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Catalana Occidente Group

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Catalana Occidente Group

Please note that the ratings covered by this full analysis apply only to core entities of the group, which are listed below. These ratings do not apply to any noncore or unrated entities of the group. Ratings assigned to noncore entities of the group are published individually.

Major Rating Factors

Operating Companies Covered By This Report
Financial Strength Rating
Local Currency
A-/Negative/--

Strengths:

- Prospectively strong operating performance.
- Strong competitive position, enhanced by the acquisition of the Atradius group.
- Strong investments supporting technical earnings while limiting credit and market risks.

Weaknesses:

- Short-term weakening in earnings profile derived from the impact of global economic conditions on recovery of credit insurance business.
- Capitalization temporarily stretched by a buyout of minority interests in Atradius.

Rationale

The ratings on the core operating entities of Spain-based insurance group Grupo Catalana Occidente, S.A. y Sociedades Dependientes (GCO) reflect its prospectively strong operating performance, strong competitive position, and strong investments.

We consider these factors to be partly offset by a short-term weak earnings profile derived from the consolidation of the credit insurance business of Netherlands-based Atradius Group (Atradius; core operating entities are rated A-/Negative/--), and by capitalization temporarily stretched by GCO's buyout of minority interests in Atradius.

Standard & Poor's Ratings Services considers the core operating entities of GCO to be Spain-based Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (Seguros Catalana Occidente), Bilbao Compañía Anonima de Seguros y Reaseguros, S.A. (Seguros Bilbao), Netherlands-based credit insurer Atradius Credit Insurance N.V. (Atradius), Ireland-based Atradius Reinsurance Ltd., U.S.-based Atradius Trade Credit Insurance Inc., and Spain-based credit insurer Compañía Española de Seguros y Reaseguros de Crédito y Caución S.A. (CyC).

GCO's operating performance has historically been very strong and stable. The 17% five-year average return on equity (ROE) reflects the company's strong earnings track record, underpinned by strong underwriting performance across virtually all insurance lines and a prudent investment strategy. However, this trend was reversed in 2008 and 2009, with operating losses in its Atradius credit insurance subsidiaries causing what we regard as a short-term weakening in GCO's earnings profile. In the medium term, we believe that earnings will recover to strong levels as the effect of management actions to restore profitability in the credit business will be fully realized. Nevertheless, the relatively high weight of credit insurance will leave prospective earnings more prone to volatility.

We regard GCO's competitive position as strong, based on its leading position in the international trade credit

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insurance sector, and in Spain on the strength of its tied agency network, well-diversified book of business, and strong brand recognition. While the acquisition of Atradius has, in our opinion, reinforced GCO's competitive position, we believe that the full commercial benefits of this transaction have yet to be realized.

GCO's investments are strong, in our view, reflecting a conservative investment approach that supports GCO's technical earnings by providing a steady financial income, even during the recent years of financial market dislocation. High-quality fixed-income securities and strong asset-liability management (ALM) practices limit credit and market risks.

The acquisition of the 26.7% minority interest in Atradius has slightly stretched GCO's strong capitalization, although it remains supportive of the ratings due to balance sheet de-risking and capital preservation actions implemented by GCO management.

Outlook

The negative outlook reflects what we view as the challenges facing GCO in returning to a sustainable trend of strong operating performance. While the results for the last two quarters undoubtedly confirm that GCO's management has met our expectations in terms of taking action to restore profitability in Atradius, we believe that the speed and extent of earnings recovery in credit insurance remains uncertain due to economic conditions globally. This applies particularly to Spain, where GCO's credit insurance business is highly exposed to the weakening economy, and where the group's historically strong margins in noncredit business are also coming under some pressure. The ratings might be lowered should there be a further significant deterioration in capitalization to a level that we do not consider commensurate with the current rating and/or a lack of meaningful improvement in earnings indicators. In this respect, we would expect to see a net combined ratio not above 94% for 2010 and 2011 for the credit insurance business, and not above 95% for the remaining non-life insurance business. An outlook revision to stable could occur if we see sufficient easing in the economic and financial market environment. This scenario also assumes a continuation of GCO's measures to restore profitability in its credit insurance business.

Corporate Profile: A Diverse Insurance Group And One Of Only Two Listed Insurers In Spain

GCO's origins date back to about 1865. Catalana Occidente SA was formed in 1988 from the merger of La Catalana Cia de Seguros and Occidente Cia Espanola de Seguros. Approximately 61% of the shares are held by members of the board, representing interests of the Serra family and others, with the remainder being listed on the Spanish stock exchange, making it one of only two listed insurers in Spain. GCO has expanded mainly through a series of acquisitions and nowadays it encompasses a number of insurance and investment companies. Internationally, GCO has gradually increased its ownership stake in Atradius N.V., the world's second-largest credit insurer, increasing its direct and indirect economic participation in the combined Atradius/Crédito y Caución (Atradius/CyC) group to 74.1% in January 2010 with the acquisition of 26.7% of the noncontrolling interests from Swiss Reinsurance Company Ltd. (Swiss Re; A+/Stable/A-1) and Deutsche Bank AG (A+/Stable/A-1). The remaining 9.1% was acquired at the same time by Inoc S.A. (not rated), GCO's controlling shareholder. In Spain, GCO writes life and non-life business through its subsidiaries Seguros Catalana Occidente, Seguros Bilbao, and Nortehispana, the last of which specializes in the funeral expenses business. Of the other operating subsidiaries, Depsa, S.A. Seguros specializes in legal assistance, Cosalud, S.A. in health, and Catoc Vida in life.

Competitive Position: A Spanish Multiline Insurer With A Leading Position In The International Trade Credit Insurance Market

GCO's strong competitive position is based on its leading position in the international trade credit insurance sector, and in Spain on the strength of its tied agency network, a well-diversified book of business, and strong brand recognition. While the acquisition of Atradius has, in our opinion, reinforced GCO's competitive position, particularly given the oligopolistic nature of the credit insurance market, we believe that the full commercial benefits of this transaction have yet to be realized.

Table 1

Catalana Occidente Group/Competitive Position					
	--Year-ended Dec. 31--				
(Mil. €)	2009	2008	2007	2006	2005
Total revenue	2,904.7	2,985.3	2,138.8	1,982.9	1,837.0
P/C: Annual change in gross premiums written (%)	(8.3)	82.8	4.8	3.8	4.6
Life: Gross premiums written	661.1	610.1	542.8	507.9	488.9
Life: Annual change in gross premiums written (%)	8.3	12.4	6.9	3.9	17.3
P/C: Net premiums written	1,795.2	1,972.5	1,276.3	1,213.0	1,157.4
Life: Net premiums written	656.9	606.0	538.3	503.2	482.1
Annual change in net premiums written (%)	(4.9)	42.1	5.7	4.7	7.0
Total assets under management	6,596.6	6,485.1	6,195.4	5,883.4	5,286.0
Growth in assets under management (%)	1.7	4.7	5.3	11.3	87.5

Historical

GCO has achieved its good competitive position mainly through a series of acquisitions, stemming from a desire to achieve critical mass. These acquisitions have enabled it to increase gross premiums written (GPW) by about 5.5x from €553 million in 1999 to €3,035 million in 2009. GCO (including the full consolidation of CyC, but not Atradius) ranked ninth in the Spanish insurance market with a market share of just under 4% at the end of 2009.

GCO's portfolio is reasonably well diversified, with 2009 consolidated GPW split 79% and 21% to non-life/life (based on the 74.1% economic participation in Atradius, these figures become 72% and 28%, respectively). Of the non-life component, a high 43% (26% on a nonconsolidated basis) is composed of trade credit, 14% motor (considerably below the Spanish market average), 13% multi risk, and 8% which encompasses the remaining specialist lines of funeral expenses, legal assistance, and health.

Noncredit insurance

Domestically, one of GCO's main competitive advantages is its own network of tied agents supported by a highly developed database which maps agency representation against relevant data (population trends, vehicle registrations, number of bank branches, and so on) by postcode areas in order to derive growth potential. The strength of the agency network is particularly important in Spain, where contacts with clients are still very much based on trust and face-to-face relationships. GCO's competitive position is also reinforced by its brand recognition (it is ranked no. 4 nationally, according to an external survey). The group's name is well known within Catalunya, and Seguros Bilbao has a strong identity within the Basque region, particularly in the small and midsize enterprise sector.

Trade credit insurance

The group's credit business is carried by Atradius N.V., which ranks second among international trade credit insurers with a market share of almost 30%. This share declined in 2008-2009 as a consequence of strategic portfolio pruning and a more rigorous reduction of exposure (total exposure decreased by 46% since September 2008) compared to peers. Very few competitors operate in this market, which is characterized by high barriers to entry, mainly due to the investment required to construct a credible database capturing the creditworthiness of many thousands of counterparties.

Atradius' strong competitive position is aided by a well-balanced geographical and trade sector spread, with the top five countries (Spain, Germany, France, The Netherlands and the United Kingdom) and the top five sectors accounting for 66% and 53%, respectively, of the group's total credit insurance exposure at year-end 2009. The remainder is split among other advanced economies and emerging markets, with the latter steadily increasing in weight. Atradius now has a better balanced portfolio spread following significant reductions in exposures in the more difficult countries or/and sectors such as Spain and the construction sector.

Prospective

We believe that GCO will maintain its strong competitive position resulting from the combination of its multiline operations in Spain and its international trade credit insurance business. In our opinion, the acquisition of Atradius has mitigated the risks associated with geographic concentration, added significant scale to GCO, and raised its profile internationally. Its competitive position will be further enhanced if it proves able to realize the commercial benefits of this transaction, particularly in terms of the cross-over of clients and distribution, which is virtually nonexistent at present and not easy to achieve in these different business lines. In the meantime, GCO's lack of a significant competitive advantage in its Spanish domestic market, with the exception of CyC's credit insurance business, will likely remain a slight constraint on its competitive position. We anticipate that GCO's Spanish business premium growth is likely to stagnate in light of the country's still-high competitive pressures and subdued economic growth, which is likely to hinder tariff increases and premium volumes in non-life insurance and to constrain disposable income for life and savings products. In credit insurance we anticipate a further reduction of about 5% in premiums for 2010 as a consequence of decelerating international trade. Furthermore, we believe that Atradius' relatively high concentration in Spain (32% at year-end 2009) will weigh negatively on the 2010 top line. We expect this to be followed by a recovery in 2011 as the company slightly softens its underwriting discipline in selected areas.

Management And Corporate Strategy: Stable And Knowledgeable Management Team

The strong and knowledgeable management team has a reputation for stability and prudent financial management. This is reinforced by its track record of achieving its internal goals and the successful integration of acquisitions. In this respect, we believe the acquisition of Atradius is presenting GCO with its greatest challenge to date. However, the management team has in our view implemented material positive changes and started to address more complex integration-related issues.

Strategy

Management's focus is based on three basic principles--profitability, solvency, and growth. To a large extent, management has been successful in achieving these goals. The focus in the short term is likely to be the integration of Atradius, which, with its execution risks and complexities, represents a challenge for GCO's management team, considering that the acquisitions successfully integrated hitherto were small-to-midsize operations in Spain.

Operational management

GCO's management is regarded as strong and knowledgeable, with a reputation for stability and long service, reinforced by its track record of successfully integrating acquisitions. The organizational structure supports the group's strategies, with control of all operational, financial, and underwriting functions supported by highly integrated information technology systems that enable daily management reporting of a high quality. GCO tends to maintain acquired brands that have an established positioning with customers, while exploiting the synergies of acquisitions in the commercial and back-office functions. The group is in the process of centralizing some of the support functions in a shared service center.

Financial management

GCO's financial management is prudent. The group has demonstrated a stable history of financial performance in its Spanish noncredit business, based on strict control of costs and underwriting, and a conservative investment strategy. It maintains in-house financial controls to assess performance at various levels within the organization against five-year profitability targets. These controls include sophisticated accounting systems facilitating embedded value reporting and the monitoring of performance against budgets almost daily. GCO is in the course of developing an equivalent appraisal value reporting for non-life business, so providing further evidence of the quality of financial management.

Enterprise Risk Management: Adequate, With Sound Risk Controls

Enterprise risk management (ERM) in the GCO group is considered to be adequate, and we therefore do not expect the insurer to experience losses outside of the normal range from traditional risk areas. Major risks are interest rate risk, market risk, and underwriting risk. These risks are regarded as adequately controlled, with improvements in risk controls further advanced by the preparation for Solvency II. The importance of ERM to the consolidated GCO group is considered to be moderately high given the increased risk profile of the group following the full acquisition of Atradius, with its international presence in 42 countries. Following the group's implementation of a formal ERM framework in 2006, there has been a continuous improvement in ERM processes and the company is in the process of developing an economic capital model for both its non-life and life businesses.

GCO's risk management culture is currently viewed as adequate since it is faced with the challenge of instilling an ERM culture at all levels of the group. We consider the company's control of underwriting, reserving, and ALM as an area of strength, while other areas of risk controls are more traditional and seen as adequate. Strategic risk management is currently weak, as GCO is still in the process of developing its own internal capital model. However, return on capital on a risk-adjusted basis is beginning to be used to underlie strategic thinking. We therefore anticipate that strategic risk management will gradually improve as the group develops its ERM processes.

Accounting: International Financial Reporting Standards Basis Of Reporting Now Includes 100% Consolidation Of Atradius

GCO is regulated by the Dirección General de Seguros y Fondos de Pensiones and, as a listed company, reports under International Financial Reporting Standards (IFRS), although it still prepares its local statutory accounts according to Spanish generally accepted accounting principles, which now closely resemble IFRS. With effect from 2008, Standard & Poor's analysis is based on consolidated financial statements of the GCO group, including full consolidation of Atradius/CyC. In arriving at its view of capital, Standard & Poor's has made various adjustments to its capital model, the largest of which relates to European Embedded Value. Other adjustments from financial statements made within this model relate to goodwill and recognition of loss reserve discount. In 2009, total adjusted capital included €117 million hybrid debt to which we assigned intermediate equity content.

Operating Performance: One Of The Strongest In The Spanish Market, Although Still Recovering From Negative Impact Of Credit Insurance Results

GCO's operating performance has historically been very strong and stable. The 17% five-year average ROE reflects the company's strong earnings track record underpinned by strong underwriting performance across all noncredit insurance lines and a prudent investment strategy. GCO's performance has been one of the strongest of its peer group due to its strict profitability targets. However, this trend was reversed in 2008 and 2009, with operating losses in its Atradius credit insurance subsidiaries causing what we regard as a short-term weakening in GCO's earnings profile. Over the longer term, we believe the more volatile and cyclical earnings from Atradius will be counter-balanced by the weight of the strong and stable noncredit insurance market in Spain, as well as providing diversification of earnings.

Table 2

Catalana Occidente Group/Operating Statistics

	--Year-ended Dec. 31--				
	2009	**2008**	**2007**	**2006**	**2005**
P/C: Return on revenue (%)	3.31	(1.53)	23.49	21.97	18.65
P/C: Return on revenue including realized and unrealized gains/(losses) (%)	3.31	(1.53)	23.49	21.97	18.65
Return on equity (%)	2.81	0.20	23.02	21.43	35.61
Return on adjusted equity (%)	4.44	3.66	28.99	24.19	46.21
Return on capital (%)	3.83	3.51	28.99	24.16	46.08
P/C: Net loss ratio (%)	70.01	81.77	60.27	59.34	58.37
P/C: Total net expense ratio (%)	41.97	36.74	28.12	28.98	28.17
P/C: Net combined ratio (%)	111.98	118.50	88.39	88.32	86.54
P/C: Net investment income to net premiums earned (%)	4.86	5.32	13.84	10.95	4.65
Life: Net acquisition expense ratio (%)	8.55	9.12	10.26	10.28	9.46
Life: Net administrative expense ratio (%)	1.42	1.36	1.44	1.72	3.06
Life: General expense ratio (%)	10.04	10.54	11.76	12.01	12.55
Life: Change in administrative expenses (%)	13.49	5.96	(10.28)	(41.26)	53.48
Life: Administrative expenses to reserves (%)	0.27	0.23	0.24	0.28	0.50

Historical

GCO's operating performance improved in 2009 as the Spanish noncredit business proved resilient to the downturn of the economy and highly competitive pressures in motor business, while losses in the credit business were reduced owing to the measures undertaken by management to restore profitability.

On a consolidated basis, the 1.0% non-life return on revenue and 2.8% ROE for 2009 brought the five-year average to 10.7% and 17%, respectively, which in our view indicates a very respectable performance over the cycle. This mainly reflects GCO's very strong underwriting results and a conservative investment strategy, which provided a steady financial income over that period. Underwriting results of the traditional non-life business (excluding credit) have proved resilient to the economic downturn with a net combined ratio that remained broadly stable in 2009 at 89%. In our opinion, this reflects the quality of GCO's book of business, strong claims management, and cost containment. The strength of the underlying performance is demonstrated by the five-year average net combined ratio of 89.7%, one of the best in the Spanish market. Total return on invested assets increased to 3.5% in 2009 from 2.9% in 2008, favored by narrowed spreads and the rebound in the stock markets.

The technical contribution from the life business in 2009 recorded a 9% improvement over 2008, accompanied by respectable increases in the value of new business (VNB) and Value in Force (VIF) under European Embedded Value (EEV) principles.

Trade credit insurance

Atradius was the first credit insurer to be affected by the economic recession and, particularly because of its exposure to Spain, was probably the most affected. The extensive risk-mitigating measures implemented in 2008 by the management to face the crisis began to take effect in 2009. Large-scale reductions in exposure, tariff increases, and stringent underwriting enabled the company to significantly improve its performance, as evidenced by a quarterly loss ratio of 66% at year-end 2009 from its historical peak of 119% at year-end 2008. Atradius is also recovering earlier than peers, especially since the last quarter of 2009. The improved trend is stabilizing in the first quarter of 2010 with a loss ratio of 44%, compared to around 60% for peers.

Prospective

In 2010, we expect pretax earnings to improve on 2009 results reflecting a positive contribution from trade credit, after two years of heavy losses, offset by a slightly weakened performance of the Spanish noncredit operations. These are showing a 21% deterioration as at first-quarter 2010, and we expect their underwriting performance to remain under some pressure due to the increased frequency and severity of weather-related claims and a decreasing premium base. Nevertheless, we expect the net combined ratio for this business to remain below 95%, excluding any reserve release. As regards the credit business, we believe Atradius is making steady progress toward its previous strong profitability levels. However, we view the recovery in Atradius' CyC subsidiary as slower than previously expected, given the continuing difficult economic conditions in Spain. We therefore expect Atradius' net combined ratio to range between 90% and 94% for 2010 and 2011, figures which we expect to be more or less replicated at GCO group level. Meanwhile, investment yields are likely to remain subdued owing to the prolonged low interest rate environment.

Investments: Strong, With Low Market And Credit Risks

Strategy

Standard & Poor's regards GCO's investments as strong. Investment strategy is conservative and supportive of corporate strategy. We believe that GCO's investment portfolio carries low credit and market risks with 59% of assets invested in high-quality fixed-income securities and 21% in cash and cash-equivalent instruments as at Dec. 31, 2009. GCO aims to maximize returns while ensuring strong liquidity and minimizing credit risk. Asset class limits and tolerances are assigned by GCO to all the operating entities and GCO has active responsibility for the investments management of all group companies excluding Atradius, which has its own management division (although there is GCO oversight). A very small proportion of this activity is outsourced to external fund managers.

Table 3

Catalana Occidente Group/Investment Statistics					
	--Year-ended Dec. 31--				
	2009	**2008**	**2007**	**2006**	**2005**
High-risk assets to total invested assets (%)	19.1	17.2	26.5	25.8	30.4
Illiquid invested assets to total invested assets (%)	9.4	11.2	17.4	17.1	22.8
Net investment yield (%)	3.4	3.4	5.6	5.0	4.7
Net investment yield including all capital gains/(losses) (%)	3.5	2.9	5.7	5.8	5.7
Investment portfolio composition					
Cash and cash equivalents (%)	21.4	16.7	18.7	15.0	14.7
Bonds (%)	58.5	63.6	53.7	57.7	54.0
Common stock (%)	10.8	8.5	10.3	10.2	8.5
Real estate (%)	6.4	6.4	6.0	6.2	6.8
Mortgages (%)	1.0	2.5	1.2	1.4	0.9
Investments in affiliates (%)	1.8	2.3	10.0	9.2	4.2
Total portfolio composition (%)	100.0	100.0	100.0	100.0	100.0
Capitalization					
Reinsurance utilization (%)	22.8	23.1	11.2	11.5	12.2

Credit risk

The overall credit risk carried by GCO's bond portfolio is low. As at Dec. 31, 2009, the portfolio of fixed-income securities consists of 60% of bonds rated 'AA' or higher and 96% rated 'A' or higher, the remainder mostly 'BBB' rated corporate issues. GCO has limited exposure to Southern European Sovereign debt, apart, of course, from Spain.

Market risk

Market risk is low, with no obvious concentrations. The exposure to equities has increased to 8.1% at year-end 2009, from 7.7% a year before, mainly as a result of the recovery of the stock markets. ALM is well managed in our opinion and interest rate risk is mitigated with the bond portfolio duration being appropriate in relation to corresponding liabilities. Derivatives are used solely to hedge currency fluctuations, while fluctuations in interest rates are covered via a variety of instruments.

Liquidity: Strong, With A High Ratio Of Liquid Assets

GCO's liquidity is strong, driven by a high percentage of readily realizable bond and cash instruments of high quality. The ratio of non-life liquid assets to technical reserves, which acts as a basic measure of liquidity, remained strong at 103% in 2009.

Operating cash flow in 2009 weakened owing to decreasing premium levels, as reflected in a deterioration in the underwriting cash flow ratio to 79% from 98% in 2008.

Capitalization: Strong, Although Slightly Stretched By The Acquisition Of The Minority Interest In Atradius

We regard GCO's capitalization as strong. The acquisition of the 26.7% minority interest in Atradius has slightly stretched GCO's capitalization, although it remains supportive of the ratings due to balance sheet de-risking and capital preservation actions implemented by GCO management. Prospectively, we believe that capital adequacy should recover to a stronger level, supported by retained earnings given the improved performance prospects. Standard & Poor's view of capital is also supported by the very low level of debt (€117 million of subordinated debt at year-end 2009), conservative reserving, a comprehensive reinsurance program, and limited risk of capital erosion from investments.

Capital adequacy

According to Standard & Poor's risk-based model, as at the end of 2009, GCO's capital adequacy on a consolidated basis was in the 'A' range, albeit at a slightly weaker level than in the years prior to the Atradius acquisition. Nevertheless, we believe that capital adequacy is likely to strengthen in the medium term with a greater contribution from retained earnings and limited capital erosion risks, given the prudent capital management stance embraced by the management.

Reserves

Reserving is conservative, as demonstrated by the positive development of past underwriting years. At year-end 2009, the ratio of non-life net claims reserves to net premiums written decreased to 87% from 100% in 2008, reflecting lower claims in the credit business and more accurate reserving levels in the Spanish non-credit business. Reserving appears adequate in both businesses given the predominantly short-tail book of business. GCO uses a variety of external statistical models in order to support its own analysis using a variety of methodologies.

Reinsurance

GCO's use of reinsurance is moderate. On a consolidated basis, the reinsurance utilization was a relatively high 23% in 2009, but this figure reflects the inclusion of Atradius, which, in line with its credit insurer peers, remains highly dependent on reinsurance as a source of capital. Excluding Atradius, the ratio reduces to a very low 3%. GCO's reinsurance program is effective, concentrating on providing protection against the few high severity risks in its portfolio. Any reinsurer credit risk is offset by the very high quality (all holding a minimum 'A' rating) of the reinsurance panel, led by Munich Re, and the largely short-tail nature of the business.

Financial Flexibility: Strong Earnings Generation And Ability To Access Capital Markets

GCO's financial flexibility is strong. It benefits from a virtually debt-free balance sheet and as a listed company, it has the ability to raise both equity and debt.

Table 4

Catalana Occidente Group/Financial Statistics

	--Year-ended Dec. 31--				
	2009	2008	2007	2006	2005
Debt leverage including additional pension deficit as debt (%)	19.58	7.70	0.00	0.00	0.27

Needs and sources

GCO's future needs are likely to be derived from the financing of further growth or further acquisitions. Its main sources of financial flexibility are its historically strong earnings, debt-free balance sheet and, as one of only two insurers listed on the Spanish stock exchange, its ability to access the capital markets.

Ratings Detail (As Of July 14, 2010)*	
Operating Companies Covered By This Report	
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros	
Financial Strength Rating	
Local Currency	A-/Negative/--
Counterparty Credit Rating	
Local Currency	A-/Negative/--
Atradius Credit Insurance N.V.	
Financial Strength Rating	
Local Currency	A-/Negative/--
Issuer Credit Rating	
Local Currency	A-/Negative/A-2
Subordinated (1 Issue)	BBB
Atradius Reinsurance Ltd.	
Financial Strength Rating	
Local Currency	A-/Negative/--
Issuer Credit Rating	
Local Currency	A-/Negative/--
Atradius Trade Credit Insurance Inc.	
Financial Strength Rating	
Local Currency	A-/Negative/--
Issuer Credit Rating	
Local Currency	A-/Negative/--
Bilbao, Compania Anonima de Seguros y Reaseguros S.A.	
Financial Strength Rating	
Local Currency	A-/Negative/--
Issuer Credit Rating	
Local Currency	A-/Negative/--
Compania Espanola de Seguros y Reaseguros de Credito y Caucion S.A.	
Financial Strength Rating	
Local Currency	A-/Negative/--
Issuer Credit Rating	
Local Currency	A-/Negative/--
Domicile	Spain

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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