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AM Best Upgrades Credit Ratings of Millî Reasürans Türk Anonim Şirketi

LONDON, 6 August 2025—AM Best has upgraded the Financial Strength Rating (FSR) to C++ (Marginal) from C+ (Marginal) and the Long-Term Issuer Credit Rating (Long-Term ICR) to “b” (Marginal) from “b-” (Marginal) of Millî Reasürans Türk Anonim Şirketi (Milli Re) (Türkiye). Concurrently, AM Best has revised the outlook for the Long-Term ICR to positive. The outlook for the FSR is stable.

The Credit Ratings (ratings) reflect Milli Re’s balance sheet strength, which AM Best assesses as weak, as well as its adequate operating performance, neutral business profile and marginal enterprise risk management.

The rating upgrades reflect the improvement in Milli Re’s consolidated balance sheet strength fundamentals, notably through increased risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), underpinned by good earnings retention. In addition, the upgrades consider the stabilisation of economic conditions in Türkiye, where the company is headquartered and where the majority of its business and assets are located.

The positive outlook on the Long-Term ICR reflects the favourable trend in Milli Re's balance sheet strength fundamentals, which is characterised by improving risk-adjusted capitalisation and capital quality.

Milli Re has a track record of adequate earnings generation, evidenced by consolidated and unconsolidated return on equity (ROE) that on average has exceeded 35% over the past five years (2020-2024). The company’s ROE should be viewed in the context of its main operating environment of Türkiye, which since

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2021, has been characterised by extremely high inflation. Overall returns are driven by solid investment income, supported by Türkiye’s high-interest-rate environment, and foreign exchange gains. Underwriting performance continues to be a drag on earnings, demonstrated by a consolidated and unconsolidated five-year weighted average combined ratio of 120% and 157%, respectively, adversely impacted by the depreciation of the Turkish lira and inflation. The depreciation of the lira has had a particularly significant impact on unconsolidated underwriting results given that more than two thirds of Milli Re’s business is underwritten in foreign currency.

Milli Re has a strong market position in Türkiye as the only locally capitalised, privately owned reinsurer. In addition, the company’s profile benefits from its ownership of Anadolu Anonim Türk Sigorta Şirketi, which is among the top three largest companies 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 use of Best’s Credit Ratings, Best’s Performance Assessments, Best’s Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best’s Ratings & Assessments](#).

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