



H1 2018 EARNINGS RELEASE

Summary

Growth;

- Pension AuM grew by 17% and reached 15.8 billion TL, supporting AvivaSA to maintain the market leadership since June 2015
- Total protection premiums grew by 24% driven by 60% growth in non-credit linked life premiums

Profitability;

- Total technical income has grown by 19% driven by growing stand-alone protection volumes and higher pension income
- IFRS Net Profit is higher than prior year by 35% at 88.7 mTL driven by growing pension portfolio reaching to critical mass, growing protection volumes and financial income.
- H1 2018 RoE is 33.3%
- Statutory profit is 81.6 mTL and grew by 95%.

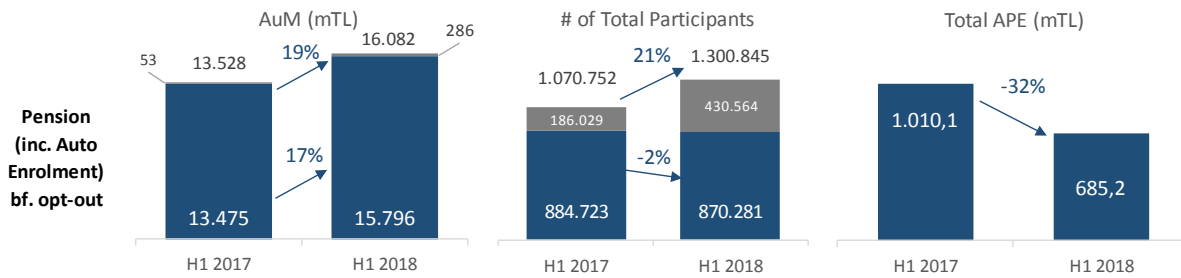
IFRS 15 - Deferred Income Reserve (DIR);

IFRS 15 'Revenue from contracts with customers' is effective since 1 January 2018. The standard will improve the financial reporting of revenue and improve comparability of the top line in IFRS financial statements globally. The standard compliance does not affect product profitability or cash generation of the product. Also solvency margin and dividend payment are not impacted. IFRS 15 Impact is calculated beginning from 2013 and has been reflected on 2018 opening balance sheet, amount of (43.9) m TL.

Revenue recognition will be deferred to following years in order to match the expenses and revenues in line with the contract life. The company applied 9 years of amortization in line with DAC.

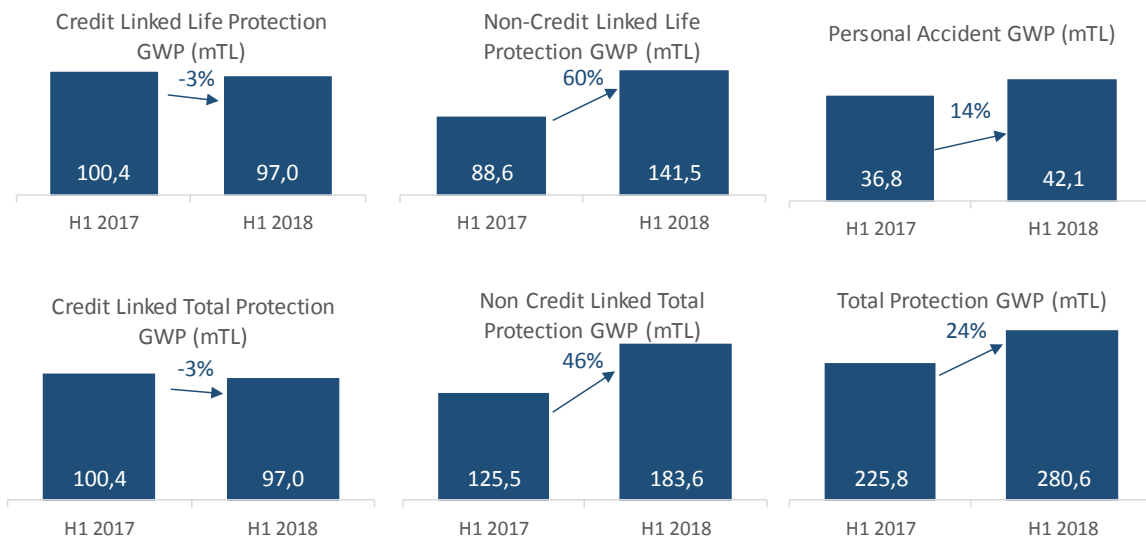
Topline Volumes

- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Pension fund asset performance also helped AuM growth
- Total AuM reached 16.1bTL with 1.3m participants



Source: Pension Monitoring Center 30.06.2018

Total Protection gross written premiums reached 280.6 m TL; higher than prior year by 24%



IFRS Segmental Results

IFRS (m TL)	H1 2017	H1 2018	Change
Savings	1,8	3,9	122%
Life Protection	71,2	82,4	16%
Personal Accident	9,2	12,5	36%
Pension	96,3	113,8	18%
Total Technical Income	178,5	212,7	19%
Total General Expenses	-126,6	-143,0	13%
Net Technical Profit	51,9	69,7	34%
Total Investment & Other Income	30,4	44,7	47%
Total Tax	-16,5	-25,7	56%
Net Profit	65,8	88,7	35%

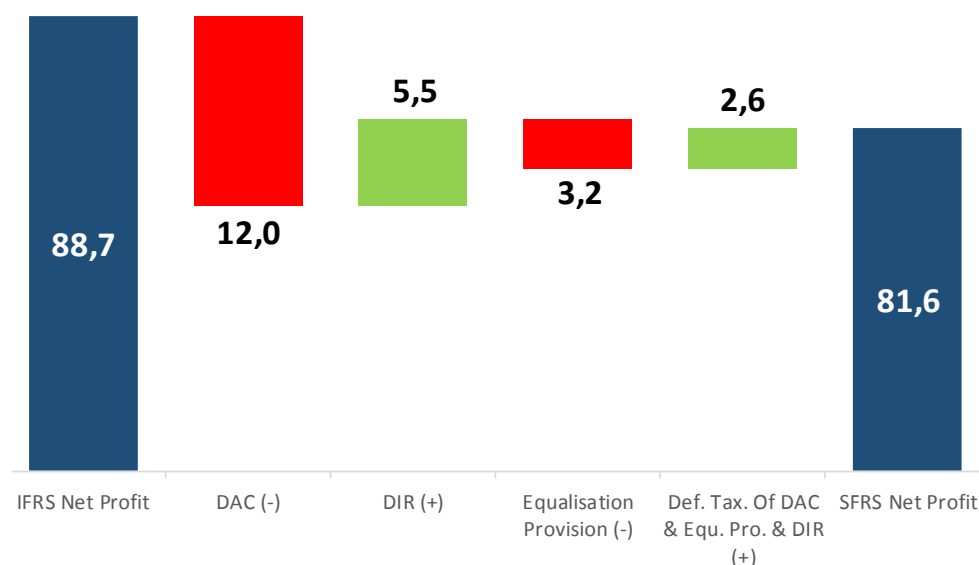
- Total technical income grew by 19% mainly driven by protection and pension business profitability grew by 16% and 18% respectively
 - Growing pension business in terms of AuM (+19%) is leading to an increase in technical profit
 - Life protection technical profit increased by 16% due to 18% increase in earned premiums
 - 31% increase in earned premiums and 11% decrease in claims supported the growth on personal accident technical profit by 36%
- General expenses for H1 2018 is 143.0 mTL with an increase of 13% y-o-y mainly due to increased IT expenses, increased HO and sales personnel expenses and marketing expenses.
- Total investment and other income is 44,7 mTL and increased by 47% mainly due to increase in interest income and f/x rates

Statutory / SFRS Results

SFRS (m TL)	H1 2017	H1 2018	Change
Life	28,4	35,5	25%
Non-Life	-2,9	-0,5	82%
Pension	-1,7	28,8	
Net Technical Profit	23,8	63,8	168%
Total Investment & Other Income	28,5	40,9	44%
Tax	-10,5	-23,1	120%
Net Profit	41,8	81,6	95%

- Net profit for the period is 81.6 mTL with an increase of 95%
- Total net technical profit increase is higher than prior year
 - Life (including life savings) net technical profit is higher than prior year by 25% due to increase in earned premiums.
 - Non-life (personal accident) net technical profit after general expenses increased to -0.5 mTL loss from -2.9 mTL loss mainly due to higher earned premiums and lower claims with respect to prior year.
 - Pension net technical profit after general expenses turned into profit and reached 28.8 mTL whereas it was -1.7 mTL loss prior year. The profit is driven by healthy growth on AuM.

Bridging from IFRS to Statutory Profit



Market Consistent Embedded Value

(m TL)	FY 2017	HY 2018	HY 2018 v FY 2017
Value of In-Force	1,398.3	1,531.8	9.5%
Present Value of Future Profits	1,526.3	1,673.9	9.7%
Frictional Costs	-27.8	-33.1	18.8%
Cost of Non-Hedgeable Risks	-100.1	-109.0	8.9%
Time Value of Options & Guarantees	0.0	0.0	N/A
Net Worth	264.1	266.5	0.9%
Free Surplus	16.6	-17.7	N/A
Required Capital	247.4	284.2	14.9%
Market Consistent Embedded Value	1,662.4	1,798.3	8.2%

Source: Company data, unaudited results

- MCEV has continued its growth underpinned by the quality of the in-force book in a challenging environment, while distributing dividends to shareholders
- The growth in PVFP is c10% in the first 6 months of 2018 despite headwinds from slightly higher than expected pensions and life lapses partially offset by better premium contribution experience of the pensions book
- Increase in Frictional Costs are primarily due to increase in Required Capital resulting from the continuous growth of the portfolio and which reflects the tax and investment expenses associated with the assets backing required capital
- AvivaSA continuous to control its expense in relation to volume written and the existing portfolio
- AvivaSA has a positive net asset surplus on a Statutory basis despite -17.7m TL of free surplus on the MCEV balance sheet

New Business

(m TL)	HY 2017	HY 2018	Change
Life Protection	67.4	71.9	7%
Personal Accident	6.4	3.8	-41%
Pensions	52.5	33.5	-36%
Value of New Business	126.3	109.2	-14%

(m TL)	HY 2017	HY 2018	Change
Life Protection	413.9	416.5	1%
Personal Accident	43.9	53.2	21%
Pensions(*)	2,642.6	2,153.7	-19%
Present Value of New Business Premiums	3,100.4	2,623.4	-15%

(*): Including State Contribution

(m TL)	HY 2017	HY 2018	Change
Life Protection	16.3%	17.3%	1.0%
Personal Accident	14.7%	7.2%	-7.5%
Pensions	2.0%	1.6%	-0.4%
New Business Margin	4.1%	4.2%	0.1%

Source: Company data, unaudited results

- Sales are lower year-on-year due to the non-repeat of the larger 1,000+ and 250-999 schemes acquired in the initial phase of pensions auto-enrolment last year compared to the phase with the smaller schemes with 50-99 employees in the first half of 2018
- Private pensions sales are flat excluding pensions auto-enrolment demonstrating the resilience of AvivaSA's multi-distribution capability
- Due to assumption changes at 2017 year-end, VNB per HY18 is below VNB HY17, which did not reflect these changes. Margins improved on a like for like basis
- Life protection VNB has benefitted from a change in new business mix where volumes are weighted towards more profitable credit-linked sales thereby leading to a higher new business margin
- Pensions VNB is primarily affected by lapse assumption changes leading to a lower margin