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FOR IMMEDIATE RELEASE

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AM Best Affirms Credit Ratings of Milli Reasurans Turk Anonim Sirketi

LONDON, 16 July 2019—AM Best has affirmed the Financial Strength Rating of B+ (Good) and the Long-Term Issuer Credit Rating of “bbb-” of Milli Reasurans Turk Anonim Sirketi (Milli Re) (Turkey). The outlook of these Credit Ratings (ratings) remains negative.

The ratings reflect Milli Re’s consolidated balance sheet strength, which AM Best categorises as strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The negative outlooks reflect AM Best’s view that high political and financial system risks in Turkey could impact Milli Re’s prospective earnings adversely and consequently its balance sheet strength, as well as the financial strength of its parent, Türkiye İş Bankası A.S. Milli Re’s consolidated risk-adjusted capitalisation has been under pressure, but at year-end 2018 stood at a very strong level, as measured by Best’s Capital Adequacy Ratio (BCAR), supporting an overall balance sheet strength assessment of strong. In addition, if the risk profile of the company increases significantly above its risk management capabilities, there may be negative pressure on the enterprise risk management assessment of the company.

Milli Re’s operating performance is adequate, demonstrated by a five-year average operating ratio of 96% (2014-2018), with strong investment earnings comfortably offsetting persistent underwriting losses. Over the medium term, AM Best expects the company to report a combined ratio in excess of its five-year average of

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107%, with results negatively affected by accounts in run-off, intense competition and regulatory changes in the domestic market. Prospective earnings are likely to be reliant on investment income to generate profit.

Milli Re has a strong market position in Turkey as the only locally domiciled reinsurer. In addition, the company's profile benefits from its association with Anadolu Anonim Turk Sigorta Sirketi, which is the market leader in the country's direct insurance market.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

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