

RatingsDirect®

Research Update:

Milli Re Turkey National Scale Rating Lowered To 'trAA-' After Similar Actions On Sovereign And Parent

Primary Credit Analyst:

Mario Chakar, London (44) 20-7176-7070; mario.chakar@spglobal.com

Secondary Contact:

Ali Karakuyu, London (44) 20-7176-7301; ali.karakuyu@spglobal.com

Table Of Contents

Overview

Rating Action

Rationale

Related Criteria

Related Research

Ratings List

Research Update:

Milli Re Turkey National Scale Rating Lowered To 'trAA-' After Similar Actions On Sovereign And Parent

Overview

- On Jan. 27, 2017, we revised the outlook on the Republic of Turkey to negative from stable. As a result, we lowered the Turkey national scale rating to 'trAA-' from 'trAA' on Türkiye İş Bankası AS (Isbank), the parent of Milli Reasurans T.A.S. (Milli Re).
- We view Milli Re as a moderately strategically important subsidiary of Isbank and the reinsurer invests the majority of its assets in Turkey. We therefore limit the rating on Milli Re at the parent and sovereign level.
- We are lowering our Turkey national scale rating on Milli Re to 'trAA-' from 'trAA'.

Rating Action

On Feb. 1, 2017, S&P Global Ratings lowered its Turkey national scale rating on Milli Reasurans T.A.S. (Milli Re) to 'trAA-' from 'trAA'.

Rationale

The rating action follows the outlook revision on our long-term local and foreign currency ratings on Turkey (see "Republic of Turkey Outlook Revised To Negative; Ratings Affirmed," published Jan. 27, 2017). As a result of that action, we lowered the national scale rating on Isbank, Milli Re's parent (see "Outlooks On Five Turkish Financial Institutions Revised To Negative After Sovereign Outlook Revision; Ratings Affirmed," published Jan. 31, 2017). These actions reflect increasing concerns over inflationary pressure, currency depreciation, and rising external and fiscal risks in Turkey.

We view Istanbul-based Milli Re as a moderately strategically important subsidiary of Isbank, one of Turkey's leading banks and 77%-owner of Milli Re. The reinsurer invests most of its assets in Turkey. Given these factors, we limit our rating on Milli Re at the parent and sovereign level and expect the ratings to move in tandem.

We could lower or raise our national scale rating on Milli Re if we took a similar action on the parent or the sovereign.

Related Criteria

- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, June 01, 2016
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria - Insurance - General: Enterprise Risk Management, May 07, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 07, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 07, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Outlooks On Five Turkish Financial Institutions Revised To Negative After Sovereign Outlook Revision; Ratings Affirmed, Jan. 31, 2017
- Republic of Turkey Outlook Revised To Negative; Ratings Affirmed, Jan. 27, 2017

Ratings List

Downgraded

	To	From
Milli Reasurans T.A.S. Counterparty Credit Rating Turkey National Scale	trAA-/---/--	trAA/--/--

Additional Contact:

Insurance Ratings Europe; InsuranceInteractive_Europe@spglobal.com

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global

*Research Update: Milli Re Turkey National Scale Rating Lowered To 'trAA-' After Similar Actions On Sovereign
And Parent*

Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office
(44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225;
Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Copyright © 2017 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.