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## FOR IMMEDIATE RELEASE

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### **AM Best Affirms Credit Ratings of Reaseguradora Patria, S.A.**

**MEXICO CITY, October 27, 2023**—AM Best has affirmed the Financial Strength Rating of A (Excellent), the Long-Term Issuer Credit Rating (Long-Term ICR) of “a” (Excellent) and the Mexico National Scale Rating of “aaa.MX” (Exceptional) of Reaseguradora Patria, S.A. (Patria Re) (Mexico). AM Best also has affirmed the Long-Term ICR of “bbb” (Good) of Patria Re’s ultimate parent, Peña Verde, S.A.B. (Peña Verde) (Mexico). The outlook of these Credit Ratings (ratings) is stable. Per AM Best’s criteria procedure on insurance holding companies, Peña Verde’s rating reflects a standard notching from Patria Re’s Long-Term ICR.

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

The stable outlooks reflect AM Best’s expectation that Patria Re will be able to maintain stable profitability metrics along with a strongest level of risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR) while implementing its business expansion strategy, amid challenging years faced by the Latin American insurance market.

Patria Re’s balance sheet assessment of strongest is supported by that same level assessment on its risk-adjusted capitalization, low underwriting leverage, robust reinsurance program and the company’s strong liquidity metrics. The ratings also reflect its comprehensive ERM infrastructure and expansive knowledge of its core

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markets in Latin America, which reflects the company’s smooth implementation of its expansion strategy with a stable overseas operation outside its niche market.

Patria Re has established a solid niche position in Mexico and other Latin America markets, 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 level of 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 a conservative level for the past five years.

During 2022, the company reported positive bottom-line results, despite limitations posted by catastrophe reserve development, mainly driven by underwriting results. The company’s efforts to maintain stable claims and management expenses, coupled with strong underwriting practices, have resulted in a profitable first six months for 2023; however, it remains limited by catastrophe reserve development.

Factors that could lead to positive rating actions for the company include a consistent improvement in profitability metrics, while maintaining its strongest level of risk-adjusted capitalization, as well as the continued and successful operation of its overseas expansion. Factors that may lead to negative rating actions include a sustained decline in profitability, as well as a significant deterioration in risk-adjusted capitalization, driven either by unfavorable results or a significant cash withdrawals or unsuccessful operations of the company’s overseas expansion plans.

The methodology used in determining these ratings is [Best’s Credit Rating Methodology](#) (Version Nov. 13, 2020), which provides a comprehensive explanation of AM Best’s rating process and contains the different

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rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

Key insurance criteria reports utilized:

- Evaluating Country Risk (Version May 4, 2023)
- Understanding Global BCAR (Version July 6, 2023)
- Catastrophe Analysis in AM Best Ratings (Version March 10, 2023)
- Available Capital & Holding Company Analysis (Version Oct. 13, 2017)
- AM Best's Ratings on a National Scale (Version June 15, 2023)
- Scoring and Assessing Innovation (Version Feb. 27, 2023)

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, relevant sources of information and the frequency for updating ratings, please refer to [Guide to Best's Credit Ratings](#).

- Previous Rating Date: Nov. 21, 2022
- Initial Rating Date: Nov. 24, 2004
- Date Range of Financial Data Used: Dec. 31, 2018-June 30, 2023

**Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.**

**This press release relates to rating(s) that have been published on AM 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 AM Best's [Recent Rating Activity](#) web page.**

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