



Q3 2017
EARNINGS RELEASE

Summary

Growth;

- Pension AuM grew by 27% and reached 14.2 billion TL, supporting AvivaSA to maintain the market leadership since June 2015
- Total protection premiums grew by 59% driven by 64% growth in non-credit linked premiums and 53% growth in credit linked premiums
- Sales as measured by present value of new business premiums (PVNBP) up 43% to 4.6 bTL (2016 Q3: 3.2 bTL)

Profitability;

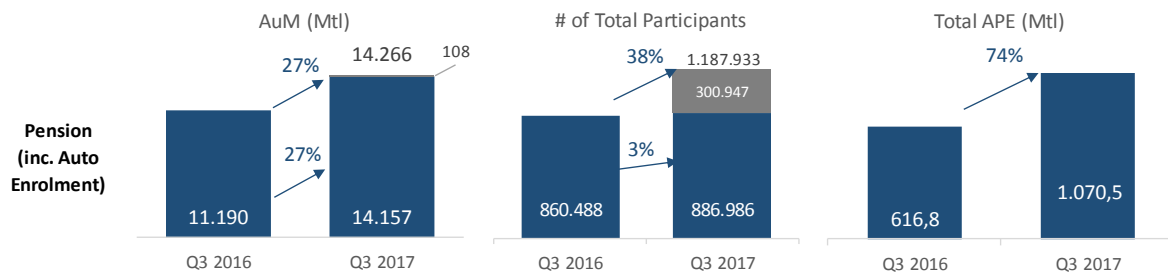
- Total technical income has grown by 29% driven by higher pension income
- IFRS Net Profit is higher than prior year by 35% at 106.1 mTL driven by growing pension and protection volumes and financial income.
- Annualized RoE is 30%
- Statutory profit is 74.1 mTL and grew by 42%.
- Value of new business (VNB) the long-term profitability measure of the new sale grew by 31% and reached 188,3 mTL in 2017 Q3 mainly driven by higher protection volumes (2016 Q3: 143,8 mTL)

Deferred Income Reserve (DIR);

IAS 18 revenue recognition principle requires the deferral of upfront fees over the life time of contracts. The management fees could be classified as investment management fees and recognized as revenue in accordance with the duration while the services are provided. The company applied 9 years of amortization in line with DAC.

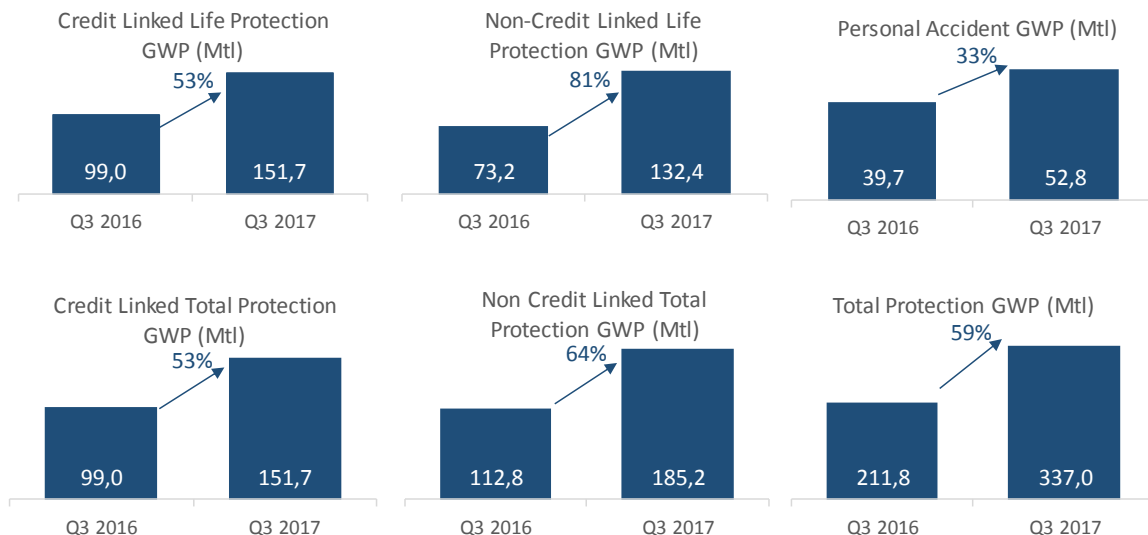
Topline Volumes

- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Strong pension fund asset performance also helped AuM growth
- Number of participants reached 887k with an increase of 26.5k
- Pension contributions increased with respect to prior year fueled by strong in-force portfolio.
- Auto Enrolment AuM and # of participant have been reached to 108 mTL and 301k respectively.



Source: Pension Monitoring Center 30.09.2017

Total Protection gross written premiums reached 337.0 mTL; higher than prior year by 59%



IFRS Segmental Results

IFRS (m TL)	Q3 2016	Q3 2017	Change
Savings	2,2	3,0	37%
Life Protection	84,5	106,6	26%
Personal Accident	15,4	16,5	7%
Pension	113,3	151,7	34%
Total Technical Income	215,4	277,8	29%
Total General Expenses	-151,8	-190,5	25%
Net Technical Profit	63,6	87,4	37%
Total Investment & Other Income	35,1	45,4	29%
Total Tax	-20,1	-26,6	32%
Net Profit	78,6	106,1	35%

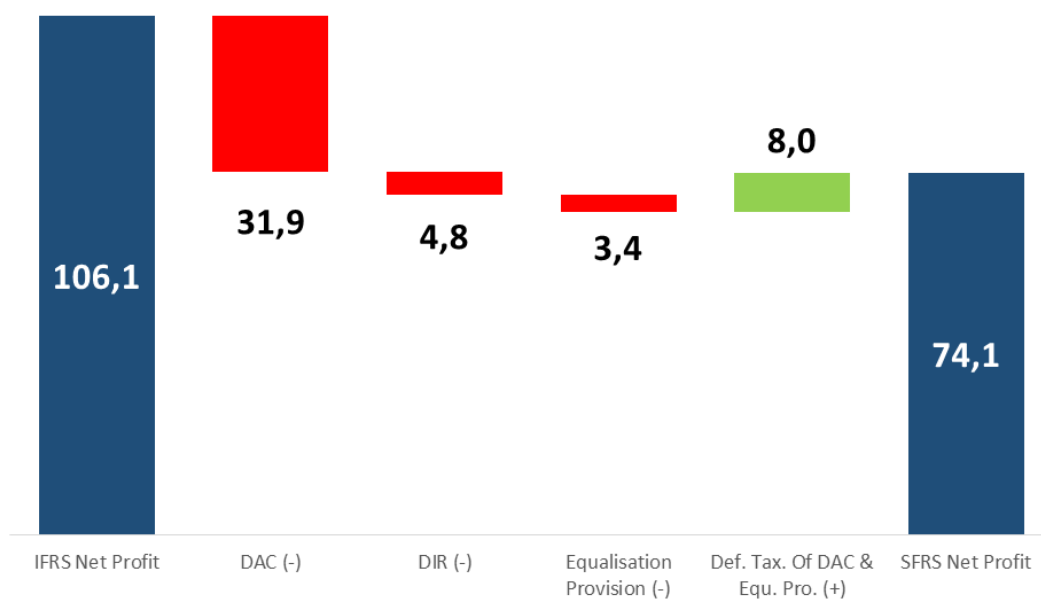
- Total technical income grew by 29% mainly driven by pension and protection business profitabilities grew by 34% and 26% respectively
 - Growing pension business in terms of AuM (+27%) is leading to an increase in technical profit
 - Life protection technical profit increased by 26% due to 35% increase in earned premiums
 - Despite 30% increase in claims, increase volumes supported the growth on personal accident technical profit by 7%
- General expenses for 2017 Q3 is 190.5 mTL with an increase of 25% y-o-y mainly due to increasing number of IT employees and AE expenses.
- Total investment and other income is 45,4 mTL and increased by 29% mainly due to increase in interest income

Statutory / SFRS Results

SFRS (m TL)	Q3 2016	Q3 2017	Change
Life	35,4	43,3	22%
Non-Life	1,6	-2,0	-224%
Pension	-5,8	8,6	249%
Net Technical Profit	31,2	49,8	60%
Total Investment & Other Income	30,6	42,8	40%
Tax	-9,7	-18,6	91%
Net Profit	52,1	74,1	42%

- Net profit for the period is 74.1 mTL with an increase of 42%
- Total net technical profit increase is higher than prior year
 - Life (including life savings) net technical profit is higher than prior year by 22% due to increase in earned premiums.
 - Non-life (personal accident) net technical profit after general expenses turned into -2.0 mTL loss mainly due to higher claims and commissions with respect to prior year.
 - Pension net technical loss after general expenses turned into 8.6 mTL profit driven by healthy growth on IF portfolio.

Bridging from IFRS to Statutory Profit



New Business

(m TL)	Q3 2016	Q3 2017	Change(%)
Life Protection	63.0	102.6	63%
Personal Accident	3.8	10.0	161%
Pensions	77.0	75.7	-2%
Value of New Business	143.8	188.3	31%

(m TL)	Q3 2016	Q3 2017	Change(%)
Life Protection	323.1	594.1	84%
Personal Accident	52.8	64.5	22%
Pensions*	2,808.8	3,897.9	39%
Present Value of New Business Premiums	3,184.7	4,556.1	43%

(*): Including State Contribution and auto enrolment

(m TL)	Q3 2016	Q3 2017	Change(Diff.)
Life Protection	19.5%	17.3%	-2.2%
Personal Accident	7.3%	15.5%	8.2%
Pensions	2.7%	1.9%	-0.8%
New Business Margin	4.5%	4.1%	-0.4%

Source: Company data, unaudited results

- Sales as measured by present value of new business premiums (PVNBP) for the first nine months of 2017 is 4.5bn TL primarily driven by strong regular in-flows from pension auto-enrolment and the Return of Premium life insurance product
- Value of new business (VNB) is 188.3m TL, a year-on-year growth of 31% due to assumption changes and volume growth whereas the new business margin is lower due to new business mix impact
- Pension persistency is closely monitored where year-to-date experience indicates that lapses are exhibiting a higher trend compared to assumptions
- Credit-linked life protection sales growth has continued with acceleration in the 3rd quarter but with a shift to yearly renewable term business
- The improvement in new business margin for the personal accident segment is a result of pricing actions taken early in the year