

Message from the Chairman of the Board

With the strength we derive from our country, we continue to grow and strive to become a global brand as an institution that embraces Türkiye.

Dear Stakeholders,

The world has left behind another challenging year.

With the outbreak of the Russia-Ukraine war in 2022, the cost inflation experienced at the end of 2021 as a result of supply constraints and logistics bottlenecks that emerged as a result of the measures taken during the pandemic period imposed a greater burden on the global economies. Commodity and energy prices reached historic highs while the globe and particularly the European countries were driven into an energy crisis as a result of the sanctions imposed upon Russia, one of the key players in the global commodity and energy market.

During this period, when risks to global financial stability increased significantly and inflationary pressure was prevalent, it was observed that economic growth was disrupted and the concerns about recession grew, while central banks, which employed monetary tightening and interest rate increases, attempted to maintain the delicate balance between fighting against inflation and economic growth.



Aziz Murat Uluğ
Chairman of the Board

In January 2023 update of the World Economic Outlook Report, the IMF projects that global growth will fall from an estimated 3.4% in 2022 to 2.9% in 2023 and then rise to 3.1% in 2024. Although this forecast remains below the historical average of 2000-2019, 3.8%, it indicates that a global recession is not expected. The report, which projects that the global struggle against inflation and the adverse effects of the Russia-Ukraine war will continue in 2023, also points out that monetary tightening has relatively cooled demand and inflation, but its full impact will not be visible before 2024.

Towards the future with the Türkiye's economy model

Along with the negative effects of global macroeconomic conditions, high inflation was one of the most important topics of the year in our country. CPI inflation continued to rise until October, due to the impacts of the exchange rate changes on prices as well as global increases in energy and food prices, and after reaching its highest level with 85%, showed a downward trend and completed the year at 64.3%. The Central Bank of the Republic of Türkiye

also maintained its consumer inflation projections of 22.3% for 2023 and 8.8% for 2024, stating that inflation will continue to recede while growth will be maintained as a result of the measures taken and regulations enacted.

In this period of huge challenges for all economies worldwide, the Turkish economy has managed to remain on the path of growth, with the dynamism of the exports-oriented economy model sustaining its strong export impetus and making major contributions to growth. In 2022, the Turkish economy grew by 5.6% year on year. Domestic demand and net foreign demand were the two major aspects of balanced growth during this period. In 2022, Türkiye's exports ascended by 12.9%, reaching a record-high level of USD 254.2 billion.

The Turkish economy attained major achievements in 2022 by accomplishing numerous significant investments with the support of our government, our entrepreneurs' investment appetite, and their flexible investment capacities, and created a solid expectation that these achievements will be pursued in 2023 as well.

Despite challenging circumstances, our industry and the Private Pension System remains dynamic.

The industry's balance sheets have suffered a great deal of pressure due to the adverse impacts of inflation and currency rate changes, particularly in the non-life branch. The profitability of the industry was adversely affected not only by increasing inflationary cost pressure, but also by developments such as increased mobility and damage frequency after the pandemic, increased provisions due to raises in minimum wages, and surged spare parts costs due to the change in exchange rates.

Despite these challenging circumstances, our industry has remained dynamic. Total premium production of the Türkiye's insurance industry in 2022 reached TL 235 billion with a nominal increase of 123.2%, the premium production of non-life branches, which constituted 86.9% of total production, increased by 133.1% to TL 204.2 billion, the premium production of the life segment, which constituted 13.1% of total production, increased by 74.1% to reach TL 30.9 billion.

Message from the Chairman of the Board

We have successfully maintained our position as a leader in the life insurance and pension sector.

Impact of the inflation on insurance premiums, as well as increased insurance demand in the post-pandemic period, have been the key drivers in premium growth.

The perception of risk has undergone a shift due to the pandemic, resulting in increased awareness about the significance of life insurance. This increased awareness has subsequently translated into a higher demand for insurance products that offer both guarantees and savings features. However, the implementation of macroprudential measures in the second half of the year limited banks' appetite to engage in lending, and the loan-linked life insurance market experienced a decline in loan volume as a result of elevated loan interest rates. There is a noticeable upward trend in permanent life insurance.

Our Private Pension System (BES) demonstrated continued appeal and growth in 2022, owing to its reliability and the level of return it offers for long-term savings. As of the end of the year, the aggregate value of voluntary PPS and automatic participation funds amounted to TL 433.4 billion, while the total number of participants and employees reached 16.1 million.

The advancement of PPS is facilitated by legislative provisions implemented by the public authority and the incentives provided. The incorporation of individuals under the age of 18 into the voluntary PPS has significantly contributed to its performance in 2022. This expansion of the participant base has resulted in a fund size of TL 3 billion and a total of 594 thousand participants. The forthcoming period will witness the impact of several new regulations, notably the implementation of a 30% increase in the state contribution, which was implemented in 2022, on the performance of the PPS.

Our unchanging motto: Sustainable Leadership

In the year 2022, we have successfully maintained our position as a leader in the life insurance and pension sector;

- Our life insurance premium production amounted to TL 6.9 billion, resulting in a market share of 22.2%.
- In the Voluntary Private Pension System (PPS 3.0) and Automatic Enrollment System (AES), the total number of participants and employees has reached 4.8 million, with a total fund size of TL 97 billion (including state contributions) and a market share of 22.4%.

Our company's high insurance capacity and premium production capability are an outcome of the skill of our competent employees and distribution channels. We strive for greater penetration of service and a superior customer experience by integrating those values with the opportunities brought about by digital transformation. As a result, as Türkiye Hayat Emeklilik, an exemplary and preferred insurance company, we are consolidating our leadership position.

In addition to sustainable leadership in production and profitability, we also consider it as a part of our leadership responsibility to broaden the boundaries of our industry, foster an insurance culture throughout Türkiye, and to bring both insurance in life and the insurance business in the economy to the status they deserve. Furthermore, we are committed to assuming the same level of responsibility in order to enhance the active contribution of PPS in our economic development. We collaborate with all our distribution channels and leverage our competencies to reinforce funding sources and expand the reach of the system to a broader population.

To a future with greater confidence...

Striving for a stronger community with the responsibility and sensitivity of our name, we, as Türkiye Hayat Emeklilik, assumed the Basketball Super League Name Sponsorship and Amputee National Football Team Sponsorship, with the principle of using our strength for our country and the awareness of the role of sports in social development.

We became one of the sponsors of the Tradesmen's Insurance and Risk Management Awareness Reinforcement Training Program (ESİB- Esnafın Sigorta ve Risk Yönetimi Bilincini Güçlendirme Eğitimleri), which is intended to be the largest participation training program in the insurance industry in order to promote insurance literacy throughout community.

For a greener future, we have created a Memorial Forest of 10,000 saplings for our 2nd year.

In order to demonstrate our contributions along the axis of our capital items, we have initiated our project that will develop corporate sustainability practices based on our sustainability vision, which we defined as "insurance for positive impact." Within the frame of our sustainability project, we will renew and upgrade our business models by reconsidering our entire corporate culture and delivering our Environmental, Social, and Governance (ESG) performances.

With the strength we derive from our country, we continue to grow and strive to become a global brand as an institution that embraces Türkiye.

I would like to express my gratitude and best wishes to all of our stakeholders who have accompanied us on this remarkable journey.

With Regards,

Aziz Murat Uluğ

Chairman of the Board

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