AVIVA SA

• • • • Emeklilik ve Hayat • • • •

Q3 2018

EARNINGS RELEASE

Summary

Growth;

- Pension AuM grew by 20% yoy and reached 17.0 billion TL, supporting AvivaSA to maintain the market leadership since June 2015
- Total protection premiums grew by 23% driven by 53% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model

Profitability;

- Total technical income has increased by 23% driven by the growth in stand-alone life protection volumes and higher pension income
- IFRS Net Profit is higher than prior year by 41% at 149.8m TL 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
- Q3 2018 RoE is 35.2%
- Statutory profit is 142.5m TL with a growth of 92% at a path to converging to IFRS profits indicating the quality of underlying earnings

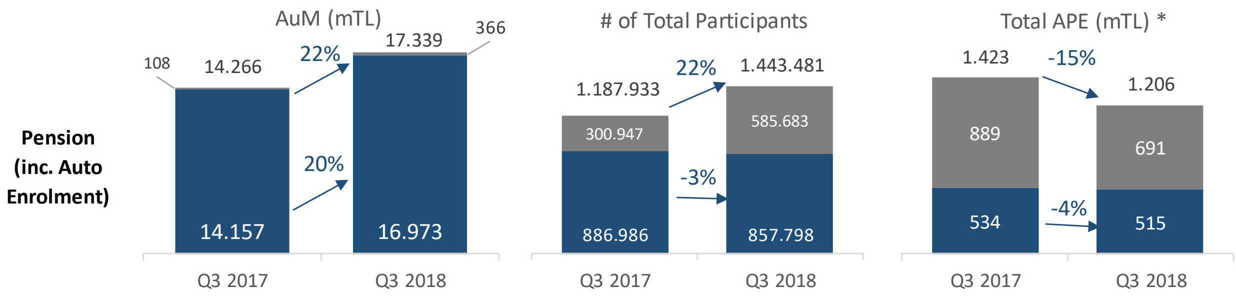
IFRS 15 - Deferred Income Reserve (DIR);

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

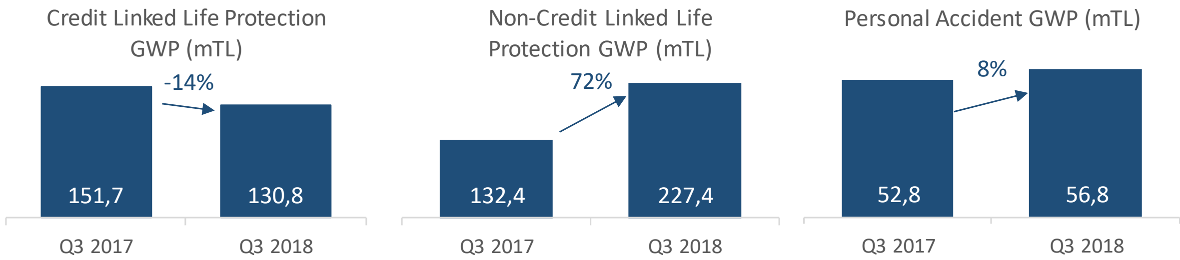
- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Supported by the strong asset performance in a volatile market
- Total AuM reached 17.3bn TL with 1.4m participants

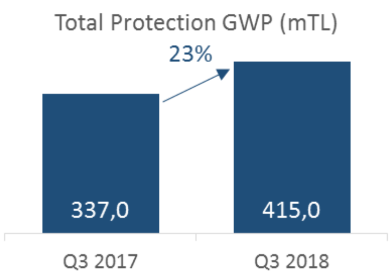


Source: Pension Monitoring Center 30.09.2018

**Before opt-out*

- Total Protection gross written premiums reached 415.0 m TL; higher than prior year by 23% continuing the momentum in a sustainable manner





IFRS Segmental Results

IFRS (m TL)	Q3 2017	Q3 2018	Change
Savings	3,0	5,9	95%
Life Protection	106,6	146,4	37%
Personal Accident	16,5	19,6	19%
Pension	151,7	171,1	13%
Total Technical Income	**277,8**	**343,0**	**23%**
Total General Expenses	**-190,5**	**-216,1**	**13%**
Net Technical Profit	**87,4**	**126,9**	**45%**
Total Investment & Other Income	**45,4**	**67,4**	**49%**
Total Tax	**-26,6**	**-44,5**	**67%**
Net Profit	**106,1**	**149,8**	**41%**

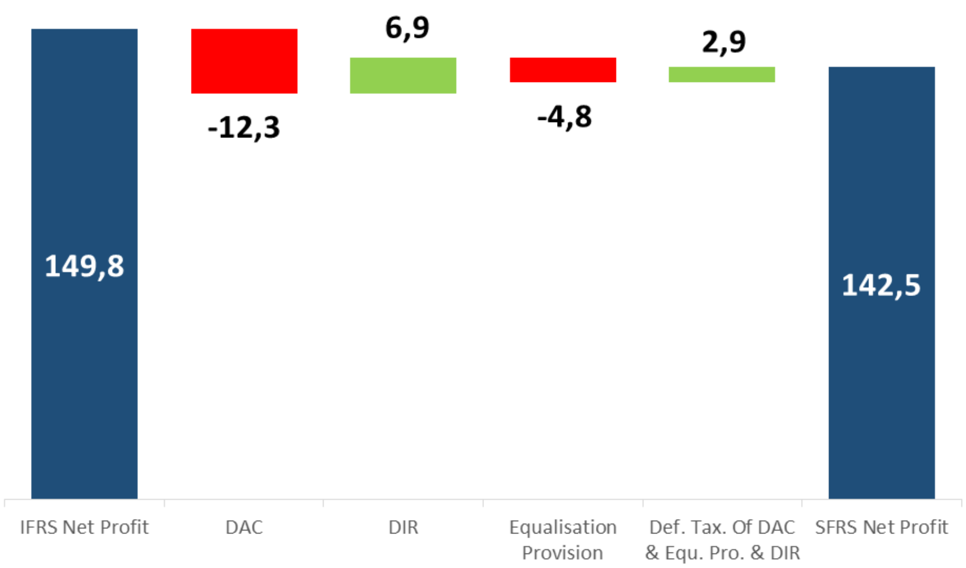
- Total technical income grew by 23% mainly driven by protection and pension business profitability grew by 37% and 13% respectively
  - Growing pension business in terms of AuM (+22%) is leading to an increase in technical profit
  - Life protection technical profit increased by 37% due to 26% increase in premiums and favourable underwriting experience
  - Personal accident technical profit increased by 19% due to 25% increase in earned premiums and lower claims.
- General expenses for Q3 2018 is 216.1m TL with a yoy increase of 13% mainly due to increase in IT, sales personnel and marketing expenses.
- Total investment and other income is 67,4m TL and increased by 49% mainly due to higher interest income and f/x rates.

Statutory / SFRS Results

SFRS (m TL)	Q3 2017	Q3 2018	Change
Life	43,3	85,5	97%
Non-Life	-2,0	1,0	
Pension	8,6	42,5	396%
Net Technical Profit	**49,8**	**129,0**	**159%**
Total Investment & Other Income	**42,8**	**55,1**	**29%**
Tax	**-18,6**	**-41,6**	**124%**
Net Profit	**74,1**	**142,5**	**92%**

- Net profit for the period is 142.5m TL an increase of 92% 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 97% due to increase in premiums and favourable underwriting experience
  - Non-life (personal accident) net technical profit after general expenses turned into 1.0m TL profit from -2.0m TL loss mainly due to higher earned premiums and lower claims with respect to prior year
  - Pension net technical profit after general expenses quadrupled to 42.5m TL compared to prior year due to the critical mass of assets under management.

Bridging from IFRS to Statutory Profit



New Business

(m TL)	Q3 2017	Q3 2018	Change(%)
Life Protection	102,6	104,3	1,7%
Personal Accident	10,0	6,2	-38,0%
Pensions	75,7	48,0	-36,6%
Value of New Business	**188,3**	**158,5**	**-15,8%**

(m TL)	Q3 2017	Q3 2018	Change(%)
Life Protection	594,1	586,7	-1,2%
Personal Accident	64,5	75,2	16,5%
Pensions (*)	3.897,9	3,270,1	-16,1%
Present Value of New Business Premiums	**4.556,6**	**3.932,0**	**-13,7%**

(*) Including State Contribution

(m TL)	Q3 2017	Q3 2018	Change(Diff)
Life Protection	17,3%	17,8%	0,5%
Personal Accident	15,5%	8,2%	-7,2%
Pensions	1,9%	1,5%	-0,5%
New Business Margin	**4,1%**	**4,0%**	**-0,1%**

Source: Company data, unaudited results

- Sales are lower year-on-year due to the non-repeat of the larger 1,000+ and 250-999 schemes acquired in the initial phase of pensions auto-enrolment last year compared to the phase with the smaller schemes in 2018.
- Private pensions sales are slightly lower on an APE basis excluding pensions auto-enrolment demonstrating the resilience of AvivaSA's multi-distribution capability supported by flat single premium in-flows
- VNB is lower year-on-year due to negative assumption changes done at the full-year 2017 where Q3 2017 did not reflect these changes in line with the MCEV methodology
- Life protection VNB has continued to benefit from a change in new business mix where volumes are weighted towards more profitable credit-linked sales thereby leading to a higher new business margin
- Pensions VNB is primarily affected by lapse assumption changes leading to a lower margin
- AvivaSA will monitor the experience of the business and reflect the best estimate view of the future following the year-end MCEV assumption review