



Q1 2018 EARNINGS RELEASE

Summary

Growth;

- Pension AuM grew by 23% and reached 15.7 billion TL, supporting AvivaSA to maintain the market leadership since June 2015
- Total protection premiums grew by 26% driven by 44% growth in non-credit linked premiums

Profitability;

- Total technical income has grown by 21% driven by growing protection volumes and higher pension income
- IFRS Net Profit is higher than prior year by 29% at 36.3 mTL driven by growing pension portfolio reaching to critical mass, growing protection volumes and financial income.
- Q1 2018 RoE is 28.1%
- Statutory profit is 32.8 mTL and grew by 80%.

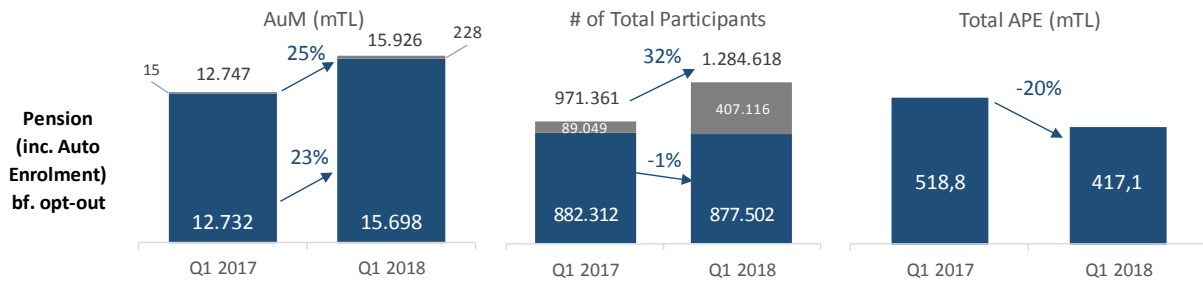
IFRS 15 - Deferred Income Reserve (DIR);

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.

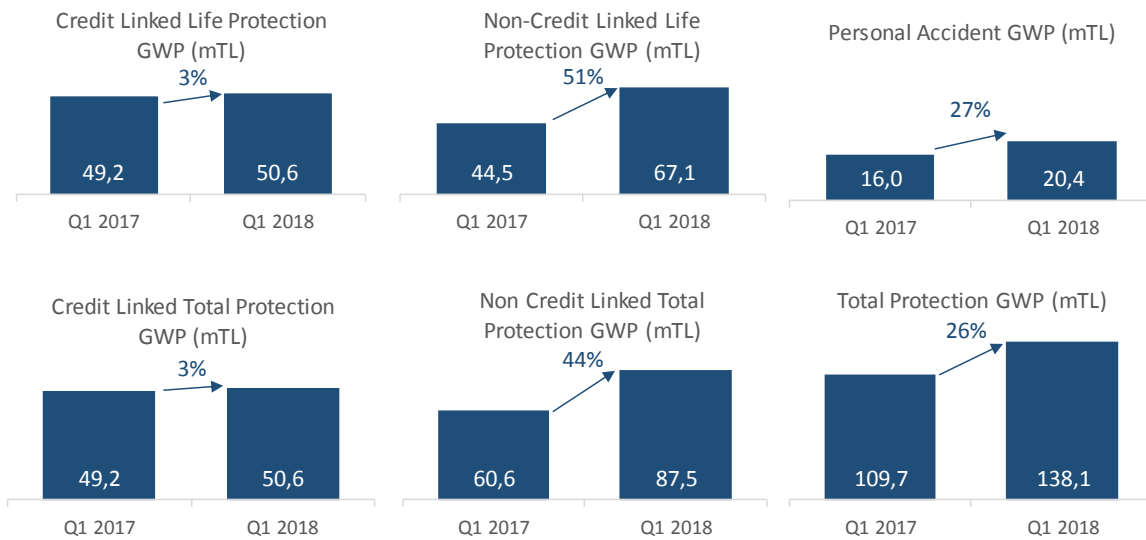
Topline Volumes

- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Pension fund asset performance also helped AuM growth
- Total AuM reached 16bTL with 1.3m participants



Source: Pension Monitoring Center 31.03.2018

Total Protection gross written premiums reached 138.1 m TL; higher than prior year by 26%



IFRS Segmental Results

IFRS (m TL)	Q1 2017	Q1 2018	Change
Savings	0,9	2,9	216%
Life Protection	28,5	35,9	26%
Personal Accident	4,8	5,3	10%
Pension	48,6	56,2	16%
Total Technical Income	82,8	100,3	21%
Total General Expenses	-62,0	-70,5	14%
Net Technical Profit	20,9	29,8	43%
Total Investment & Other Income	14,5	17,9	24%
Total Tax	-7,1	-11,4	60%
Net Profit	28,2	36,3	29%

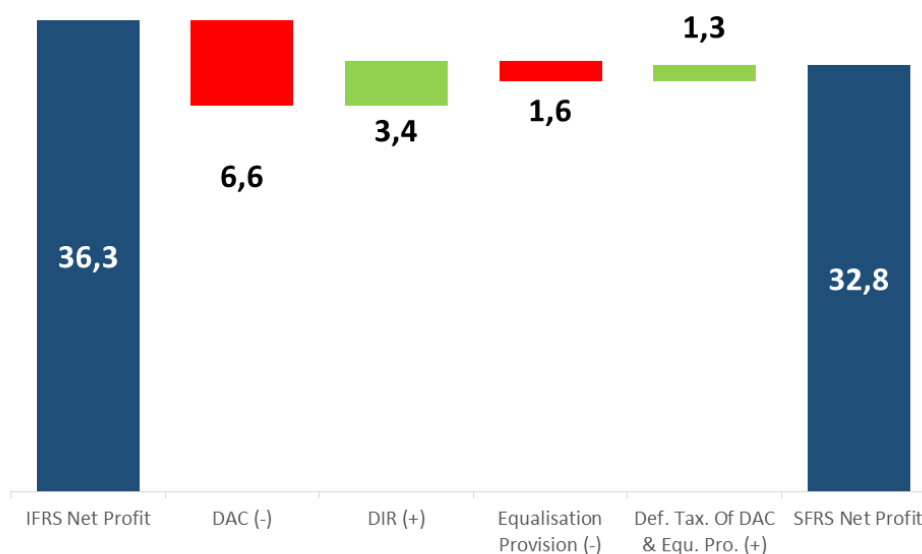
- Total technical income grew by 21% mainly driven by protection and pension business profitability grew by 24% and 16% respectively
 - Growing pension business in terms of AuM (+23%) is leading to an increase in technical profit
 - Life protection technical profit increased by 26% due to 26% increase in earned premiums
 - Despite 22% increase in claims, 27% increase in volumes supported the growth on personal accident technical profit by 10%
- General expenses for Q1 2018 is 70.5 mTL with an increase of 14% y-o-y mainly due to increased IT expenses, increased HO and sales personnel expenses and marketing expenses.
- Total investment and other income is 17,9 mTL and increased by 24% mainly due to increase in interest income

Statutory / SFRS Results

SFRS (m TL)	Q1 2017	Q1 2018	Change
Life	9,3	12,2	31%
Non-Life	-1,4	-1,8	-24%
Pension	1,5	17,3	1051%
Net Technical Profit	9,4	27,7	196%
Total Investment & Other Income	13,5	15,2	13%
Tax	-4,6	-10,1	119%
Net Profit	18,2	32,8	80%

- Net profit for the period is 32.8 mTL with an increase of 80%
- Total net technical profit increase is higher than prior year
 - Life (including life savings) net technical profit is higher than prior year by 31% due to increase in earned premiums.
 - Non-life (personal accident) net technical profit after general expenses decreased to -1.8 mTL loss from -1.4 mTL loss mainly due to higher claims and commissions despite higher earned premiums with respect to prior year.
 - Pension net technical profit after general expenses increased 10 times of prior year profit which is driven by healthy growth on IF portfolio.

Bridging from IFRS to Statutory Profit



New Business

(m TL)	Q1 2017	Q1 2018	Change(%)
Life Protection	28.6	35.0	22%
Personal Accident	2.2	1.5	-31%
Pensions	26.1	16.6	-36%
Value of New Business	56.9	53.1	-7%

(m TL)	Q1 2017	Q1 2018	Change(%)
Life Protection	193.2	207.0	7%
Personal Accident	19.1	25.2	32%
Pensions (*)	1,329.8	1,181.1	-11%
Present Value of New Business Premiums	1,542.1	1,413.4	-8%

(*) Including State Contribution

(m TL)	Q1 2017	Q1 2018	Change(Diff)
Life Protection	14.8%	16.9%	2.1%
Personal Accident	11.4%	5.9%	-5.4%
Pensions	2.0%	1.4%	-0.6%
New Business Margin	3.7%	3.8%	0.1%

Source: Company data, unaudited results

- Sales as measured by present value of new business premiums (PVNBP) is lower compared to the first quarter of 2017 due to a slowdown in individual pensions slightly offset by higher single premium inflows. Life protection sales were up 7% driven primarily by yearly credit-linked business
- Value of new business (VNB), a metric showing the lifetime economic value of new business written during the quarter was lower year-on-year due to negative operating assumption changes partially offset by mix impacts and aligning the Cost of Non-Hedgeable Risk (CNHR) with the Solvency II capital requirement
- Corporate tax rate has been increased to 22% pa from 20% pa for the next 3 years in line with the legislation, slightly reducing the VNB
- Pension margin has reduced from 2.0% to 1.4% due to higher lapse assumptions to reflect the best estimate view
- The margin expansion in life protection is mainly driven by mix impact where yearly credit-linked protection volumes have grown by 50% and Return of Premium product has exhibited flat sales in 2018
- Personal accident segment has lower margins year-on-year due to change in expense assumptions