



FY 2020 EARNINGS RELEASE

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

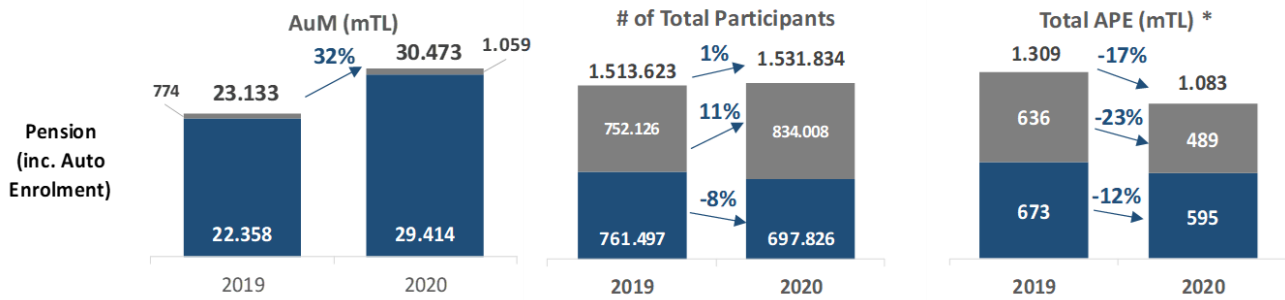
- The Pension Assets Under Management-AuM has grown by 32% yoy and reached 29.4 billion TL as of 2020 year-end supporting AvivaSA to maintain the market leader position since June 2015 among private sector pension companies.
- Auto Enrolment AuM increased by 37% yoy resulting mainly from the increasing inforce volume. AvivaSA is one of the leader companies in terms of private sector participants.
- Total protection premiums grew by 35% yoy, driven by both 32% 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 36% at 350 mTL mainly due to growth in Credit Life business despite decrease in net financial income resulting from lower interest environment. (Please note that 2019 figures are restated as explained below.)
- Total technical income has increased by 41% yoy driven by the growth in life protection volumes.
- RoE is 36.3% as of 2020 year-end.
- Statutory profit is 295 mTL with an increase of 37% 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 amounting to 60 mTL is paid in January 2021 since the second installment has been postponed due to regulatory restriction until the end of 2020.
- 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 net P&L (after tax) impact is +21.8 mTL. 2019 impact is +17 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 -5.5m (Pension technical profit: -12.1m; Personnel expense: -3.2m; RoP: +9.8m).
- 25% discount rate for O/S Legal claims which is used in SFRS is withdrawn in IFRS.

Topline Volumes

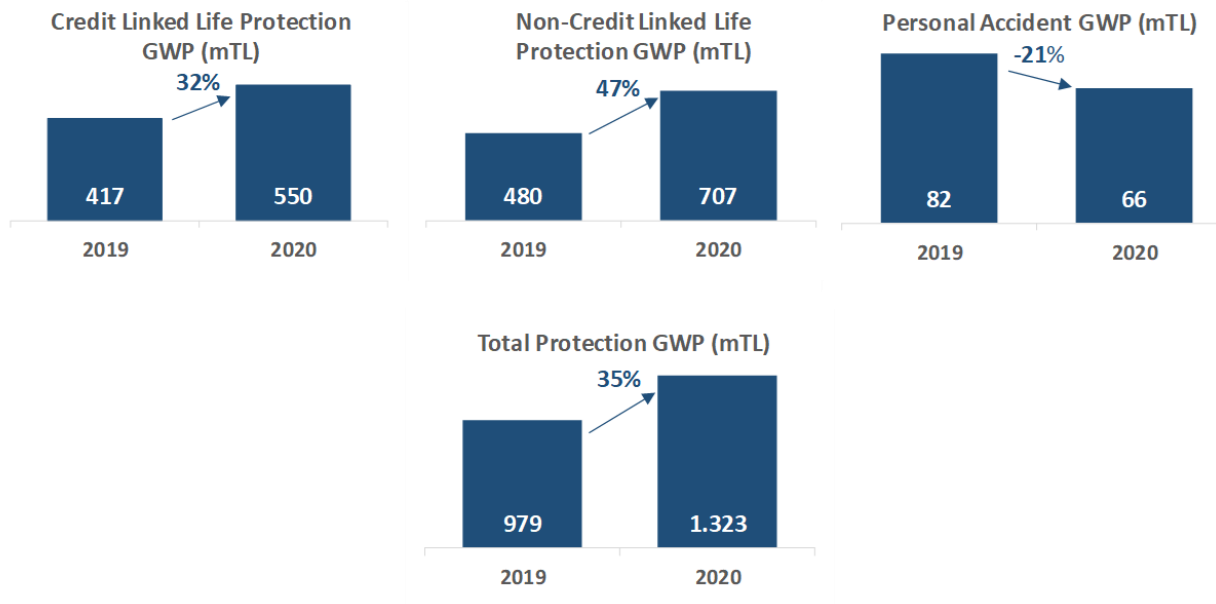
- AvivaSA is in the market leader position in terms of Pension AuM since June 2015 among the private pension companies.
- Supported by the strong asset performance despite the volatility in financial markets Total AuM reached 30.5 bnTL with 1.5m participants, including AE.



Source: Pension Monitoring Center 31.12.2020

*Before opt-out

- Total Protection gross written premiums reached 1.323 mTL; higher than prior year by 35% continuing the momentum in a sustainable manner



IFRS Segmental Results

(mTL)	2019 Reported	2019 Restated	2020	Change
Life Protection	270	281	473	68%
Personal Accident	35	35	35	0%
Savings	5	5	4	-11%
Pension	243	243	283	17%
Total Technical Income	553	564	796	41%
Total General Expenses	-363	-352	-424	21%
Net Technical Profit	190	212	372	75%
Total Investment & Other Income	121	121	80	-34%
Total Tax	-71	-76	-102	35%
Net Profit	241	258	350	36%

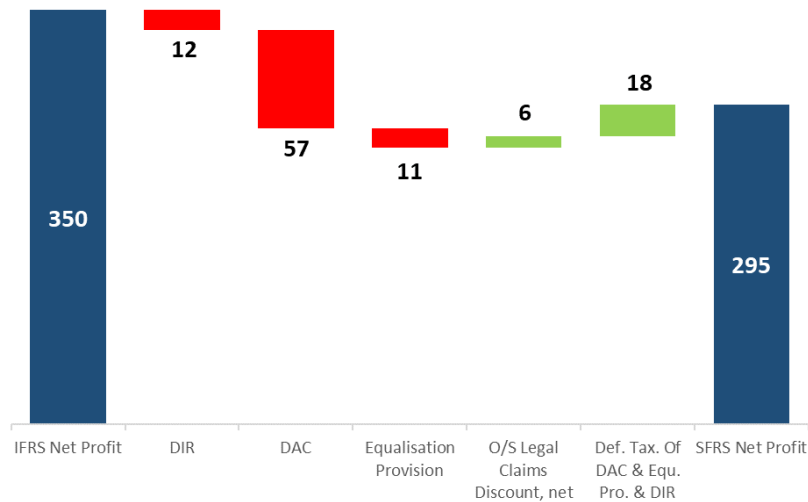
- Total technical income grew by 41% mainly driven by protection profitability growth
 - Life protection technical profit increased by 68% due to 40% increase in premiums thanks to both our credit linked and non-credit linked RoP products.
 - Personal accident technical profit is in line with previous year due to lower claims despite lower premiums.
- General expenses for 2020 is 424 mTL with a yoy increase of 21% mainly due to increase in IT and sales personnel commission expenses.
- Total investment and other income is 80 mTL and decreased by 34% mainly due to lower interest rates.

Statutory / SFRS Results

(m TL)	2019	2020	Change
Life	87	238	174%
Non-Life	7	12	73%
Pension	50	16	-67%
Net Technical Profit	144	267	86%
Total Investment & Other Income	133	114	-14%
Tax	-62	-86	39%
Net Profit	215	295	37%

- Net profit for the period is 295 m TL with an increase of 37% 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 174% 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 12 mTL and higher than prior year by 73% mainly due to lower attributable expenses.
 - Pension net technical profit after general expenses is 16 mTL and 67% lower compared to prior year due to commissions paid which are not deferrable in SFRS.

Bridging from IFRS to Statutory Profit



Market Consistent Embedded Value

(m TL)	FY 2019	FY 2020	FY 2019 vs FY 2020
Value of In-Force	1,515	1,603	6%
Present Value of Future Profits	1,719	1,884	10%
Frictional Costs	-37	-44	18%
Cost of Non-Hedgeable Risks	-167	-238	42%
Time Value of Options & Guarantees	0	0	
Net Worth	520	689	33%
Free Surplus	52	135	159%
Required Capital	468	554	18%
Market Consistent Embedded Value	2,035	2,292	13%

Source: Company data, unaudited results

- MCEV as at 31 December 2020 is 2.3bn TL, up 13% from start of the year.
- Present value of future profits has grown since FY19 due the addition of new business and the growth of the inforce portfolio despite a decrease in USD risk free returns.
- Significant increase in inforce protection portfolio increases the statutory solvency capital.
- Free surplus is positive after accounting for the 160 mTL dividend payment for 2020.

New Business

(m TL)	FY 2019	FY 2020	Change(%)
Life Protection	352	262	-26%
Personal Accident	25	14	-44%
Pensions	45	39	-15%
Value of New Business	422	314	-26%

(m TL)	FY 2019	FY 2020	Change(%)
Life Protection	1930	1,617	-16%
Personal Accident	114	88	-23%
Pensions ^(*)	3,769	4,135	10%
Present Value of New Business Premiums	5,813	5,840	1%

(*): Including State Contribution

(m TL)	FY 2019	FY 2020	Change(Diff.)
Life Protection	18%	16%	-2%
Personal Accident	22%	16%	-6%
Pensions	1%	1%	-0%
New Business Margin	7%	5%	-2%

Source: Company data, unaudited results

- Value of new business has dropped year-on-year despite an increase in present value of new business premiums (PVNBP) due to higher expense levels.
- Life protection VNB decreased by 16% due to lower volumes, along with higher expenses and a drop in USD risk free returns.
- Sales as measured by present value of new business premiums for pensions are higher compared to last year due to new business sales and additional contributions.
- The personal accident line of business has seen a decrease in NB margin compared to last year due to shift to higher unit expenses.