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FOR IMMEDIATE RELEASE

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AM Best Affirms Credit Ratings of Milli Reasurans Turk Anonim Sirketi

LONDON, 2 July 2021—**AM Best** has affirmed the Financial Strength Rating of B (Fair) and the Long-Term Issuer Credit Rating of “bb+” (Fair) of Milli Reasurans Turk Anonim Sirketi (Milli Re) (Turkey). The outlook of these Credit Ratings (ratings) is stable.

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

Milli Re’s balance sheet strength is underpinned by its consolidated risk-adjusted capitalisation, which was at the strong level at the end of 2020, as measured by Best’s Capital Adequacy Ratio (BCAR). Capital requirements relate largely to underwriting risk, driven by the business written by Milli Re’s subsidiary, Anadolu Anonim Turk Sigorta Sirketi (Anadolu). The balance sheet strength assessment benefits from Milli Re’s relatively conservative investment portfolio by asset class, although investment quality is constrained by exposure to high levels of financial system risk in Turkey. The consolidated balance sheet is also subject to potential volatility from Milli Re’s and Anadolu’s domestic catastrophe exposure.

Milli Re has a track record of generating strong investment earnings and foreign currency gains, which have supported a five-year weighted average return on equity of 18% (2016-2020) and reflect, in part, high interest rates in Turkey and should be considered in the context of high inflation. Underwriting results have been

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poor over the same period, demonstrated by a five-year weighted average combined ratio of 110%. AM Best expects Milli Re's prospective operating performance to remain adequate, although subject to potential volatility arising from changes in insurance regulation and monetary policy, which have been frequent in recent years.

Milli Re has a strong market position in Turkey as the only locally domiciled, privately owned reinsurer. In addition, the company's profile benefits from its ownership of Anadolu, which is a 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 [Guide to 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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