



Q1 2019
EARNINGS RELEASE

While continuing our leadership in Pension, we also maintained a sustainable growth in Life

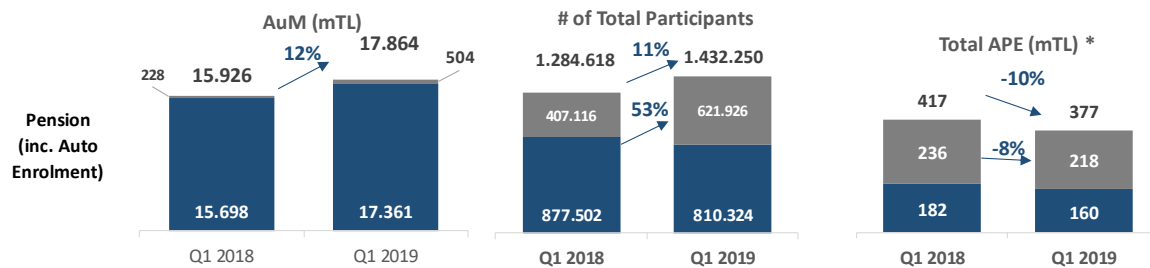
- Total Pension Assets Under Management-AuM has grown by 12% and reached 17.9 billion TL as of March 19 supporting AvivaSA to maintain its market leadership.
- AvivaSA is the leader in number of AE participant and ranked 2nd in AE AuM, excluding public entities.
- Total protection premiums grew by 27% driven by 52% growth in stand-alone (non-credit linked) life protection underpinning AvivaSA's diverse business model
- IFRS Net Profit is higher than prior year by 41% at 51.3 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
- Total technical income has increased by 24% driven by the growth in stand-alone life protection volumes and higher pension income.
- RoE is 32.6% as of March 2019.
- Statutory profit is 51.1 mTL with a growth of 56% at a path to converging to IFRS profits indicating the quality of underlying earnings

Key Developments and Changes in Q1

- **First time consolidated financial reporting** with AvivaSA Sigorta ve Aracılık A.Ş. financials.
- **Accounting policy change in IFRS Financials :**
Inclusion of RoP bank commissions to the scope of deferral. Previous years' impact of +8.3m TL booked to the opening of 2019 financials as the amount is below the materiality level for restatement of prior year financials. Current year net P&L, after tax impact is +3.6 m TL.
- **Accounting estimate change in IFRS financials :**
Average life-time of pension business is reduced from 9 to 8 years. Net P&L (after tax) impact in Q1 2019 financials is -4m TL.

Topline Volumes

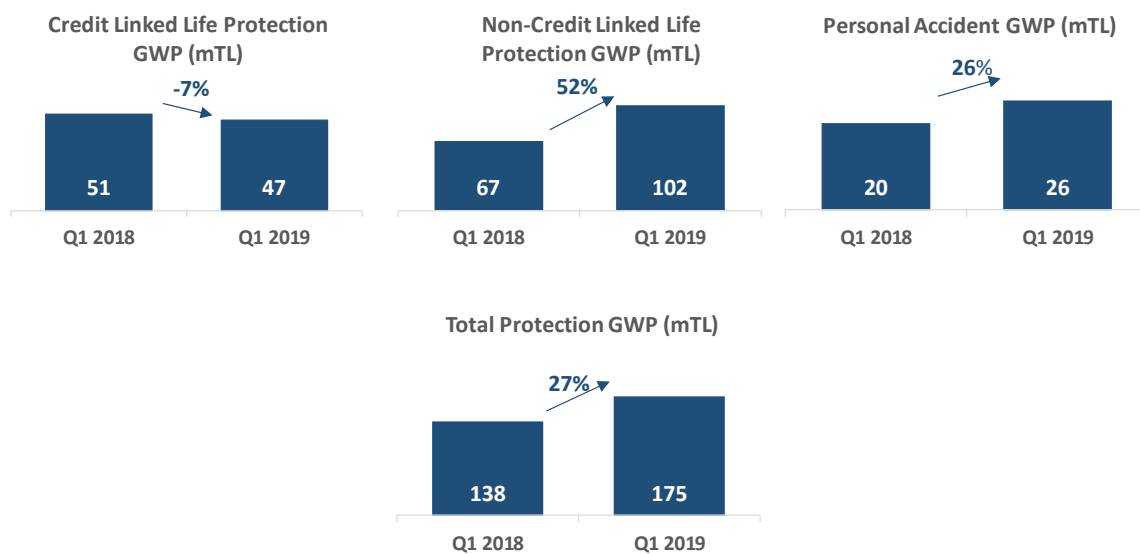
- AvivaSA is the market leader in terms of Pensions AuM since June 2015
- Supported by the strong asset performance in a volatile market
- Total AuM reached 17.9 bnTL with 1.4m participants



Source: Pension Monitoring Center 31.03.2019

*Before opt-out

- Total Protection gross written premiums reached 175 mTL; higher than prior year by 27% continuing the momentum in a sustainable manner



IFRS Segmental Results

(m TL)	Q1 2018	Q1 2019	Change
Life Saving	2,4	2,2	-6%
Life Protection	117,7	149,4	27%
Personal Accident	20,4	25,8	26%
Pension *	447,2	409,3	-8%
Total Premium	587,6	586,7	0%
Savings	2,9	1,1	-61%
Life Protection	35,9	49,0	36%
Personal Accident	5,3	8,5	62%
Pension	56,2	65,7	17%
Total Technical Income	100,3	124,4	24%
Total General Expenses	-70,5	-88,6	26%
Net Technical Profit	29,8	35,8	20%
Total Investment & Other Income	17,9	31,4	76%
Total Tax	-11,4	-15,9	40%
Net Profit	36,3	51,3	41%

* Pension Monitoring Center Net Contribution

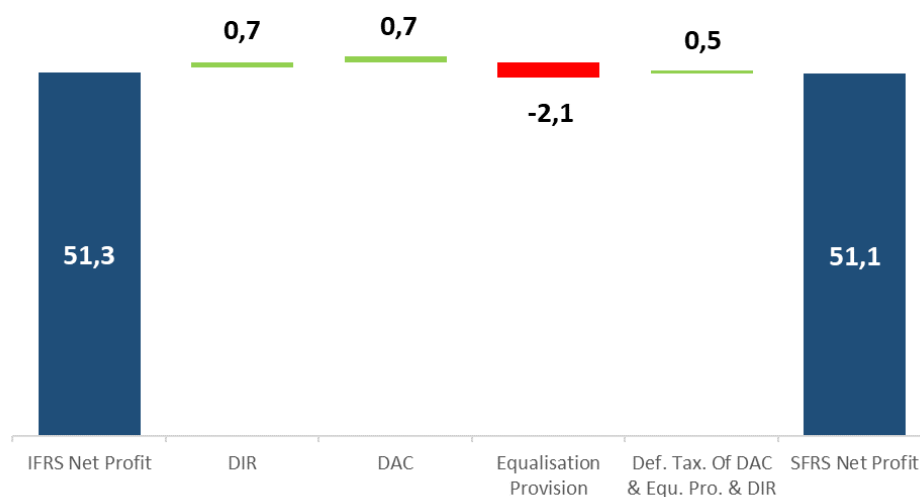
- Total technical income grew by 24% mainly driven by protection and pension business profitability grew by 36% and 17% respectively
 - Growing pension business in terms of AuM (+11%) is leading to an increase in technical profit
 - Life protection technical profit increased by 36% due to 27% increase in premiums and favorable underwriting experience
 - Personal accident technical profit increased by 62% due to 26% increase in premiums and lower claims.
- General expenses for Q1 2019 is 88.6 mTL with a yoy increase of 26% mainly due to 8,5 million TL non-recurring expenses and increase in IT and personnel expenses in line with inflation.
- Total investment and other income is 31.4 mTL and increased by 76% mainly due to mainly higher interest rates.

Statutory / SFRS Results

(m TL)	Q1 2018	Q1 2019	Change
Life	12,2	14,5	19%
Non-Life	-1,8	0,0	n/a
Pension	17,3	24,2	40%
Net Technical Profit	27,7	38,8	40%
Total Investment & Other Income	15,2	27,8	83%
Tax	-10,1	-15,4	52%
Net Profit	32,8	51,1	56%

- Net profit for the period is 51.1m TL an increase of 56% 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 19% due to increase in premiums and favorable underwriting experience
 - Non-life (personal accident) net technical profit after general expenses reached to breakeven from -1.8 mTL loss mainly due to higher premiums and lower claims with respect to prior year
 - Pension net technical profit after general expenses is 24.2 mTL compared to prior year due to the critical mass of assets under management.

Bridging from IFRS to Statutory Profit



New Business

(m TL)	Q1 2018	Q1 2019	Change(%)
Life Protection	35.0	55.5	58.7%
Personal Accident	1.5	3.9	161.0%
Pensions	16.6	14.7	-11.6%
Value of New Business	53.1	74.1	39.5%

(m TL)	Q1 2018	Q1 2019	Change(%)
Life Protection	207.0	346.0	67.1%
Personal Accident	25.2	33.8	34.1%
Pensions (*)	1,181.1	1,021.0	-13.6%
Present Value of New Business Premiums	1,413.4	1,400.8	-0.9%

(*) Including State Contribution

(m TL)	Q1 2018	Q1 2019	Change(Diff)
Life Protection	16.9%	16.0%	-0.9%
Personal Accident	5.9%	11.6%	5.6%
Pensions	1.4%	1.4%	0.0%
New Business Margin	3.8%	5.3%	1.5%

Source: Company data, unaudited results

- Sales as measured by present value of new business premiums (PVNBP) is lower compared to the first quarter of 2018 due to lower agency volumes and the smallest employee group that last phase of auto-enrolment included in last year. Life protection sales were up 67.1% driven primarily by return of premium business.
- Value of new business (VNB), a metric showing the lifetime economic value of new business written during the quarter was higher year-on-year due to high performance in return of premium and personal accident sales.
- Pension margins have been positively affected by increase in min wage in 2019.
- Personal accident segment has higher margins year-on-year due to change in expense assumptions. VNB has been magnified further by the higher sales performance.