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Research Update:

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

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Research Update:

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

Overview

- On May 4, 2018, we lowered our issuer credit rating on Turkish bank Türkiye İş Bankası AS (İsbank) to 'BB-' from 'BB' and our Turkey national scale rating on İsbank to 'trA+' from 'trAA-'. This followed a similar action on the sovereign ratings on the Republic of Turkey.
- We view Turkish reinsurer Milli Reasurans T.A.S. (Milli Re) as a moderately strategically important subsidiary of İsbank, with the reinsurer investing the majority of its assets in Turkey. We therefore cap the rating on Milli Re at the level of the ratings on its parent and the sovereign.
- We are lowering our Turkey national scale rating on Milli Re to 'trA+' from 'trAA-'.

Rating Action

On May 4, 2018, S&P Global Ratings lowered its Turkey national scale rating on Turkish reinsurer Milli Reasurans T.A.S. (Milli Re) to 'trA+' from 'trAA-'.

Rationale

The rating action follows our lowering of the long-term local and foreign currency ratings on Turkey (see "Turkey Ratings Lowered On Deteriorating External Performance and Higher Inflation; Outlook Stable," published May 1, 2018). It also follows the resulting rating actions on Turkish bank Türkiye İş Bankası AS (İsbank), Milli Re's parent, whereby we lowered our issuer credit rating on İsbank to 'BB-' from 'BB' and our Turkey national scale rating on İsbank to 'trA+' from 'trAA-'. (See "Six Turkish Financial Institutions Downgraded On Turkey Downgrade, Increased Sector Credit Risk, And Economic Imbalances," published May 4, 2018.)

We view Milli Re as a moderately strategically important subsidiary of İsbank, one of Turkey's leading banks and 77%-owner of Milli Re. The reinsurer invests the majority of its assets in Turkey. As a result, we cap the rating on Milli Re at the level of the ratings on its parent and the sovereign.

We could lower or raise our Turkey 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, Aug. 14, 2017
- 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 7, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology, May 7, 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 7, 2010

Related Research

- Six Turkish Financial Institutions Downgraded On Turkey Downgrade, Increased Sector Credit Risk, And Economic Imbalances, May 4, 2018
- Turkey Ratings Lowered On Deteriorating External Performance and Higher Inflation; Outlook Stable, May 1, 2018

Ratings List

Downgraded

	To	From
Milli Reasurans T.A.S. Turkey National Scale Rating	trA+/--/--	trAA-/---/---

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