

Corporate Credit & Issue Rating

New Update

Sector: Insurance

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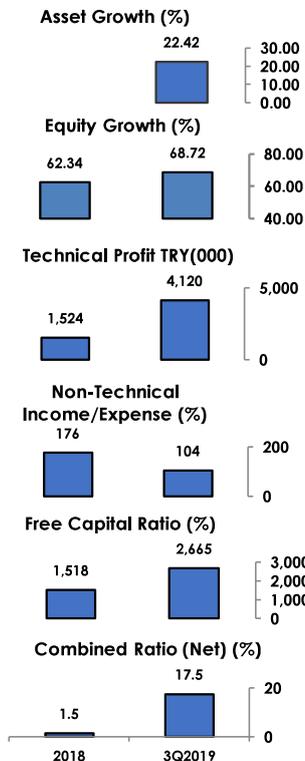
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RATINGS

| | | Long | Short | |
|-----------------|------------------|------------|-----------|------|
| International | Foreign Currency | B | B | |
| | Local Currency | B | B | |
| | Outlook | FC | Neg. | Neg. |
| | | LC | Neg. | Neg. |
| National | Local Rating | BBB+ (Trk) | A-2 (Trk) | |
| | Outlook | Stable | Stable | |
| Sponsor Support | | 2 | - | |
| Stand-Alone | | BC | - | |
| Sovereign* | Foreign Currency | BBB- | - | |
| | Local Currency | BBB- | - | |
| | Outlook | FC | Neg. | - |
| | | LC | Neg. | - |

*Affirmed by JCR on December 6, 2019



Trust Capital Reinsurance LTD.

Company Overview

| TRUST CAPITAL REINSURANCE LTD. | | | |
|--|----------|----------|------|
| Financial Data | 3Q2019* | 2018* | 2017 |
| Total Assets (000 USD) | 3,303 | 2,903 | n.a |
| Total Assets (000 TRY) | 18,695 | 15,271 | n.a |
| Equity (000 TRY) | 16,435 | 9,741 | n.a |
| Equity Growth (%) | 68.72 | 62.34 | n.a |
| Net Profit (000 TRY) | 4,194 | 2,091 | n.a |
| Technical Profit (000 TRY) | 4,120 | 1,524 | n.a |
| GWP & Oth. Tech. Income (000 TRY) | 8,909 | 7,730 | n.a |
| GWP & Oth. Tech. Income Growth (%) | 15.24 | n.a. | n.a |
| ROAA (%) ** | 24.70 | 17.87 | n.a |
| ROAE (%) ** | 32.05 | 28.01 | n.a |
| Free Capital Ratio (%) *** | 2,665.49 | 1,518.41 | n.a |
| Non-Technical Income / Non-Technical Expense | 104.08 | 176.03 | n.a |
| Asset Growth (%) | 22.42 | n.a. | n.a |

(* Audited figures, (**) Since 2017 data are not available, year-end figures are taken into consideration instead of average, (***) Risk Based

Trust Capital Reinsurance LTD. (hereinafter referred to as “the Company”) was founded in August 18, 2017 and became operational in January 1, 2018 to carry out all kinds of proportional / non-proportional reinsurance transactions in the **Turkish Republic of Northern Cyprus (TRNC)** and foreign countries regarding all types of insurances within the Life and Non-Life major insurance classes. The Company, which has completed its first underwriting year in 2018, is the first reinsurance company with national capital in the TRNC. The Company, wholly owned by the **ARHUN** family members, is included in the **Capital Group** which is among the leading institutions of the TRNC and has operations in finance (CapitalBank, Capital Finans), insurance (Capital Insurance), construction (Capiton Construction), otomotive (Cyprus United Automotive) and retail chain stores (Cyprus United Retail) sectors.

The Company carried out its operations and completed its first underwriting year through its initial structuring staff consisting of 3 persons, and the reinsurance transactions started with 9 insurance companies, 6 of which are annual teaty and the remaining 3 are facultative.

Strengths

- Advantages of being the first nationally capitalized reinsurance company in TRNC together with noteworthy growths in the sector
- Shareholding structure and management staff with reputation and experience in the sector
- Loss ratios well below the sector averages together with an absence of trend, contributing positively to profitability indicators and indicating a prudent management strategy
- Predominantly equity and profit-based liquid asset-weighted asset structure
- Non-technical income fully meeting the non-technical expenses
- Equity level well above legal requirements and significantly supported by cash inflows

Constraints

- Improvement need in corporate governance and risk management practices
- Possible increasing effects of being at the early stage of organizational structuring on future operating expenses and current risk level
- Comparatively high branch and geographical region concentration in reinsurance risk
- Restricted population and trade volume of island economies and limitation on TRNC's international recognition, restraining sector growth