


# Presentation to Investors

January 2015





## AvivaSA at a Glance: Unique Positioning and Attractive Business Model



## Turkey's attractive growth and demographics

- ✓ Fastest growing economy over the last 4y amongst European and Emerging Markets (6.0% Real GDP CAGR)
- ✓ Unique demographic profile: second largest country in Europe (76 million) with almost 50% under 30 years old

### #2 Pension #1 Corporate Pension

- 19% market share
- ~ 704k participants; 6,3 billion TL AUM (q3 2014)
- 30% cagr in terms of AUM (2011-2013)
- #1 Corporate Pension: Market leader in corporate pensions

### #5 Life Protection

- 7% market share
- TL178m GWP (2013) and 1.4m customers as of 1H14
- 46% GWP cagr (2011-2013)
- Leading player in credit-linked life protection

### #2 Personal Accident

- 21% market share
- TL32m GWP (2013) and 0.4m customers as of 1H14
- 10% GWP cagr (2011-2013)
- Diversified product mix (disability, death and medical expenses)

# ❖ Blue-chip “Sponsoring” Shareholders: A Unique Blend of Expertise and Reputation



- Global diversified insurer with presence in 17 countries and over 100 bancassurance partners
- Best practice policies based on UK international standards on governance / audit

- One of the largest Turkish “multi-business company” with wide franchise of consumer brands and networks
- Unparalleled local trust and reputation

# ❖ Solid Sales Culture through a Multidistribution Platform to Expand Scale and Penetration in Pension and Life

## Distribution Platform At a Glance

**-Long-term exclusive partnership with Akbank**

-Other bank partners:  
BurganBank, Abank,  
Odeabank

### Bancassurance

# Branches (# Akbank): 1,172 (994)  
Akbank sales coaches: 360  
Total PVNBP: 1,016m (60%)

### Agencies

# Agencies: 137  
Total PVNBP: 217m (13%)

### Corporate

# Corporate Sales Team: 26  
# Contracts: c.87,000  
(>1,000 clients)  
Total PVNBP: 103m (6%)

**#1 in employer-sponsored group pension contracts by market share**

### Direct sales force (DSF)

# FAs: 600 (covering 17 cities)  
# Customers: c.135,000  
Total PVNBP: 367m (22%)



*Key Distribution Channels*

### Telemarketing

Total PVNBP: 3m (0.2%)

**Largest direct sales force in the sector:**

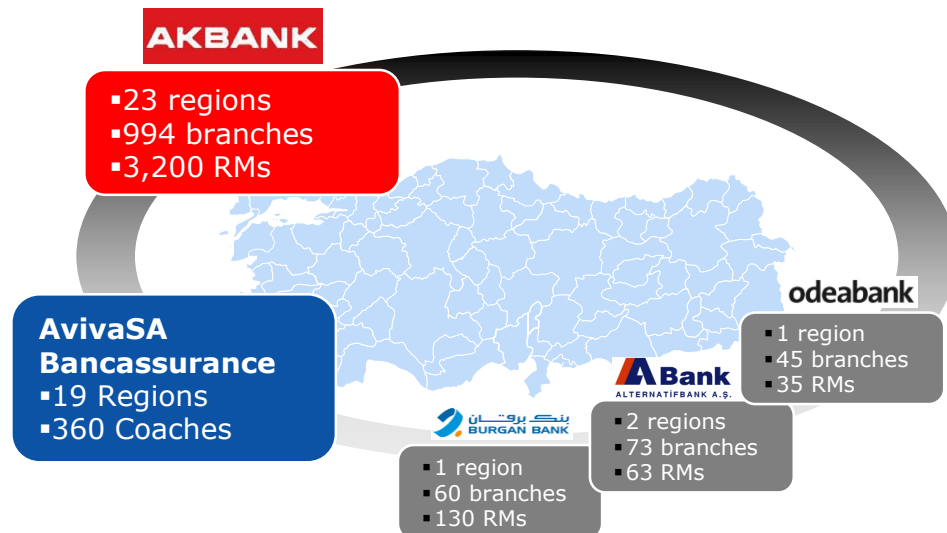
- 751 DSF of which 600 FAs
- 17 cities covered
- 135,000 customers

# Renewed 15-year Exclusive Distribution Agreement with Akbank

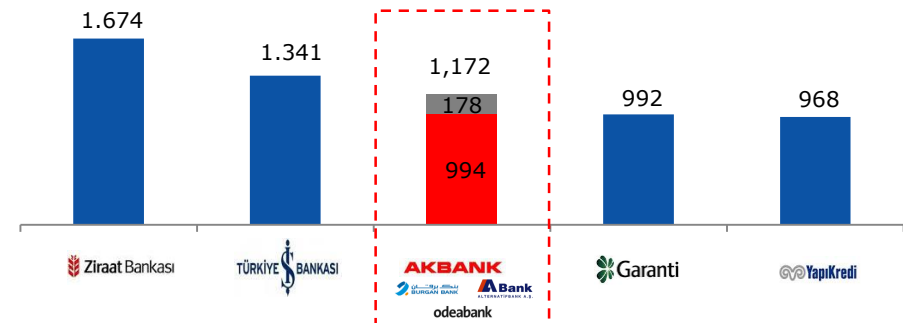
## Strong Relationship Under Same Sponsoring Shareholder



## Access to Wide Distribution Network

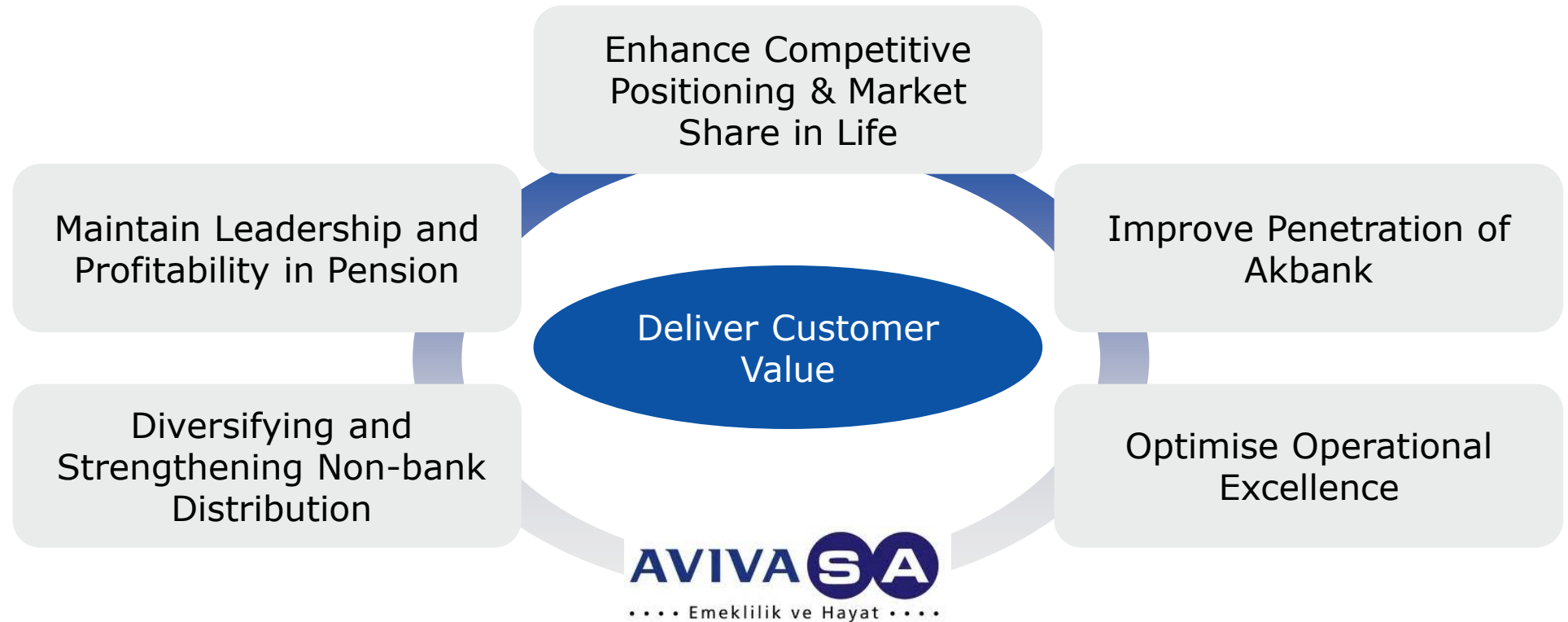


## #3 Largest Bank in Turkey by Branch Network



- ✓ Exclusive 15-year distribution agreement
- ✓ Common Sabancı sponsorship inspires effectiveness of the distribution agreement
- ✓ Access to one of the largest networks in Turkey
- ✓ 12.8% market share in consumer loans and credit cards
- ✓ Growing position in commercial and SME banking

# Strategic Objectives Built on AvivaSA Strengths



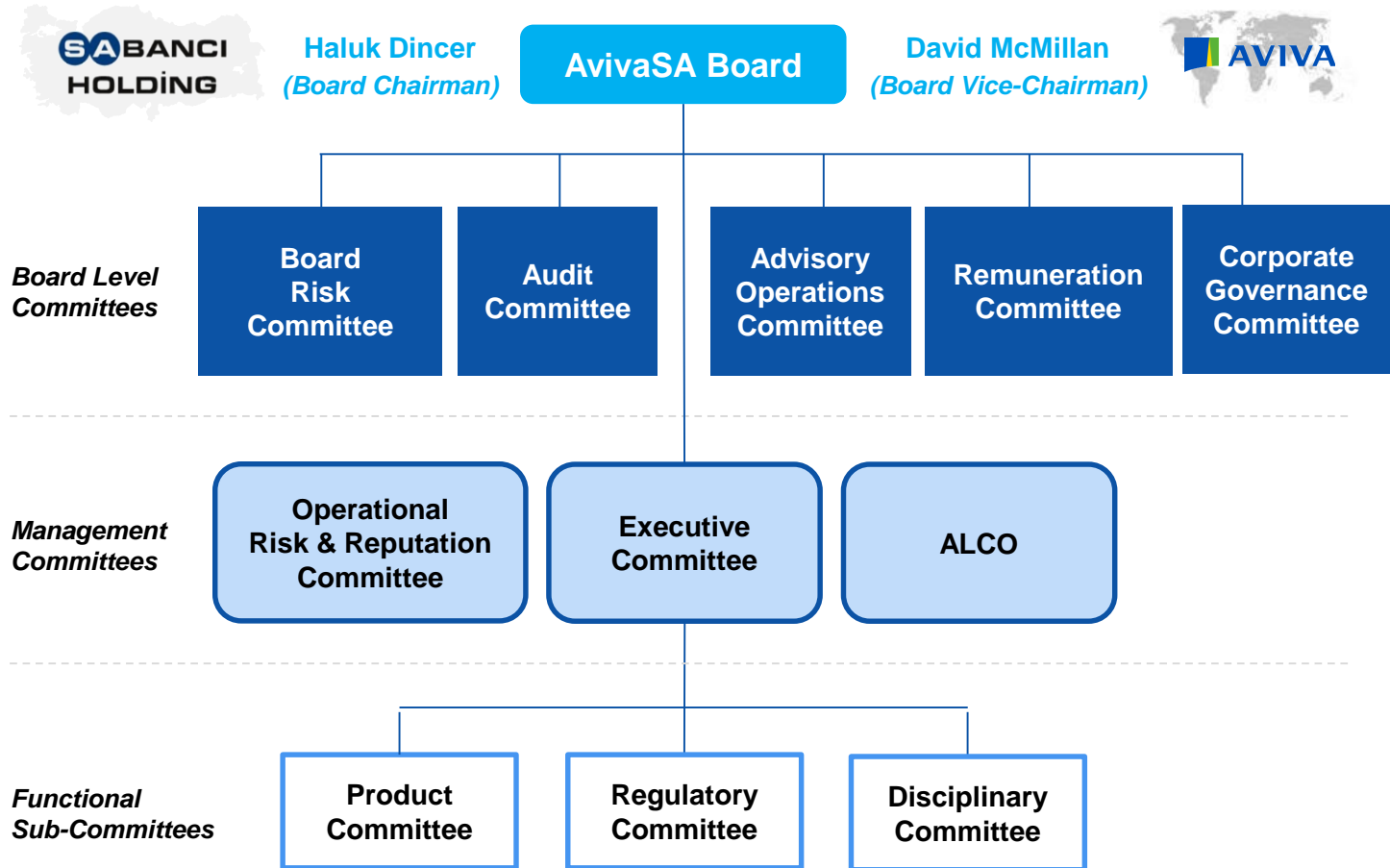
**Solid financial and operational foundation:  
"Focus on Profitable Growth"**



## Overview

- ✓ **Excellent corporate governance** framework established at the creation of the JV in 2007

## Governance Structure



- ✓ Top tier governance principles
- ✓ Well-balanced and experienced board with domestic and international expertise
- ✓ 2 INEDs to be appointed post-IPO



# Focus on Execution Excellence to Deliver Efficiency



## Project Metamorphosis

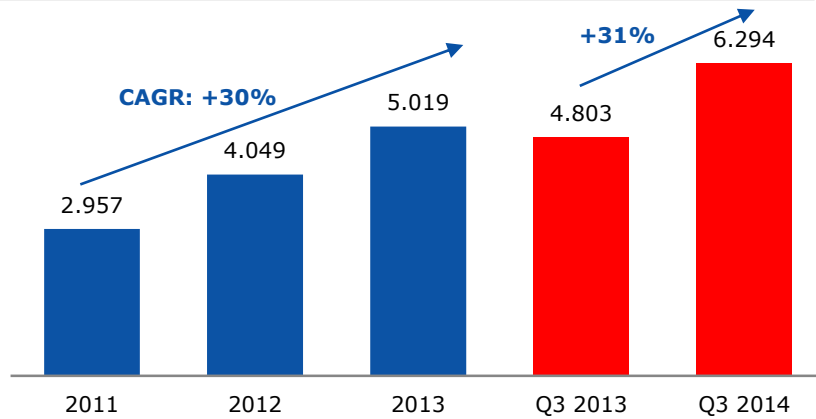
- Commissioned to improve IT systems' capacity to adapt to regulatory changes

## Project Next

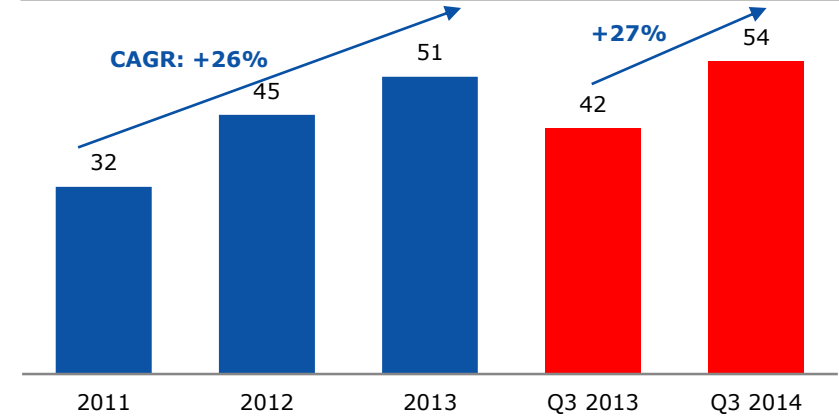
- Bancassurance transformation program to improve sales performance, technological integration, strategic coordination

# A Story of Solid Profitable Growth

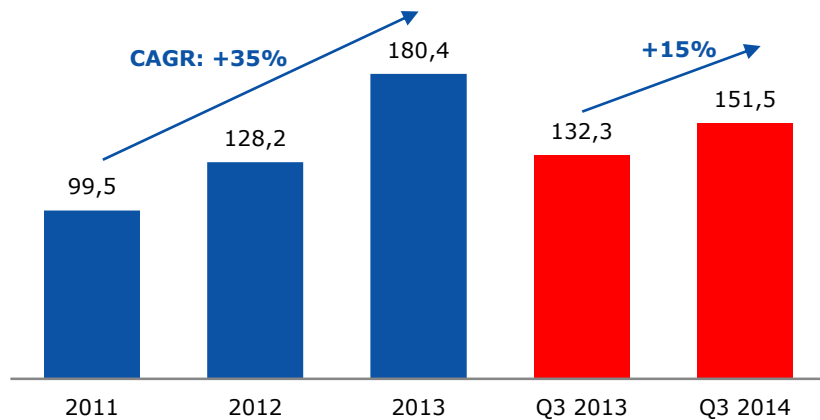
**Pensions AUM (TLm)**



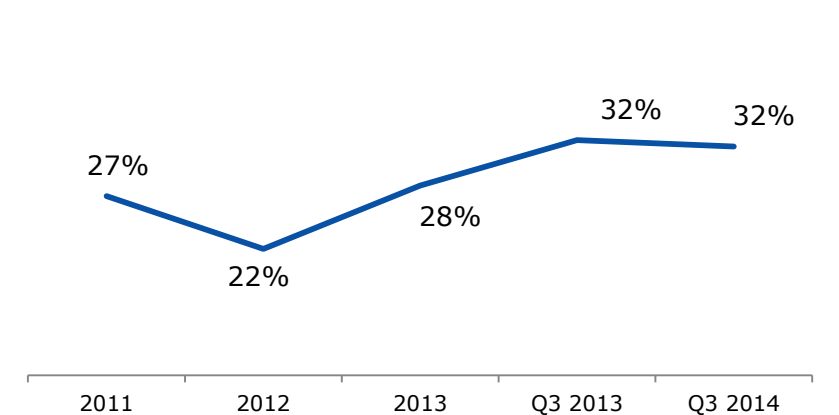
**Technical Profit after G&A (TLm)**



**Total Net Earned Premiums – excl. Life Savings (TLm)**



**ROE**



# ❖ Solid Financial Foundations and Historical Track Record of Value Creation

✓ Growth in volumes and underlying technical profitability driving financial strength and value creation for Shareholders

	2013	CAGR/ $\Delta$ (11-13)	
<b>Pension net Contributions</b>	TL859m	36%	<ul style="list-style-type: none"> <li>• Top line volumes of both pension and life growing at rapid pace in the past 3 years</li> <li>• Pension contributions driving business to profitable scale</li> <li>• Increasing penetration of life driven by Akbank partnership</li> </ul>
<b>Total AUM</b>	TL5,019m	30%	
<b>Total GWP</b>	TL233m	25%	
<b>Total Technical Profit</b>	TL195m	18%	<ul style="list-style-type: none"> <li>• Steady increase thanks to pension scalability and life segments</li> </ul>
<b>Expense Ratio<sup>(1)</sup></b>	13%	(5pp)	<ul style="list-style-type: none"> <li>• Steady fall in cost ratio from 18% in 2011 to 13% as efficiency improves</li> </ul>
<b>Technical Profit after G&amp;A</b>	TL51m	26%	<ul style="list-style-type: none"> <li>• Healthy growth in investment income with not much volatility</li> </ul>
<b>Profit for the Year</b>	TL72m	18%	<ul style="list-style-type: none"> <li>• Track-record of profitable growth</li> </ul>
<b>ROE</b>	28%	3pp	<ul style="list-style-type: none"> <li>• One of the leaders in sector ROE at 28% with an average of 25.5% over 2011-H1 2014</li> </ul>
<b>Solvency</b>	237%	19% <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Strong capitalisation with capital-light product model</li> <li>• Consistent dividend paid</li> </ul>
<b>VNB</b>	TL196m	n.m.	<ul style="list-style-type: none"> <li>• Double digit growth of VNB over the last years</li> <li>• MCEV of 955 TLm in 2013</li> </ul>

Note: Segmental reporting data (1) General expenses, as % of insurance GWP and pension contributions. (2) Growth of AvivaSA absolute value of Required Capital.

# A Compelling Investment Case of Value Creation through Profitable Growth

Investing in the growth trajectory of the Turkish life & pension sector through one of the leading and highly profitable life & pension players in Turkey



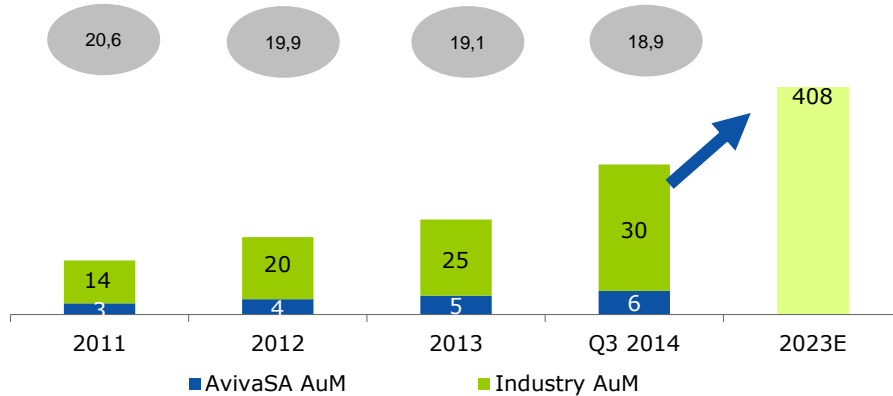
# Leading Fast Growing Pension and Life Franchise



# Pension – Sustainable Growth and Scale Ambitions

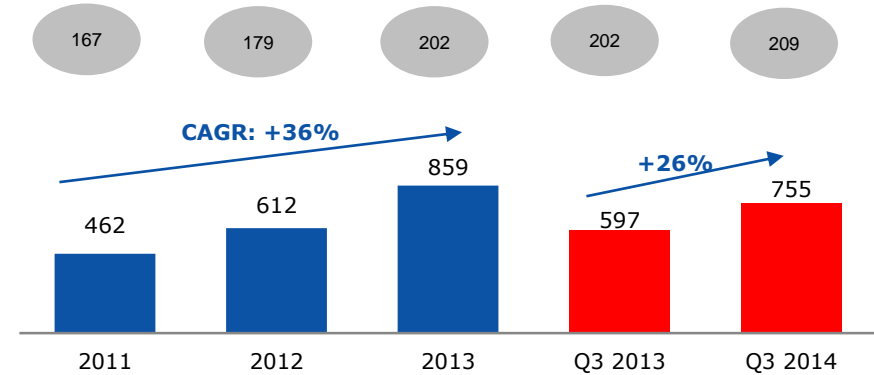
## Fast Growing Pension AUM (TLbn)

Market Share of AvivaSA %

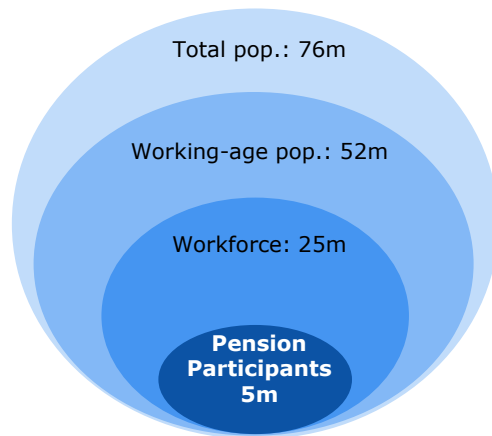


## Net Contribution (TLm)

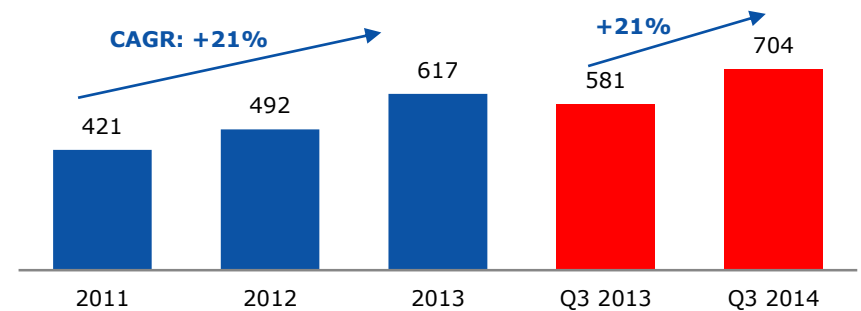
Average Case Size / Policy



## Underpenetrated Pension Market

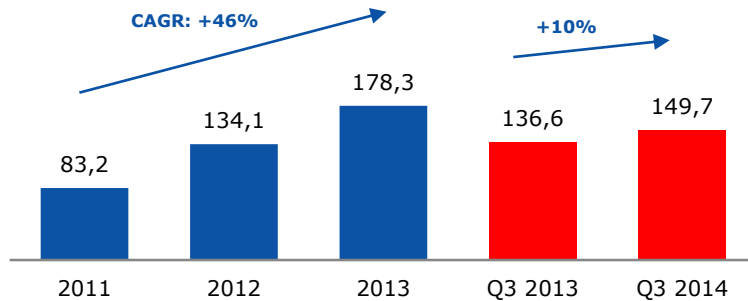


## Number of Participants (x1000)

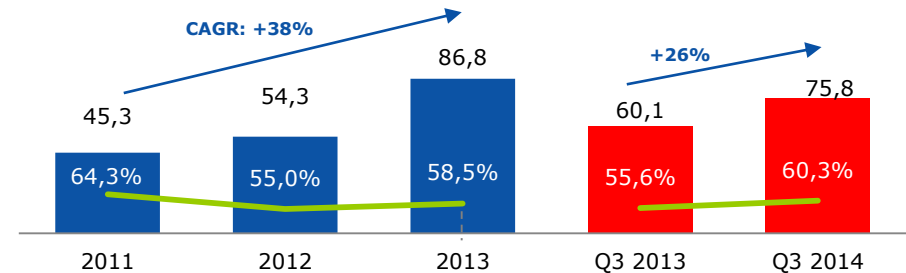


# Life Protection – Sustainable and Resilient Growth Model Fuelled by Bancassurance

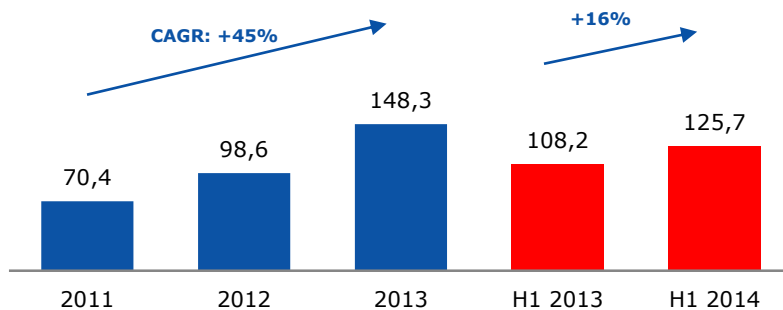
## Life Protection GWP (TLm)



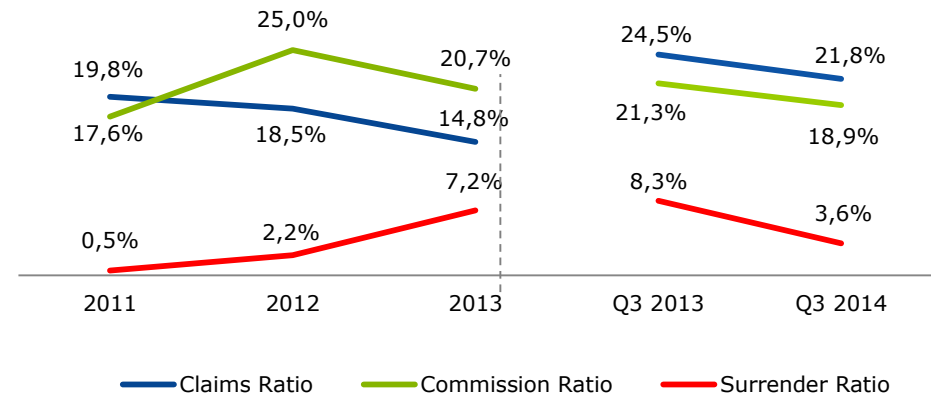
## Technical Profit & Margin<sup>(1)</sup>(TLm, %)



## Life Protection NEP (TLm)



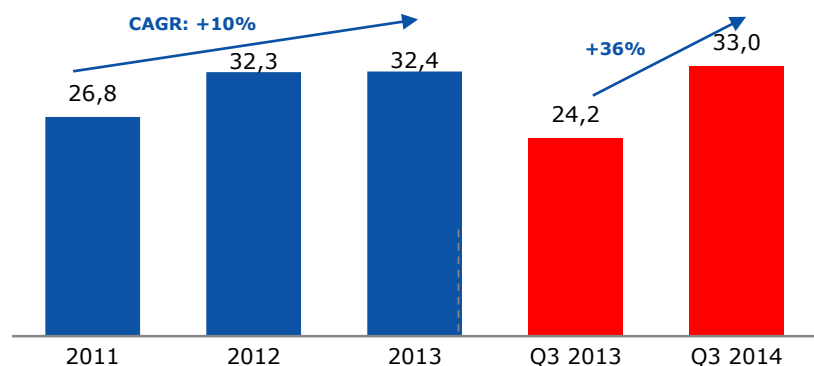
## Claims, Surrender and Commission Ratios (%)



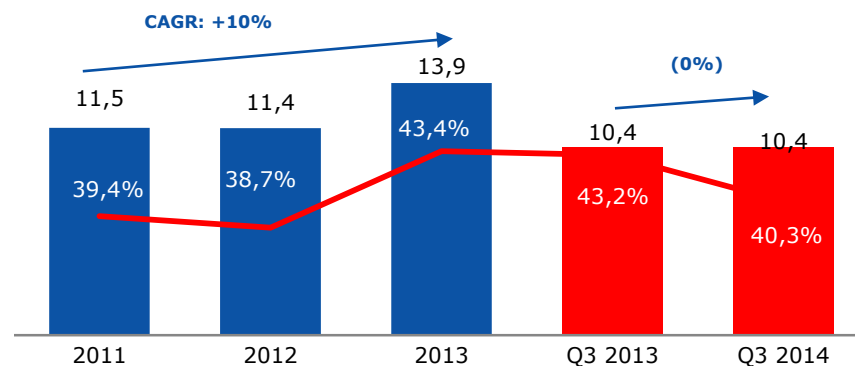


# Personal Accident – A Complementary Profit Pool for the Group

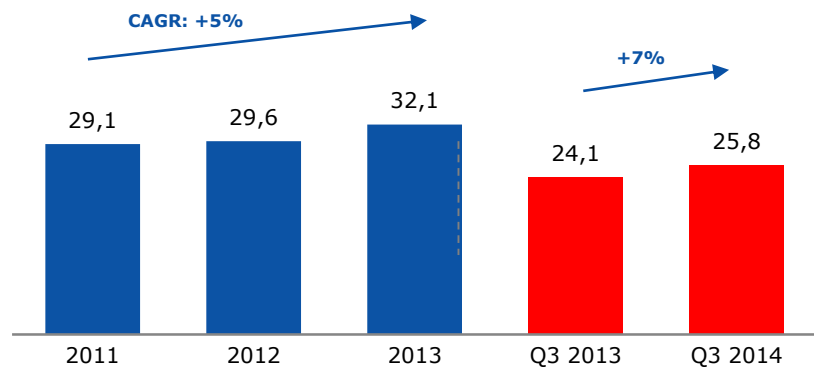
## GWP (TLm)



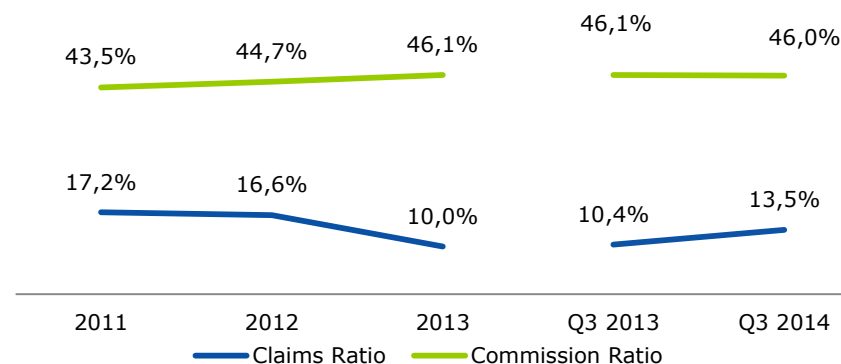
## Technical Profit & Technical Margin<sup>(1)</sup> (TLm)



## NEP (TLm)



## Commission & Claims Ratio (%)

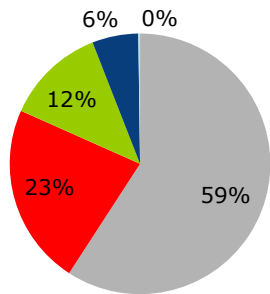


Source: Company information.  
Note: (1) Calculated as % of NEP.

# Production by Distribution Channel and by Products (Q3 2014)

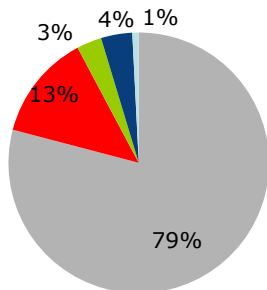
**Total  
(by distribution channel)**

**PVNBP**



**2438 mTL**

**VNB**

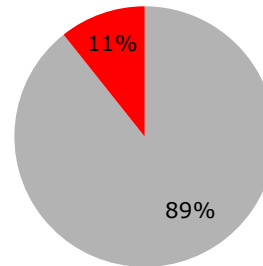


**154 mTL**

■ Pure Bank  
■ Agencies  
■ Telemarketing  
■ DSF  
■ Corporate

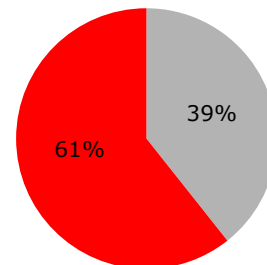
**Total  
(by product)**

**PVNBP**



**2438 mTL**

**VNB**



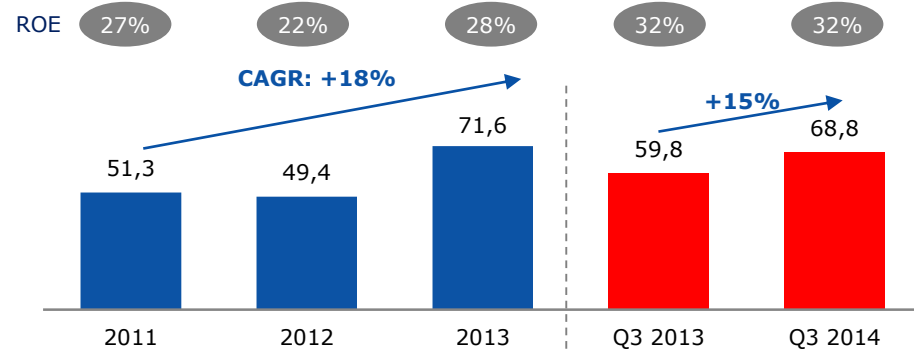
**154 mTL**

■ Pension  
■ Life + PA

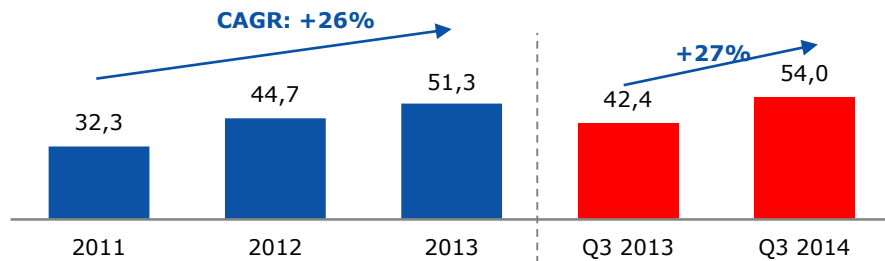
## Robust Financial Performance



## Profit for the Year and ROE (TLm, %)



## Technical Profit After G&A (TLm, %)



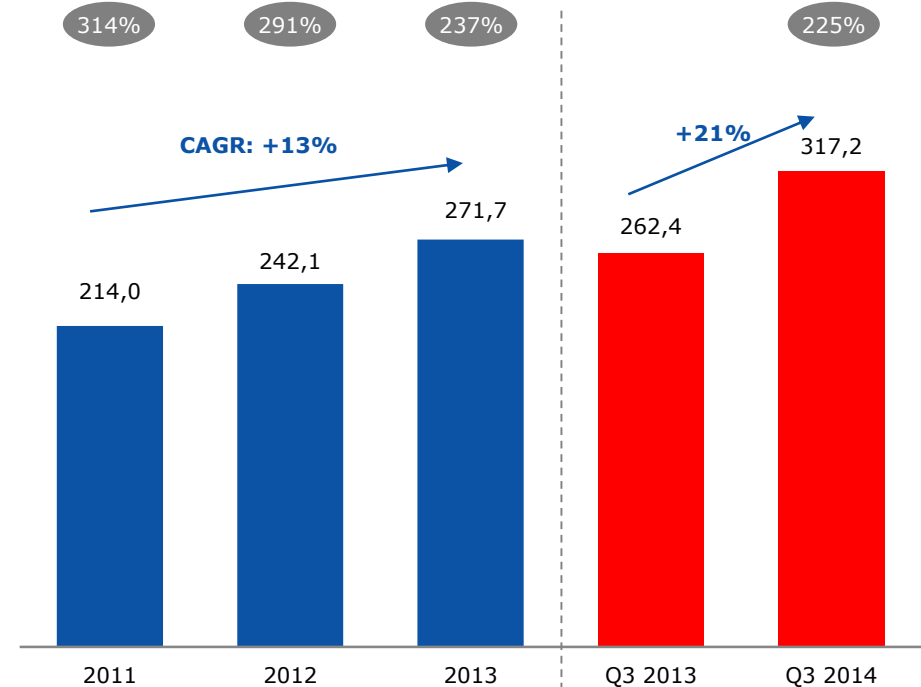
- ✓ During the period under review, AvivaSA's profitability has been robust and growing YoY. The plateau in 2012 was essentially driven by market conditions leading to reduce investment income; the underlying operating business remained solid in that year

Source: Company information.

Note: Analysis on profitable growth derives from segmental information on this and following pages of the section, unless otherwise stated.

## Shareholders' Equity and Solvency Ratio (TLm, %)

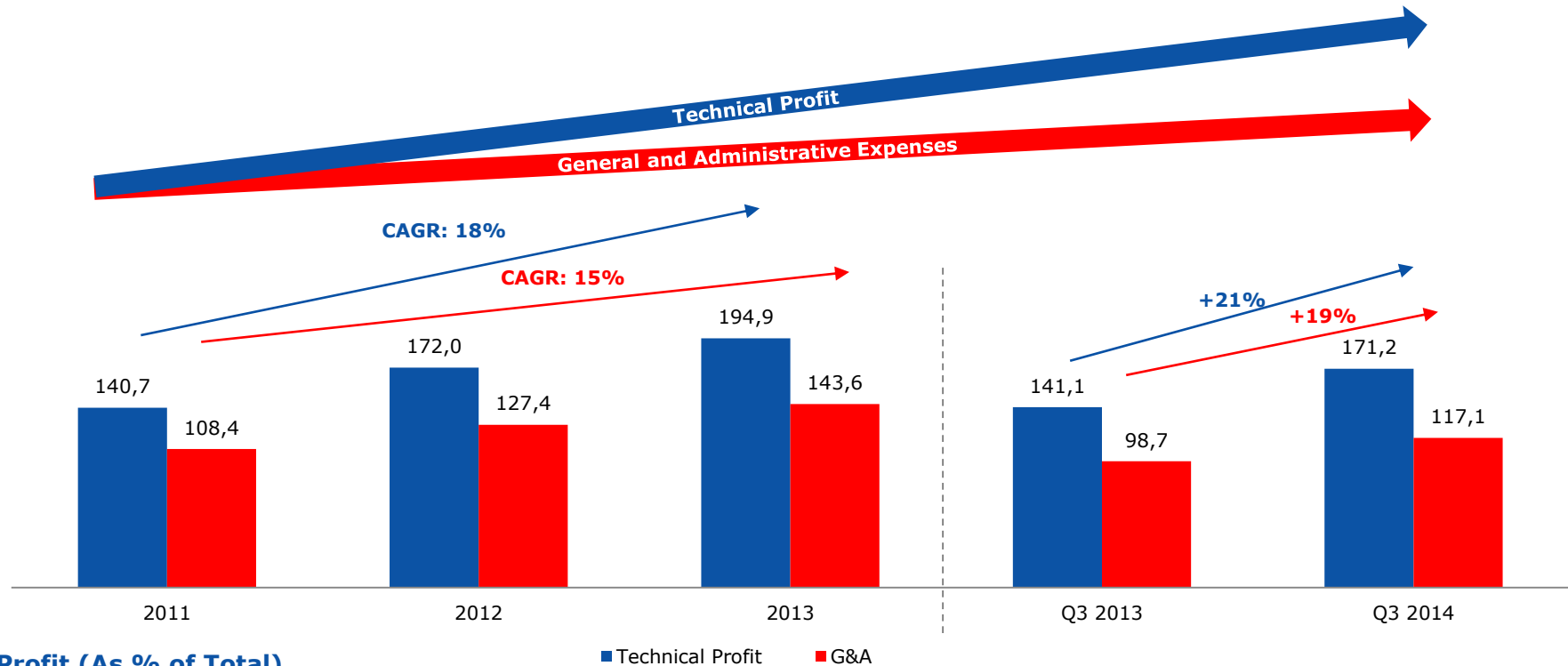
Solvency Ratio



- ✓ Steady increase in shareholders' equity (+21% YoY) reflects active management of capitalization to fund business growth
- ✓ Capital-light business, with strong solvency position, which benefits from AvivaSA's measured approach to risk and new product introduction

# ❖ Solid and Resilient Technical Profitability with Operating Leverage Potential

## Technical Profit (TLm)

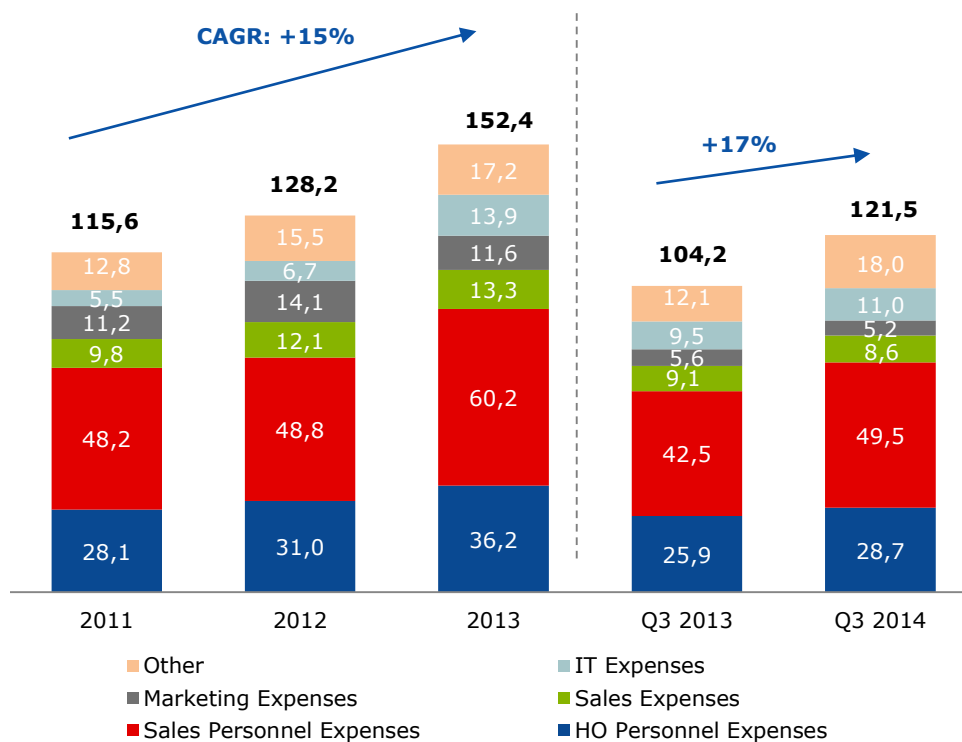


## Technical Profit (As % of Total)

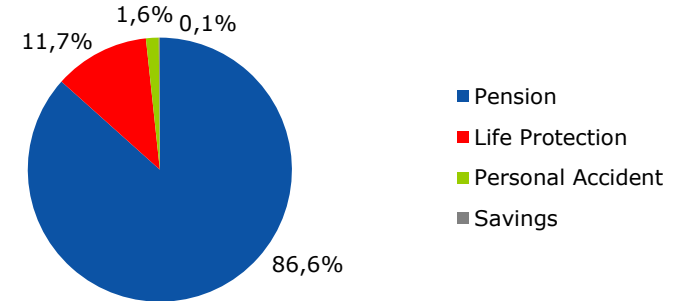
% Pensions	56%	57%	47%	48%	48%
% Protection	32%	32%	45%	43%	44%
% Personal Accident	8%	7%	7%	7%	6%

Source: Company information, IFRS and segmental reporting.

## Split of General Expenses by Category, IFRS (TLm)

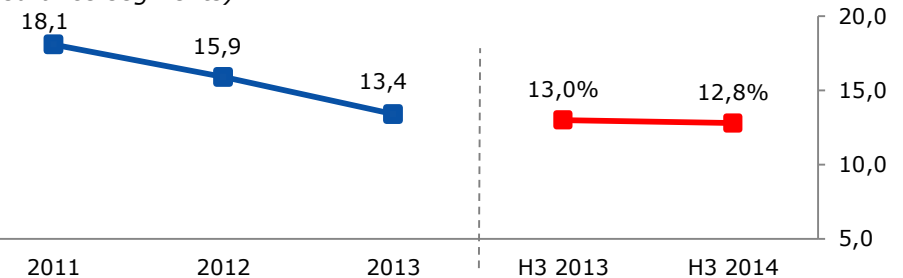


## General Expenses Breakdown by Business (%)



## Expense Ratio (%)

As % of net contributions (for pensions) and gross written premiums (for insurance segments)



- ✓ AvivaSA's Notwithstanding the significant investment in IT infrastructure and the broader growth in general and administrative expenses, AvivaSA's expense ratio has been improving over the years; demonstrating the growing economies of scale that the business is achieving



## Segment Disclosure



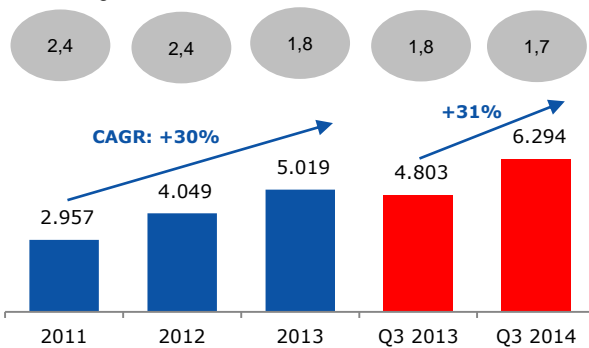


# Differentiated Management of Trends and Dynamics per Segment

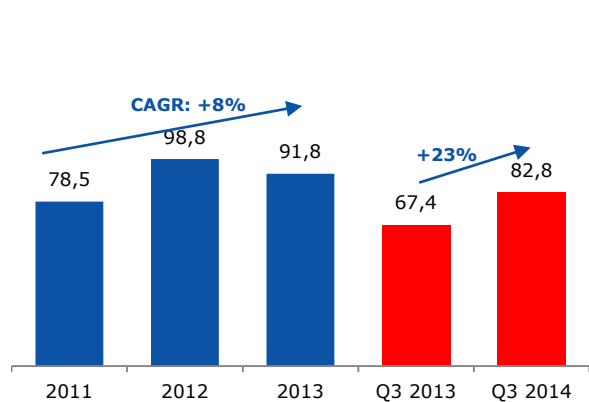
## Pension

AUM (TLm)

FMC Margin %

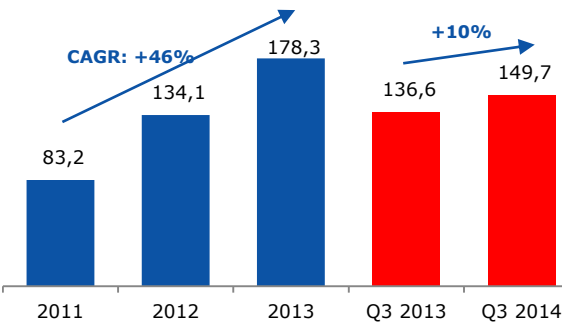


Technical Profit (TLm)

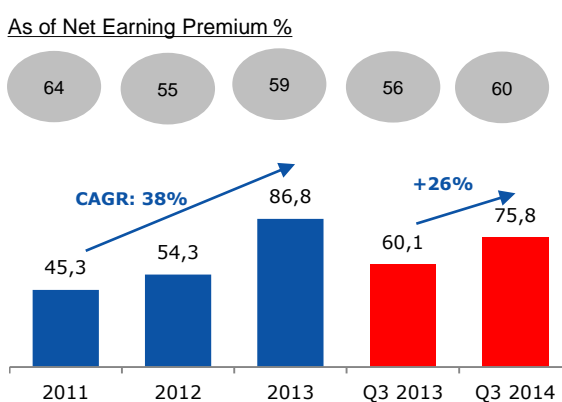


## Life Protection

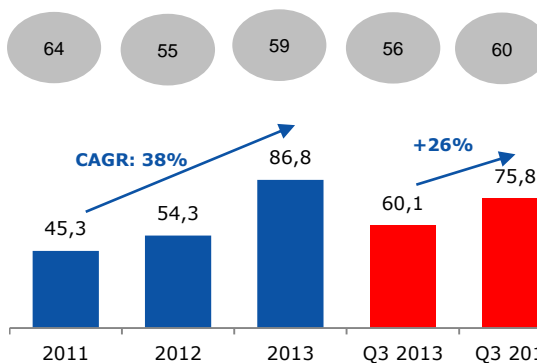
Gross Written Premium (TLm)



Technical Profit (TLm)

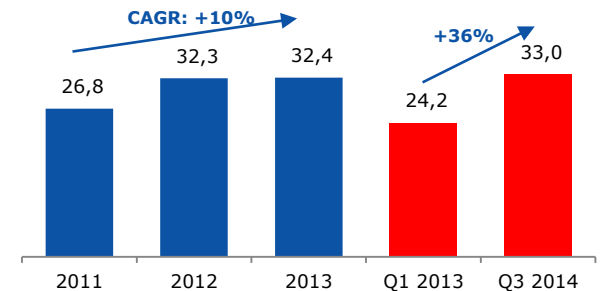


As of Net Earning Premium %

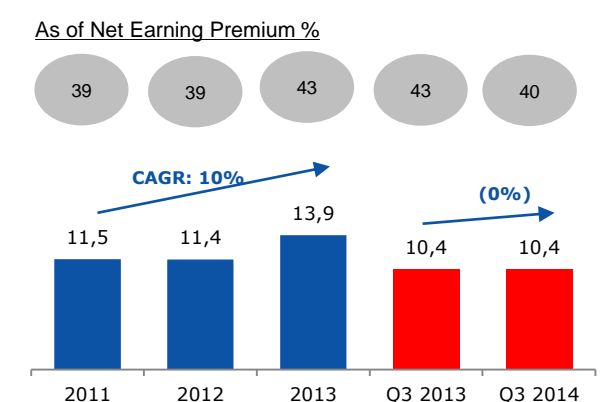


## Personal Accident

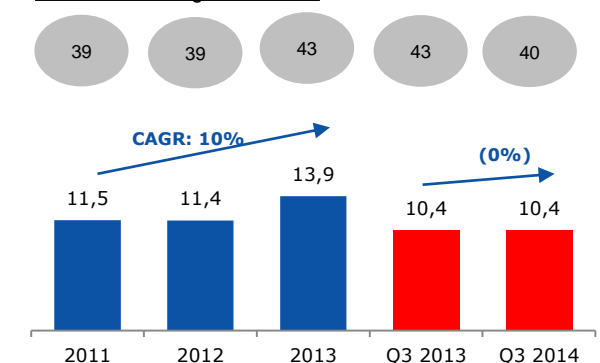
Gross Written Premium (TLm)



Technical Profit (TLm)



As of Net Earning Premium %



# Summary of P&L from Segmental Reporting

	2011	2012	2013	CAGR	Q3 2013	Q3 2014	YoY
Pension Technical Profit	78.5	98.8	91.8	+8.1%	67.4	82.8	+22.8%
Life Protection Technical Profit	45.3	54.3	86.8	+38.4%	60.1	75.8	+26.1%
Life Savings Technical Profit	5.5	7.5	2.4	(33.9%)	3.1	2.2	(30.2%)
Personal Accident Technical Profit	11.5	11.4	13.9	+9.9%	10.4	10.4	(0%)
<b>Total Technical Profit</b>	<b>140.7</b>	<b>172.0</b>	<b>194.9</b>	<b>+17.7%</b>	<b>141.1</b>	<b>171.2</b>	<b>+21.4%</b>
<i>General and Administrative Expenses</i>	<i>(108.4)</i>	<i>(127.4)</i>	<i>(143.6)</i>	+15.1%	<i>(98.7)</i>	<i>(117.1)</i>	+18.7%
<b>Total Technical Profit after G&amp;A Expenses</b>	<b>32.3</b>	<b>44.7</b>	<b>51.3</b>	<b>+26.0%</b>	<b>42.4</b>	<b>54.0</b>	<b>+27.5%</b>
Total Investment Income & Other	29.8	20.6	39.8	+15.6%	28.5	33.9	+18.9%
Profit Before Taxes	62.1	65.2	91.1	+21.1%	70.9	87.9	+24.1%
<b>Profit for the Period</b>	<b>51.3</b>	<b>49.4</b>	<b>71.6</b>	<b>+18.1%</b>	<b>59.8</b>	<b>68.8</b>	<b>+14.9%</b>

Source: Company information, IFRS and segmental reporting.

## Pension Technical Profit (TLm)

	2011	2012	2013	CAGR	Q3 2013	Q3 2014	YoY
<b>Fund Management Income<sup>(1)</sup></b>	57.5	74.6	69.0	+9.5%	50.1	61.5	+22.8%
<b>Management Fee<sup>(2)</sup></b>	28.3	32.0	17.9	(20.5%)	12.2	16.7	+36.4%
<b>Entrance Fee Income<sup>(3)</sup></b>	15.8	20.0	30.4	+38.7%	22.0	31.7	+43.8%
<b>Other Income/(Expenses)</b>	(4.4)	(5.4)	(5.8)	+14.8%	(4.4)	(5.2)	+19.6%
<b>Net Commission Expenses</b> (of which)	(18.7)	(22.4)	(19.6)	+2.4%	(12.6)	(21.8)	+73.5%
- Commission Ex.	(31.0)	(29.1)	(56.6)	+35.1%	(38.8)	(49.7)	+28.0%
- DAC	12.3	6.7	37.0	+73.4%	26.2	27.8	+6.1%
<b>Technical Profit</b>	<b>78.5</b>	<b>98.8</b>	<b>91.8</b>	<b>+8.1%</b>	<b>67.4</b>	<b>82.8</b>	<b>+22.8%</b>

## Key Profit Drivers

- Pension volume (Contribution and AUM)
- Lapses and Retention
- Pension Fee Structure (entry fee, management fee, fund management charge)
- Commission Expenses / DAC

✓ Technical profit development reflects the solid potential of the pension market as well as the effect of the new pension regulations effective 1 January 2013

Source: Company information, IFRS and segmental reporting.

Note: (1) Net of AK asset charges. (2) Charge including premium holiday. (3) Including deferred entry fee.

# Pension – Reaching Profitability through Scale

## Pension Adjusted Technical Profit (IFRS, TLm)

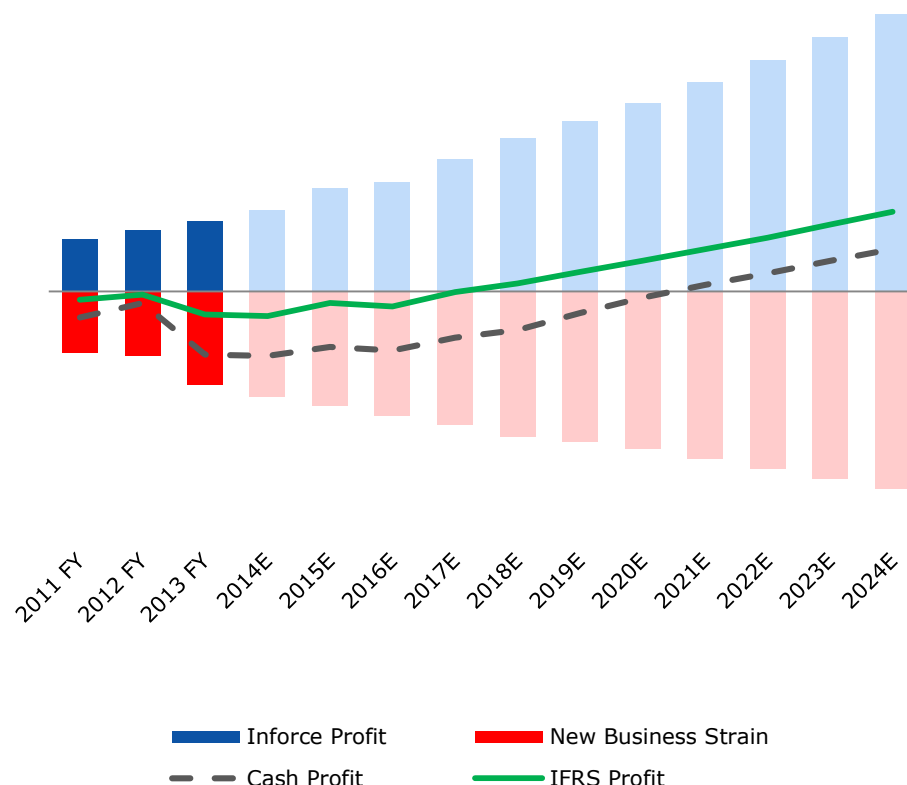
	2013	H1 2014
<b>Pensions</b>		
Technical Profit	91.8	54.1
General and Administrative Expenses	(120.2)	(66.7)
<b>Adjusted Technical Profit</b>	<b>(28.4)</b>	<b>(12.6)</b>

- AvivaSA's technical profit under IFRS for pensions is calculated as technical profit less management's estimates of the G&A expenses related to this specific segment
- AvivaSA allocates on a quarterly basis this expense based on a methodology relying upon Management estimates for the purpose of its regular MCEV, VNB reporting processes as well as for a number of adhoc pricing, financial and expense analysis
- This methodology, which consists in (a) reviewing the nature, origin and usage of each direct expense items individually with a view to allocate them into this specific segment and (b) allocating the residual expenses between the segments according to management best estimates or judgments
  - Given the nature of the pension segment, most of the general and administrative expenses are allocated into it; in order to support the growth of the business

Source: Company information, IFRS and segmental reporting.

Note: Methodology consists in (1) Review the nature and usage of each direct expense item and allocate into a specific segment (2) Allocate residual expenses according to management's best estimate.

## Illustrative IFRS / Cash Profit Breakeven



## Life Protection Technical Profit (TLM)

(Excluding Life Savings)

	2011	2012	2013	CAGR	Q3 2013	Q3 2014	YoY
<b>Gross Written Premiums</b>	83.2	134.1	178.3	+46.4%	136.6	149.7	+9.6%
<b>Earned Premiums</b>	70.4	98.6	148.3	+45.1%	108.2	125.7	+16.2%
<b>Total Claims</b>	(14.4)	(20.5)	(32.7)	+50.9%	(26.6)	(27.5)	3.4%
<i>Claims Ratio (excluding Surrender Ratio)</i>	19.8%	18.5%	14.8%	n.m.	24.5%	21.8%	n.m.
<b>Commission Expenses</b>	(11.2)	(22.7)	(27.8)	+57.7%	(20.9)	(21.8)	+4.3%
<i>Commission Ratio</i>	17.6%	25.0%	20.7%	n.m.	21.3%	18.9%	n.m.
<b>Other Income/(Expense), Net</b>	0.4	(1.1)	1.0	+64.3%	(0.6)	(0.6)	+2.8%
<b>Technical Profit</b>	<b>45.3</b>	<b>54.3</b>	<b>86.8</b>	+38.4%	<b>60.1</b>	<b>75.8</b>	+26.1%
<i>Technical Margin</i>	64.3%	55.0%	58.5%	n.m.	55.6%	60.3%	n.m.

## Key Profit Drivers

- NEP 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 Technical Profit (TLm)

	2011	2012	2013	CAGR	Q3 2013	Q3 2014	YoY
<b>Gross Written Premiums</b>	26.8	32.3	32.4	+10.0%	24.2	33.0	+36.3%
<b>Earned Premiums</b>	29.1	29.6	32.1	+5.0%	24.1	25.8	+7.0%
<b>Total Claims</b>	(5.0)	(4.9)	(3.2)	(19.8%)	(2.5)	(3.5)	+39.8%
<i>Claims Ratio</i>	17.2%	16.6%	10.0%	n.m.	10.4%	13.5%	n.m.
<b>Commission Expenses</b>	(12.6)	(13.2)	(14.8)	+8.2%	(11.1)	(11.9)	+6.8%
<i>Commission Ratio</i>	43.5%	44.7%	46.1%	n.m.	46.1%	46.0%	n.m.
<b>Other Income/(Expense), Net</b>	(0.0)	(0.0)	(0.2)	n.m.	(0.0)	(0.0)	n.m.
<b>Technical Profit</b>	<b>11.5</b>	<b>11.4</b>	<b>13.9</b>	<b>+10.3%</b>	<b>10.4</b>	<b>10.4</b>	<b>(0%)</b>
<i>Technical Margin</i>	39.4%	38.7%	43.4%	n.m.	43.2%	40.3%	n.m.

## Key Profit Drivers

- NEP volume
- Accident / Benefits claims
- Surrender levels
- Commission Expenses

✓ Personal accident segment gets allocated around 2% - 3% of general and administrative expenses due to relatively small and stable business volumes demonstrating positive adjusted technical profit / (loss) throughout the periods under review



## Embedded Value and Value of New Business Disclosure





**AvivaSA is pioneering the disclosure of EV in Turkey; nevertheless, it is a widely used valuation basis in Europe and Asia**

**MCEV is an agreed set of DCF calculations that value both the capital of the firm and the value of the business already written**

**VNB is a measure of the economic value of the profits expected to emerge from new business written in the period where these expected profits are capitalised back to the reporting date**

**AvivaSA has calculated and used MCEV metrics for years:**

- **Reported in Aviva accounts since 2008 (including 2007 restatements)**
- **It is a KPI on business by channel and product line**
- **Integral to business decisions**

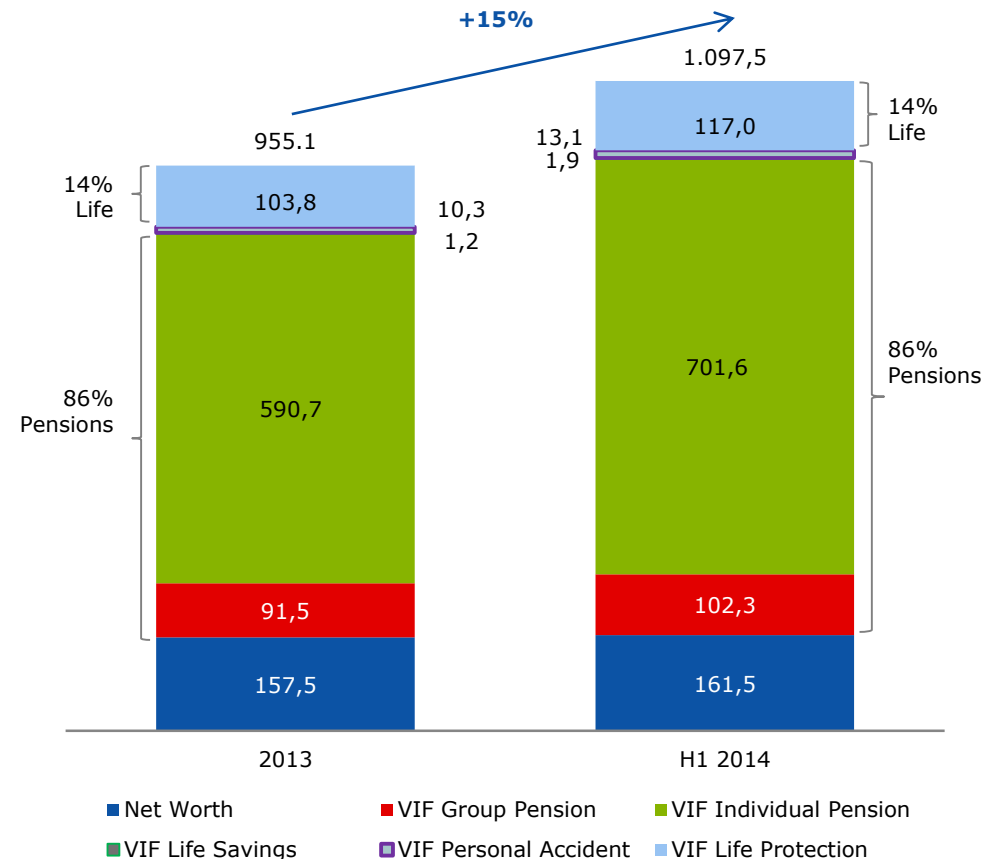
**Towers Watson has been substantially involved in the application of market consistent valuation techniques and the MCEV Principles for insurance companies, and has reviewed the MCEV numbers included in the prospectus**

# ❖ Market Consistent Embedded Value a Long-term Valuation Metric

## Comments

- Growth of 15% in MCEV reflects the growth in expected future earnings from the in-force book which is driven by VIF
- ...whereas net worth fully absorbs the impact of the new business strain, without giving full credit to the fact that new business written is on profitable terms
- Pensions business remains by far the most significant portion of the in-force book, representing about 86% of the VIF, mainly as a result of the fund management fee applied to the accumulated funds under management
- Growth in life protection VIF will be more pronounced with the introduction of long-term life protection products such as Return of Premium

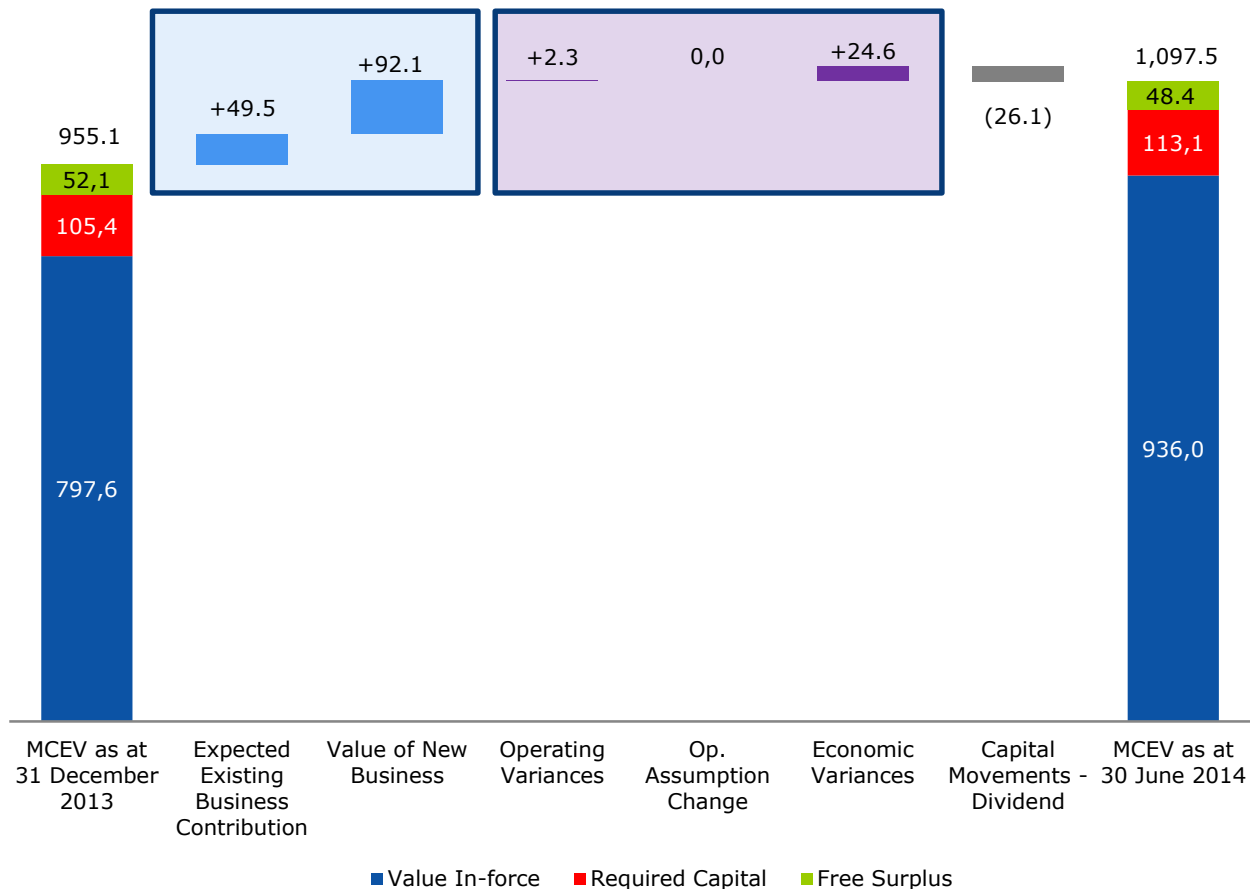
## MCEV (TLm)



# Drivers of Sustainable MCEV Growth – HY14

## Analysis of Earnings

### MCEV Reconciliation (TLm)



Source: Company information.

### Comments

- ✓ MCEV growth is mainly driven by VNB, a typical characteristic of an emerging market company
- ✓ The expected existing business contribution represents the unwinding of the reference rate on the opening MCEV and reflects management's expectation of the earnings on this business which is contributing about a third of the growth of the MCEV
- ✓ Positive pensions persistency experience with slight positive expense and mortality variances are offset by negative lapse variances arising from higher than expected lapses of the long-term credit-linked life protection business
- ✓ AvivaSA's MCEV is relatively neutral to any change in interest rates due to fee nature of pensions business and underwriting margins released from life protection business
- ✓ Any capital movements, such as dividends are allowed to get to the closing MCEV balance sheet

# Active Management of VNB to Steer Profitable Growth

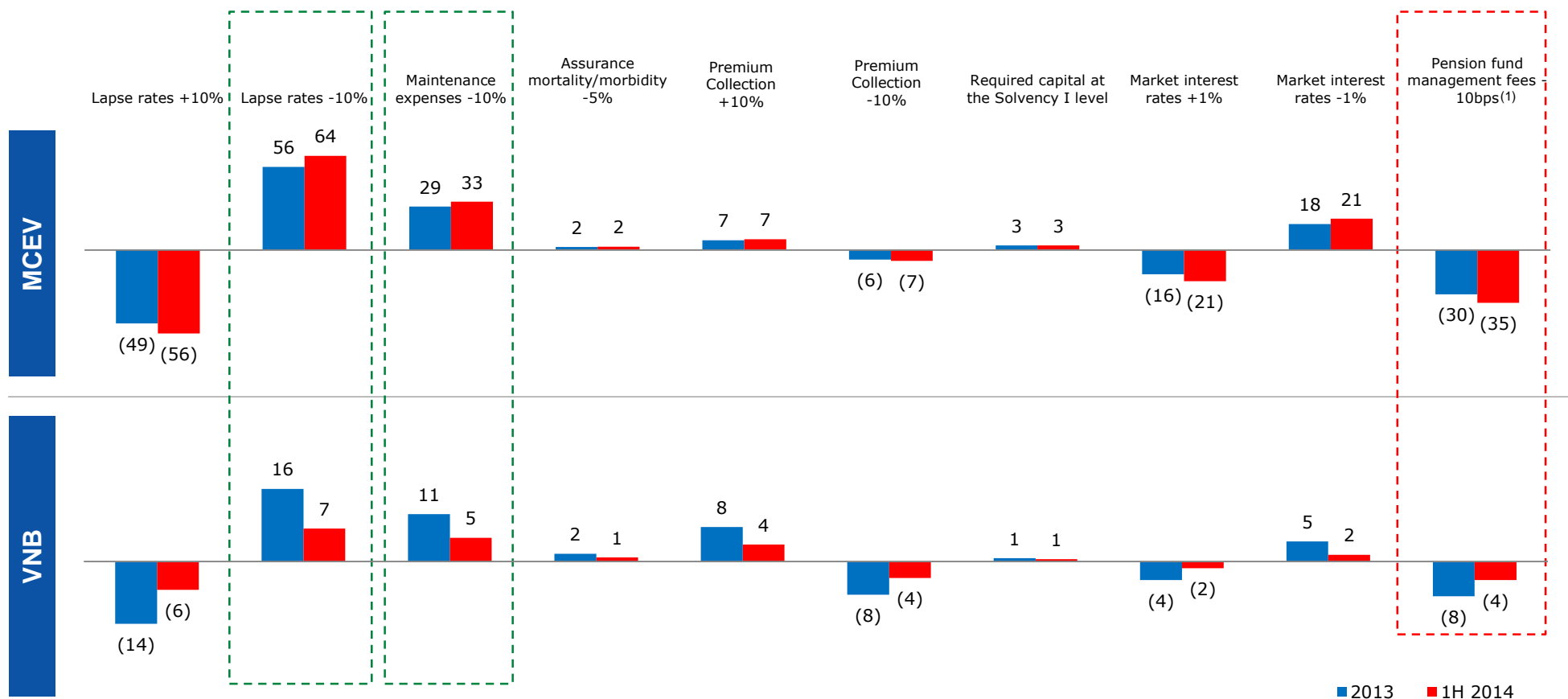
- ✓ VNB is one of the key indicators that AvivaSA uses to measure profitability and steer the growth of new business written in the life and pensions segments

## Overview by Segment

	Pension		Life Protection		PA		Total	
	2013	H1 2014	2013	H1 2014	2013	H1 2014	2013	H1 2014
<b>PVNB (TLm)</b>	3,006.0 91%	1,538.2 90%	257.6 8%	141.9 8%	40.6 1%	26.0 2%	3,304.2 100%	1,706.1 100%
<b>VNB (TLm)</b>	80.5 41%	36.3 40%	101.3 52%	46.4 50%	14.2 7%	9.4 10%	195.9 100%	92.1 100%
<b>New Business Margin (%)</b>	2.7%	2.4%	39.3%	32.7%	34.9%	36.1%	5.9%	5.4%
	2013	H1 2014	2013	H1 2014	2013	H1 2014	2013	H1 2014
<b>Key Profit Drivers</b>	<ul style="list-style-type: none"> <li>Product Mix</li> <li>Fees</li> <li>Expenses</li> <li>Commissions</li> <li>Persistency</li> </ul>		<ul style="list-style-type: none"> <li>Product Mix</li> <li>Mortality</li> <li>Morbidity</li> <li>Commissions</li> <li>Persistency</li> </ul>		<ul style="list-style-type: none"> <li>Product Mix</li> <li>Mortality/Morbidity</li> <li>Commissions</li> </ul>			

Source: Company information and segmental reporting.  
Note: Percentages represent the proportion as Product Mix.

## Sensitivities (TLm)



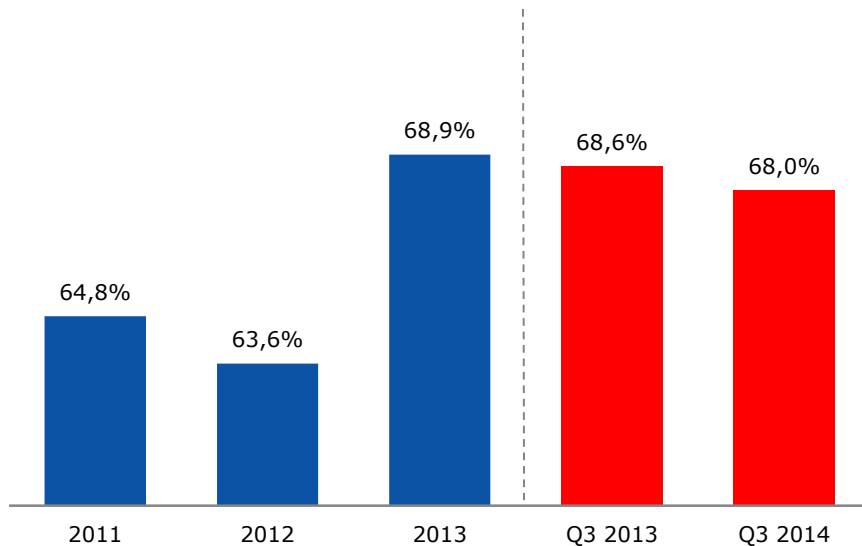
Source: Company data.  
(1) Expected to kick-in at 2016

## Appendix – Financial Section

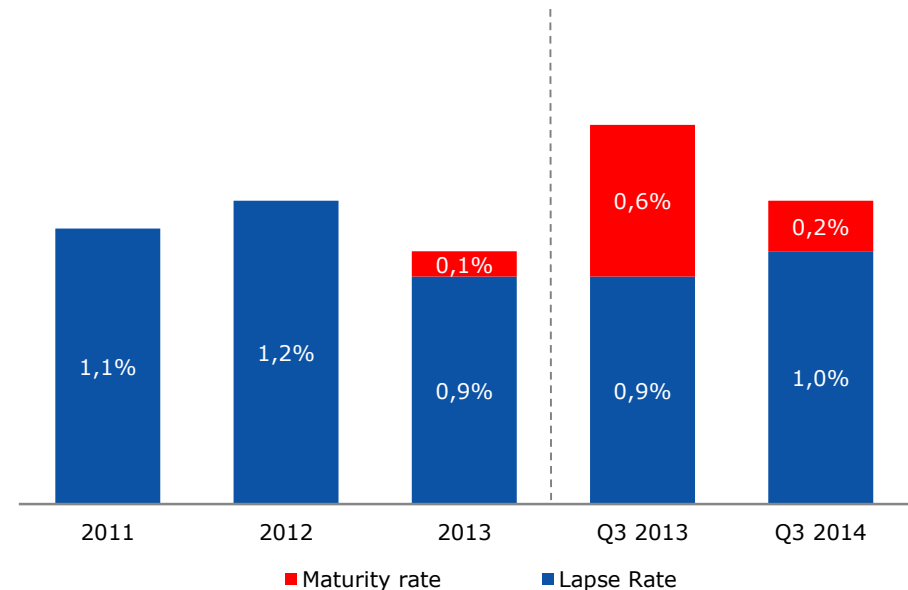


# Pension Retention and Persistency at the Forefront of our Strategy

**Collection Rate<sup>(1)</sup> (%)**



**Total Monthly Exit Rate<sup>(1)</sup> (Lapse + Maturity) (%)**



- Government incentives for pension were introduced in 2012 and 2013 and AvivaSA campaigns and actions to improve collection rates were successful
- AvivaSA seeks to further increase policy persistency through enhancements to its customer service offering, in particular by establishing a more refined customer segmentation and management model and leveraging further channel integration with CRM infrastructure support
- AvivaSA is trying to enhance its retention through:
  - Remuneration model and performance management system includes persistency metrics
  - VIP customer visit procedure and quality control calls for visits
  - Customer Loyalty Program
  - Differentiated Orphan Customer management program
  - Regular “Retention Committee” meetings
  - Regular customer communications and specialized services including fund returns
  - Advantageous pension product offer to top segment customers
  - Automatic renewal process for stand alone life products

Source: Company information, IFRS and segmental reporting.

Note: (1) Based on information sourced from the operating system of the company and presented on an indicative only basis.



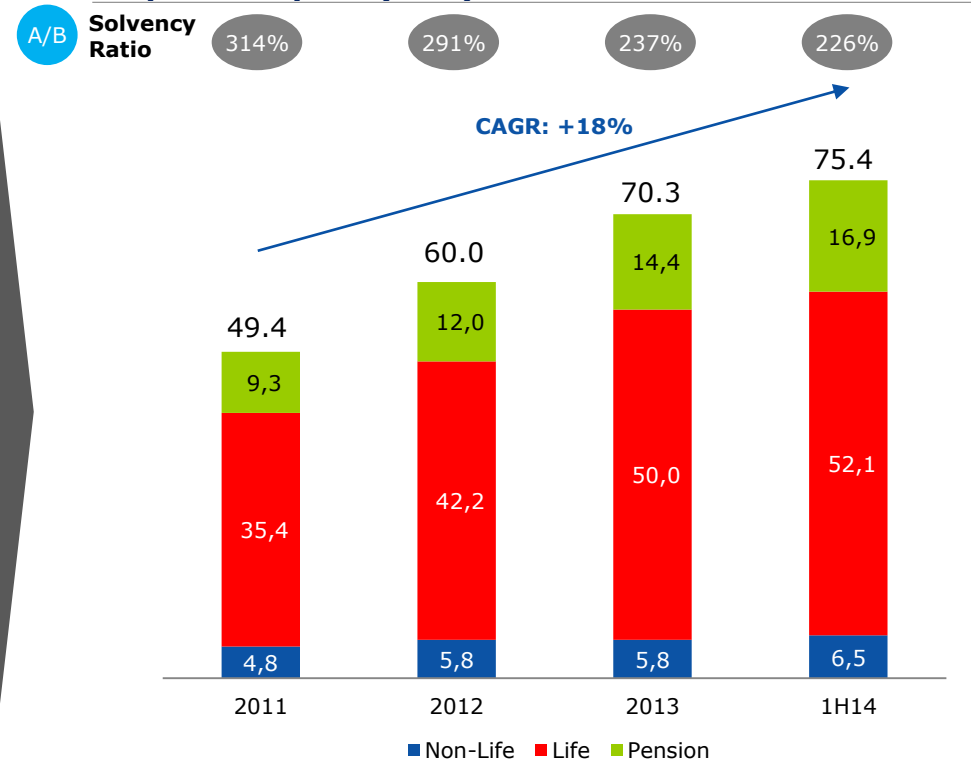
# Capital-Light Business Model with Strong Solvency Position

- ✓ Top tier solvency ratios driven by a measured approach to risk and new product introductions, which affords the business scope and flexibility pursuing growth options and / or returning cash to shareholders

## Regulatory Capital Requirement

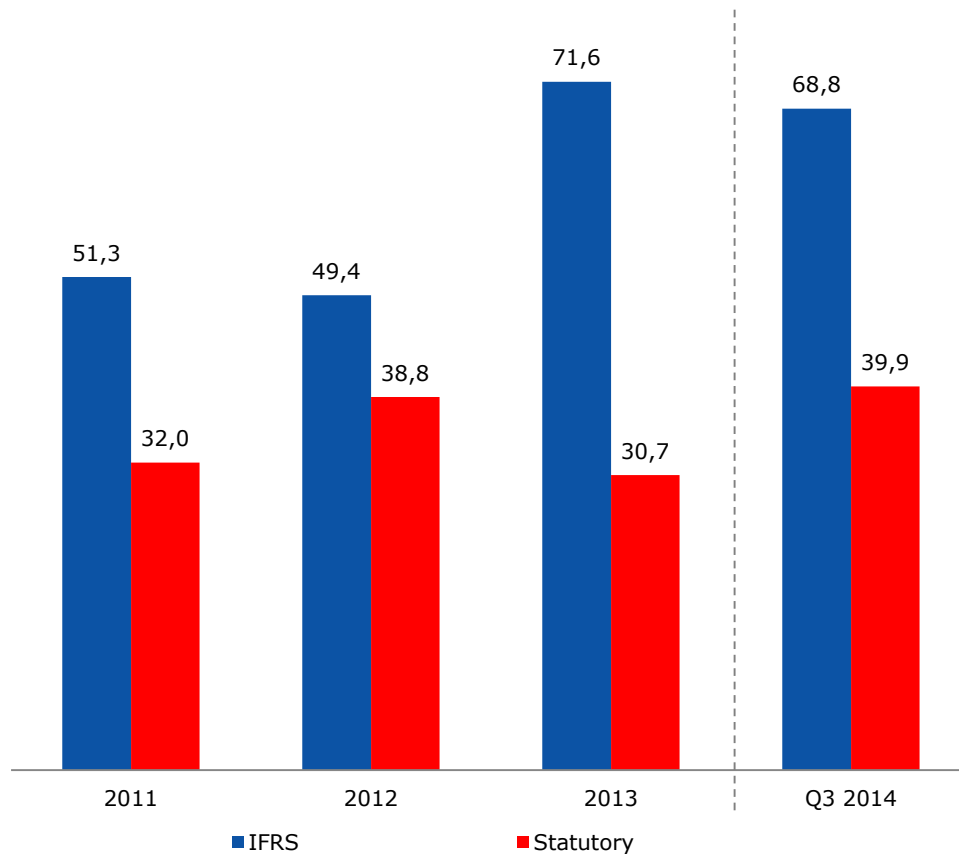
Calculation of net assets to cover solvency margin	December 31			June 30
	2011	2012	2013	2014
Total regulatory capital (Statutory Reporting)	155.2	174.8	166.3	170.6
Intangible assets	-	-	-	-
Deferred tax asset	-	-	-	-
<b>A AvivaSA net assets</b>	<b>155.2</b>	<b>174.8</b>	<b>166.3</b>	<b>170.6</b>
<b>B AvivaSA Required Capital</b>	<b>49.5</b>	<b>60.0</b>	<b>70.3</b>	<b>75.4</b>
AvivaSA guarantee fund	16.5	20.0	23.4	25.1
<b>Surplus of net assets in excess of Required Capital</b>	<b>105.8</b>	<b>114.9</b>	<b>96.0</b>	<b>95.2</b>
Surplus of net assets in excess of guarantee fund	138.7	154.8	142.9	145.5

## Required Capital (TLm)



# Reconciliation between IFRS vs. Statutory Profit for the Year

## IFRS vs. Statutory Profit for the Year (TLm)



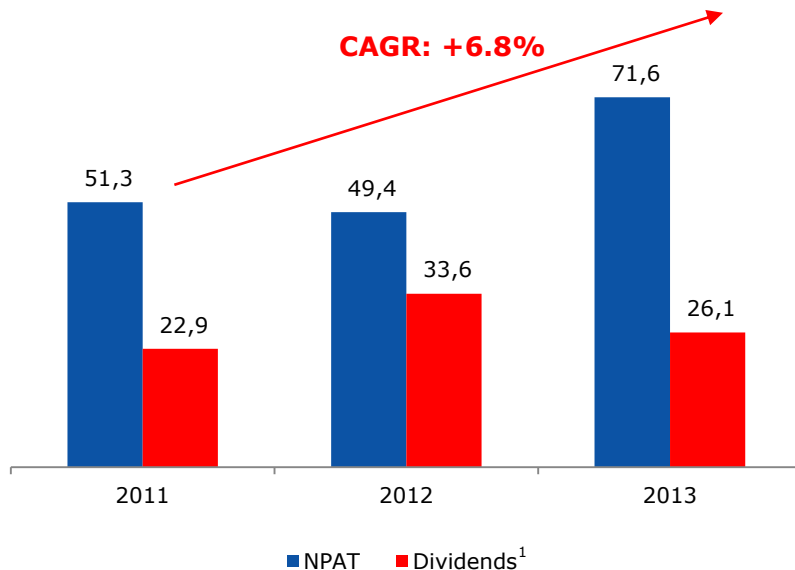
## Profit for the Year Reconciliation (TLm)

	2011	2012	2013	CAGR	Q3 2014
<b>IFRS Profit for the Year</b>	<b>51.3</b>	<b>49.4</b>	<b>71.6</b>	<b>+18.2%</b>	<b>68.8</b>
Equalisation Reserve write-off	(1.6)	(2.1)	(2.7)	+29.9%	-0.3
Deferred Tax	4.4	2.1	11.8	+63.8%	7.2
Change in Deferred Asset Costs	(22.1)	(10.6)	(49.9)	+50.3%	(35.9)
<b>Statutory Profit for the Year</b>	<b>32</b>	<b>38.8</b>	<b>30.7</b>	<b>(2.0%)</b>	<b>39.9</b>
<i>Total Difference</i>	<i>19.3</i>	<i>10.6</i>	<i>40.9</i>	<i>n.m.</i>	<i>29.1</i>

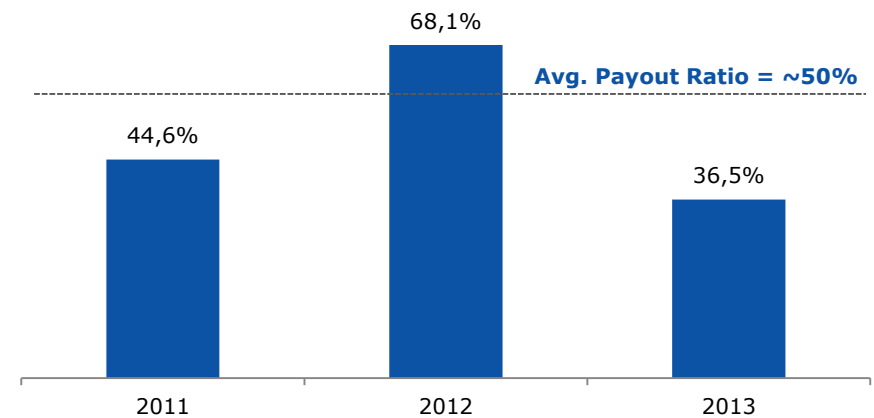
## Dividend Policy

- 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
- To this end, AvivaSA will maintain an active dividend policy and will take into account, before setting its dividend for the year, a range of factors incl. its financial condition, strategic plans, relevant sectorial, local / global conditions

## Dividends Paid (TLm)



## Dividend Payout Ratio



Source: Company information. (1) Dividends shown are paid the following year.

## Appendix – Business Section

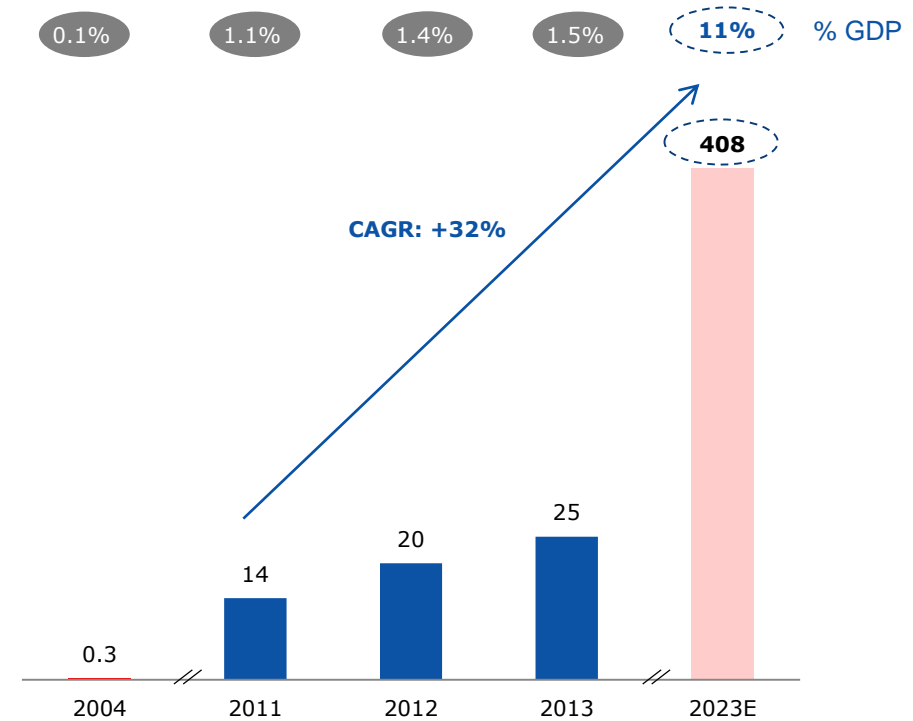


# Pensions Supported by Government Initiatives with a Long-term Vision

## Government Initiatives

Implemented	Creation of Private Pension System in 2001	State matching contribution (since 1.1.13)
	Lower fee caps (since 1.1.13)	New tax regime (foundations and trust funds)
	More flexibility at retirement and wide fund offering	
Under discussions / Potential	Severance payments	State auto-enrolment
	Mandatory private pension (Pillar 2)	

## Industry AUM Evolution (TLbn)



✓ Turkish Insurance Association expects TL408bn total AUM by 2023 assuming mandatory Pillar 2 is introduced

# A Supportive Pension Legislation in Evolution for the Benefit of Long-term Sustainable Growth

## Overview of the Private Pension System

<b>Legal framework</b>	<ul style="list-style-type: none"> <li>➤ Individual Pension System introduced in 2001, with the first licensed player operating in October 2003</li> <li>➤ Established as supplementary Pillar 3 system with Pension Law and regulated by the Undersecretariat of Treasury (UoT) and the CMB</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>➤ Any employee &gt;18 years old can join on a voluntary basis</li> <li>➤ Can retire once &gt; 56 years old and after 10 years of contribution</li> <li>➤ Pension savings can be distributed as a lump sum payment, income drawdown or annuity plan</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>➤ Tax charged only on investment income at decreasing rates: 15% if up to 10 years in the system; 10% if 10+ years and &lt;56y.o.; 5% at retirement or death/disability</li> <li>➤ Employer contributions deductible from corporate tax</li> </ul>

## Fees Structure since 1<sup>st</sup> January 2013

Entrance fees	Exit year	0-3	3-6	6-10	10+
	% of Gross Min. Monthly Wage	75%	50%	25%	0%
Management fees	➤ Maximum 2% of contributions made by participants				
Fund Management fees	➤ Maximum between 1.095% and 2.28% of the relevant fund's net asset value (depending on the type of fund)				
Premium holiday fees	➤ TL2 monthly if non contributing for >3 months				

## State-Matching Contribution since 1<sup>st</sup> January 2013

- Since 1<sup>st</sup> January 2013, Government matches 25% of the annual contribution paid by participants, subject to the gross annual minimum wage
- State contribution is vested at increasing rates depending on exit window (100% if >10 years of contribution and retiring at >56 years old)

State Contribution	Exit year	0-3	3-6	6-10	10+/ < 56 y.o.	10+/ >56 y.o.
	% Vested	0%	15%	35%	60%	100%

## Potential Changes

- Auto Enrolment**
  - Aimed at expanding the reach of the private pension system
  - Employees will be able to opt out when they wish
  - A pilot project started this year
- Severance Payments**
  - Changes to the employee indemnities are currently being considered
  - Under the Draft Law on Severance Payments Funds, employers would be required to withhold and deposit 4% of monthly gross salary to an indemnity fund formed by pension companies
  - If enacted it would direct mandatory payments to pension funds and significantly contribute to the growth of the pension market
- Fee Levels (also see following page)**
  - The Treasury's proposal may result: (i) a reduction of maximum management fees and (ii) possibility to introduce additional performance-based fees by 2015
  - By implementing such new cap, we understand that the UoT might be trying to target an average fund management fee of 0.82% for the sector

# Regulatory Environment Evolves, Supporting Growth and Persistency

## Framework

### Up to 2012

- Private pension system launched as voluntary, fully funded and defined-contribution plans
- Retirement age at 56
- Funds are managed by separate asset management companies

### From January 2013

- New regulations to spur participation and persistency: State contribution and lower fee caps
- New draft regulations proposed in April '14 and has been under industry consultation since

### From 2015 onwards

- *New draft regulation currently discussed with the industry could introduce performance-based fees and new reduction of fund management fee caps*

## Main Fees

Entry

Mgmt

Fund  
Mgmt

- Max limit is ½ gross monthly min. wage

- Max 8% contributions

- Max: 3.65% annual NAV

- Max limit is 0% to 75% of gross monthly min. wage depending on exit years

- Max 2%

- Max: 1.09% annual for money market / 1.91% for fixed income / 2.28% for equity

- *Potential implementation of new proposal*
  - *New fees on fund performance*
  - *New cap reduction on fund management fees*
- *Not able to quantify nor measure likelihood of implementation*

## Incentives

- Tax incentives

- **25% matching contribution from the Government (subject to vesting period)**
- Tax charged based on vesting period

- *State contribution confirmed to continue*

Note: For more information see Appendix.

The information in this presentation has been prepared by AvivaSA Emeklilik ve Hayat A.Ş. (the "Company" or "AvivaSA") solely for use at a presentation concerning the Company, its proposed listing on the Borsa İstanbul and the proposed offering (the "Offering") of ordinary shares of the Company (the "Shares") by Aviva Europe SE ("Aviva") and Hacı Ömer Sabancı Holding A.Ş. ("Sabancı"). This presentation and its contents are strictly confidential, are intended only for use by the attendee for information purposes only and may not be reproduced in any form or further distributed to any other person (whether or not a Relevant Person as defined below) or published, in whole or in part, for any purpose. Failure to comply with this restriction and the following restrictions may constitute a violation of applicable securities laws.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, or otherwise acquire, any securities of the Company or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. Any purchase of the Shares in the Offering should be made solely on the basis of the information contained in the Turkish language prospectus for the Turkish retail and institutional investors to be published in respect to the Offering within the Republic of Turkey (the "Turkish Prospectus") or the final offering circular for institutional investors to be prepared in connection with the Offering outside the Republic of Turkey (the "Offering Circular"), as applicable. Copies of the Turkish Prospectus and the Offering Circular will, following publication, be available from the Company's registered office.

This presentation is the sole responsibility of the Company. The information contained in this presentation does not purport to be comprehensive and has not been independently verified. The information contained herein is for discussion purposes only and does not purport to contain all information that may be required to evaluate the Company and/or its business, financial position or future performance. The information and opinions contained in this document are provided only as at the date of the presentation and are subject to change without notice. Some of the information is still in draft form and will be finalised or completed only at the time of publication by the Company of the Turkish Prospectus or the final Offering Circular, as applicable, in connection with the Offering. No representation, warranty or undertaking, expressed or implied, is or will be made by the Company, Citigroup Global Markets Limited ("Citigroup"), HSBC Bank plc ("HSBC"), Ak Yatırım Menkul Değerler A.Ş. ("Ak Yatırım") or their respective affiliates, advisors or representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in this presentation (or whether any information has been omitted from this presentation). The Company, to the extent permitted by law, and each of Citigroup, HSBC, Ak Yatırım and its or their respective directors, officers, employees, affiliates, advisors or representatives disclaims all liability whatsoever (in negligence or otherwise) for any loss however arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection with this presentation.

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation and any materials distributed in connection with this presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any state, territory or other jurisdiction (including the District of Columbia) of the United States, and may not be offered or sold within the United States, absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any state, territory or other jurisdiction of the United States. AvivaSA does not intend to register any portion of the offering in the United States or conduct a public offering of securities in the United States.

Neither this presentation nor any part of it may be taken or transmitted in or into Australia, Canada, Japan or Saudi Arabia or distributed, directly or indirectly, in or into Australia, Canada, Japan or Saudi Arabia. Any failure to comply with these restrictions may constitute a violation of Australian, Canadian, Japanese or Saudi Arabian securities laws. The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or Saudi Arabia and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or Saudi Arabia.

The offer and distribution of this presentation and other information in connection with the proposed listing and the Offering in certain jurisdictions may be restricted by law and persons into whose possession this presentation or any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation is made to and directed only at the limited number of invitees who: (A) if in the United States (as defined in Regulation S under the Securities Act), are "qualified institutional buyers" as defined in Rule 144A under the Securities Act, (B) if in the European Economic Area, are persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC), as amended ("Qualified Investors"); (C) if in the United Kingdom, are persons (i) having professional experience in matters relating to investments so as to qualify them as "investment professionals" under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); and (ii) falling within Article 49(2)(a) to (d) of the Order or persons to whom it may otherwise be lawfully communicated; and/or (D) are other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (A), (B), (C), and (D) together being "Relevant Persons"). Nothing in this presentation constitutes investment advice and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. Persons other than Relevant Persons should not rely on or act upon this presentation or any of its contents and must return it immediately to the Company. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

This presentation includes "forward-looking statements". These statements contain the words "anticipate", "will", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding the Company's financial position, prospects, growth, business strategy, plans and objectives of management for future operations (including statements relating to new routes, number of aircraft, availability of financing, customer offerings, passenger and utilisation statistics and objectives relating to the Company's products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, including, without limitation, the risks and uncertainties to be set forth in the Turkish Prospectus and the Offering Circular, that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, prospects, growth, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's financial position, prospects, growth, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in any future period. The Company does not undertake and expressly disclaims any obligation to review or confirm or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any events that occur or conditions or circumstances that arise after the date of this presentation.

As of the date of this presentation, the Turkish Prospectus has not been approved under the Turkish Capital Markets Law No 6362. Neither the Turkish Prospectus nor the Offering have been or will be registered with, approved by or notified to any authorities outside the Republic of Turkey (including in any European Economic Area Member State, based on Directive 2003/71/EC of the European Parliament, as amended, and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading). Any offered securities may not be offered or sold outside the territory of the Republic of Turkey unless such offer or sale could be legally made in such jurisdiction without the need to fulfil any additional requirements.

In any European Economic Area Member State that has implemented Directive 2003/71/EC, as amended (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), this presentation is not a prospectus for purposes of the Prospectus Directive.

Each of Citi, HSBC and Ak Yatırım are acting exclusively for the Company, Aviva and Sabancı and no one else in connection with the Offering and will not be responsible to anyone other than the Company, Aviva and Sabancı for providing the protections afforded to their respective clients or for providing advice in connection with the Offering.

By attending this presentation or by reading the presentation slides, you agree to be bound by the foregoing limitations and restrictions and, in particular, will be deemed to have represented, warranted and undertaken that: (i) you have read and agree to comply with the contents of this disclaimer including, without limitation, the obligation to keep this presentation and its contents confidential; (ii) you are a Relevant Person (as defined above); and (iii) you will be solely responsible for your own assessment of the Company and its business, financial position and future performance and will make any investment decision solely on the basis of the final Turkish Prospectus or the final Offering Circular, as applicable.



**AVIVA SA**  
•••• Emeklilik ve Hayat ••••



•••• By your side ••••

