



H1 2019 EARNINGS RELEASE

We achieved a sustainable growth in Life while continuing our leadership in Pension

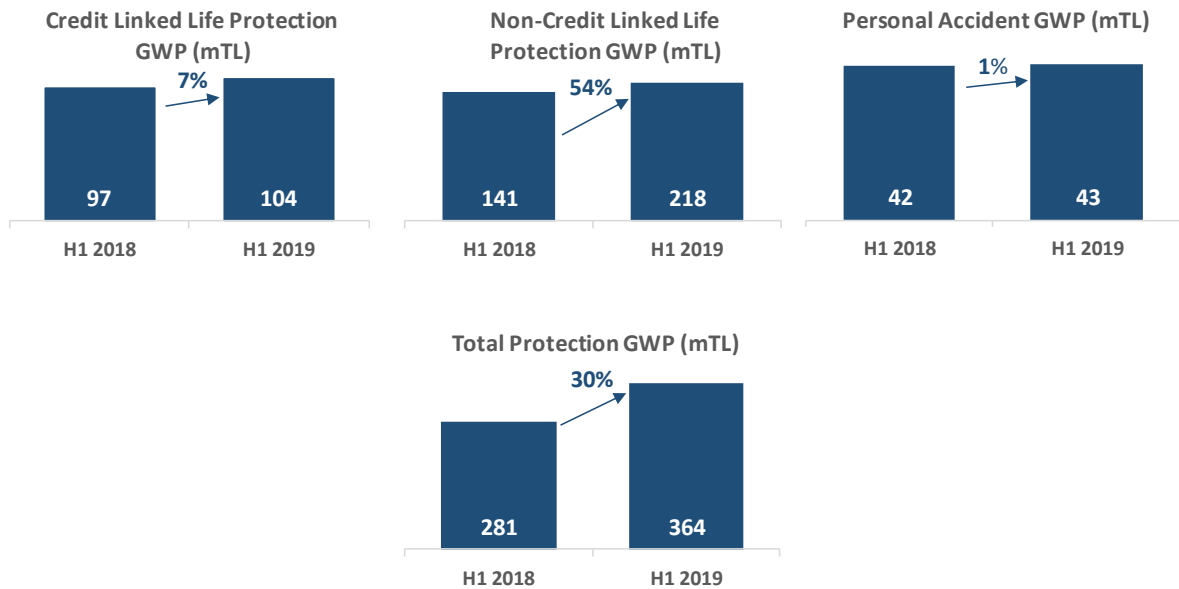
- Total protection premiums grew by 30% driven by 42% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model
- The Pension Assets Under Management-AuM has grown by 20% and reached 19.0 billion TL as of June 2019 supporting AvivaSA to maintain the market leadership since June 2015
- Auto Enrolment AuM increased by 105% with the increasing in force volume and 2 more phases launched in July 2018 and January 2019.
- AvivaSA ranked 2nd in both number of AE participants and AuM excluding public companies. AvivaSA is the leader company in terms of private sector participants.
- IFRS Net Profit is higher than prior year by 31% at 116.0 mTL driven by the growth in pension assets under management reaching the critical mass, supported by healthy underwriting margins from the protection book and financial income in a high interest environment
- Total technical income has increased by 16% driven by the growth in stand-alone life protection volumes and higher pension income.
- RoE is 39.2% as of June 2019.
- Statutory profit is 113.5 mTL with a growth of 39% at a path to converging to IFRS profits indicating the quality of underlying earnings

Key Developments and Changes in H1

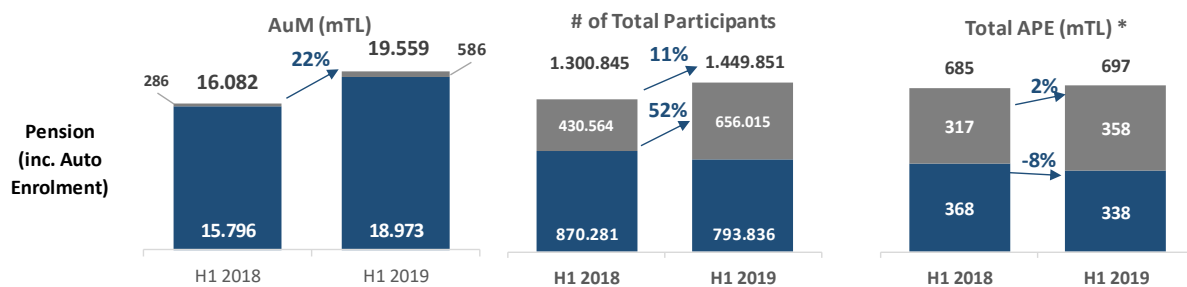
- **Accounting policy change in IFRS Financials:** Inclusion of RoP bank commissions to the scope of deferral. Previous year's impact of 8.3m TL booked to the opening of 2019 financials as the amount is below the materiality level for restatement of prior year's financials. Current year net P&L, after tax impact is +7.6 mTL.
- **Accounting estimate change in IFRS financials:** Average life-time of pension business is reduced from 9 to 8 years. Net P&L (after tax) impact in H1 2019 financials is -5.8 mTL.
- **New accounting standard – IFRS16:** Effective from 1 January 2019. Net P&L (after tax) impact in H1 2019 financials is -1.1 mTL.

Topline Volumes

- Total Protection gross written premiums reached 364 mTL; higher than prior year by 30% continuing the momentum in a sustainable manner



- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Supported by the strong asset performance in a volatile market
- Total AuM reached 19.6 bnTL with 1.4m participants



Source: Pension Monitoring Center 30.06.2019

*Before opt-out

IFRS Segmental Results

(m TL)	H1 2018	H1 2019	Change
Savings	3,9	2,8	-30%
Life Protection	82,4	104,5	27%
Personal Accident	12,5	17,4	38%
Pension	113,8	122,4	8%
Total Technical Income	212,7	247,0	16%
Total General Expenses	-143,0	-175,8	23%
Net Technical Profit	69,7	71,2	2%
Total Investment & Other Income	44,7	77,6	74%
Total Tax	-25,7	-32,8	28%
Net Profit	88,7	116,0	31%

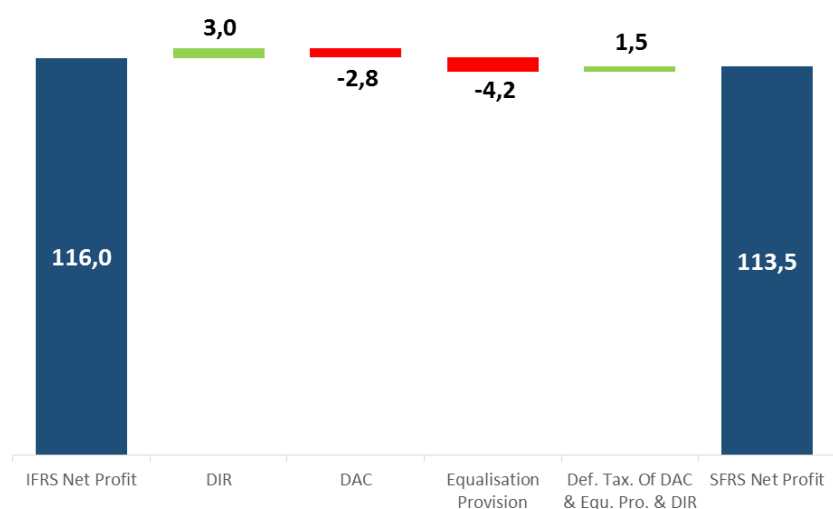
- Total technical income grew by 16% mainly driven by protection profitability which grew by 28%
 - Life protection technical profit increased by 27% due to 35% increase in premiums and favorable underwriting experience
 - Personal accident technical profit increased by 38% due to lower claims.
- General expenses for H1 2019 is 175.8 mTL with a yoy increase of 23% mainly due to increase in IT and personnel expenses.
- Total investment and other income is 77.6 mTL and increased by 74% mainly due to higher interest income resulting from increased investment size and higher interest rates.

Statutory / SFRS Results

(m TL)	H1 2018	H1 2019	Change
Life	35,5	35,8	1%
Non-Life	-0,5	2,1	n/a
Pension	28,8	40,0	39%
Net Technical Profit	63,8	77,9	22%
Total Investment & Other Income	40,9	66,9	63%
Tax	-23,1	-31,3	35%
Net Profit	81,6	113,5	39%

- Net profit for the period is 113.5m TL with an increase of 39% demonstrating the quality of underlying earnings
- Total net technical profit increase :
 - Life net technical profit is slightly higher than prior year by 1% due to increasing expenses regarding to volume increase
 - Non-life (personal accident) net technical profit after general expenses turned to 2.1 mTL profit from -0.5 mTL loss mainly due to higher premiums and lower claims with respect to prior year
 - Pension net technical profit after general expenses is 40.0 mTL and 39% higher compared to prior year due to the critical mass of assets under management.

Bridging from IFRS to Statutory Profit



Market Consistent Embedded Value

(m TL)	FY 2018	HY 2019	FY 2018 v HY 2019
Value of In-Force	1,511.3	1,612.5	6.7%
Present Value of Future Profits	1,671.2	1,786.4	6.9%
Frictional Costs	-37.7	-39.7	5.3%
Cost of Non-Hedgeable Risks	-122.2	-134.2	9.8%
Time Value of Options & Guarantees	0.0	0.0	N/A
Net Worth	370.3	385.9	4.2%
Free Surplus	62.8	12.2	- 80.6%
Required Capital	307.5	373.7	21.5%
Market Consistent Embedded Value	1,881.6	1,998.4	6.2%

Source: Company data, unaudited results

- MCEV has continued its growth underpinned by the contribution of the in-force book and value of new business in a challenging environment.
- The growth in PVFP is c7% year-on-year despite the headwinds from higher than expected pensions and life lapses, and economic assumption changes.
- Increasing dollar denominated assets backing Return of Premium increases the statutory solvency capital.
- AvivaSA has a positive free surplus despite 100 m dividend.

New Business

(m TL)	HY 2018	HY 2019	Change(%)
Life Protection	71.9	125.9	75.1%
Personal Accident	3.8	6.2	63.6%
Pensions	33.5	29.7	-11.3%
Value of New Business	109.2	161.8	48.2%

(m TL)	HY 2018	HY 2019	Change(%)
Life Protection	416.5	770.7	85.1%
Personal Accident	53.2	59.8	12.4%
Pensions ^(*)	2,153.7	1,935.5	-10.1%
Present Value of New Business Premiums	2,623.4	2,766.0	5.4%

(*): Including State Contribution

(m TL)	HY 2018	HY 2019	Change (Diff.)
Life Protection	17.3%	16.3%	-0.9%
Personal Accident	7.2%	10.4%	3.3%
Pensions	1.6%	1.5%	-0.0%
New Business Margin	4.2%	5.9%	1.7%

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 sales were up 85.1% driven primarily by return of premium business and launch of new credit linked life protection product.
- Value of new business has increased year-on-year thanks to personal accident sales and the life protection sales dominated by return of premium product.
- Overall VNB margin has increased year-on-year primarily due to mix of new business. Sales were weighted more towards to protection business from pension business.
- In addition to that, personal accident has a favourable margin compared to the first half of 2018 due to higher average premium and assumption changes made at 2018 year end.