

Rating Action: Moody's Ratings upgrades Grupo Catalana Occidente, S.A.'s issuer rating to A3, stable outlook

30 September 2025

Paris, September 30, 2025 - Moody's Ratings (Moody's) has today upgraded Grupo Catalana Occidente, S.A.'s (GCO) long-term issuer rating to A3 from Baa1. The outlook has been changed to stable from positive.

RATINGS RATIONALE

The rating action reflects the upgrade of the Government of Spain to A3 from Baa1. For further information on the sovereign rating action, please refer to our press release dated 26 September 2025 <https://ratings.moody's.com/ratings-news/451408>.

The issuer rating of GCO reflects the financial strength, and diversification benefits, of the holding company's two main operations, the credit insurance business (Atradius, whose main operating companies are rated A1 for insurance financial strength) and the traditional Spanish insurance business (Occident).

The credit profile of Occident is partly constrained by the Government of Spain's rating given the concentration of the company's business and assets in Spain. Nonetheless, we consider that the credit profile of Occident is stronger than that of the Spanish sovereign thanks to a very strong capitalization and the resulting resilience to withstand potential stresses on the sovereign. The credit profile of Occident is also supported by its very good market position (number six in the Spanish market), its low business risk profile thanks to a focus on retail and SMEs business and its good business diversification.

In addition, despite no synergies between credit insurance and Occident and the limited capital fungibility between the two businesses, we believe that the combination of the credit insurance and Occident provide the holding company with well diversified sources of cash flows. Furthermore, the credit insurance business is global, which provides geographic diversification benefits to the group. Both businesses have been strong contributors to the group results with a roughly even split in recent years. This diversification enables the GCO group to have a stronger credit profile than Occident.

The A3 issuer rating is based on our standard notching practices for groups operating in jurisdictions where group-wide supervision applies, such as Solvency II in the European Union. In these jurisdictions, we apply a two notches difference between the notional insurance financial strength of the group and the senior debt rating or the issuer rating of the holding company.

GCO reported a consolidated net income of €414.8 million in the first half of 2025 and a consolidated Solvency II ratio of 236% as of year-end 2024. The IFRS 17 combined ratio was 89.5% for Occident and 81.5% for Atradius (including attributable expenses) in the first half of 2025.

The stable outlook reflects our expectation that GCO will maintain a relative stable business and financial profile over the next 12-18 months.

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

The following factors could exert upward pressure on GCO's rating: (i) improved geographic diversification, leading to a material lower exposure to Spain and Spanish assets, or (ii) a sustained higher level of capital which would further enhance the resilience to a potential stress on the Spanish sovereign, or (iii) an improvement in the credit profile of the Government of Spain, as evidenced by an upgrade of the Spanish sovereign rating.

Conversely, the following factors could exert downward pressure on the rating: (i) a lower level of diversification at the holding level with a materially higher concentration to Spain, or (ii) a significantly lower capitalization which would diminish GCO's resilience to a potential stress scenario on the Spanish sovereign, or (iii) a deterioration in business risk profile, which would affect earnings volatility and capital adequacy.

PRINCIPAL METHODOLOGIES

The methodologies used in this rating were Life Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418351>, and Property and Casualty Insurers published in April 2024 and available at <https://ratings.moodys.com/rmc-documents/418354>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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Benjamin Serra
Senior Vice President

Salman Siddiqui
Associate Managing Director

Releasing Office:
Moody's France SAS
21 Boulevard Haussmann
Paris, 75009
France
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

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