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AM Best Affirms Credit Ratings of Atradius N.V.'s Main Operating Subsidiaries

AMSTERDAM, November 6, 2019—AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Ratings of “a+” of Atradius Crédito y Caución S.A. de Seguros y Reaseguros (ACyC) (Spain), Atradius Reinsurance Designated Activity Company (ARe) (Ireland), Atradius Trade Credit Insurance, Inc. (ATCI) (U.S.) and Atradius Seguros de Crédito, S.A. (Atradius Mexico) (Mexico). Concurrently, AM Best has affirmed the Long-Term Issue Credit Rating of “bbb” of the EUR 250 million 5.25% subordinated fixed to floating rate guaranteed notes due 2044, issued by Atradius Finance B.V. (Netherlands) and unconditionally and irrevocably guaranteed on a subordinated basis by Atradius N.V. (Atradius). The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect Atradius’ balance sheet strength, which AM Best categorises as very strong, as well as its strong operating performance, favourable business profile and appropriate enterprise risk management. The ratings of ACyC, ARe, ATCI and Atradius Mexico consider their strategic importance to Atradius as its primary underwriting entities in the group’s key markets around the world.

Atradius’ balance sheet strength is underpinned by its consolidated risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), which remained at the strongest level at year-end 2018. AM Best expects risk-adjusted capitalisation to be maintained at the strongest level prospectively, supported by robust retained earnings and low investment risk. An offsetting factor is the group’s relatively high dependence on

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reinsurance, although the associated risk is mitigated partially through the use of a well-diversified panel of reinsurance counterparties of good credit quality.

Atradius' operating performance is strong, demonstrated by a 10-year (2009-2018) weighted average return on equity and combined ratio of 10% and 82%, respectively (as calculated by AM Best). In 2018, the group delivered a net profit of EUR 203 million (2017: EUR 186 million), underpinned by robust underwriting profits and supplemented by modest investment returns, reflective of the group's conservative investment portfolio. Prospective results are likely to be tested by the elevated level of competition in the trade credit insurance industry, following several years of relatively benign claim experience. However, AM Best expects Atradius' operating performance to remain strong over the medium term, supported by management's ability to take prompt risk-mitigating actions on non-performing business when required.

Atradius benefits from a leading position in the global credit insurance market. Although Atradius is largely a mono-line insurer, its exposures are well-diversified by geography and industry. The group's favourable business profile is underpinned by its good access to key markets as a result of Atradius' strong global franchise and comprehensive network of agents.

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 [Understanding 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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