

Presentation to Investors FY 2018 Earnings Release

February 11, 2019

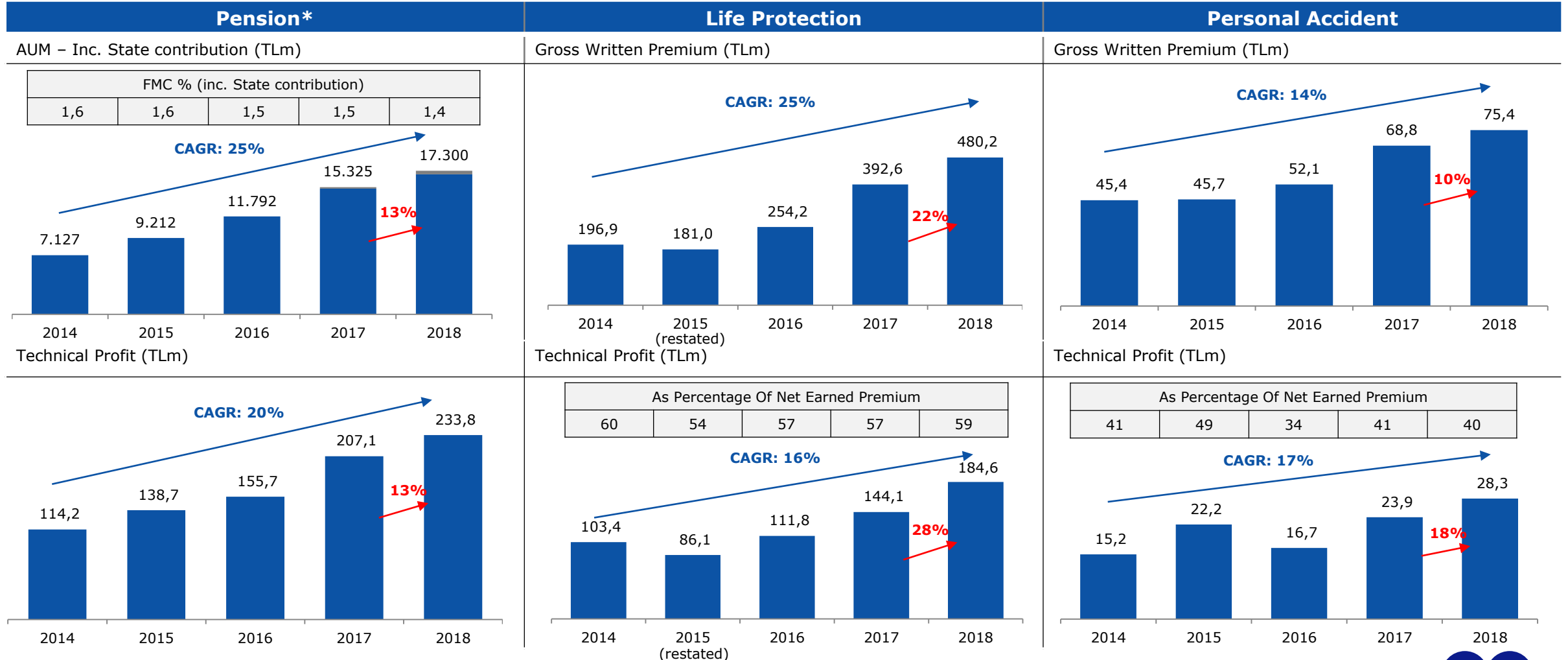


YARIN ŞİMDİDEN GÜZEL

Solid Financial Foundations and Historical Track Record of Value Creation

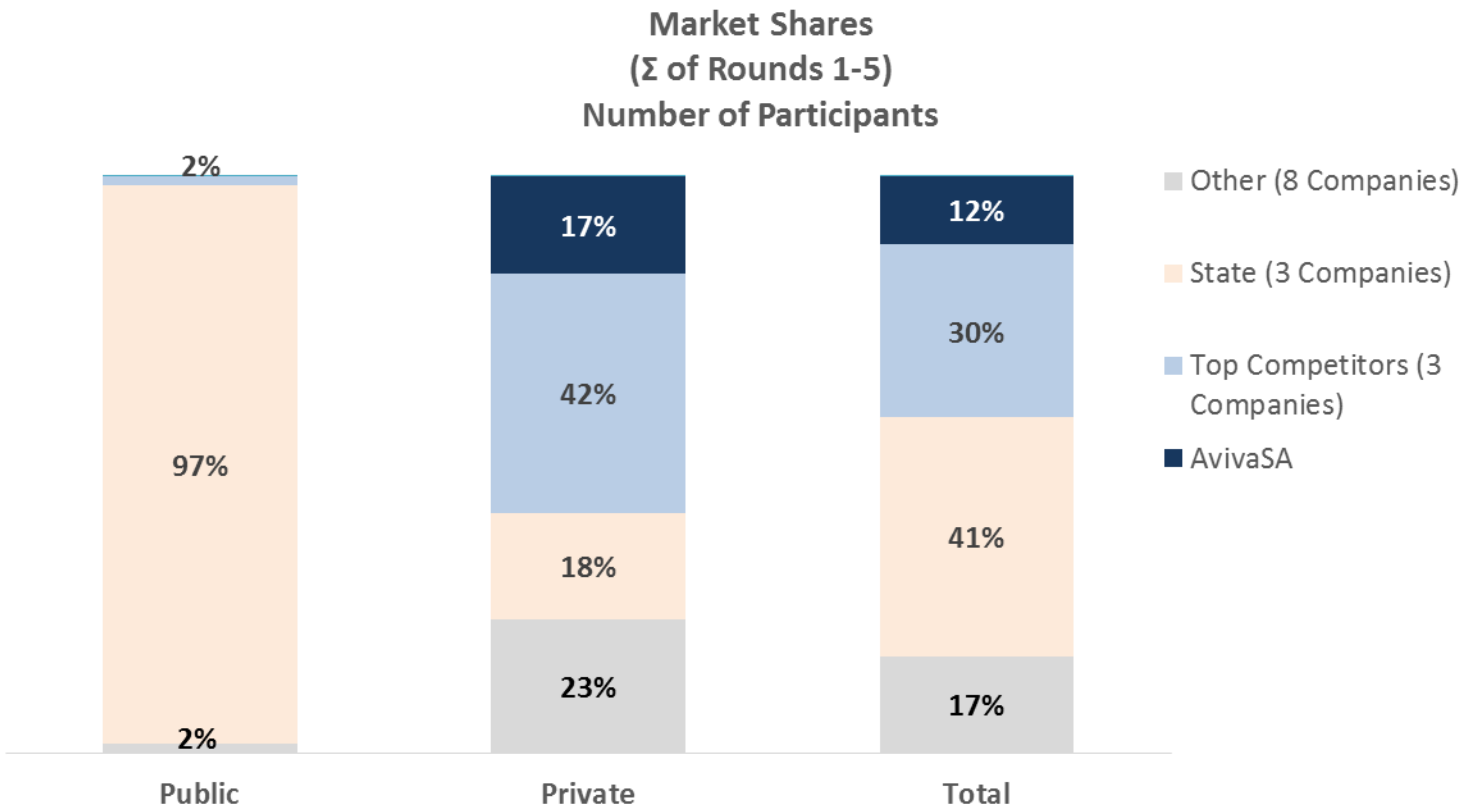
	2018	YoY/Δ	
Pension AUM (inc AE)	17.3bTL	13%	<ul style="list-style-type: none"> AvivaSA has maintained #1 position in terms of AuM Focus on standalone products (ROP) helped to move #5 position in GWP market share
Total GWP (Life+PA)	565 mTL	20%	
Total Technical Profit	454 mTL	20%	<ul style="list-style-type: none"> Steady increase thanks to pension scalability and high profitability in protection segments
Expense Ratio ⁽¹⁾	45.6%	4.6 pts	<ul style="list-style-type: none"> The decrease is due to higher increase in profit compared to the expense base for the ratio
Profit for the Period (IFRS)	201 mTL	39%	<ul style="list-style-type: none"> In Addition to 20% increase in technical profit, financial income is higher than prior year due to higher interest and f/x income
ROE (IFRS)	34.3%	+4.6 pts	<ul style="list-style-type: none"> Strong profit combined with lean capital
Profit for the Period (SFRS)	191 mTL	88%	<ul style="list-style-type: none"> SFRS Profit started to converge to IFRS Profit
Dividend (proposal)	100 mTL	107%	<ul style="list-style-type: none"> Strong dividend growth in accordance with strong growth in SFRS profit, while maintaining the Solvency1 Ratio >150%
MCEV	1,882 mTL	13%	<ul style="list-style-type: none"> MCEV has continued its growth underpinned by the quality of the in-force book
VNB	233 mTL	0%	<ul style="list-style-type: none"> Nogrowth due to lower pension volume in a challenging environment

Differentiated Management of Trends and Dynamics per Segment



One of the Leading Company in Auto Enrolment Market

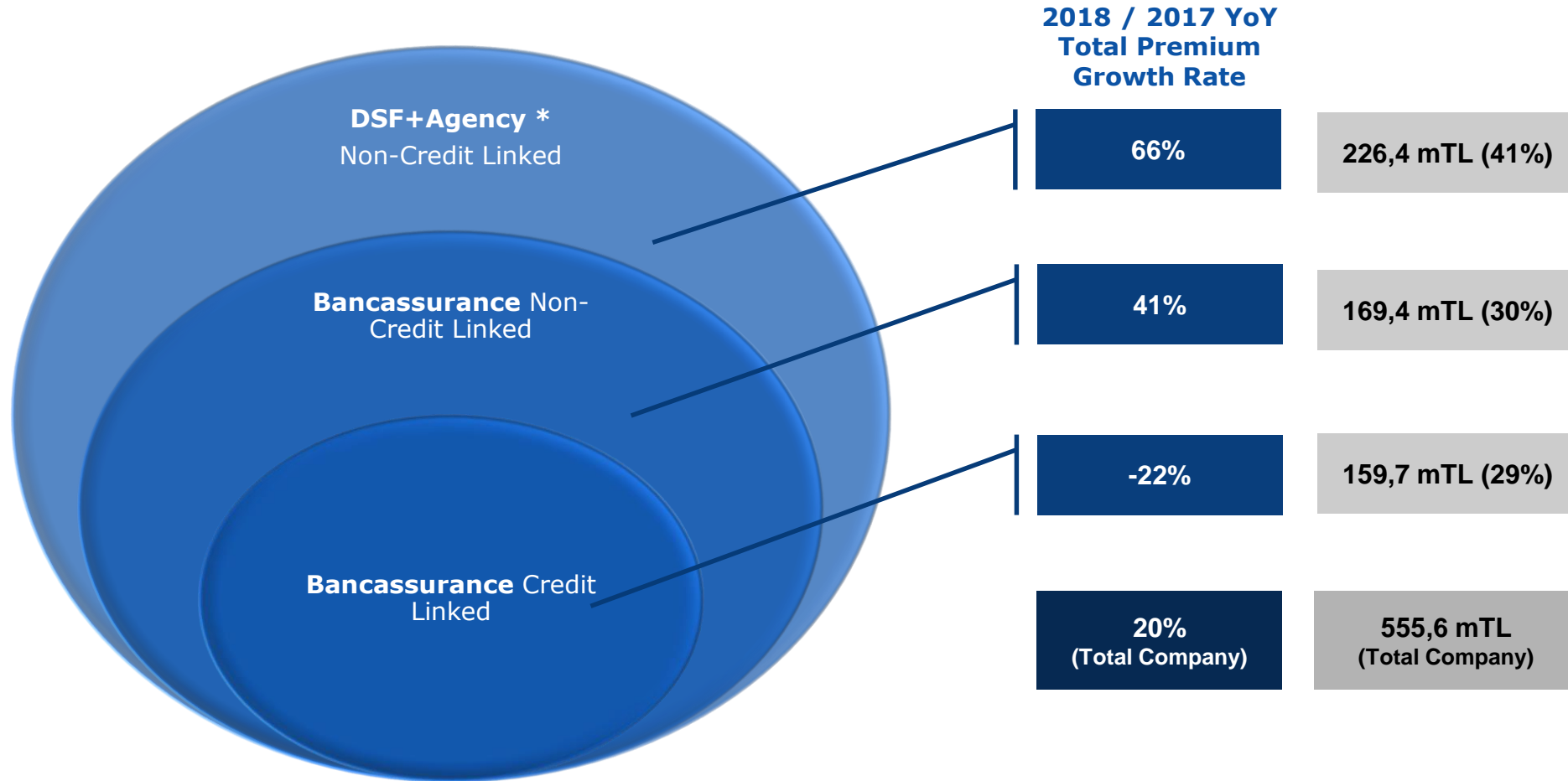
Supported by Selective Presence



Results and Lessons Learned So Far

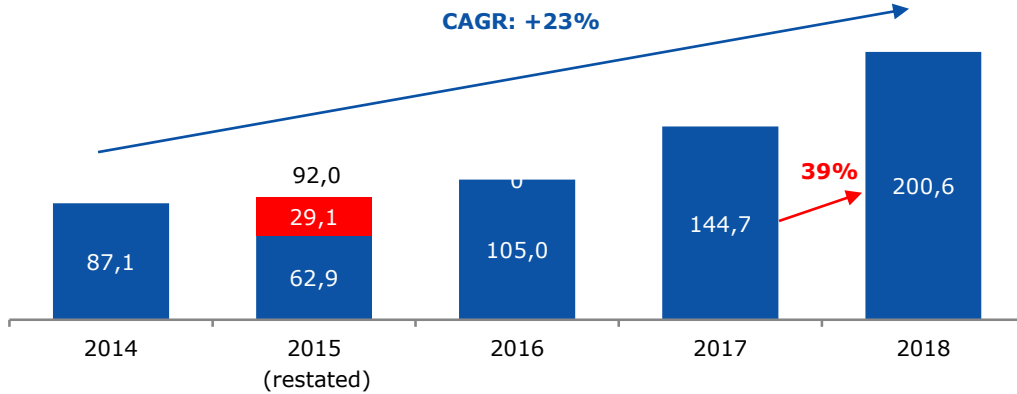
- ✓ More fragmented than regular pensions
- ✓ Servicing capability is very important
- ✓ Banks play a key role: AvivaSA achieved it's targets mainly utilizing Akbank potential
- ✓ Cannibalization on private pension system was lower than expected
- ✓ Average opt-out ratio ~60% in the market

New Action Plan to Expand Life Protection + Personal Accident

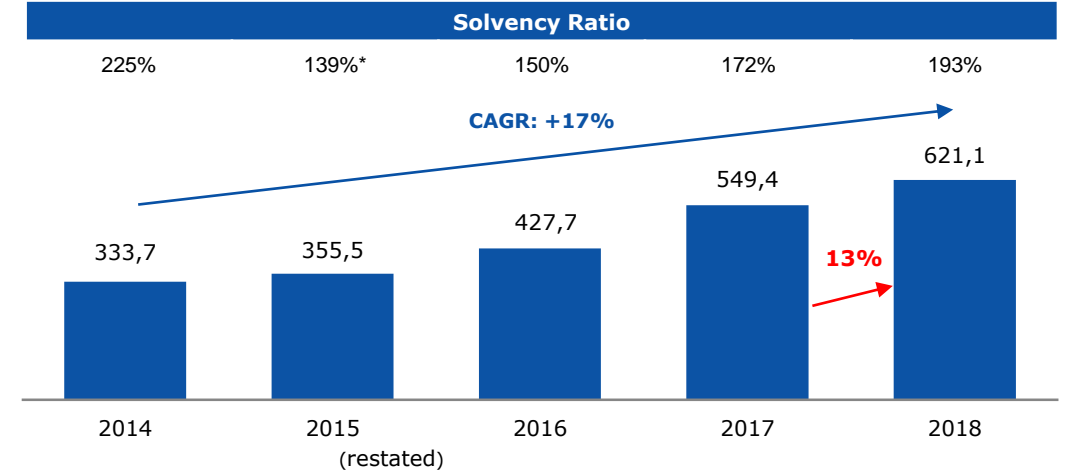


A Story of Solid Profitable Growth

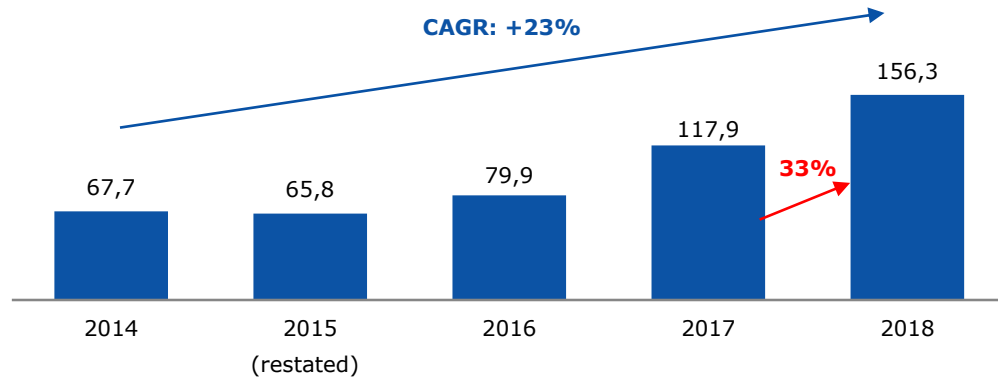
Profit for the Period (TLm)



Shareholders' Equity and Solvency Ratio (TLm)



Technical Profit After G&A (TLm) ≈ EBIT



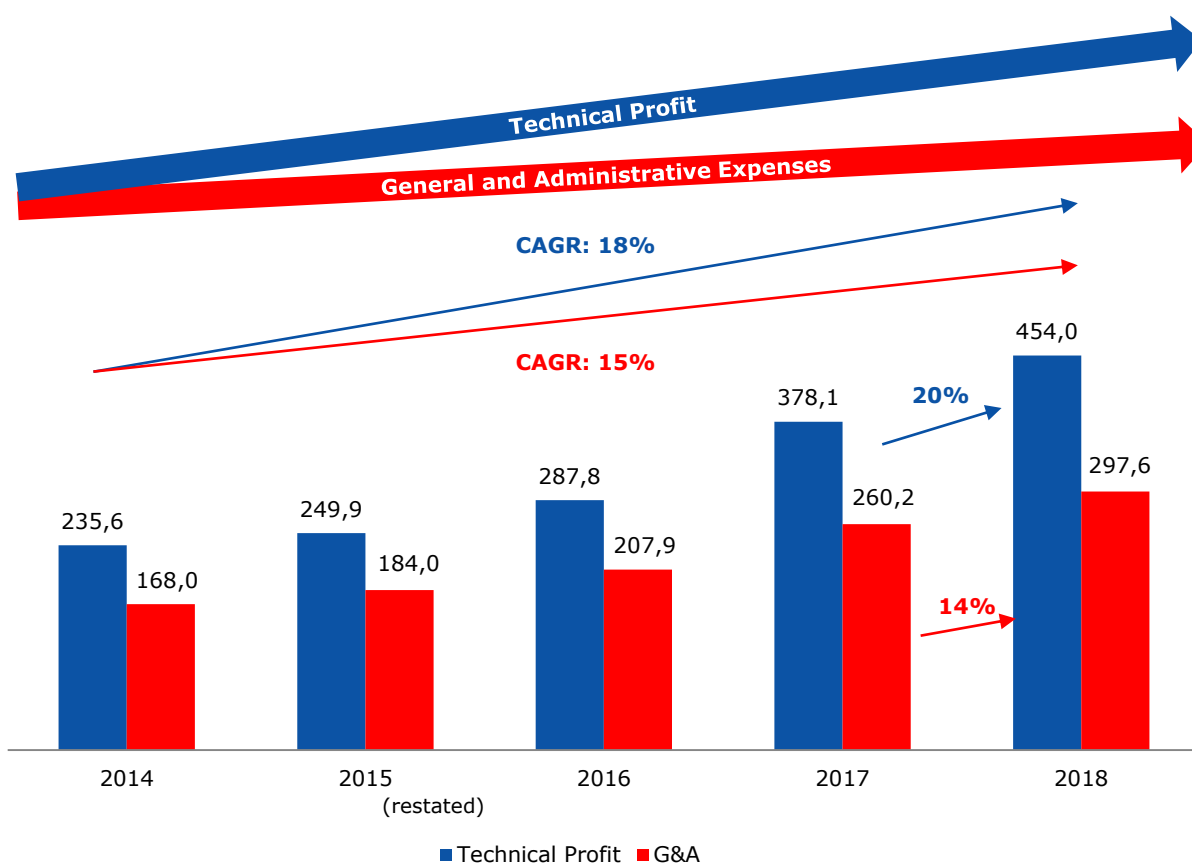
ROE	2014	2015 (restated)	2016	2017	2018
	29%	18%*	27%	30%	34%

*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.

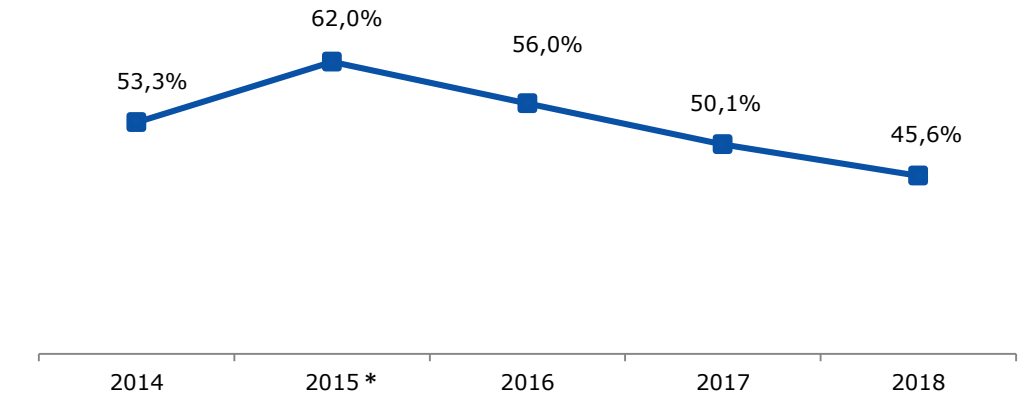
...Solid and Resilient Technical Profitability with Operating Leverage Potential...

Technical Profit (TLm)

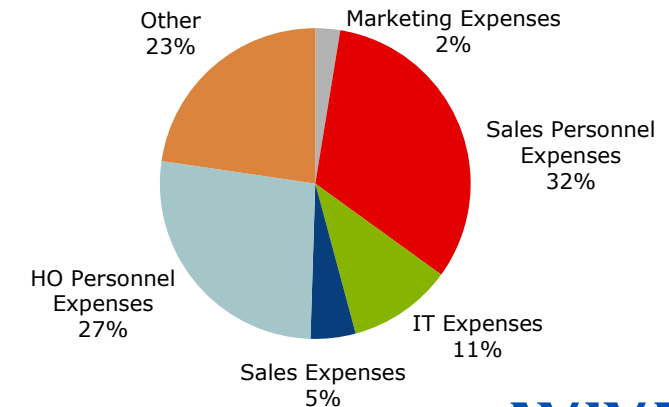


Expense Ratio (%)

Expense ratio = (Opex-AE Related Expenses-Sales Expenses) / (Opex-AE Related Expenses-Sales Expenses+IFRS Profit Before Tax)



Breakdown of Gen. Expenses, IFRS (2018)



Summary of P&L from IFRS Segmental Reporting

	2014	2015 (restated)	2016	2017	2018	CAGR	YoY
Pension Technical Profit	114,2	138,7	155,7	207,1	233,8	20%	13%
Life Protection Technical Profit	103,4	86,1	111,8	144,1	184,6	16%	28%
Life Savings Technical Profit	2,9	2,9	3,6	3,0	7,3	26%	141%
Personal Accident Technical Profit	15,2	22,2	16,7	23,9	28,3	17%	18%
Total Technical Profit	235,6	249,9	287,8	378,1	454,0	18%	20%
General and Administrative Expenses	-168,0	-184,0	-207,9	-260,2	-297,6	15%	14%
Total Technical Profit after G&A Expenses	67,7	65,8	79,9	117,9	156,3	23%	33%
Total Investment Income & Other	42,2	49,8	52,3	63,3	102,6	25%	62%
Profit Before Taxes	109,9	115,6	132,2	181,2	258,9	24%	43%
Profit for the Period (Before Write-Off)	87,1	92,0	105,0	144,7	200,6	23%	39%
One-off Asset Write-Off Effect (net of tax)		-29,1					
Profit for the Period (After Write-Off)	87,1	62,9	105,0	144,7	200,6	23%	39%

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.

AvivaSA Mobil App is in live...

≈100k Downloads

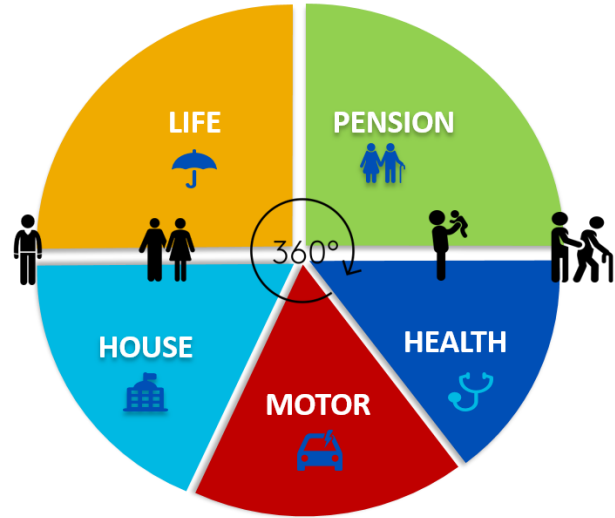
4.7 Rating from Customers

- Pension & Life policy summary & detail monitoring
- Pension basic transactions & changes
- Pension contribution change and lump-sum payment
- FonPro- Robo advisory tool
- Pension demo calculations & Tax Advantage Calculation Tool
- Product Application Request
- Push Notifications – State Contribution and ve Unpaid period notifications
- Live Chat
- Customer loyalty campaigns & Life side benefits
- Financial News
- Life Insurances – Risk test and product suggestions



Captive Agency

Leveraging Existing Direct Sales Force Team and Providing True Customer Composite with Health & GI Products



«Customer Focus»

Providing all insurance products and services by a single financial advisor: One-stop shop concept

«Efficient DSF»

Increasing productivity and supporting extra income opportunity with new products

Captive Agency Model

- ✓ Creating a separate business entity in the form of an agency that will make DSF financial advisors eligible to sell also health insurance and GI products in addition to existing life & pension products, which will leverage the potential of direct sales force and provide True Customer Composite.
- ✓ According to existing regulations, pension and life insurance companies are not allowed to sell non-life insurance products.

Our strategy is,

by making our current strengths stronger,



To imagine a « Lifelong» insurance shopping friend who knows you better than anyone else and chooses for you

2019 Outlook

- ✓ Strengthening the customer experience with digital and user friendly solutions
- ✓ Maintaining leadership in terms of pension AuM with ~20% y-o-y growth with support of higher customer retention and better fund returns
- ✓ Selective presence approach while acquiring auto enrolment customers
- ✓ Accelerating the high performance in life business
- ✓ Controlled increase in expenses for the upcoming periods
- ✓ Improving technology by stabilizing IT infrastructure
- ✓ Strong RoE level at ~30%

Going Forward

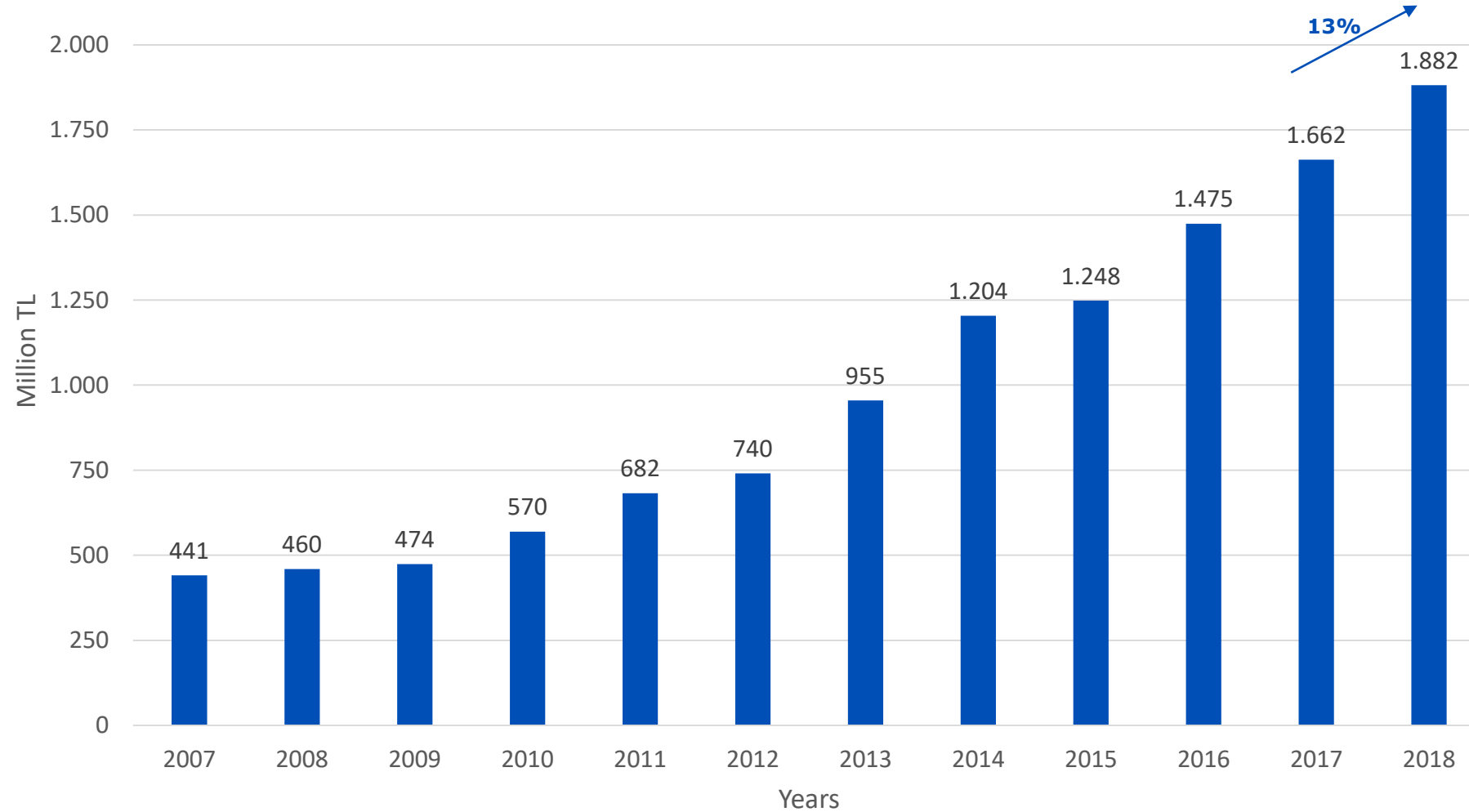
IFRS 9

IFRS 16

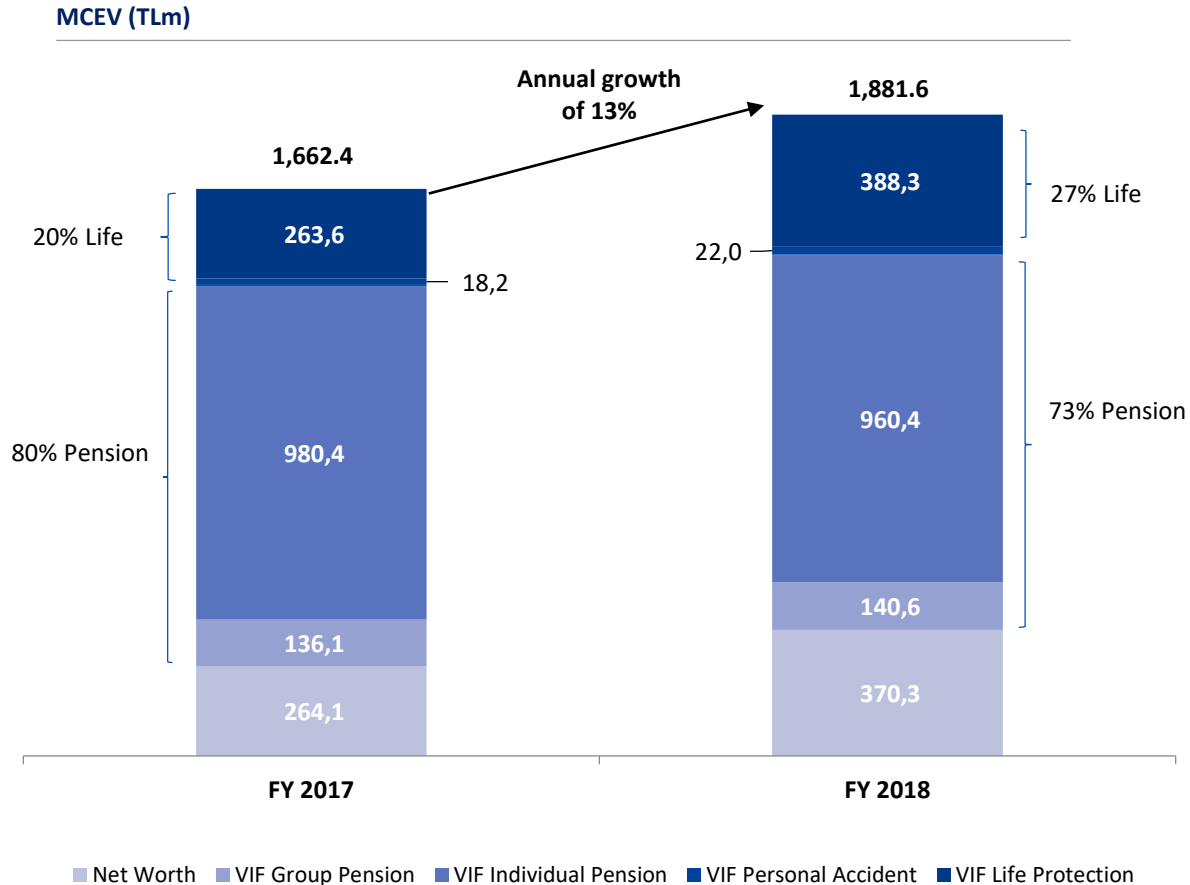
IFRS 17

Market Consistent Embedded Value Disclosures

Proven track record of embedded value growth



Growth despite headwinds



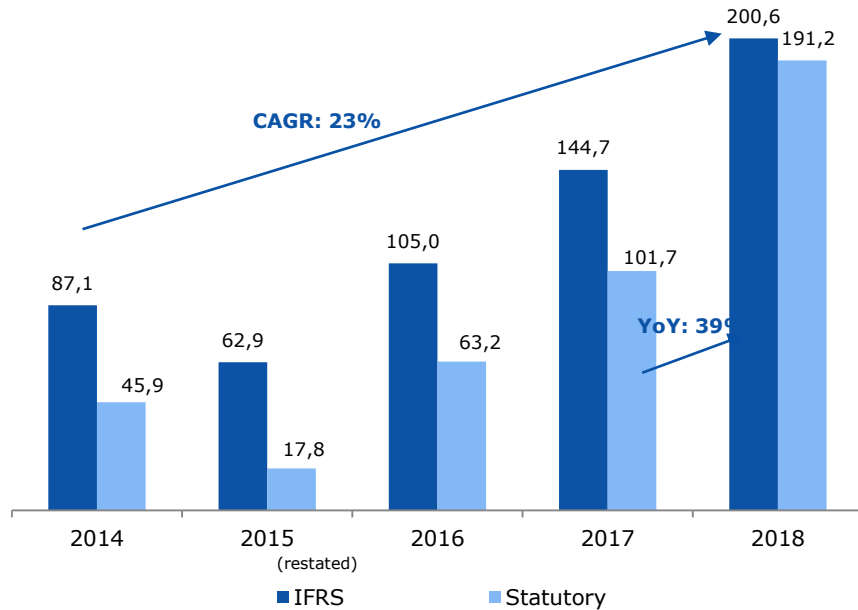
Comments

- Value of in-force (VIF) is the stock of discounted value of future profits, contributing 80% of the value in the MCEV balance sheet whereas the remaining 20% is composed of the net assets, ie net worth
- No allowance is made for future new business expected to be written after 2018
- Pensions VIF is slightly lower year-on-year due to the slowdown in growth of Funds Under Management
- Life protection has continued its growth momentum where more than a quarter of the VIF is arising from this segment
- AvivaSA is closely monitoring its persistency experience across all segments
- Net worth is up by 40% year-on-year after allowing for the dividend payment of 48.3m TL, demonstrating the resilient capital generation of the business

Appendix

Reconciliation between IFRS vs. Statutory Profit for the Period

IFRS vs. Statutory Profit for the Period (TLm)



Profit for the Period Reconciliation (TLm)

	2014	2015 (restated)	2016	2017	2018	CAGR	YoY
IFRS Profit for the Year	87,1	62,9	105,0	144,7	200,6	23%	39%
Equalisation Reserve write-off	-0,3	-2,3	-3,0	-4,7	-6,3	117%	35%
Change in Deferred Asset Costs	-51,2	-54,0	-44,5	-45,4	-15,0	-26%	-67%
Change in Deferred Income Reserve			-4,7	-4,5	8,2	n/a	n/a
Deferred Tax	10,3	11,3	10,5	11,6	3,8	-22%	-67%
Statutory Profit for the Year	45,9	17,8	63,2	101,7	191,2	43%	88%
Total Difference	41,2	45,1	41,8	43,0	9,4	-31%	-78%

Summary of P&L from SFRS Segmental Reporting

	2014	2015 (restated)	2016	2017	2018	CAGR	YoY
Pension Technical Profit	-19,5	-16,0	-13,9	11,9	59,2	n/a	399%
Life Technical Profit	39,9	22,1	46,6	57,3	92,2	23%	61%
Non-Life Technical Profit	-1,7	6,4	-3,3	-0,5	0,9	n/a	n/a
Total Technical Profit after G&A Expenses	18,7	12,4	29,4	68,7	152,3	69%	122%
Total Investment Income & Other	39,7	46,9	50,5	57,9	93,3	24%	61%
Profit Before Taxes	58,4	59,3	79,9	126,6	245,7	43%	94%
Profit for the Period (Before Write-Off)	45,9	46,9	63,2	101,7	191,2	43%	88%
One-off Asset Write-Off Effect (net of tax)		-29,1					
Profit for the Period (After Write-Off)	45,9	17,8	63,2	101,7	191,2	43%	88%

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.

Pension

Summary P&L

Pension Technical Profit (TLm)

	2014	2015	2016	2017	2018	CAGR	YoY
Fund Management Income⁽¹⁾	87,0	111,3	137,5	177,1	208,6	24%	18%
Management & Entry/Exit Fee⁽²⁾	66,6	78,8	78,1	89,9	99,5	11%	11%
Other Income/(Expenses)	-7,4	-8,8	-11,2	-12,5	-13,6	17%	9%
Net Commission Expenses (of which)	-32,0	-42,7	-48,7	-47,5	-60,8	17%	28%
- Commission Ex.	-70,2	-89,3	-92,7	-78,1	-72,5	1%	-7%
- DAC	38,2	46,6	44,0	30,6	11,7	-26%	-62%
Technical Profit	114,2	138,7	155,7	207,1	233,8	20%	13%

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)

	2014	2015 (restated)	2016	2017	2018	CAGR	YoY
Gross Written Premiums	196,9	181,0	254,2	392,6	480,2	25%	22%
Earned Premiums	171,2	158,1	196,5	252,6	312,8	16%	24%
Total Claims	-37,5	-42,8	-48,3	-40,8	-37,0	0%	-9%
Claims Ratio*	17,7%	22,3%	20,4%	13,3%	9,8%		
Commission Expenses	-29,4	-28,3	-36,2	-67,0	-81,7	29%	22%
Comm.Ratio**	17,2%	17,9%	18,4%	26,5%	26,1%		
Other Income/ (Expense), Net	-0,9	-0,9	-0,2	-0,8	-9,5	80%	1053%
Technical Profit	103,4	86,1	111,8	144,1	184,6	16%	28%
Technical Margin	60,4%	54,5%	56,9%	57,0%	59,0%		

- ✓ 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

Key Profit Drivers

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

Personal Accident

Summary P&L

Personal Accident Technical Profit (TLm)

	2014	2015	2016	2017	2018	CAGR	YoY
Gross Written Premiums	45,4	45,7	52,1	68,8	75,4	14%	10%
Earned Premiums	36,6	45,6	49,0	58,5	70,5	18%	20%
Total Claims	-4,5	-2,3	-9,5	-6,7	-7,5	14%	12%
Claims Ratio*	12,3%	5,1%	19,4%	11,5%	10,7%		
Commission Expenses	-16,9	-20,9	-22,5	-26,7	-33,9	19%	27%
Comm.Ratio**	46,1%	46,0%	46,0%	45,6%	48,1%		
Other Income/(Expense), Net	0,0	-0,1	-0,2	-1,1	-0,8	n/a	-29%
Technical Profit	15,2	22,2	16,7	23,9	28,3	17%	18%
Technical Margin	41,5%	48,8%	34,2%	40,9%	40,1%		

Key Profit Drivers

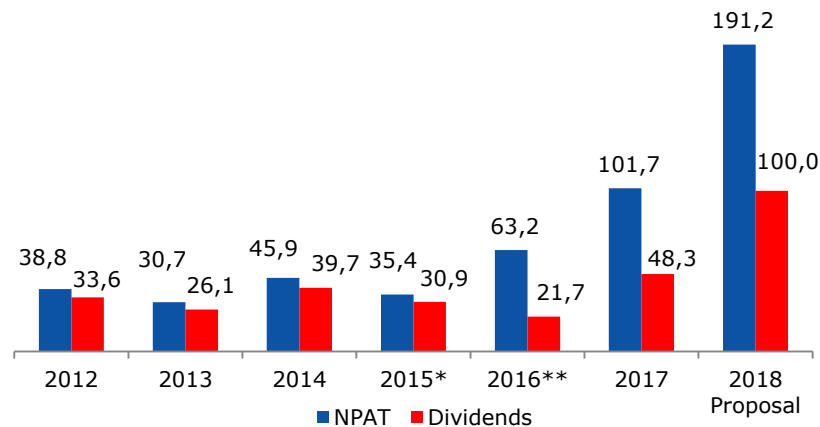
- Net earned premium volumes
- Accident / Benefits claims
- Surrender levels
- Commission Expenses

Flexible Dividend Policy Focused on Growth

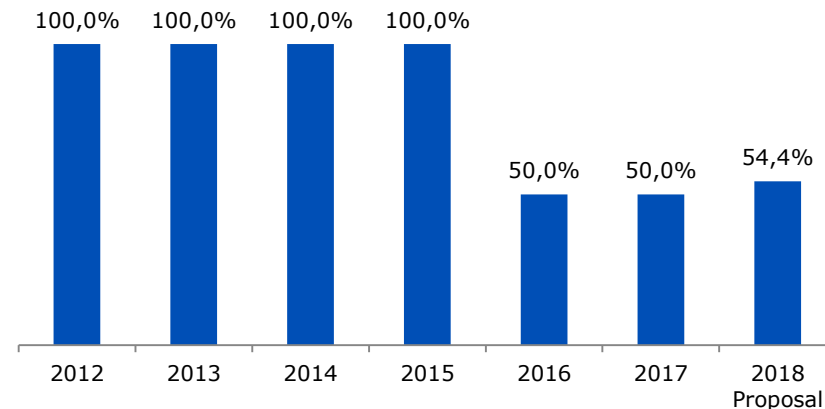
Dividend Policy

- 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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YARIN ŞİMDİDEN GÜZEL

Thank you