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FOR IMMEDIATE RELEASE

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A.M. Best Affirms Credit Ratings of Reaseguradora Patria, S.A.

MEXICO CITY, October 11, 2018— A.M. Best has affirmed the Financial Strength Rating of A (Excellent), the Long-Term Issuer Credit Rating (Long-Term ICR) of “a” and the Mexico National Scale Rating of “aaa.MX” of Reaseguradora Patria, S.A. (Patria Re) (Mexico). A.M. Best also has affirmed the Long-Term ICR of “bbb” of Patria Re’s ultimate parent, Peña Verde, S.A.B. (Peña Verde) (Mexico). The outlook of these Credit Ratings (ratings) is stable. Per A.M. Best’s criteria procedure on insurance holding companies, Peña Verde’s rating reflects a standard notching from Patria Re’s Long-Term ICR and is in line with companies of the same rating level.

The ratings reflect Patria Re’s balance sheet strength, which A.M. Best categorizes as strongest, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

Patria Re’s balance sheet strength is underpinned by its risk-adjusted capitalization at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR). The ratings also reflect its low underwriting leverage, improving operating performance, comprehensive enterprise risk management infrastructure and expansive knowledge of its core markets in Latin America, as well as the company’s strong liquidity metrics. The ratings also consider the company’s smooth implementation of its expansion strategy with a stable overseas operation outside its niche market that has demonstrated solid underwriting performance with no signs of emerging risks.

Offsetting these strengths is Patria Re’s relatively important participation of equities in its investment

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portfolio and some catastrophe-prone lines of business, which could create volatility in the company's operating performance.

Patria Re has established a solid niche position in Mexico and Latin America, which allows it to accept profitable business selectively while maintaining a diversified product portfolio tailored to specific markets. This strategy has resulted in consistently favorable underwriting results over the years and has contributed to Patria Re's enhanced risk-adjusted capitalization. A well-balanced reinsurance program placed among counterparties with a strong security level also reinforces the company's risk-adjusted capitalization. Furthermore, the company's underwriting leverage has remained at conservative levels for the past five years.

At year-end 2017, the company registered an increase in return on equity and return on assets of 2.9% and 1.4%, respectively, mainly driven by improvements in underwriting and investments results. Stable claims and management expenses, coupled with equities short, helped to improve the company's operating performance. A.M. Best expects profitability to continue, supported by strong underwriting practices.

While Patria Re holds a larger percentage of its investment portfolio in equities in comparison with other peers, which could lead to higher volatility in its financial income, the company historically has maintained such positions and has kept a long-term investment horizon for these assets. Given its prudent reserve practices and strong capital position, the company has not been required to materialize any unrealized losses from any of these investments to cover unusual deviations in claims arising from its catastrophe-prone portfolio.

A.M. Best considers Patria Re to be well-positioned at its current rating level. Factors that could lead to positive rating actions include continued strong underwriting and overall results in conjunction with the maintenance of strongest risk-adjusted capitalization and improvements in the performance of its investment portfolio, as well as continued and successful operation of its overseas expansion. Factors that may lead to negative rating actions include a sustained decline in underwriting profitability, significant deterioration in

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risk-adjusted capitalization and unsuccessful operations of the company's overseas expansion plans.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- A.M. Best's Ratings on a National Scale (Version Oct. 13, 2017)
- Available Capital & Holding Company Analysis (Version Oct. 13, 2017)
- Catastrophe Analysis in A.M. Best Ratings (Version Oct. 13, 2017)
- Evaluating Country Risk (Version Oct. 13, 2017)
- Understanding Universal BCAR (Version May 14, 2018)

View a general description of the [policies and procedures](#) used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, please refer to [Understanding Best's Credit Ratings](#).

- Previous Rating Date: Oct. 5, 2017
- Date of Financial Data Used: June 30, 2018

This press release relates to rating(s) that have been published on A.M. Best's website. For additional 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 A.M. Best's [Recent Rating Activity](#) web page.

A.M. Best does not validate or certify the information provided by the client in order to issue a credit rating.

While the information obtained from the material source(s) is believed to be reliable, its accuracy is

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