

Presentation to Investors Q1 2018

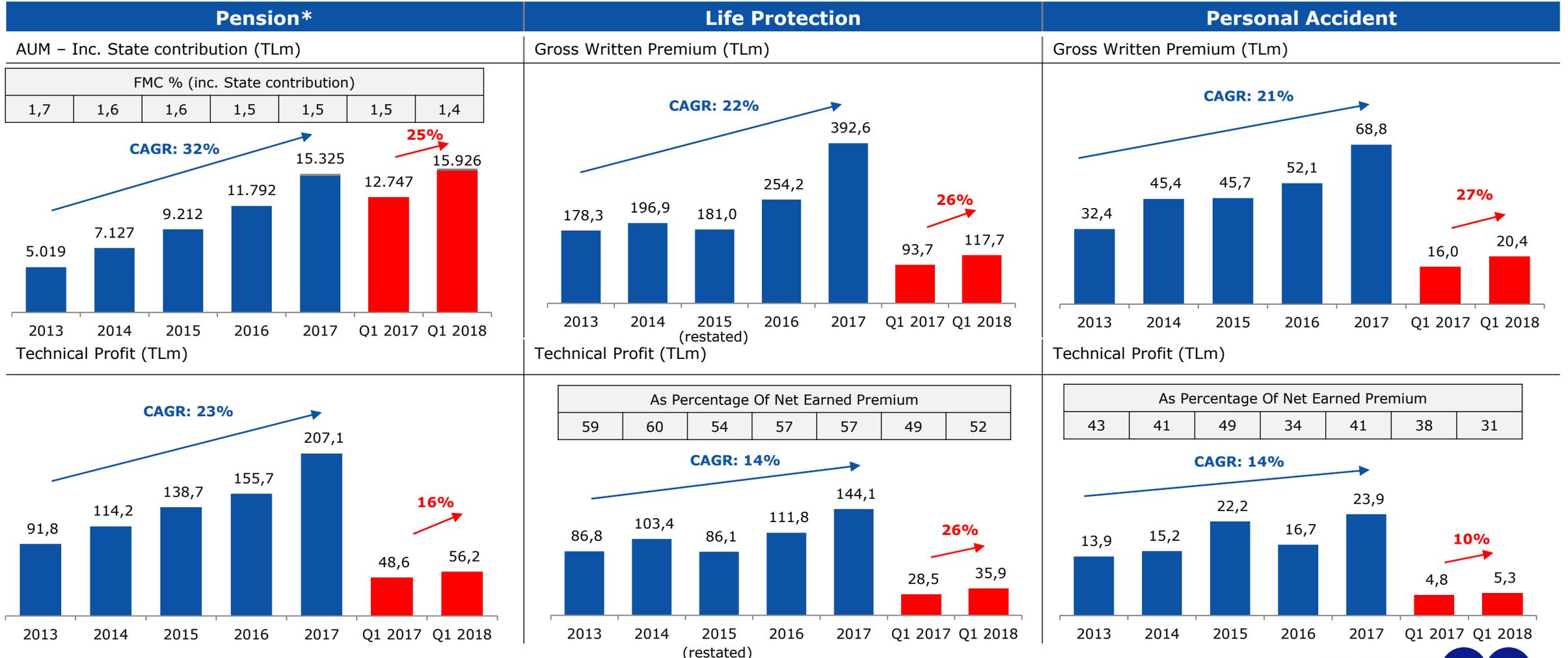
May 2, 2018



AVIVA SA

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Differentiated Management of Trends and Dynamics per Segment



Solid Financial Foundations and Historical Track Record of Value Creation

	Q1 2018	YoY/Δ
Pension Contributions	389 mTL	1%
Pension AUM (inc AE)	15.9 bTL	23%
Total GWP (Life+PA)	140 mTL	25%
Total Technical Profit	100 mTL	21%
Expense Ratio⁽¹⁾	14.1%	+1.2 pts
Profit for the Period	36 mTL	29%
ROE	28.1%	+1.8 pts
MCEV (2017 FY)	1.7 bTL	13%

- AvivaSA has maintained #1 position in terms of AuM
- Growing Life & PA business supporting both by credit and non-credit linked products

- Steady increase thanks to pension scalability and protection segments

- Mainly due to one-off personnel and marketing expenses

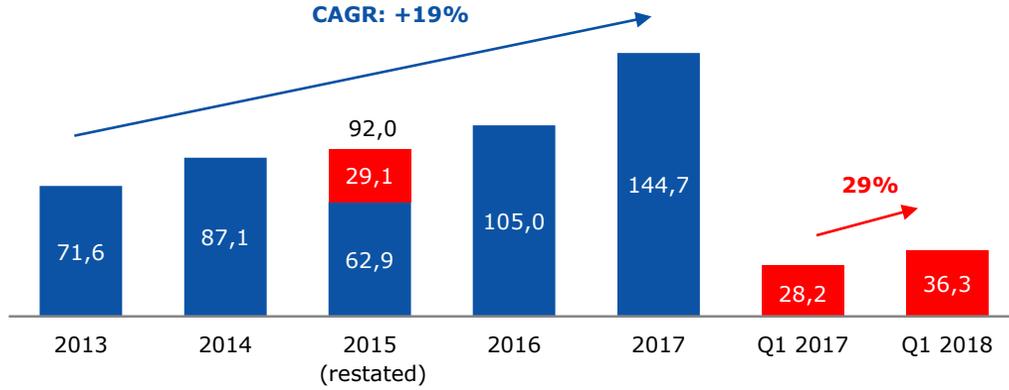
- In Addition to 21% increase in technical profit, financial and other income is higher than prior year due to higher interest income

- One of the leaders in the sector
- High ROE level

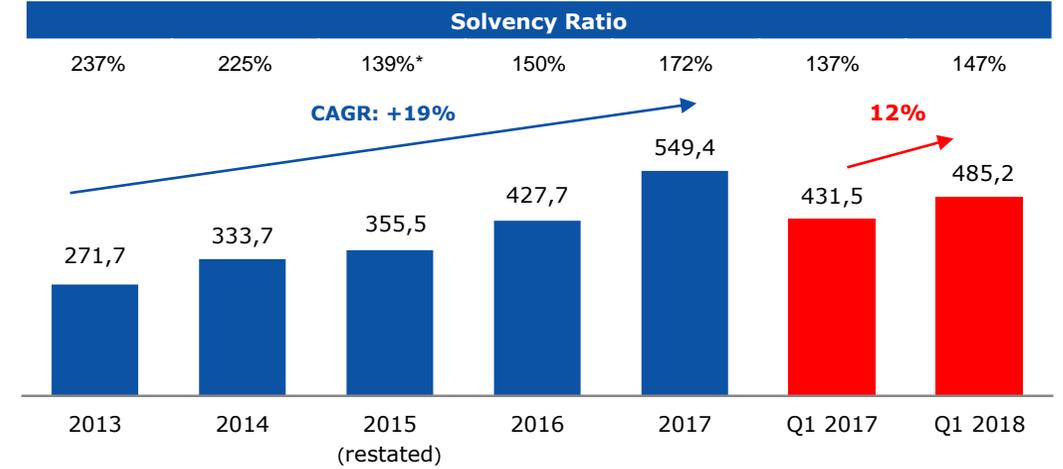
- Continued the double digit growth of the 'economic value' of the Business where future new business value generation is intact

A Story of Solid Profitable Growth

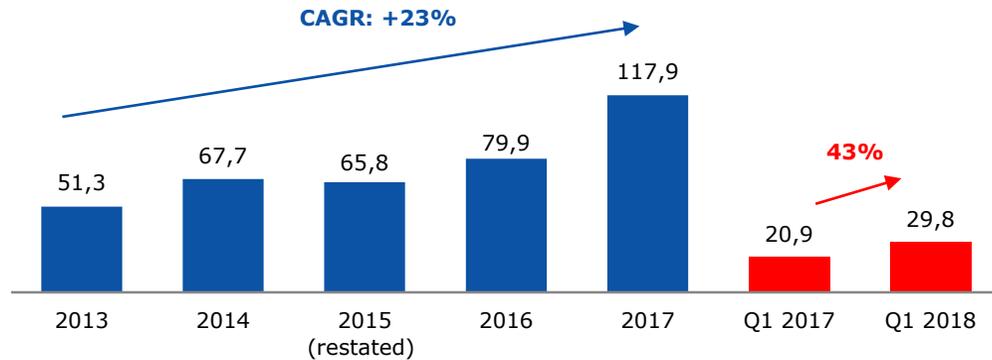
Profit for the Period (TLm)



Shareholders' Equity and Solvency Ratio (TLm)



Technical Profit After G&A (TLm) ≈ EBIT



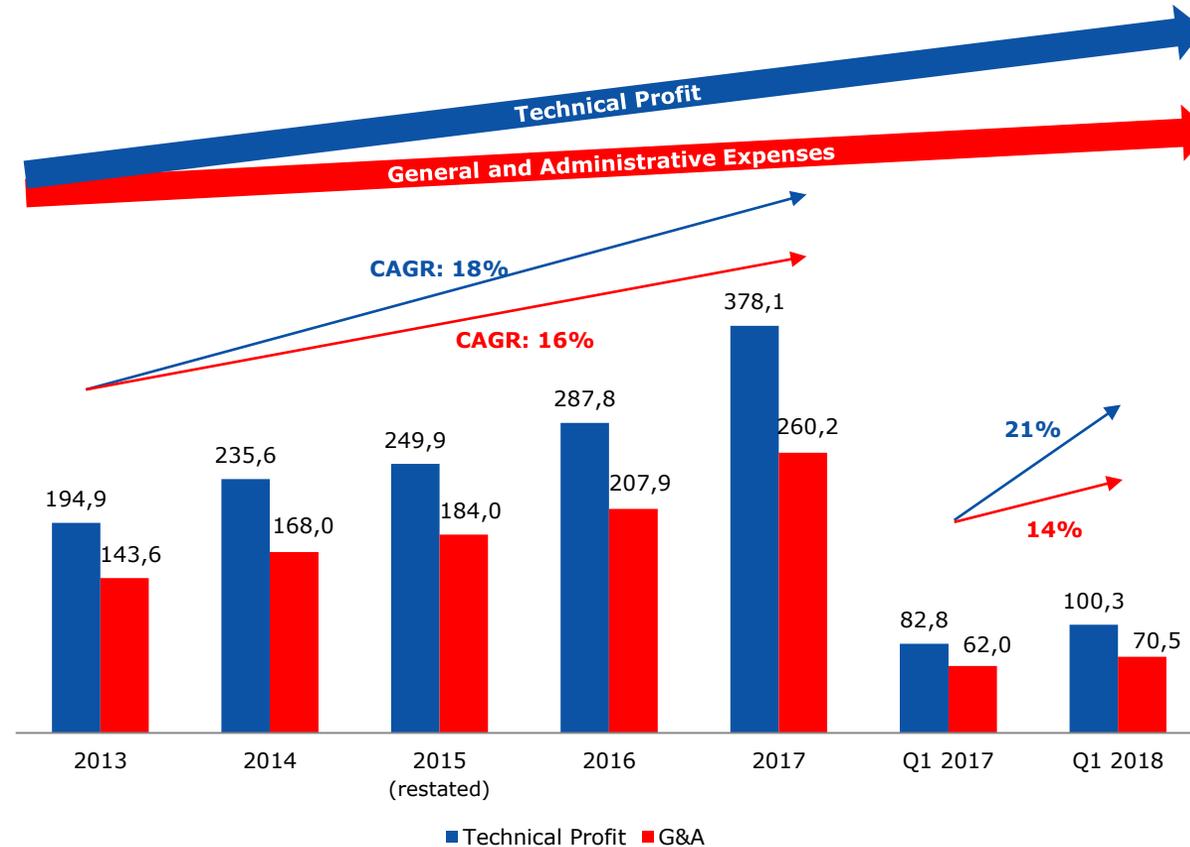
ROE	2013	2014	2015 (restated)	2016	2017	Q1 2017	Q1 2018
	28%	29%	18%*	27%	30%	26%	28%

*Before write-off RoE is 26%, Solvency ratio is 154%

- Steady increase in shareholders' equity reflects active management of capitalization to fund business growth
- Capital-light business, which benefits from AvivaSA's measured approach to risk and new product introduction
- IFRS 15 Impact is calculated beginning from 2013 and has been reflected on 2018 opening equity, amount of (43.9) m TL.

...Solid and Resilient Technical Profitability with Operating Leverage Potential...

Technical Profit (TLm)



Summary of P&L from IFRS Segmental Reporting

	2013	2014	2015 (restated)	2016	2017	CAGR	Q1 2017	Q1 2018	YoY
Pension Technical Profit	91,8	114,2	138,7	155,7	207,1	23%	48,6	56,2	16%
Life Protection Technical Profit	86,8	103,4	86,1	111,8	144,1	14%	28,5	35,9	26%
Life Savings Technical Profit	2,4	2,9	2,9	3,6	3,0	6%	0,9	2,9	216%
Personal Accident Technical Profit	13,9	15,2	22,2	16,7	23,9	14%	4,8	5,3	10%
Total Technical Profit	194,9	235,6	249,9	287,8	378,1	18%	82,8	100,3	21%
General and Administrative Expenses	-143,6	-168,0	-184,0	-207,9	-260,2	16%	-62,0	-70,5	14%
Total Technical Profit after G&A Expenses	51,3	67,7	65,8	79,9	117,9	23%	20,9	29,8	43%
Total Investment Income & Other	39,8	42,2	49,8	52,3	63,3	12%	14,5	17,9	24%
Profit Before Taxes	91,1	109,9	115,6	132,2	181,2	19%	35,3	47,7	35%
Profit for the Period (Before Write-Off)	71,6	87,1	92,0	105,0	144,7	19%	28,2	36,3	29%
One-off Asset Write-Off Effect (net of tax)			-29,1						
Profit for the Period (After Write-Off)	71,6	87,1	62,9	105,0	144,7	19%	28,2	36,3	29%

One-off Asset Write-off: An IT project has been started at the end of 2012 in order to standardize all core insurance systems into a single application and integrate this core system with the peripheral systems. Although the project still continues, it has been decided to discontinue the development of the new core insurance application. Instead, current core systems will be modernized with a more agile methodology. Total capitalized costs related with this project was 48.7 Mtl, and TRY 36.3 Mtl of this cost (around 75%) has been written off in accordance with the aforementioned decision.

Going Forward

IFRS 15

IFRS 17

2018 Outlook

- ✓ Keeping the high performance in protection business
- ✓ Strong RoE level at ~30%
- ✓ Maintaining leadership in terms of pension AuM with ~25% growth y-o-y
- ✓ Getting stronger in protection business supported by increased both credit-linked and standalone volumes
- ✓ Selective presence approach while acquiring auto enrolment customers
- ✓ Controlled increase in expenses for the upcoming periods
- ✓ Closing gaps in technology by stabilizing IT infrastructure
- ✓ Strengthening the customer experience with digital and user friendly solutions

Pension

Summary P&L

Pension Technical Profit (TLm)

	2013	2014	2015	2016	2017	CAGR	Q1 2017	Q1 2018	YoY
Fund Management Income⁽¹⁾	69,0	87,0	111,3	137,5	177,1	27%	40,0	49,4	24%
Management & Entry/Exit Fee⁽²⁾	48,2	66,6	78,8	78,1	89,9	17%	24,9	26,8	8%
Other Income/(Expenses)	-5,8	-7,4	-8,8	-11,2	-12,5	21%	-3,0	-3,2	7%
Net Commission Expenses (of which)	-19,6	-32,0	-42,7	-48,7	-47,5	25%	-13,3	-16,8	26%
- Commission Ex.	-56,6	-70,2	-89,3	-92,7	-78,1	8%	-22,1	-21,5	-3%
- DAC	37,0	38,2	46,6	44,0	30,6	-5%	8,8	4,8	-46%
Technical Profit	91,8	114,2	138,7	155,7	207,1	23%	48,6	56,2	16%

Key Profit Drivers

- Pension volume (AUM)
- Lapses and Retention
- New Pension Fee Structure (management fee redefined)
- Commission Expenses / DAC

Life Protection

Summary P&L

Life Protection Technical Profit (TLm)

(Excluding Life Savings)

	2013	2014	2015 (restated)	2016	2017	CAGR	Q1 2017	Q1 2018	YoY
Gross Written Premiums	178,3	196,9	181,0	254,2	392,6	22%	93,7	117,7	26%
Earned Premiums	148,3	171,2	158,1	196,5	252,6	14%	58,3	68,7	18%
Total Claims	-32,7	-37,5	-42,8	-48,3	-40,8	6%	-12,1	-13,1	8%
Claims Ratio*	14,8%	17,7%	22,3%	20,4%	13,3%		17,2%	16,6%	
Commission Expenses	-27,8	-29,4	-28,3	-36,2	-67,0	25%	-17,6	-19,2	9%
Comm.Ratio**	18,8%	17,2%	17,9%	18,4%	26,5%		30,1%	27,9%	
Other Income/ (Expense), Net	-1,0	-0,9	-0,9	-0,2	-0,8	-5%	-0,1	-0,5	290%
Technical Profit	86,8	103,4	86,1	111,8	144,1	14%	28,5	35,9	26%
Technical Margin	58,5%	60,4%	54,5%	56,9%	57,0%		48,9%	52,2%	

Key Profit Drivers

- Net earned premium volumes
- Death and Benefits claims
- Surrender levels
- Commission Expenses

✓ Overall life protection technical profit is positive due to the high technical profitability of the product coupled with cost efficient operating model, and this is valid throughout all periods under review

Personal Accident

Summary P&L

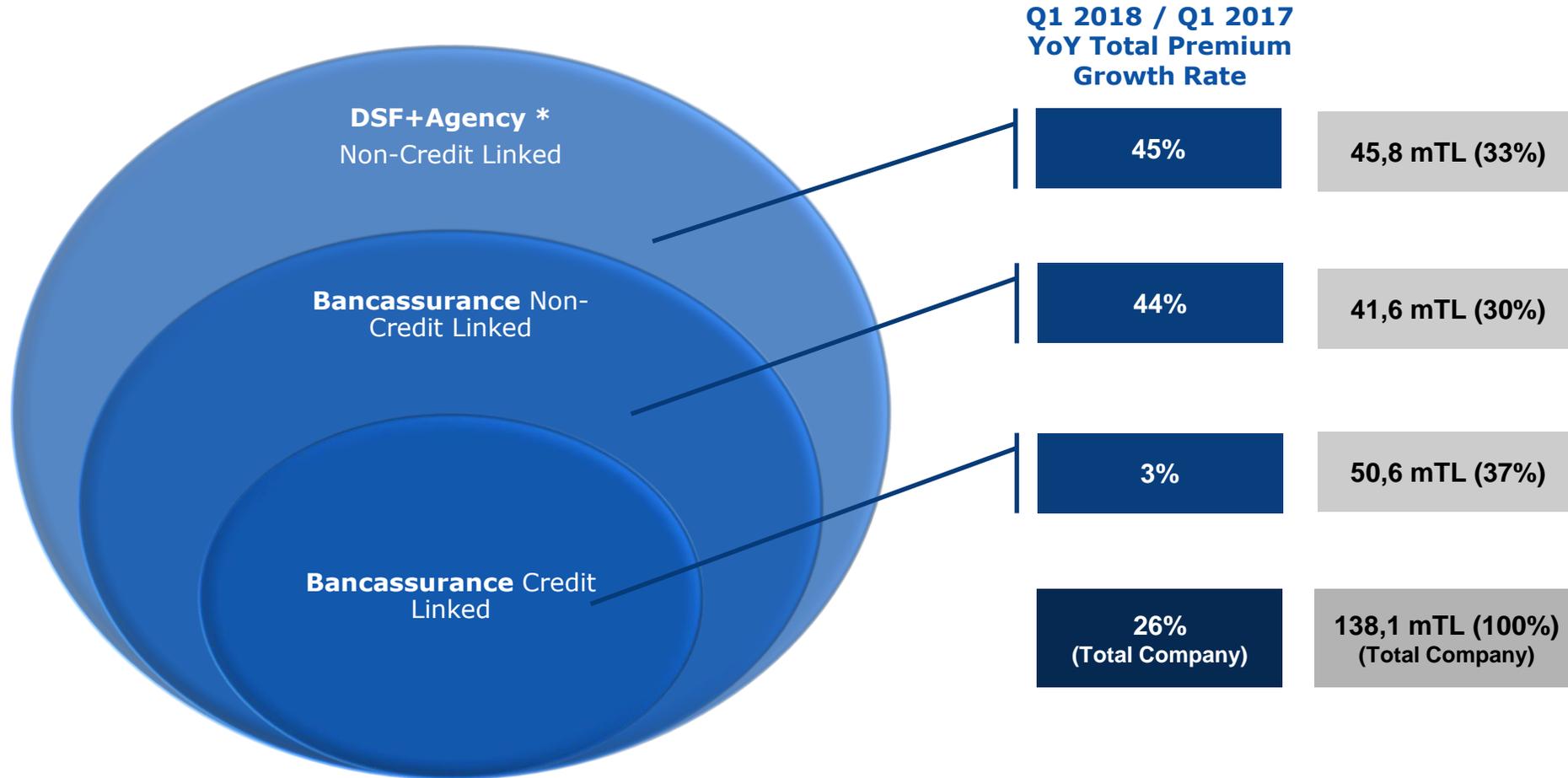
Personal Accident Technical Profit (TLm)

	2013	2014	2015	2016	2017	CAGR	Q1 2017	Q1 2018	YoY
Gross Written Premiums	32,4	45,4	45,7	52,1	68,8	21%	16,0	20,4	27%
Earned Premiums	32,1	36,6	45,6	49,0	58,5	16%	12,5	17,0	36%
Total Claims	-3,2	-4,5	-2,3	-9,5	-6,7	20%	-2,1	-2,5	22%
Claims Ratio*	10,0%	12,3%	5,1%	19,4%	11,5%		16,5%	14,8%	
Commission Expenses	-14,8	-16,9	-20,9	-22,5	-26,7	16%	-5,6	-8,9	59%
Comm.Ratio**	46,1%	46,1%	46,0%	46,0%	45,6%		45,0%	52,4%	
Other Income/(Expense), Net	-0,2	0,0	-0,1	-0,2	-1,1	64%	-0,0	-0,3	1474%
Technical Profit	13,9	15,2	22,2	16,7	23,9	14%	4,8	5,3	10%
Technical Margin	43,4%	41,5%	48,8%	34,2%	40,9%		46,6%	45,6%	

Key Profit Drivers

- Net earned premium volumes
- Accident / Benefits claims
- Surrender levels
- Commission Expenses

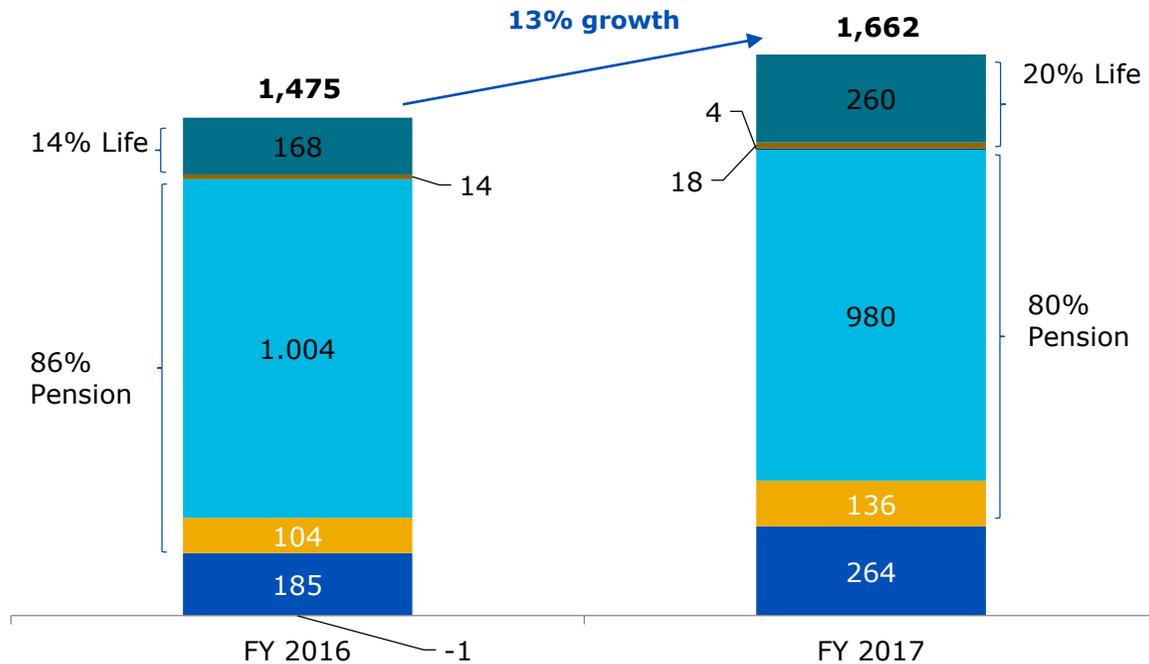
New Action Plan to Expand Life Protection + Personal Accident



Market Consistent Embedded Value Disclosures

Resilient growth in long-term value

MCEV (TLm)

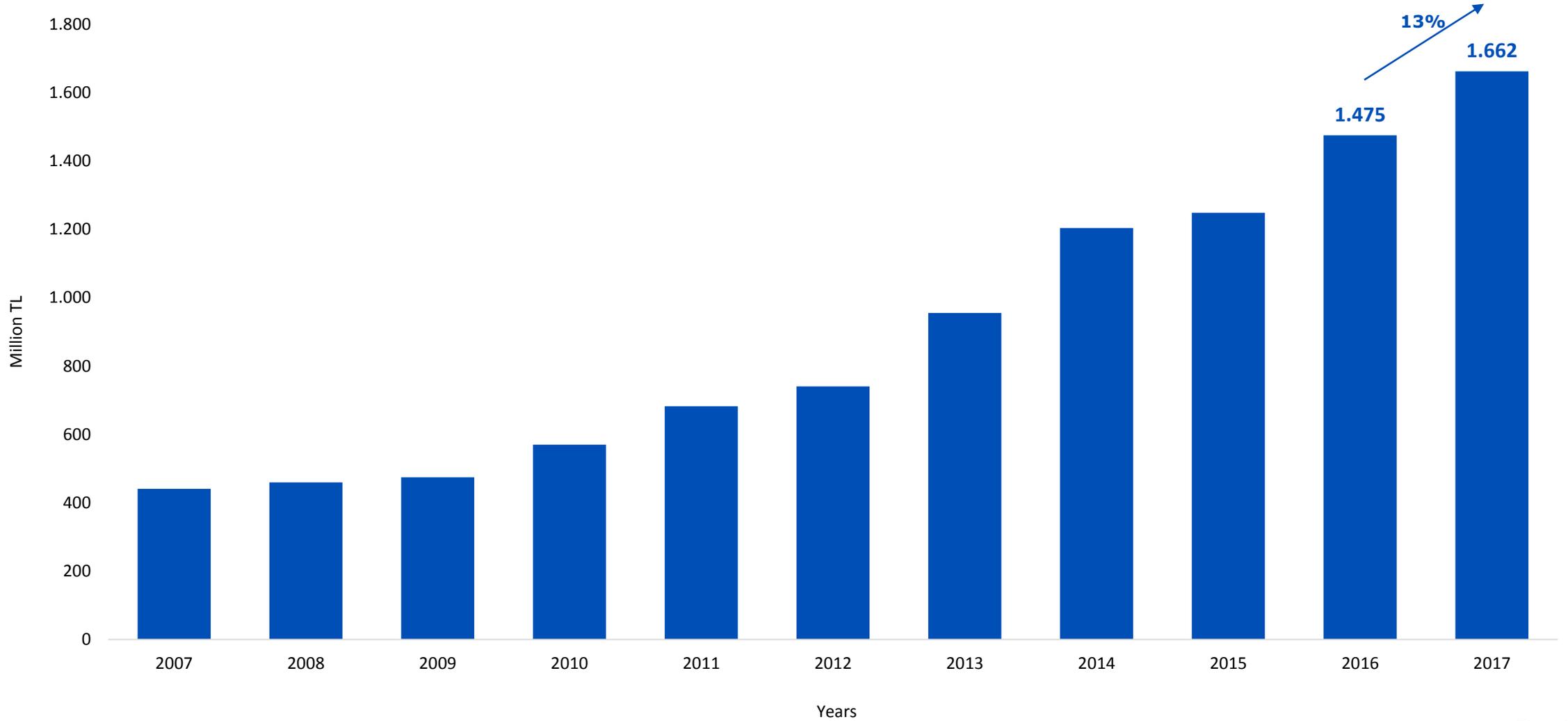


■ Net Worth ■ VIF Group Pension ■ VIF Individual Pension
■ VIF Life Savings ■ VIF Personal Accident ■ VIF Life Protection

Comments

- Value of in-force is the stock of future profits embedded in the MCEV balance sheet
- ... which is the primary driver of long-term value
- Individual pension business is affected by the lapse assumption change where the elevated experience is reflected in the projected profits leading to a lower VIF
- Pension auto-enrolment is an additional driver that has started to contribute to the long-term value generation
- Life protection is building up momentum
- Higher Net Worth as capital is withheld for future growth

Proven track record of embedded value growth



Resilient new business margins

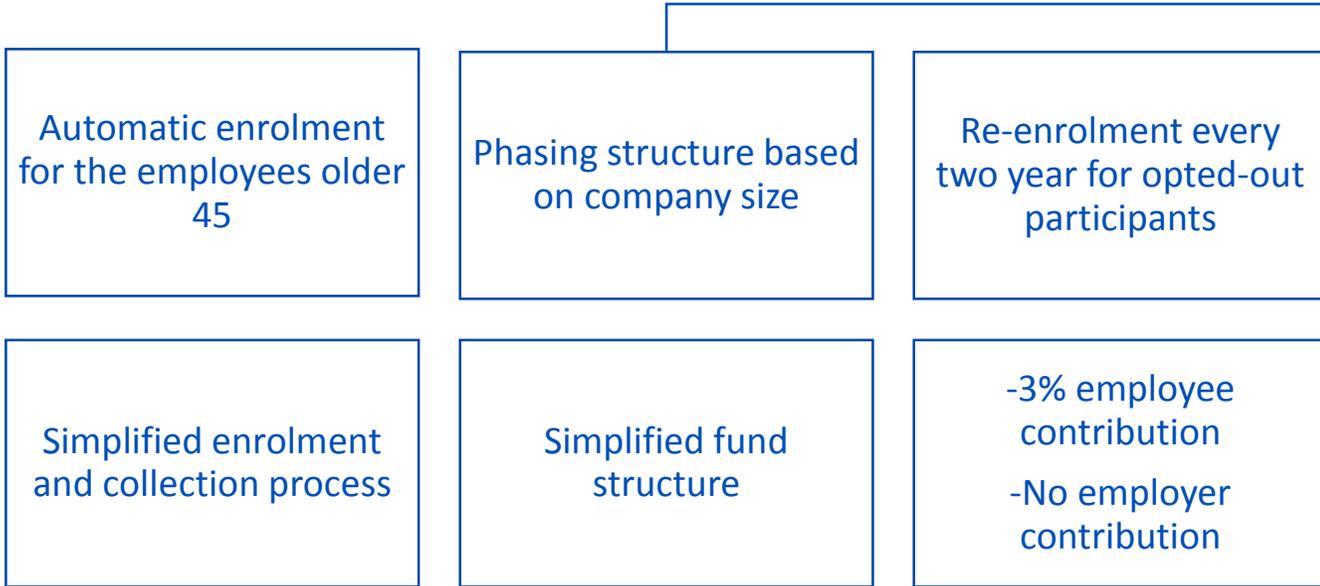
New business metrics per segment

	Pension		Life Protection		Personal Accident		Total	
	2017 Q1	2018 Q1	2017 Q1	2018 Q1	2017 Q1	2018 Q1	2017 Q1	2018 Q1
PVNB (m TL)	1,329.8	1,181.1	193.2	207.0	19.1	25.2	1,542.1	1,413.4
		-11%		7%		32%		-8%
VNB (m TL)	26.1	16.6	28.6	35.0	2.2	1.5	56.9	53.1
		-36%		22%		-31%		-7%
MCEV New Business Margin (Net tax)	2,0%	1,4%	14,8%	16,9%	11,4%	5,9%	3,7%	3,8%
	2017 Q1	2018 Q1	2017 Q1	2018 Q1	2017 Q1	2018 Q1	2017 Q1	2018 Q1
IRR (%)	21.6%	18.6%	93.9%	110.8%	54.9%	30.8%	32.2%	32.2%
Payback (in years)	6.1	6.1	0.9	0.8	0.9	1.0	4.0	3.3

Source: Company data, unaudited results

Pension and Auto Enrolment

Pension - Auto Enrolment



- 25% state contribution
- 1,000 TRY one-off state contribution
- 5% state contribution of their total savings for retired 10 years annuities buyers
- Deferred tax in terms of pension investment income

Phasing Structure	Type of Employer	Potential Participants (Million)
Jan/2017	1000+ Private	1,9
Jan/2017	1000+ State	0,3
April/2017	250+ Private	1.0
April/2017	250+ State	2,7
July/2017	100+	1,5
Jan/2018	50+ Private	1,2
Jan/2018	50+ State	0,4
July/2018	10+	2,7
Jan/2019	5+	2,5
Total		14,2

New Topic

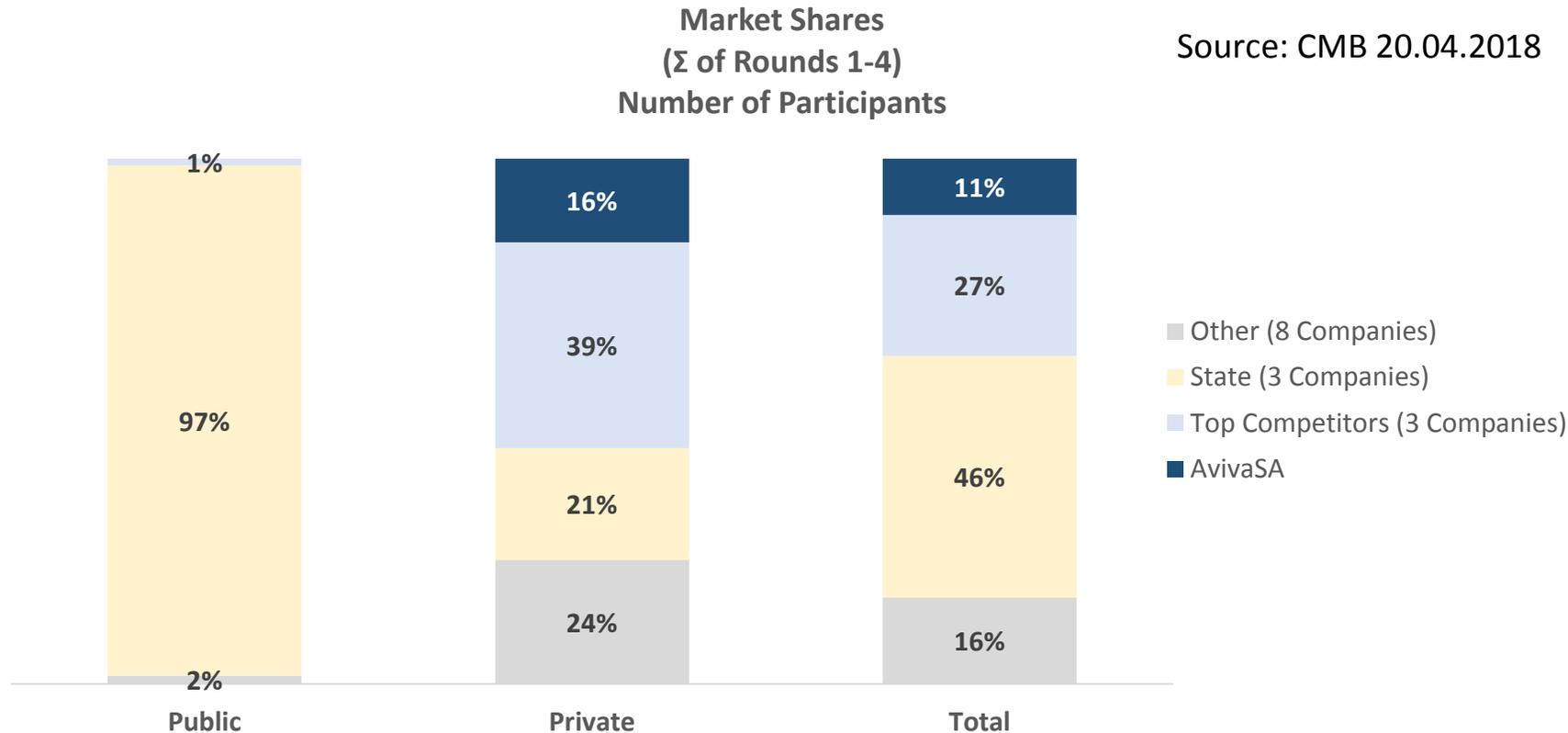
Auto Enrolment:

Different sales, commission, service and marketing model

Corporate and SME type business line

One of the Leading Company in Auto Enrolment Market

Supported by Selective Presence



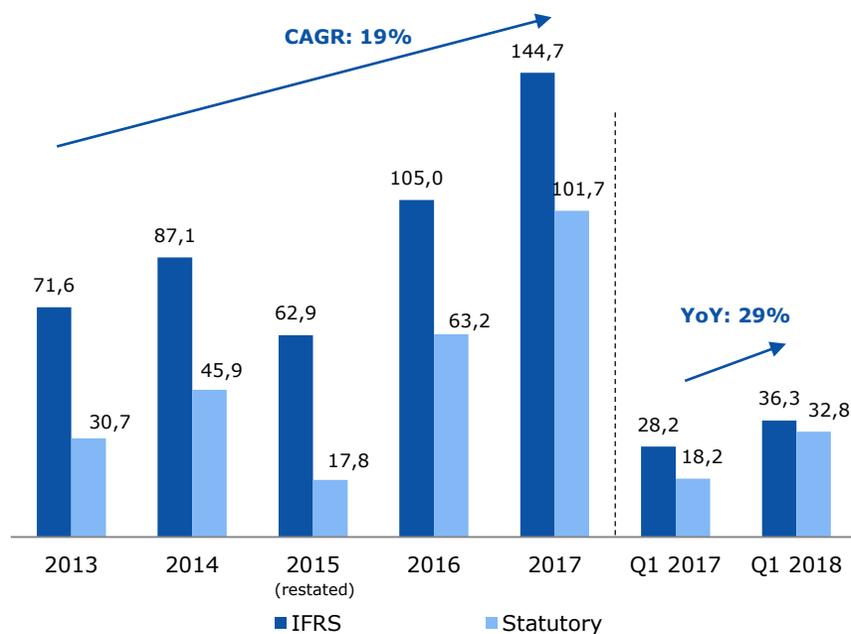
Results and Lessons Learned So Far

- ✓ More fragmented than regular pensions
- ✓ Servicing capability is very important
- ✓ Banks play a key role: AvivaSA achieved it's targets mainly utilizing Akbank potential
- ✓ Cannibalization on private pension system was lower than expected
- ✓ Average opt-out ratio ~60% in the market

Appendix

Reconciliation between IFRS vs. Statutory Profit for the Period

IFRS vs. Statutory Profit for the Period (TLm)



Profit for the Period Reconciliation (TLm)

	2013	2014	2015 (restated)	2016	2017	CAGR	Q1 2017	Q1 2018	YoY
IFRS Profit for the Year	71,6	87,1	62,9	105,0	144,7	19%	28,2	36,3	29%
Equalisation Reserve write-off	-2,7	-0,3	-2,3	-3,0	-4,7	15%	-1,1	-1,6	39%
Change in Deferred Asset Costs	-49,9	-51,2	-54,0	-44,5	-45,4	-2%	-8,6	-6,6	-23%
Change in Deferred Income Reserve				-4,7	-4,5		-2,8	3,4	-255%
Deferred Tax	11,8	10,3	11,3	10,5	11,6	0%	2,5	1,3	-49%
Statutory Profit for the Year	30,7	45,9	17,8	63,2	101,7	35%	18,2	32,8	61%
<i>Total Difference</i>	<i>40,9</i>	<i>41,2</i>	<i>45,1</i>	<i>41,8</i>	<i>43,0</i>	<i>1%</i>	<i>10</i>	<i>3,5</i>	<i>-65%</i>

Summary of P&L from SFRS Segmental Reporting

	2013	2014	2015 (restated)	2016	2017	CAGR	Q1 2017	Q1 2018	YoY
Pension Technical Profit	-29,8	-19,5	-16,0	-13,9	11,9	n/a	1,5	17,3	1051%
Life Technical Profit	32,1	39,9	22,1	46,6	57,3	16%	9,3	12,2	31%
Non-Life Technical Profit	-1,2	-1,7	6,4	-3,3	-0,5	n/a	-1,4	-1,8	-24%
Total Technical Profit after G&A Expenses	1,0	18,7	12,4	29,4	68,7	187%	9,4	27,7	196%
Total Investment Income & Other	37,5	39,7	46,9	50,5	57,9	11%	13,5	15,2	13%
Profit Before Taxes	38,5	58,4	59,3	79,9	126,6	35%	22,8	42,9	88%
Profit for the Period (Before Write-Off)	30,7	45,9	46,9	63,2	101,7	35%	18,2	32,8	80%
One-off Asset Write-Off Effect (net of tax)			-29,1						
Profit for the Period (After Write-Off)	30,7	45,9	17,8	63,2	101,7	35%	18,2	32,8	80%

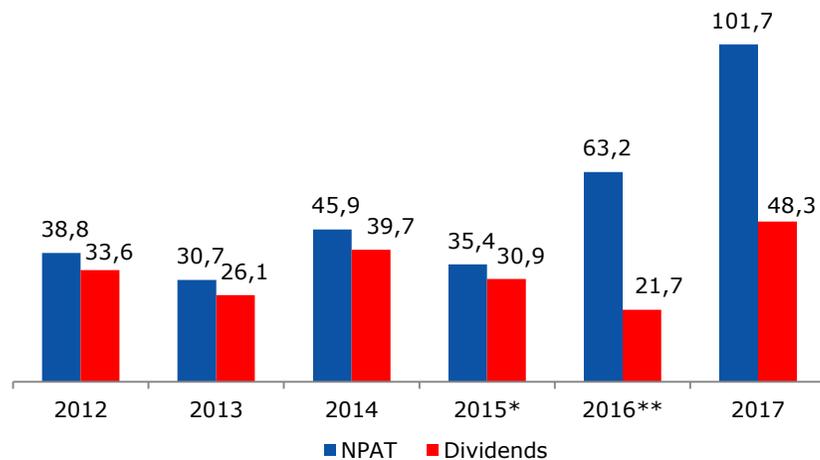
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Flexible Dividend Policy Focused on Growth

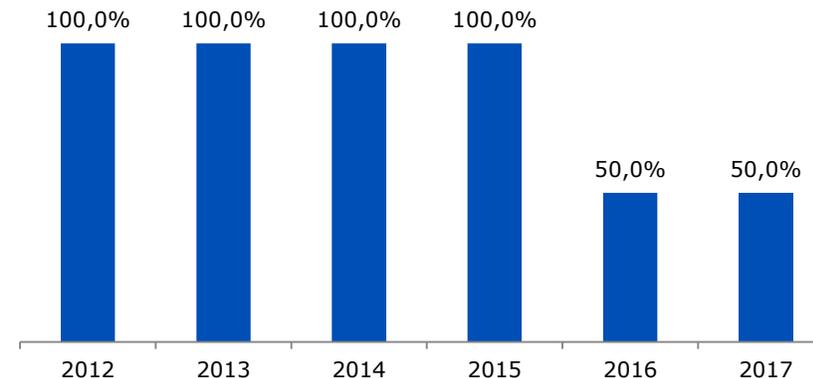
Dividend Policy

- Objective set amongst core shareholders to aim at distributing ~50% of AvivaSA's Turkish GAAP-based distributable profit
- Current focus however is on increasing the scale of operations and therefore near-term priority is to reinvest in the business and create long term shareholder value

Dividends Paid (TLm)



Dividend Payout Ratio (Dividend Paid / Distributable Profit)



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Thank you