



FY 2018
EARNINGS RELEASE

Summary

Growth;

- Pension AuM (inc Auto Enrolment) grew by 13% yoy and reached 17.3 billion TL, supporting AvivaSA to maintain the market leadership since June 2015
- Total protection premiums grew by 20% driven by 55% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model

Profitability;

- Total technical income has increased by 20% driven by the growth in stand-alone life protection volumes and higher pension income
- IFRS Net Profit is higher than prior year by 39% at 200.6 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
- 2018 RoE is 34.3%
- Statutory profit is 191.2 mTL with a growth of 88% at a path to converging to IFRS profits indicating the quality of underlying earnings

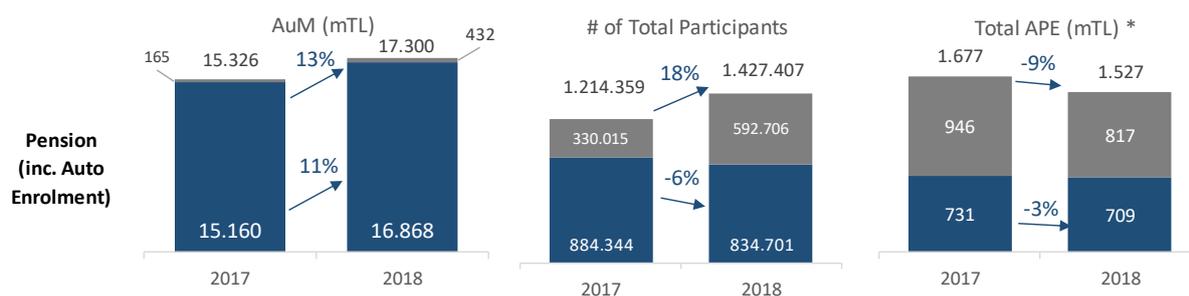
IFRS 15 - Deferred Income Reserve (DIR);

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

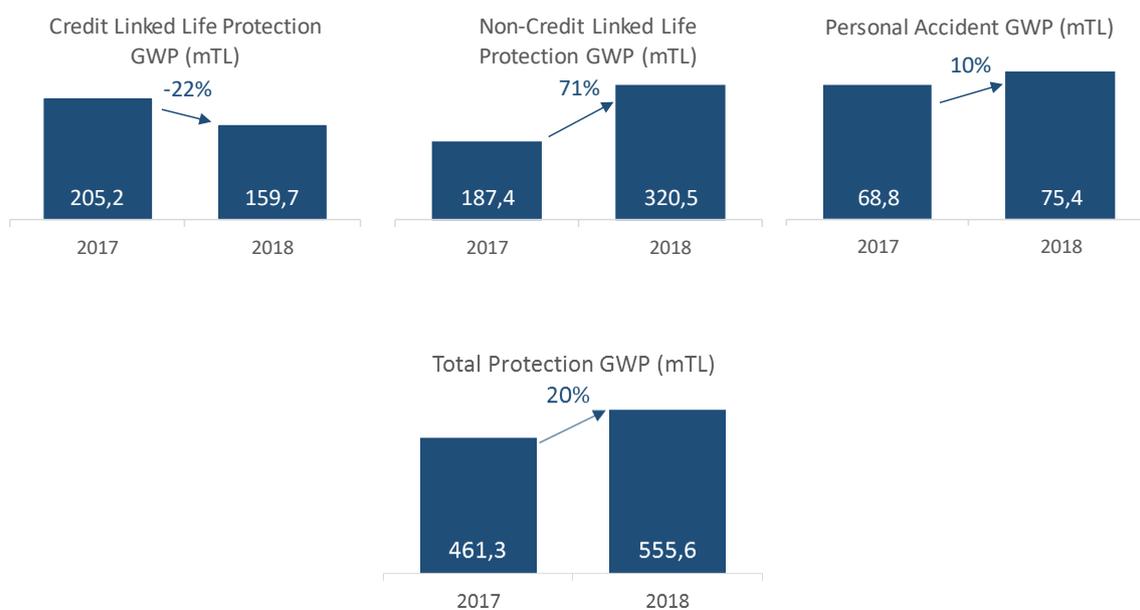
- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Supported by the strong asset performance in a volatile market
- Total AuM reached 17.3 bnTL with 1.4m participants



Source: Pension Monitoring Center 28.12.2018

*Before opt-out

- Total Protection gross written premiums reached 555.6 mTL; higher than prior year by 20% continuing the momentum in a sustainable manner



IFRS Segmental Results

IFRS (m TL)	2017	2018	Change
Savings	3,0	7,3	141%
Life Protection	144,1	184,6	28%
Personal Accident	23,9	28,3	18%
Pension	207,1	233,8	13%
Total Technical Income	378,1	454,0	20%
Total General Expenses	-260,2	-297,6	14%
Net Technical Profit	117,9	156,3	33%
Total Investment & Other Income	63,3	102,6	62%
Total Tax	-36,5	-58,3	60%
Net Profit	144,7	200,6	39%

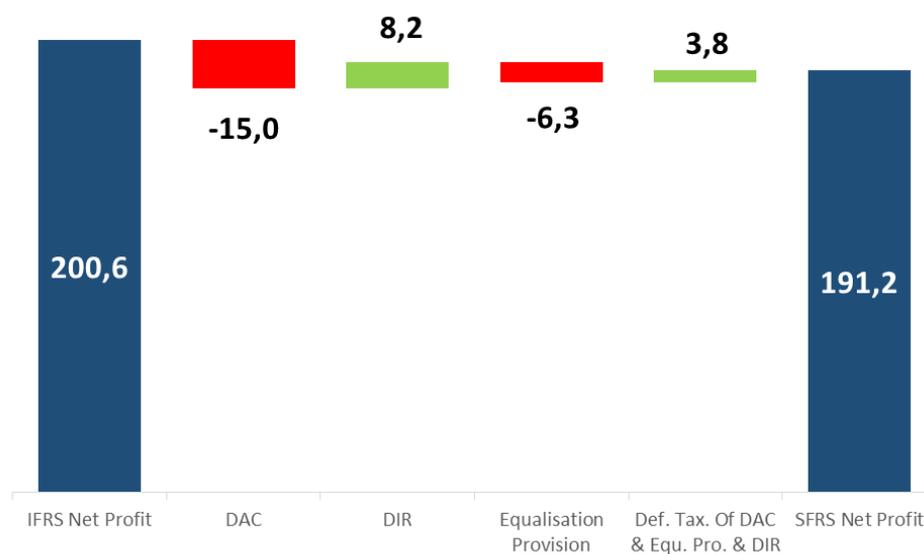
- Total technical income grew by 20% mainly driven by protection and pension business profitability grew by 28% and 13% respectively
 - Growing pension business in terms of AuM (+13%) is leading to an increase in technical profit
 - Life protection technical profit increased by 28% due to 22% increase in premiums and favorable underwriting experience
 - Personal accident technical profit increased by 18% due to 20% increase in earned premiums and lower claims.
- General expenses for 2018 is 297.6 mTL with a yoy increase of 14% mainly due to increase in IT, personnel and marketing expenses.
- Total investment and other income is 102.6 mTL and increased by 62% mainly due to higher interest income and f/x rates.

Statutory / SFRS Results

SFRS (m TL)	2017	2018	Change
Life	57,3	92,2	61%
Non-Life	-0,5	0,9	n/a
Pension	11,9	59,2	399%
Net Technical Profit	68,7	152,3	122%
Total Investment & Other Income	57,9	93,3	61%
Tax	-24,9	-54,5	118%
Net Profit	101,7	191,2	88%

- Net profit for the period is 191.2m TL an increase of 88% demonstrating the quality of underlying earnings
- Total net technical profit increase compared to prior year:
 - Life net technical profit is higher than prior year by 61% due to increase in premiums and favourable underwriting experience
 - Non-life (personal accident) net technical profit after general expenses turned into 0.9m TL profit from -0.5 mTL loss mainly due to higher earned premiums and lower claims with respect to prior year
 - Pension net technical profit after general expenses quadrupled to 59.2 mTL 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 2017	FY 2018	FY 2017 v FY 2018
Value of In-Force	1,398.3	1,511.3	8.1%
Present Value of Future Profits	1,526.3	1,671.2	9.5%
Frictional Costs	-27.8	-37.7	35.3%
Cost of Non-Hedgeable Risks	-100.1	-122.2	22.1%
Time Value of Options & Guarantees	0.0	0.0	N/A
Net Worth	264.1	370.3	40.2%
Free Surplus	16.6	62.8	N/A
Required Capital	247.4	307.5	24.3%
Market Consistent Embedded Value	1,662.4	1,881.6	13.2%

Source: Company data, unaudited results

- MCEV has continued its growth underpinned by the contribution of the in-force book in a challenging environment
- The growth in PVFP is c10% year-on-year despite the headwinds from higher than expected pensions and life lapses and expenses partially offset by the mortality experience
- Increase in Frictional Costs are primarily due to increase in Required Capital which reflects the tax and investment expenses associated with the assets backing required capital
- AvivaSA has a positive free surplus despite 48.3 dividend payment and 36.7 m unrealised loss.

New Business

(m TL)	FY 2017	FY 2018	Change(%)
Life Protection	150.5	164.3	9.2%
Personal Accident	6.5	11.0	68.0%
Pensions	75.5	58.0	-23.1%
Value of New Business	232.5	233.3	0.3%

(m TL)	FY 2017	FY 2018	Change(%)
Life Protection	831.9	919.2	10.5%
Personal Accident	84.5	100.6	19.1%
Pensions ^(*)	4,626.4	4,304.9	-6.9%
Present Value of New Business Premiums	5,542.8	5,324.7	-3.9%

(*): Including State Contribution

(m TL)	FY 2017	FY 2018	Change (Diff.)
Life Protection	18.1%	17.9%	-0.2%
Personal Accident	7.7%	10.9%	3.2%
Pensions	1.6%	1.3%	-0.3%
New Business Margin	4.2%	4.4%	0.2%

Source: Company data, unaudited results

- Sales are lower year-on-year due to lower private pensions sales
- Value of new business is flat year-on-year thanks to the life protection and personal accident sales
- Overall VNB margin has increased by 20bps primarily due to mix of new business
- Assumption changes are related to the persistency, expense and mortality. The total impact of these changes is 4.2m TL