

X-Square Re
LT
HR A-
Stable Outlook

X-Square Re
ST
HR2

X-Square Re
Global LT
HR B+ (G)
Stable Outlook

2026
HR A-
Stable Outlook



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HR Ratings assigned the ratings of HR A- with a Stable Outlook and HR2 for X-Square Re. Also, HR Ratings assigned the rating of HR B+ (G) with a Stable Outlook for X-Square Re

The ratings assignment for X-Square Re¹ is based on its projected financial performance over the next five years, underpinned by the maintenance of a robust solvency position. Based on these projections, the Reinsurer is expected to achieve a solvency capital ratio of 19.1 times (x), and a minimum paid-in capital ratio of 3.2x by 2026 (vs. 4.8x and 2.1x in 2025). This outlook is supported by high equity levels and strategic, phased growth in premium operations, as the Company currently reports no written premiums or technical reserves as of year-end 2025. Regarding its cost structure, the Reinsurer's projections anticipate competitive underwriting, expense and loss ratios of 2.8%, 54.3%, and 1.5% by 2026 (combined ratio of 58.6%) as the business scales. This operational efficiency is expected to result in 2026 net profit of US\$7.3m, with an average ROA and ROE profitability ratios of 22.7% and 78.5%, respectively (vs. 5.4% and 5.5% in 2025). The rating incorporates a three-notch negative adjustment due to the lack of historical information observed, as the Reinsurer is a recently established entity. HR Rating may remove this adjustment over time as it evaluates the Reinsurer's operational performance and the extent to which actual results align with the initial projections provided.

Finally, the Reinsurer is supported by a five-member Advisory Board, including three independent directors with deep expertise in the financial and reinsurance sectors, who serve in a non-voting capacity. Supported by dedicated committees for Underwriting, Audit and Investment, and Technology, the Board maintains robust internal controls. As the Company continues its growth phase, the primary focus remains on the consistent execution and monitoring of established policies and procedures to ensure they evolve alongside the business.

¹ X-Square Re International Insurer, LLC (X-Square Re and/or X-Square Re I.I. and/or the Reinsurer and/or the Company).



Furthermore, the HR B+ (G) long-term global rating reflects the applicable sovereign rating as a key component of this credit action, determined by a weighted average of the Reinsurer's investment portfolio and its geographical written premium distribution. Specifically, the analysis assigns a 72.6% weight to investments, primarily high-quality US-denominated instruments aligned with the US sovereign rating (HR AAA (G)), and a 27.4% weight to the expected distribution of the Gross Written Premiums (GWP) across its operating markets. The result in the applicable sovereign rating is HR AA- (G).

Projected Scenarios: X-Square Re

(Millions of Dollars)	Annual	Base Scenario				Stress Scenario			
	2025	2026F*	2027F	2028F	2029F	2026F*	2027F	2028F	2029F
Written Premiums 12m	0.0	18.1	43.1	65.3	85.3	15.3	36.0	54.5	71.1
Underwriting Ratio	NA	2.8%	2.9%	2.9%	2.9%	5.6%	5.6%	5.6%	5.2%
Loss Ratio	NA	54.3%	56.8%	57.1%	57.5%	116.5%	109.0%	110.1%	112.0%
Expense Ratio	NA	1.5%	1.8%	2.1%	2.4%	8.0%	6.5%	5.0%	5.0%
Combined Ratio	NA	58.6%	61.5%	62.1%	62.8%	130.1%	121.1%	120.7%	122.2%
Gross Margin	NA	39.1%	42.0%	40.2%	40.5%	-16.7%	-12.8%	-13.6%	-14.7%
Average ROA	5.4%	22.7%	25.8%	17.9%	15.4%	-9.4%	-10.9%	-9.2%	-9.7%
Average ROE	5.5%	78.5%	50.6%	32.2%	29.7%	-96.4%	-58.6%	-38.9%	-79.5%
Minimum Paid-in Capital Ratio	2.1	3.2	4.6	4.2	5.0	8.8	31.1	21.7	23.8
Solvency Margin	4.8	19.1	65.5	91.4	140.6	8.8	31.1	21.7	23.8
Liquidity Ratio	53.8	1.8	2.5	2.1	2.1	1.3	1.5	1.2	1.2

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a base and stress case scenarios.

Future Assumptions

- **Sustained growth in business volume through written premiums.** The written premiums are expected to grow from US\$18.1m in 2026 to US\$85.3m in 2029, which will come primarily from emerging markets like Mexico, Dominican Republic, Costa Rica, Peru, Panama, Colombia, and Ecuador.
- **Adequate solvency levels.** The Company is expected to maintain a solvency margin and a higher level of capital than the statutory requirements established by the local regulation, which is the OCS². Based on the regulation applied by the OCS, a Reinsurance company should maintain US\$2.2m between Class 3 and Class 5 licensees or 33.0% of net written premiums. X-Square Re is expected to maintain levels of US\$19.1m as of 4Q26.
- **Adequate profitability levels.** The projections are expected to have good levels of Average ROA and ROE, from 22.7% and 78.5% in 4Q26 to 15.4% and 29.7% in 4Q29, which are due to the growth in written premiums and its expected combined ratio for the following years.
- **Combined ratio of 58.6% in 2026.** This would be attributed to the loss ratio remaining at 54.3% in 2026, followed by an underwriting ratio and expense ratio of 2.8% and 1.5% in 2026, respectively.

Additional Considerations

- **Early-stage operations and data limitations.** The rating is based on projected performance and a robust solvency position, though the Reinsurer currently reports no written premiums or technical reserves as of year-end 2025. Consequently, the rating incorporates a three-notch negative adjustment due to the lack of historical information observed, as the Reinsurer is a recently established entity.

² Office of the Commissioner of Insurance (OCS).



- **Sovereign rating determination of HR AA- (G).** The applicable sovereign rating reflects a weighted average of the Reinsurer's investment portfolio (72.6%), primarily composed of high-quality US-denominated instruments (rated HR AAA (G)), and its projected distribution of gross written premiums (GWP) (27.4%) by country. The assignment of the HR B+ (G) takes into consideration the conversion from the sovereign applicable rating to the global rating of the entity.

Factors that Could Lead to a Higher Rating

- **Operational consolidation and alignment with projections.** The potential removal of the three-notch negative adjustment as the Reinsurer demonstrates operational performance and financial results that align with the five-year forecast, specifically regarding written premiums generation and robust solvency levels, would lead to an upgrade of the Reinsurer's rating.

Factors that Could Lead to a Lower Rating

- **Negative deviation from the business plan.** Any significant underperformance relating to the financial projections provided over the next 12 months, including a failure to generate written premiums as expected or a material reduction in solvency levels during the initial implementation phase, would lead to a downgrade in the Reinsurer's rating.
- **Movements in the United States sovereign rating.** A change in the United States' sovereign rating would imply a change in the Reinsurer's global rating.
- **Movements in sovereign ratings across key emerging markets.** A change in the sovereign ratings of Mexico, the Dominican Republic, Costa Rica, Peru, Panama, Colombia, or Ecuador would imply a change in the Reinsurer's global rating.



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Appendix & Glossary

Base Case Scenario: Balance Sheet X-Square Re

(In Millions of Dollars)	Annual				
	2025	2026F*	2027F	2028F	2029F
ASSETS	4.9	42.0	108.3	171.8	264.4
Investments in Securities	4.8	39.9	104.0	164.0	252.6
Fixed Income Securities	4.8	21.0	38.6	71.5	106.9
Equity Securities	0.0	19.0	65.4	92.5	145.8
Cash and Cash Equivalents	0.0	1.5	2.9	6.4	9.8
Receivables	0.0	0.4	1.2	1.3	1.8
Premiums	0.0	0.4	1.2	1.3	1.8
Other Assets	0.0	0.2	0.2	0.2	0.2
Deferred Acquisition Costs	0.0	0.1	0.1	0.1	0.1
Other Assets	0.0	0.1	0.1	0.1	0.1
LIABILITIES	0.1	22.9	42.8	80.4	123.8
Technical Reserves	0.0	22.6	42.2	79.6	122.8
Unearned Premiums Reserve	0.0	11.7	31.3	59.7	95.3
Unearned Premiums	0.0	2.7	2.5	4.8	7.6
Life Policy	0.0	9.0	28.8	55.0	87.7
Contractual Obligations	0.0	10.9	10.9	19.9	27.5
Loss and LAE	0.0	10.9	10.9	19.9	27.5
Reinsurers and Re-guarantors	0.0	0.3	0.5	0.7	0.9
Reinsurance Payables	0.0	0.3	0.5	0.7	0.9
Other Liabilities	0.1	0.1	0.1	0.1	0.1
Others	0.1	0.1	0.1	0.1	0.1
STOCKHOLDERS' EQUITY	4.8	19.1	65.5	91.4	140.6
Common Stock	4.5	11.5	40.0	40.0	55.0
Retained Earnings	0.0	0.3	7.6	25.5	51.4
Net Income	0.3	7.3	17.9	26.0	34.1

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a base case scenario.



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Base Case Scenario: Income Statement X-Square Re

(In Millions of Dollars)	Annual				
	2025	2026F*	2027F	2028F	2029F
Written Premiums	0.0	18.1	43.1	65.3	85.3
Increase in Reserves in Progress	0.0	2.7	0.0	2.3	1.8
Retention Premiums	0.0	15.5	43.1	63.0	83.5
Acquisition Cost	0.0	0.5	1.2	1.9	2.4
Agent Commissions	0.0	0.0	0.2	0.2	0.3
Commissions Cessioned	0.0	0.5	1.1	1.6	2.1
Net Acquisition Cost	0.0	0.5	1.2	1.9	2.4
Claims Cost ¹	0.0	8.4	24.5	36.0	48.0
Net Claims Cost	0.0	8.4	24.5	36.0	48.0
Technical Profit	0.0	6.6	17.4	25.1	33.0
Profit from Similar and Related Operations ²	0.1	0.5	0.7	1.1	1.5
Gross Profit	0.1	7.1	18.1	26.2	34.6
General and Administrative Expenses	0.1	0.3	0.8	1.4	2.0
Operating Profit	-0.0	6.8	17.3	24.8	32.5
Financial Income ³	0.3	0.8	1.3	2.2	3.4
Profit before Income Tax	0.3	7.6	18.6	27.0	35.9
Income Tax	0.0	0.3	0.7	1.1	1.8
Net Income	0.3	7.3	17.9	26.0	34.1

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a base case scenario.

¹ Claims Cost: Losses and Loss Adjustment Expenses (LAE), Life LPT Payouts, Claims Paid.

² Profit from Similar and Related Operations: Fee Income, Life Spread Profit.

³ Financial Income: Net Investment Income.

Financial Metrics	2025	2026F*	2027F	2028F	2029F
Underwriting Ratio	NA	2.8%	2.9%	2.9%	2.9%
Loss Ratio	NA	54.3%	56.8%	57.1%	57.5%
Expense Ratio	NA	1.5%	1.8%	2.1%	2.4%
Combined Ratio	NA	58.6%	61.5%	62.1%	62.8%
Gross Margin	NA	39.1%	42.0%	40.2%	40.5%
Average ROA	5.4%	22.7%	25.8%	17.9%	15.4%
Average ROE	5.5%	78.5%	50.6%	32.2%	29.7%
Minimum Paid-in Capital Ratio	2.1	3.2	4.6	4.2	5.0
Solvency Margin	4.8	19.1	65.5	91.4	140.6
Liquidity Ratio	53.8	1.8	2.5	2.1	2.1

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a base case scenario.



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Base Case Scenario: Cash Flow X-Square Re

(In Millions of Dollars)	2025	2026F*	Annual 2027F	2028F	2029F
Net Income	0.3	7.3	17.9	26.0	34.1
Adjustments for non-cash items	0.0	22.6	19.6	37.5	43.2
Adjustments to Technical Reserves	0.0	22.6	19.6	37.5	43.2
Cash Flow Generated by Profits	0.3	29.9	37.5	63.4	77.3
Cash Flow Generated by Operations	-4.7	-35.4	-64.5	-60.0	-89.0
Change in Investments and Segregated Assets	-4.8	-35.1	-64.0	-60.0	-88.7
Change in Premiums Receivable	0.0	-0.4	-0.7	-0.1	-0.5
Change in Reinsurers	0.0	0.3	0.3	0.1	0.2
Change in Other Assets	-0.0	-0.2	0.0	-0.0	0.0
Change in Other Liabilities	0.1	0.0	0.0	0.0	0.0
Net Operating Cash Flow	-4.5	-5.6	-27.0	3.5	-11.6
Cash Flow Generated by Investments	0.0	0.0	0.0	0.0	0.0
Cash Flow Generated by Financing	4.5	7.0	28.5	0.0	15.0
Change in Stockholder's Equity	4.5	7.0	28.5	0.0	15.0
Net Increase or Decrease	0.0	1.4	1.5	3.5	3.4
Cash at Beginning of Period	0.0	0.0	1.4	2.9	6.4
Cash at End of Period	0.0	1.4	2.9	6.4	9.8

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a base case scenario.



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Stress Case Scenario: Balance Sheet X-Square Re

(In Millions of Dollars)	2025	2026F*	Annual		
			2027F	2028F	2029F
ASSETS	4.9	39.9	87.9	114.7	155.6
Investments in Securities	4.8	38.8	85.2	109.5	148.9
Fixed Income Securities	4.8	23.6	40.7	69.4	95.6
Equity Securities	0.0	15.2	44.6	40.1	53.3
Cash and Cash Equivalents	0.0	0.8	2.0	4.2	5.1
Receivables	0.0	0.2	0.5	0.9	1.4
Premiums	0.0	0.2	0.5	0.9	1.4
Other Assets	0.0	0.2	0.2	0.2	0.2
Deferred Acquisition Costs	0.0	0.1	0.1	0.1	0.1
Other Assets	0.0	0.1	0.1	0.1	0.1
LIABILITIES	0.1	31.2	56.8	93.1	131.8
Technical Reserves	0.0	30.4	55.5	91.6	129.9
Unearned Premiums Reserve	0.0	15.2	34.8	66.4	99.3
Unearned Premiums	0.0	3.5	2.8	5.3	7.9
Life Policy	0.0	11.7	32.0	61.0	91.3
Contractual Obligations	0.0	15.2	20.7	25.2	30.6
Loss and LAE	0.0	15.2	20.7	25.2	30.6
Reinsurers and Re-guarantors	0.0	0.5	1.1	1.3	1.7
Reinsurance Payables	0.0	0.5	1.1	1.3	1.7
Other Liabilities	0.1	0.2	0.2	0.2	0.2
Others	0.1	0.2	0.2	0.2	0.2
STOCKHOLDERS' EQUITY	4.8	8.8	31.1	21.7	23.8
Common Stock	4.5	11.5	40.0	40.0	55.0
Retained Earnings	0.0	0.3	-2.7	-8.9	-18.3
Net Income	0.3	-3.0	-6.2	-9.4	-12.9

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a stress case scenario.



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Stress Case Scenario: Income Statement X-Square Re

(In Millions of Dollars)	Annual				
	2025	2026F*	2027F	2028F	2029F
Written Premiums	0.0	15.3	36.0	54.5	71.1
Increase in Reserves in Progress	0.0	3.5	0.0	2.5	1.9
Retention Premiums	0.0	11.8	36.0	52.0	69.3
Acquisition Cost	0.0	0.9	2.0	3.1	3.7
Agent Commissions	0.0	0.1	0.9	1.4	1.6
Commissions Cessioned	0.0	0.8	1.1	1.7	2.1
Net Acquisition Cost	0.0	0.9	2.0	3.1	3.7
Claims Cost ¹	0.0	13.8	39.2	57.2	77.6
Net Claims Cost	0.0	13.8	39.2	57.2	77.6
Technical Profit	0.0	-2.8	-5.3	-8.3	-12.0
Profit from Similar and Related Operations ²	0.1	0.3	0.6	0.9	1.5
Gross Profit	0.1	-2.6	-4.6	-7.4	-10.5
General and Administrative Expenses	0.1	1.2	2.3	2.7	3.6
Operating Profit	-0.0	-3.8	-7.0	-10.1	-14.0
Financial Income ³	0.3	0.8	0.8	0.7	1.1
Profit before Income Tax	0.3	-3.0	-6.2	-9.4	-12.9
Income Tax	0.0	0.0	0.0	0.0	0.0
Net Income	0.3	-3.0	-6.2	-9.4	-12.9

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a stress case scenario.

¹ Claims Cost: Losses and Loss Adjustment Expenses (LAE), Life LPT Payouts, Claims Paid.

² Profit from Similar and Related Operations: Fee Income, Life Spread Profit.

³ Financial Income: Net Investment Income.

Financial Metrics	2025	2026F*	2027F	2028F	2029F
Underwriting Ratio	NA	5.6%	5.6%	5.6%	5.2%
Loss Ratio	NA	116.5%	109.0%	110.1%	112.0%
Expense Ratio	NA	8.0%	6.5%	5.0%	5.0%
Combined Ratio	NA	130.1%	121.1%	120.7%	122.2%
Gross Margin	NA	-16.7%	-12.8%	-13.6%	-14.7%
Average ROA	5.4%	-9.4%	-10.9%	-9.2%	-9.7%
Average ROE	5.5%	-96.4%	-58.6%	-38.9%	-79.5%
Minimum Paid-in Capital Ratio	2.1	1.7	2.6	1.2	1.0
Solvency Margin	4.8	8.8	31.1	21.7	23.8
Liquidity Ratio	53.8	1.3	1.5	1.2	1.2

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a stress case scenario.



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Stress Case Scenario: Cash Flow X-Square Re

(In Millions of Dollars)	2025	2026F*	Annual 2027F	2028F	2029F
Net Income	0.3	-3.0	-6.2	-9.4	-12.9
Adjustments for non-cash items	0.0	30.4	25.1	36.0	38.4
Adjustments to Technical Reserves	0.0	30.4	25.1	36.0	38.4
Cash Flow Generated by Profits	0.3	27.4	18.9	26.6	25.5
Cash Flow Generated by Operations	-4.7	-33.7	-46.3	-24.4	-39.5
Change in Investments and Segregated Assets	-4.8	-34.0	-46.5	-24.2	-39.4
Change in Premiums Receivable	0.0	-0.2	-0.3	-0.4	-0.5
Change in Reinsurers	0.0	0.5	0.5	0.2	0.4
Change in Other Assets	-0.0	-0.2	0.0	-0.0	0.0
Change in Other Liabilities	0.1	0.1	0.0	0.0	0.0
Net Operating Cash Flow	-4.5	-6.2	-27.3	2.2	-14.0
Cash Flow Generated by Investments	0.0	0.0	0.0	0.0	0.0
Cash Flow Generated by Financing	4.5	7.0	28.5	0.0	15.0
Change in Stockholder's Equity	4.5	7.0	28.5	0.0	15.0
Net Increase or Decrease	0.0	0.8	1.2	2.2	1.0
Cash at Beginning of Period	0.0	0.0	0.8	1.9	4.1
Cash at End of Period	0.0	0.8	1.9	4.1	5.1

Source: HR Ratings with annual audited financial information by Driven, P.S.C., provided by the Insurance Company.

*Projections realized to 4Q25 under a stress case scenario.



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Glossary

Combined Ratio. Acquisition Ratio + Loss Ratio + Operating Ratio

Risk Retention Ratio. Retention Premiums 12 months / Premiums Issued 12 months

Net Loss Ratio. Net Cost of Claims 12 months / Retained Premiums 12 months

Premiums-to-Earnings Ratio. Total Administrative Expenses 12 months / Premiums Written 12 months

Net Underwriting Ratio to Premiums Written. Acquisition Cost 12 months / Premiums Written 12 months

Gross Margin. Gross Profit 12 months / Premiums Retained 12 months

Accident Recovery Ratio. Average 12-month Accident Recovery / Average 12-month Total Accident Cost

Average ROA. Net Profit for 12 months / Average Total Assets for 12 months

Average ROE. Net Profit for 12 months / Average Shareholders' Equity for 12 months

Investment to Reserve Ratio. Investment in Securities / Total Reserves

Capital to Reserves Ratio. Shareholders' Equity / Total Reserves

Minimum Guarantee Capital Ratio. Investment Supporting Minimum Guarantee Capital / Minimum Guarantee Capital Requirement

Minimum Paid-In Capital Ratio. Capital Resources / Capital Requirements for Operations



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**Complementary information in compliance with section V, paragraph A), of Annex 1 of the
General Provisions applicable to credit ratings agencies.**

Methodologies used*	General Methodological Criteria (Mexico), October 2024 Rating Methodology for Insurance Companies (Mexico), May 2017
Previous Rating	Initial
Date of previous rating	Initial
Period covered by the financial information used, including those provided by third parties	4Q25
List of sources of information used, including those provided by third parties	Annual audited financial statements by Driven P.S.C. provided by the Reinsurance Company.
Ratings granted by other credit rating agencies that were used by HR Ratings (if any)	Dominican Republic: Fitch Ratings assigned a BB- rating with a positive outlook on November 7, 2025; S&P assigned a BB with a stable outlook on November 28, 2025; and Moody's assigned a BB with a stable outlook on August 1, 2025. Panama: Fitch Ratings assigned a BB+ rating with a stable outlook on December 10, 2025; S&P assigned a BBB- with a stable outlook on November 18, 2025; and Moody's assigned a BBB- with a negative outlook on November 12, 2025. Colombia: Fitch Ratings assigned a BB rating with a stable outlook on December 16, 2025; S&P assigned a BB- with a stable outlook on April 8, 2026; and Moody's assigned a BBB- with a stable outlook on June 26, 2025 Ecuador: Fitch Ratings assigned a B- rating with a stable outlook on February 25, 2026; S&P assigned a B- with a stable outlook on January 27, 2026; and Moody's assigned a C+ with a stable outlook on January 26, 2026.
HR Ratings considered the existence of mechanisms to align incentives between the issuer, servicer and guarantor and the potential purchasers of such securities (if any) when granting the rating or following up on the rating	N/A
Ratings given by other credit ratings agencies to these securities (if any)	N/A

*For further information regarding this methodology(ies), please visit <https://hrratings.com/methodology/>

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