 net P&L (after tax) impact is +16.1 mTL. 2019 Q3 impact is +11.8 mTL (2019 FY impact is +17.0 mTL).
- **Accounting estimate change in IFRS financials:**

Average life-time of pension business is reduced from 8 to 7 years and ROP business increased from 6 to 9 years.

Total gross effect for DAC & DIR was calculated as -5.7m (Pension technical profit: -9.8m; Personnel expense: -3.5m; RoP: +7.6m).

## Topline Volumes

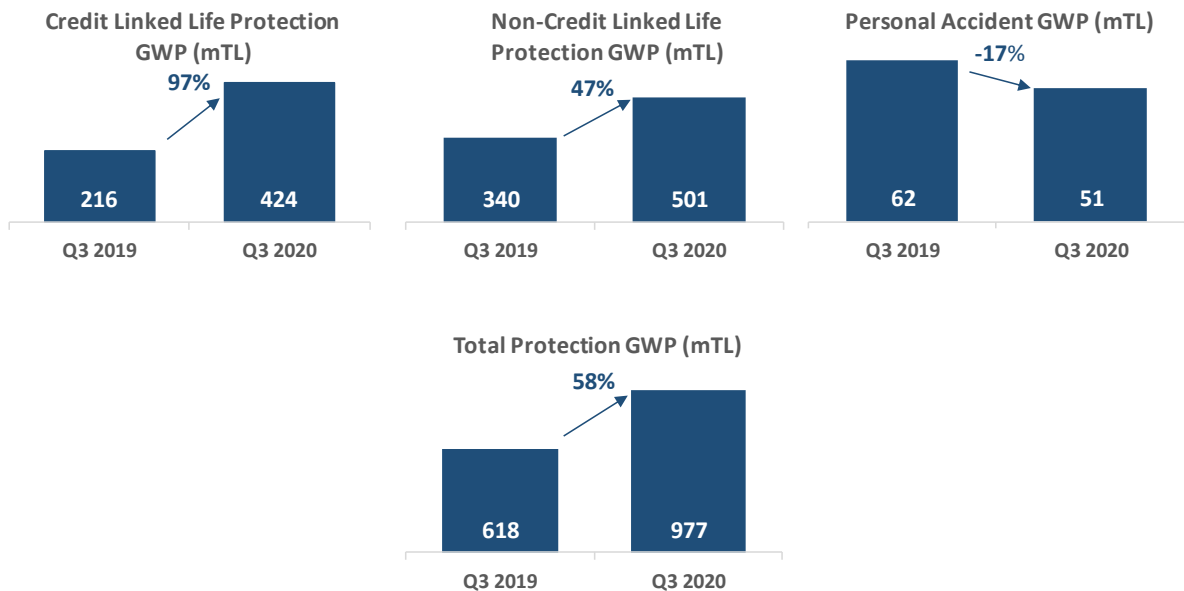
- AvivaSA is in the market leader position in terms of Pension AuM since June 2015
- Supported by the strong asset performance despite the volatility in financial markets
- Total AuM reached 28.6 bnTL with 1.5m participants



Source: Pension Monitoring Center 30.09.2020

\*Before opt-out

- Total Protection gross written premiums reached 977 mTL; higher than prior year by 58% continuing the momentum in a sustainable manner



## IFRS Segmental Results

(mTL)	Q3 2019 Reported	Q3 2019 Restated	Q3 2020	Change
Life Protection	186,8	194,7	342,2	76%
Personal Accident	25,6	25,6	26,1	2%
Savings	3,6	3,6	3,3	-8%
Pension	181,0	181,0	204,7	13%
<b>Total Technical Income</b>	<b>397,0</b>	<b>404,9</b>	<b>576,3</b>	<b>42%</b>
<b>Total General Expenses</b>	<b>-261,5</b>	<b>-254,3</b>	<b>-298,1</b>	<b>17%</b>
<b>Net Technical Profit</b>	<b>135,5</b>	<b>150,6</b>	<b>278,2</b>	<b>85%</b>
<b>Total Investment &amp; Other Income</b>	<b>93,0</b>	<b>93,0</b>	<b>62,2</b>	<b>-33%</b>
<b>Total Tax</b>	<b>-51,8</b>	<b>-55,1</b>	<b>-76,4</b>	<b>39%</b>
<b>Net Profit</b>	<b>176,7</b>	<b>188,5</b>	<b>264,1</b>	<b>40%</b>

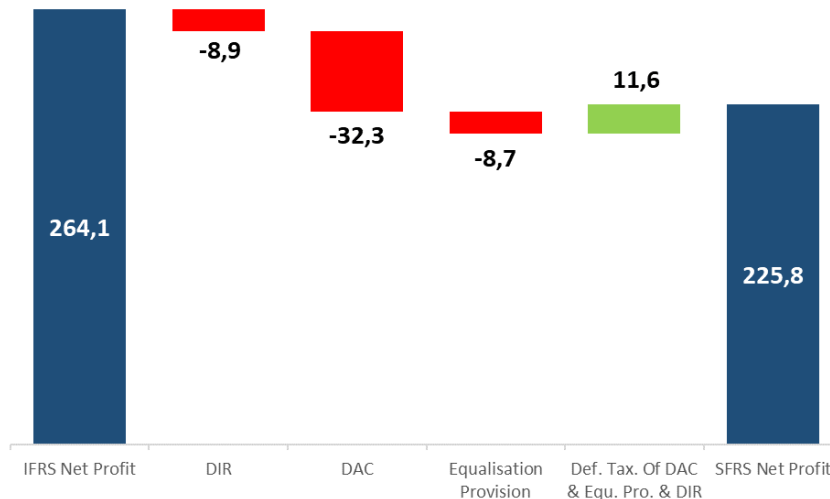
- Total technical income grew by 42% mainly driven by protection profitability growth
  - Life protection technical profit increased by 76% due to 66% increase in premiums thanks to both our credit linked and non-credit linked RoP products.
  - Personal accident technical profit slightly increased by 2% due to lower claims.
- General expenses for Q3 2020 is 298 mTL with a yoy increase of 17% mainly due to increase in IT and sales personnel commission expenses.
- Total investment and other income is 62.2 mTL and decreased by 33% mainly due to lower interest rates.

## Statutory / SFRS Results

(m TL)	Q3 2019	Q3 2020	Change
Life	57,2	171,6	200%
Non-Life	4,0	8,6	117%
Pension	54,7	22,9	-58%
<b>Net Technical Profit</b>	<b>115,9</b>	<b>203,1</b>	<b>75%</b>
<b>Total Investment &amp; Other Income</b>	<b>102,2</b>	<b>87,5</b>	<b>-14%</b>
<b>Tax</b>	<b>-48,6</b>	<b>-64,8</b>	<b>33%</b>
<b>Net Profit</b>	<b>169,5</b>	<b>225,8</b>	<b>33%</b>

- Net profit for the period is 225.8m TL with an increase of 33% mainly due to growth in Life technical profit despite lower pension technical profit and financial income
- Total net technical profit increase :
  - Life net technical profit is higher than prior year by 200% due to increasing volume; even though the SFRS profitability is negatively impacted from the commissions paid which are not deferrable in SFRS.
  - Non-life (personal accident) net technical profit after general expenses is 8.6 mTL and higher than prior year by 117% mainly due to lower attributable expenses.
  - Pension net technical profit after general expenses is 22.9 mTL and 58% 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)	Q3 2019	Q3 2020	Change(%)
Life Protection	226.5	219.2	-3.2%
Personal Accident	9.5	8.9	-6.3%
Pensions	43.7	24.6	-43.8%
<b>Value of New Business</b>	<b>279.7</b>	<b>252.7</b>	<b>-9.6%</b>

(m TL)	Q3 2019	Q3 2020	Change(%)
Life Protection	1,316.9	1,158.2	-12.1%
Personal Accident	86.2	63.2	-26.7%
Pensions*	2,790.3	2,901.6	4.0%
<b>Present Value of New Business Premiums</b>	<b>4,193.4</b>	<b>4,122.9</b>	<b>-1.7%</b>

(\*): Including State Contribution

(m TL)	Q3 2019	Q3 2020	Change(Diff.)
Life Protection	17.2%	18.9%	1.7%
Personal Accident	11.0%	14.1%	3.1%
Pensions	1.6%	0.8%	-0.7%
<b>New Business Margin</b>	<b>6.7%</b>	<b>6.1%</b>	<b>-0.5%</b>

Unaudited results

- Pension VNB is lower compared to last year due to increase expense levels despite a slight increase in PVNBP level compared to previous year.
- Credit-linked life protection PVNBP production is up 73% from last year, buoyed in part by the repriced product launched as of June 2020.
- Value of new business has decreased year-on-year due to low sales of the return of premium product and negative impact of the USD swap curves since last year.
- The personal accident line of business has seen an increase in NB margin compared to last year in part due to higher average premium levels.