

Best's Credit Rating Effective Date

November 22, 2022

Analytical Contacts

Giannina Carbajal
Financial Analyst
Giannina.Carbajal@ambest.com
+31 20 308 5428

Mathilde Jakobsen
Director-Analytics
Mathilde.Jakobsen@ambest.com
+31 20 308 5420

Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Nacional de Reaseguros, S.A.

AMB #: 085481 | **AIIN #:** AA-1840680

Ultimate Parent: AMB # 046129 - Corporacion Europea de Inversiones, SA

Best's Credit Ratings

Financial Strength Rating (FSR)

A
Excellent
Outlook: Stable Action: Affirmed

Issuer Credit Rating (ICR)

a
Excellent
Outlook: Stable Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Very Strong
Operating Performance	Strong
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Rationale

Balance Sheet Strength: **Very Strong**

- The risk-adjusted capitalisation of Nacional de Reaseguros, S.A. (Nacional), is at the strongest level according to Best's Capital Adequacy Ratio (BCAR), underpinned by low underwriting leverage.
- The company's risk-adjusted capitalisation benefits from low volatility due to a focus on proportional reinsurance and low exposure to natural catastrophe risk as these risks are mainly covered by the Consorcio de Compensación de Seguros and retrocession programmes.
- The company has no financial leverage, prudent reserving, and strong liquidity.

Operating Performance: **Strong**

- Nacional has a strong and stable operating performance track record, with a five-year weighted average return on equity of 9.1% and pre-tax profit of EUR 39.8 million in 2021.
- Despite a competitive operating environment, the company's proportional-dominated underwriting portfolio delivered stable results, particularly in Nacional's domestic market.
- In 2021, the non-life combined ratio slightly improved to 96.7% driven by a lower operating expense ratio of 28.5% offset by a higher loss ratio of 68.2% negatively impacted by catastrophe events. The company's five-year average combined ratio is 95.3% (2017-2021).

Business Profile: **Neutral**

- Nacional has a strong competitive position within Spain with good cedant relationships and moderate dependence on brokers.
- The company has continued its prudent international expansion with gross written premiums reaching 35% of the company's profile in 2021.
- The company's profile remains concentrated in Spain and property is its main line of business, representing 44% of gross written premiums in 2021.

Enterprise Risk Management: **Appropriate**

- Nacional's enterprise risk management (ERM) is appropriate relative to its risk profile.
- The company has an effective risk reporting and governance structure in place, which evolved during previous years, continuously enhancing process and risk models, leveling up to best market practices.
- Nacional has effectively reduced asset concentration risk by decreasing exposures to Spanish sovereign debt, introducing diversification.

Outlook

- The stable outlooks reflect AM Best's expectation that the company will maintain its very strong balance sheet strength through continued internal capital generation. Additionally, AM Best expects Nacional to continue its strong level of operating performance supported by stable underwriting results.

Rating Drivers

- Negative rating pressure could result from a deterioration of Nacional's currently strong level of operating performance.
- A material deterioration in risk-adjusted capitalisation could also lead to negative rating pressure.

Key Financial Indicators

AM Best may reclassify company-reported data to reflect broader international reporting standards and increase global comparability.

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	63.3	49.3	43.5	41.9

Source: Best's Capital Adequacy Ratio Model - Global

Key Financial Indicators	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Net Premiums Written:					
Life	113,231	112,579	95,942	89,203	86,007
Non-Life	402,303	367,935	376,246	361,179	357,618
Composite	515,534	480,514	472,188	450,382	443,625
Net Income	30,009	28,938	40,243	36,969	32,114
Total Assets	1,559,618	1,510,794	1,432,416	1,373,873	1,374,941
Total Capital and Surplus	425,165	404,480	390,927	345,165	339,574

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)	Weighted 5-Year Average
Profitability:						
Balance on Life Technical Account	4,510	11,080	7,415	9,261	8,776	...
Balance on Non-Life Technical Account	13,107	8,974	26,688	25,775	14,812	...
Net Income Return on Revenue (%)	5.7	5.9	8.4	8.0	6.5	6.9
Net Income Return on Capital and Surplus (%)	7.2	7.3	10.9	10.8	9.7	9.1
Non-Life Combined Ratio (%)	96.7	97.6	92.8	92.9	96.1	95.3
Net Investment Yield (%)	1.1	1.1	1.1	1.0	0.7	1.0
Leverage:						
Net Premiums Written to Capital and Surplus (%)	121.3	118.8	120.8	130.5	130.6	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Nacional de Reaseguros, S.A. (Nacional)'s risk-adjusted capitalisation as measured by Best's Capital Adequacy Ratio (BCAR) remains within the 'strongest' assessment primarily supported by modest underwriting leverage. Capital and surplus increased by 5.1% to EUR 425 million in 2021, due to continued positive results and a moderate dividend pay-out ratio of 37.5%. The quality and diversification of the company's invested asset base has improved over the years. Currently, its bonds portfolio has a slight concentration towards Spain, albeit representing a moderate share of 24%. The company's fixed-income duration remains under 4 years, in line with liabilities. Nacional has demonstrated significant reserve margins above external best estimates and an appropriate retrocession programme to mitigate volatility and protect the company's underwriting activity. Nacional has an unleveraged balance sheet with no debt.

Capitalisation

Nacional has risk-adjusted capitalisation at the 'strongest' level as assessed by the BCAR. Its risk-adjusted capitalisation benefits from limited catastrophe exposure within Spain due to the Consorcio de Compensación de Seguros (CCS), the compulsory government natural catastrophe scheme covering physical damage. This allows the company to have lower volatility in its capital position compared to most reinsurance peers. Nacional has bought additional retrocession protection for natural catastrophe events in Spain following storm Filomena, which was not fully insured by the CCS due to certain weather conditions.

The company has a modest level of underwriting leverage with net written premiums of EUR 516 million compared to a capital base of EUR 425 million in 2021. Prospective risk-adjusted capitalisation is expected to remain at the strongest level based on the company's expectations of positive operating performance underpinned by its strategic controlled growth and prudent capital management.

Balance Sheet Strength (Continued...)

Capital Generation Analysis	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Beginning Capital and Surplus	404,480	390,927	345,165	339,571	319,247
Net Income	30,009	28,938	40,243	36,969	32,114
Net Unrealized Capital Gains (Losses)	1,596	-1,735	18,478	-20,595	-490
Change in Equalisation and Other Reserves	-6,000	-6,000	-5,999	-6,000	-6,000
Net Change in Paid-In Capital and Surplus	6,000	6,000	6,000	6,000	6,000
Stockholder Dividends	-10,920	-13,650	-12,960	-10,780	-11,300
Net Change in Capital and Surplus	20,685	13,553	45,762	5,594	20,324
Ending Capital and Surplus	425,165	404,480	390,927	345,165	339,571
Net Change in Capital and Surplus (%)	5.1	3.5	13.3	1.6	6.4

Source: BestLink® - Best's Financial Suite

Liquidity Analysis (%)	2021	2020	2019	2018	2017
Liquid Assets to Total Liabilities	93.6	91.5	92.8	91.9	92.3
Total Investments to Total Liabilities	97.0	95.1	96.6	92.9	93.4

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

Nacional's investment portfolio allocation is dominated by liquid assets composed of fixed income, mutual funds, and money market securities. The company has a low appetite for credit and duration risk. The asset allocation to higher risk assets, including shares, real estate, and alternative investments, stood at 14% of the invested portfolio at year-end 2021.

Nacional's direct investments in equity reflect a strategic holding of EUR 55.8 million in Grupo Compañía Española de Crédito y Caución, S.L. (Grupo CyC) at year-end 2021.

Most of the company's investments are directly managed whereas funds are co-managed with external experts. The company has limited duration risk as the majority of its business is in short-tail lines.

Composition of Cash and Invested Assets	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Total Cash and Invested Assets	1,100,809	1,052,296	1,005,720	956,164	966,698
Cash (%)	2.8	3.2	2.1	5.9	2.2
Bonds (%)	47.4	51.2	53.4	53.1	59.5
Equity Securities (%)	46.3	41.9	40.6	39.8	37.3
Real Estate, Mortgages and Loans (%)	3.5	3.8	3.9	1.1	1.1
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	100.0	100.0	100.0
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

Nacional has a prudent reserving approach, reporting reserves well in excess of best estimates as determined by an external third party. Over the past two years, Nacional's reserve surplus has declined due to negative trends in the reinsurance market; however, a positive margin has been maintained.

Balance Sheet Strength (Continued...)

Holding Company Assessment

Nacional is majority owned by Corporación Europea de Inversiones (CEI), an investment holding company which specialises in the insurance sector. CEI is a non-operating holding company and has a neutral impact on the assessment of Nacional's balance sheet strength.

Operating Performance

Nacional's strong operating performance assessment is supported by a track record of stable technical results, with a 5-year weighted average return on equity of 9.1% and non-life combined ratio of 95.3%. The company's underwriting portfolio is weighted towards proportional business, which along with historical low levels of catastrophe exposures has helped achieve limited volatility in underwriting performance. Furthermore, the company's disciplined underwriting approach has contributed to consistently strong technical results over the years.

Nacional's GWP stood at EUR 633.1 million in 2021, increasing by 4%. Premiums were driven by Spain, which increased by 3.1% in 2021; and by international business, which experienced growth of 5.8% when compared to the prior year. By lines of business, Nacional's main contributors are multi-risk and motor, which represented 54% and 20% of Nacional's non-life GWP in 2021. Multi-risk experienced a high growth of 11.3%, reflecting price adjustments for contracts affected by the Covid-19 lockdowns and natural disasters in 2020.

At an operating level, Nacional's loss ratio of 68.2% was negatively affected by weather-related events. Natural catastrophes in 2021 represented 16.1% and 12.9% of Nacional's gross and net losses, respectively. In its local market, Nacional was negatively impacted by storm Filomena, and in its international markets by the Bernd, Volker, and Xero events. Additionally, the company continued to report some Covid-19 related losses in 2021.

At a non-technical level, Nacional has also continued to report positive results, with a net investment income including gains and losses of EUR 22.4 million in 2021.

Nacional's technical performance is supported by strict underwriting guidelines that focus on conservative risk selection and low net maximum exposures per line of business. Exposures are carefully monitored and covered through a comprehensive retrocession programme.

Nacional has a relatively prudent investment philosophy that has produced good and stable investment yields over the years. The company mainly focuses on risk control and liquidity. In 2021, the company reported a net investment return (inc. gains) of 2.4%, which outperformed its 5-year weighted average of 1.9%.

At the third quarter of 2022, Nacional has continued to operate profitably, with a positive net income of EUR 16.7 million (versus EUR 12.5 million in the third quarter of 2021) supported by a lower weather-related events and price increases on 2022 renewals.

Financial Performance Summary	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
Pre-Tax Income	39,809	36,318	51,963	47,659	41,124
Net Income after Non-Controlling Interests	30,009	28,938	40,243	36,969	32,114

Source: BestLink® - Best's Financial Suite

Operating and Performance Ratios (%)	2021	2020	2019	2018	2017
Overall Performance:					
Return on Assets	2.0	2.0	2.9	2.7	2.4
Return on Capital and Surplus	7.2	7.3	10.9	10.8	9.7
Non-Life Performance:					
Loss and LAE Ratio	68.2	66.8	63.2	62.4	67.8
Expense Ratio	28.5	30.7	29.7	30.5	28.4
Non-Life Combined Ratio	96.7	97.6	92.8	92.9	96.1

Source: BestLink® - Best's Financial Suite

Business Profile

Nacional maintains a strong competitive position as a leading reinsurer in Spain. The company has been operating for more than 80 years and has a strong competitive position in its domestic market, with established relationships with its main cedants. However, the company's overall size remains limited when compared with its international reinsurance competitors. Nacional has embarked on a strategy to improve diversification by selectively expanding its foreign activities to reduce its dependence on its domestic market.

Nacional is a composite reinsurance company predominantly focused on non-life risks. At year-end 2021, non-life business represented 82.0% of gross written premium (GWP). Nacional's profile primarily consists of proportional treaties, which account for 75% of business written, with the remainder consisting of non-proportional treaties (18%) and facultative contracts (7%). Nacional's profile has benefited from growth in the Spanish primary insurance market as well as its prudent international expansion. Nacional's non-life GWP increased by 4.8% to EUR 519 million in 2021, while the smaller life portfolio, which reinsures solely mortality risk, grew by 0.6% to EUR 114 million.

Nacional has successfully operated as a local market reinsurer, establishing an excellent reputation and strong relationships with cedants in the market. However, Nacional's concentration and dependence to its domestic market was highlighted during the financial crisis and the company decided to undergo a strategic shift to diversify part of its operations away from Spain. The company has successfully executed this initiative as demonstrated by the decrease of business written in Spain from 84% of total premium in 2011 to 65% in year-end 2021. During this period, the international portfolio has grown prudently, contributing EUR 220 million to total gross premium revenue. The foreign business has been derived from Central Europe (14% of total GPW in 2021 and mainly derived from DACH region), France (8% of total GWP in 2021), Italy (4%), Portugal (3%), the Nordic countries (3%), UK (1%) and other countries (3%).

Despite challenging market conditions, Nacional has been able to successfully grow its international business by targeting small to medium-sized insurers and mutual societies in these markets. Nacional's strategy abroad is to write lines of business where it can leverage its existing underwriting expertise, and the company limits its exposures by initially writing small shares of treaties with new cedants. As part of its strategic plan 2022-2024, Nacional aims to target mutual insurers on a direct basis, focusing on develop its footprint in Europe, primarily in the French market and DACH region.

The company's retention levels are low (approximately 77.5%) compared with its reinsurance peers; however, this is indicative of Nacional's lower risk profile and focus on proportional business. All risks are protected through a global retrocession programme.

Nacional is predominately a property writer, which accounts for 44% of its GWP at year-end 2021 and covers multi-risk and fire. The company has good diversification across other lines of business including, life (18% of GWP), motor (16%), transport (8%), personal accident and health (6%), and miscellaneous lines including credit and liability insurance (8%). The business mix has remained largely consistent year on year. The introduction of the "baremo" regulation in January 2016 has led to rate-driven growth in Nacional's motor and third-party liability lines.

Nacional's life business, being predominately death and disability coverage, only represents a small amount of premium revenue but has seen strong growth in recent years. The life business provides another revenue stream that complements the existing non-life book of business by providing the company with uncorrelated risks.

Nacional writes 72.5% of its total business on a direct basis and the remainder through brokers, with whom the company's strategy is to continue strengthening long-term relationships.

AM Best expects Nacional to maintain its leading position in the domestic market, as well as to continue its controlled growth of the international portfolio boosted by the current hardening market. The changing business profile of the company will expose Nacional to marginally higher risk, whereby prudent risk practices will need to be developed to ensure risks are controlled in markets that are less familiar to the company.

Geographical Breakdown of Gross Premium Written	2021 EUR (000)	2020 EUR (000)	2019 EUR (000)	2018 EUR (000)	2017 EUR (000)
European Community	178,738	179,464	177,758	167,005	161,803
Spain	413,308	400,687	389,418	379,425	376,688
Total Europe	592,046	580,151	567,176	546,430	538,491
Other World-Wide	41,098	28,350	23,623	21,070	17,087
Total	633,144	608,501	590,799	567,500	555,578

Source: BestLink® - Best's Financial Suite

Enterprise Risk Management

Nacional's enterprise risk management (ERM) is deemed to be appropriate relative to its risk profile. The company operates a low-risk business model writing mainly proportional business and retaining approximately 77.5% of business written. Nacional's exposure to catastrophe risk has been limited by Spain's natural catastrophe scheme. However, weather-related events not fully covered by the CCS have added some volatility to the company's technical results in recent years; albeit results have remained positive on a net basis. In the international business, the company has continued to develop its catastrophe modelling capabilities to improve pricing according to its risk appetite.

The company continues to strengthen its internal procedures and operations to ensure compliance with the Solvency II pillar 2 requirements around governance and risk management.

Nacional's key functions (Risk Management, Actuarial, Internal Audit and Compliance) prepare individual reports for both the Executive Committee and Board of Directors. Those charged with governance receive quarterly/monthly management information to ensure any required remedial actions can be agreed and implemented efficiently.

Investment risk is adequately supported by Nacional's capital base, with the company ensuring sufficient liquidity and appropriate asset-liability management is in place.

In 2021, the company carried out a new project to improve cyber security across the organization, assessing vulnerabilities in order to establish a master plan for all its systems. Management aims to obtain an ISO certification over the next 3 years.

Reinsurance Summary

Nacional currently cedes approximately 21% of its premiums to a panel of highly rated retrocessionaires. Nacional focuses on security and continuity, and its proportional retrocession cover has been stable for a number of years, both in terms of the panel of retrocessionaires and the level of cover it affords.

Environmental, Social & Governance

AM Best views the main ESG risk to Nacional to be climate risk due to its exposure to higher frequency and severity weather-related events. Nacional is a mid-size property/casualty and life reinsurer mainly operating in Spain albeit selectively expanding across Central Europe, with a concentrated property portfolio.

Nacional has invested in external modelling tools that will provide greater insight into its exposures, help it assess sensitivity to future events and to factor rising global temperatures into underwriting considerations. Nacional has also continued to develop its internal natural catastrophe tools, enhancing exposure analysis on a more granular basis, in order to improve pricing and mitigate tail risks.

Nacional has also started to draft a corporate ESG policy, which aims to cover its overall corporate activities, comprising underwriting, investments, and governance.

Financial Statements

	12/31/2021		12/31/2021
	EUR (000)	%	USD (000)
Balance Sheet			
Cash and Short Term Investments	30,911	2.0	35,009
Bonds	521,717	33.5	590,881
Equity Securities	509,242	32.7	576,752
Other Invested Assets	38,939	2.5	44,101
Total Cash and Invested Assets	1,100,809	70.6	1,246,743
Reinsurers' Share of Reserves	176,579	11.3	199,988
Debtors / Amounts Receivable	55,740	3.6	63,129
Other Assets	226,490	14.5	256,516
Total Assets	1,559,618	100.0	1,766,377
Unearned Premiums	168,515	10.8	190,855
Non-Life - Outstanding Claims	694,321	44.5	786,367
Life - Outstanding Claims	108,771	7.0	123,191
Life - Long Term Business	30,846	2.0	34,935
Total Gross Technical Reserves	1,002,453	64.3	1,135,348
Other Liabilities	132,000	8.5	149,499
Total Liabilities	1,134,453	72.7	1,284,847
Capital Stock	90,000	5.8	101,931
Retained Earnings	30,009	1.9	33,987
Other Capital and Surplus	305,156	19.6	345,611
Total Capital and Surplus	425,165	27.3	481,529
Total Liabilities and Surplus	1,559,618	100.0	1,766,377

Source: BestLink® - Best's Financial Suite
 US \$ per Local Currency Unit 1.13257 = 1 Euro (EUR)

	12/31/2021			12/31/2021
	Non-Life EUR (000)	Life EUR (000)	Other EUR (000)	Total EUR (000)
Income Statement				Total USD (000)
Gross Premiums Written	518,986	114,158	...	633,144
Net Premiums Earned	396,223	116,259	...	512,482
Net Investment Income	...	1,389	10,464	11,853
Realized capital gains / (losses)	...	1,791	13,998	15,789
Unrealized capital gains / (losses)	...	-261	-2,047	-2,308
Other Income	...	606	...	606
Total Revenue	396,223	119,784	22,415	538,422
Benefits and Claims	270,087	75,870	...	345,957
Net Operating and Other Expense	113,029	39,404	223	152,656
Total Benefits, Claims and Expenses	383,116	115,274	223	498,613
Pre-Tax Income	13,107	4,510	22,192	39,809
Income Taxes Incurred	9,800
Net Income before Non-Controlling Interests	30,009
Net Income/(loss)	33,987

Source: BestLink® - Best's Financial Suite
 US \$ per Local Currency Unit 1.13257 = 1 Euro (EUR)

Related Methodology and Criteria

[Best's Credit Rating Methodology, 11/13/2020](#)

[Catastrophe Analysis in A.M. Best Ratings, 10/13/2017](#)

[Available Capital & Holding Company Analysis, 10/13/2017](#)

[Scoring and Assessing Innovation, 03/05/2020](#)

[Understanding Global BCAR, 06/30/2022](#)

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

Visit <https://www.ambest.com/ratings/index.html> for additional information or <https://www.ambest.com/terms.html> for details on the Terms of Use.

Copyright © 2022 by A.M. Best Company, Inc. and/or its affiliates (collectively, "AM Best"). All rights reserved. No part of this report or document may be distributed in any written, electronic, or other form or media, or stored in a database or retrieval system, without the prior written permission of AM BEST. For additional details, refer to our *Terms of Use* available at AM BEST's website: www.ambest.com/terms. All information contained herein was obtained by AM BEST from sources believed by it to be accurate and reliable. Notwithstanding the foregoing, AM BEST does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained herein, and all such information is provided on an "as is" and "as available" basis, without any warranties of any kind, either express or implied. Under no circumstances shall AM BEST have any liability to any person or entity for (a) any loss or damage of any kind, in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of AM BEST or any of its directors, officers, employees, or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory, punitive or incidental damages whatsoever (including without limitation, personal injury, pain and suffering, emotional distress, loss of revenue, loss of present or prospective profits, loss of business or anticipated savings, or loss of goodwill) resulting from the use of, or inability to use, any such information, in each case, regardless of (i) whether AM BEST was advised in advance of the possibility of such damages, (ii) whether such damages were foreseeable, and (iii) the legal or equitable theory (contract, tort or otherwise) upon which the claim is based. The credit ratings, assessments, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and shall be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser. Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. Credit ratings do not address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY AM BEST IN ANY FORM OR MANNER WHATSOEVER. Each credit rating or other opinion must be weighed solely as one factor in any investment or purchasing decision made by or on behalf of any user of the information contained herein, and each such user will, with due care, make its own study and evaluation of each security or other financial obligation, and of each issuer and guarantor of, and each provider of credit support for, each security or other financial obligation that it may consider purchasing, holding or selling. For additional details on credit ratings, credit rating scales and usage and limitations of credit ratings, refer to the Guide to Best's Credit Ratings available on the AM Best website: <https://www.ambest.com/ratings/index.html>

Reports were prepared exclusively for the use of Giannina Carbajal Ortiz. Not for redistribution unless otherwise permitted.