Corporate Credit Rating

☒New ☐Update

Sector: Insurance
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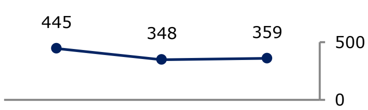
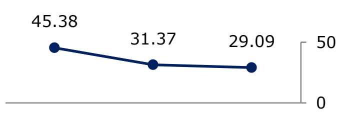
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	**National ICR**	**AAA (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*

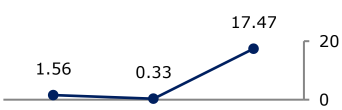
CAR (%)



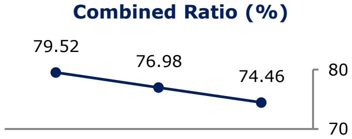
Loss Premium Ratio (%)



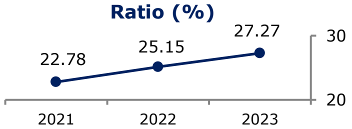
Reinsurers Share (%)



Combined Ratio (%)



Technical Profit/Loss Ratio (%)



TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

JCR Eurasia Rating, has evaluated **"Türkiye Hayat ve Emeklilik A.Ş."** in the investment-level category with the highest credit quality and assigned the Long-Term National Issuer Credit Rating as **'AAA (tr)'** and the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as **'BB/Stable'** in line with sovereign ratings and outlooks of Republic of Türkiye.

Türkiye Hayat ve Emeklilik A.Ş. (hereinafter referred to as **'Türkiye Hayat Emeklilik'** or **'the Company'**) was established Türkiye Hayat Emeklilik was established on May 1, 1991 formerly named as Güneş Hayat Sigorta. The Company also started its activities in the Individual Retirement System and took the title of Vakıf Emeklilik in 2003. Halk Hayat ve Emeklilik and Ziraat Hayat ve Emeklilik, which provide life and retirement services, were merged under Vakıf Emeklilik ve Hayat in 2020 and the name of the Company was changed to Türkiye Hayat Emeklilik and its capital was increased to TRY 755,752,390. The Company continues to operate in the life insurance and pension side with its 14 agency regional directorates, 18 bancassurance regional directorates, 178 agencies, 4,578 bank branches and 30 brokers and 593 direct sales teams including more than 170 different products including 90 in the life insurance side, 70 private pension funds side, 2 auto enrolment funds side and 3 retirement benefit plans.

The main shareholder of the Company is TVF Finansal Yatırımlar A.Ş. with 92.64% share and the ultimate shareholder of the Company is Türkiye Wealth Fund ("TWF") in FYE2023.

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Sizeable volume of pension funds and strong penetration in the life insurance side ensuring the Company a privileged position in the sector thanks to having vast distribution channels together with well diversified portfolio, • Successfully exceeding capital adequacy requirement significantly by surpassing sector averages, • Moderate level of the loss premium ratio, despite positioning above the sector averages, • Continuously increasing trend of the technical profitability underpinned by the growth in the premium production and the low level of combined ratio, • Sizeable contribution of the investment activities to bottom-line profitability, • Capability to transfer the risk to internationally recognized reinsurers to a certain extent, • Existence of Türkiye Wealth Fund as ultimate controlling shareholder and the synergy created within the Group, • Compliance with corporate governance practices besides expanded digitalization practices with favourable outlook of the sector, promising large space for future growth, • Long-lasting presence in the sector dating back to 1991 and successful track-record together with the experienced management team.	• Potential regulatory changes and catastrophic events may pose industry-wide risk, • Recent tightening measures may impact the credit life insurance segment**.**

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as **'AAA (tr)'**. The Company's sizeable volume of pension fund and highlighted position on the life insurance side, strong capital adequacy, reasonable loss premium ratio, favourable technical profitability and substantial contribution of the investment activities to the bottom line results, its risk transfer capacity to reinsurers when needed, strong shareholder structure, compliant to corporate governance practices despite not being publicly traded company and its long and successful track record aiming digitalisation and the sustainability as well as the inherently existence of the mortality risk in the sector at extraordinary cases and potential effects of the macroeconomic policy changes have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's market share of the Company, profitability and the premium production capacity together with the main financial indicators, potential changes in the regulatory environment besides effects of any possible catastrophic cases will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.