MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms Atradius' main operating entities' IFSR at A1, outlook remains stable

28 May 2025

Frankfurt am Main, May 28, 2025 – Moody's Ratings (Moody's) has today affirmed the insurance financial strength ratings (IFSR) of Atradius N.V.'s (Atradius) main subsidiaries Atradius Credito y Caucion S.A. and Atradius Trade Credit Insurance Inc. at A1. We also affirmed the Atradius Credito y Caucion S.A.'s short-term IFSR at P-1 and the A3(hyb) rating on subordinated debt issued by Atradius Credito y Caucion S.A. The outlook on both entities remains stable.

RATINGS RATIONALE

The affirmation of the ratings reflects Atradius' strong market position in the global trade credit insurance sector, strong capitalization and sound liquidity, and the company's effective underwriting risk monitoring and ability to dynamically reduce exposure if and when required. The strengths are tempered by the pressure on the sector's pricing, limited diversification beyond the core business, and Atradius' susceptibility to macroeconomic and geopolitical risks.

Atradius, similar to peers, since 2021 has benefited from strong top-line growth and very low claims. This has resulted in outstanding underwriting results, as reflected in an average net combined ratio of approximately 73% for the period 2021-24. Although Atradius' combined ratios remain strong (74% for the full year 2024, and 73% in Q1 2025), they have modestly eroded since 2023, driven by the combined effect of pressure on trade credit pricing and gradually normalizing levels of claims.

The introduction of broad-based tariffs in the United States would have the potential to disrupt global trade, with negative business implications for trade credit insurers, including Atradius, although this has yet to materialize. In a more negative scenario, where tariffs negatively affect the broader economy, resulting in a higher number of insolvencies, this would have the potential to not only negatively affect Atradius top-line, but also result in higher claims. It would also likely negatively influence Atradius' Solvency II ratio.

Whilst we believe that tariff increases on countries and high sectoral tariffs on certain products paired with policy uncertainty will weigh on growth, we currently do not expect this to result in a global recession. In our base case scenario, we assume that Atradius will be able to reduce exposure to individual sectors and counterparties if and when required to minimize the negative effect of the further increasing number of insolvencies on its underwriting profitability as well as on its Solvency II ratio.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

While unlikely in the next 12-18 months, Atradius' ratings could be upgraded if (1) the group's business profile improves with a meaningfully higher weight of fee-based revenues, (2) the group sustainably improves its profitability with a combined ratio below 75% through the cycle, with moderate volatility and limited spikes during credit crisis, (3) the group consistently maintains a Solvency II ratio above 220%, and (4) the group maintains a conservative asset and underwriting risk appetite.

Conversely, the following factors could exert downward pressure on the ratings: (1) a volatile underwriting profitability, with for example a spike in the combined ratio materially above 100%, (2) a decline in capital, as evidenced for example by a Solvency II capital coverage below 180%, (3) a meaningful change in asset or underwriting risk appetite, or (4) a meaningful weakening in the credit profile of its parent, Grupo Catalana Occidente, S.A..

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Trade Credit Insurers published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418357. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

Christian Badorff
VP-Sr Credit Officer

Salman Siddiqui
Associate Managing Director

Releasing Office:
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main, 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454