

Long-Term Issuer Rating: A-
Outlook: stable

Short-Term Rating: L2

Preferred Sen. Unsec. Debt: A-
Non-Preferred Sen. Unsec. Debt: -
Tier 2 Capital: -
AT1 Capital: -

15 December 2022

Rating Action:

Creditreform Rating affirms the Long-Term Issuer Rating of Instituto de Crédito Oficial (Group) at 'A-' (Outlook: stable)

Creditreform Rating affirms the Long-Term Issuer Rating of Instituto de Crédito Oficial (Group) at 'A-'. The rating outlook is stable.

At the same time, we affirm the rating of Preferred Senior Unsecured debt at 'A-'.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Driver

CRA has revised the Long-Term Issuer Rating of Instituto de Crédito Oficial as a result of its periodic monitoring process for the following reasons:

- Explicit, irrevocable, unconditional and direct guarantee of the Spanish State for the bank's debt and obligations

Company Overview

Instituto de Crédito Oficial (hereafter: ICO or bank) is a fully state-owned financial institution with the legal status of corporate state-owned entity, attached to the *Ministry of Economic Affairs and Digital Transformation* in Spain. The bank refinances itself on the national and international capital markets. However, the debts and obligations of ICO are explicitly, irrevocably, unconditionally and directly guaranteed by the Spanish State. The headquarters of ICO are located in Madrid and its history goes back to the year 1971. With 346 employees (average in 2021), ICO reached total assets of €37.8 billion in 2021.

The bank's mission and function is to promote economic activities contributing to sustainable growth, the development of the country, and improving the distribution of the national wealth. In particular, those activities of social, cultural, environmental or innovative significance are awarded special attention.

As a state-owned bank, ICO provides loans to fund company investments and liquidity operations inside and outside of Spain, and acts in two ways. On one hand, ICO provides direct funding for large projects involving productive, public or private investment. On the other hand, ICO provides second-floor facilities, in particular for self-employed individuals and small and medium-sized companies, whereby ICO acts as a financial intermediary, which delivers the funds; however, regular commercial banks take on the analytical / administrative part, as well as the risk.

As a state finance agency, ICO manages the official public funding instruments that the Spanish government provides in order to encourage exports and development aid, whereas the Spanish government compensates ICO for any processing costs and assumes the risk. In addition, ICO carries out the financial management of several funds and financial instruments, which, since 2020, have been joined by the management of the different lines of guarantees set up as a result of the Corona crisis.

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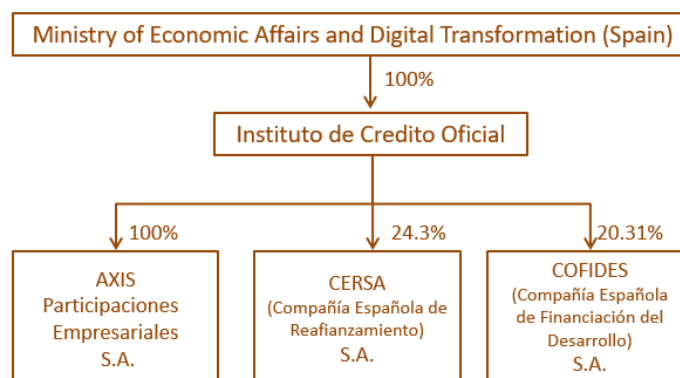
Moreover, the bank has a countercyclical role in promoting the economic situation, which is represented by the bank's development of total assets. As a result of improved economic conditions and stabilized financial markets in Spain, ICO has steadily reduced its total assets and its lending operations in recent years. However, following the Corona pandemic and the heavy downturn of the economy of Spain, ICO is about to increase its business activities since 2020 again to mitigate among others so-called "credit crunches". In addition, ICO manages on behalf of the Spanish Government several support measures (e.g. €100bn Liquidity Guarantee Line, €400bn specific second-floor facilities to the tourism sector, €40bn Investment Guarantee Line) in addition to some direct loans. The mentioned guarantees are provided by the Spanish Government and have no credit impact on ICO's financial accounts.

ICO does not publish semi-annual results regarding the present development.

As a result of the aforementioned facts, we consider ICO as a government-related bank and take this into account in our analysis.

ICO is a stakeholder in some companies and funds with the aim of supporting the funding of Spanish companies. Axis is ICO's venture capital firm, which currently provides equity or quasi-equity instruments to companies, financing their growth. See Chart 1 for the company structure and the Group's subsidiaries and investments.

Chart 1: Group Structure of ICO | Source: Annual report of ICO



Rating Considerations and Rationale

ICO's Long-Term Issuer Rating is affirmed at 'A-'. The decisive factor for the rating is the explicit, irrevocable, unconditional and direct guarantee of the Spanish State. Creditreform Rating therefore adjusts the Long-Term Issuer Rating to the rating of Spain ('A-' (stable) as of July 15, 2022).

Profitability

ICO generated net profit of €139.9 million in 2021, compared with €79.1 million in the previous year. Operating profit amounted to € 144.5 million compared to € 131.8 million in the previous year. As in the previous year, ICO's P&L is very volatile, net interest income increased fivefold and was even negative in the past. Net trading and fair value income consists exclusively of gains from hedge accounting, which accounted for a good fifth of operating income in 2021. Only net fee and commission income is a haven of stability, consisting mainly of managing fees for various public funds (report by Daniel). In total, operating income doubled compared to the previous year to almost €207.5 million. Operating expenses amounted to €63 million in 2021 and increased slightly year-on-year apart from other provisions. In the previous year, a negative operating expense was recorded due to a reversal of a provision; in this respect, it is possible to speak of a normalization of costs this year. Risk costs led to a positive earnings contribution of €48.4 million in 2021. Pre-tax profit amounted to €194.7 million (previous year: €110.4 million), while net profit, as mentioned above, was €139.9 million.

General profitability of ICO is quite low, although the cost income ratio is extremely low at 30.4%. Due to ICO's business model, however, all earnings figures are subject to extreme fluctuations, and there is no inherent profit motive as a state-owned development bank.

Asset Situation and Asset Quality

ICO historically plays an anti-cyclical role through the macroeconomic phases, general lending was mostly inversely proportional to the growth of GDP of Spain. The pronounced goal is to AVOID credit crunches (PR Oct. p6pdf). The support can take the form of direct lending or via a so-called second-floor facilities scheme, in which ICO provides participating banks with funds, which they pass on to the end customer. The customer benefits from significantly cheaper refinancing through ICO funding. The loan book consists of approx. 2/3 direct lending and 1/3 second floor facilities.

As of H1 2021, the largest consumer of direct lending was the energy sector with 31.4% of outstandings, partly due to the Ukraine war, followed by administration and support services as well as transport & storage with 15.5% and 14.9% respectively. Second-floor facilities were distributed much more homogeneously overall, with Tourism, Leisure & Culture accounting for the largest share of exposure with 12.2% of the outstandings, followed by Construction and Industry, each with 10.3% and 8.6%, respectively.

Total assets grew by just under 10% in 2021, but loans and advances to banks and customers decreased substantially, while cash and cash equivalents increased sharply. The anti-cyclicality becomes clear when looking at the history; as recently as 2014, total assets amounted to €84 billion; as of H1 2022, the figure is €33.8 billion.

Asset quality improved further, the overall NPL ratio was 2.2% as of June 2022, while the NPL ratio for direct loans was 3.4%. Both ratios are thus significantly below the figure for the Spanish financial system as a whole of just under 4.2%.

Refinancing, Capital Quality and Liquidity

ICO remained essentially debt-financed in 2021. Total debt amounted to €20.1 billion out of a total of €32.4 billion. In 2021, ICO raised €5.8 billion in debt, total expected funding in 2022 is expected to be around €4 billion. ICO displays a preference for short to medium maturities and also issues social and green bonds. Equity increased to €5.4 billion. The equity/assets ratio was a very high 14.3%. In addition, a total capital ratio of well over 30% and sometimes 40% in the past testifies to remarkable capitalization. The minimum requirement of 15.95% was thus clearly exceeded. The total Leverage ratio of 11.7% was also very high and exceeded the minimum required ratio of 3% handily.

Environmental, Social and Governance (ESG) Score Card

ICO has one significant and two moderate ESG rating drivers

- Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral due to the bank's late introduction of specific ESG related policies, the bank's specific role in the economy of Spain and its adapting approach.

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is upgraded to positive due to the bank's increasing amount of green bonds and sustainable activities, Corporate Behaviour is rated positive due to the bank's business activities in accordance with the ideas and beliefs of the society.

ESG Score

3,7 / 5

ESG Score Guidance

> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	3	(+ +)
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	()

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	()
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	()
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	()

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
()	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Considering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of Instituto de Crédito Oficial is 'stable'. The Outlook was raised in light of the raising of the outlook of the Kingdom of Spain with the Rating Update of the Kingdom of Spain of 15 July 2022.

Scenario Analysis

In the scenario analysis, the bank can achieve a Long-Term Issuer Rating of 'A' in the best case and 'BBB+' in the worst case. The rating of the Preferred Senior Unsecured class would behave the same according to our methodology.

An upgrade in the Long-Term Issuer Rating would occur if Spain's rating improves.

A downgrade of the Long-Term Issuer Rating would occur if Spain's rating were to deteriorate.

Best-case scenario: A

Worst-case scenario: BBB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

CRA's rating actions at a glance

Instituto de Crédito Oficial (Group):

- Long-Term Issuer Rating affirmed at 'A-', stable outlook
- Short-Term Rating affirmed at 'L2'
- Preferred Senior Unsecured debt affirmed at 'A'

Ratings Detail

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **A- / stable / L2**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred senior unsecured debt (PSU): **A-**
 Non-preferred senior unsecured debt (NPS): -
 Tier 2 (T2): -
 Additional Tier 1 (AT1): -

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
LT / Outlook / Short-Term (Initial)	13.07.2018	BBB+ / stable / L2
Rating Update	31.08.2018	A- / stable / L2
Rating Update	05.11.2019	A- / stable / L2
Monitoring	29.05.2020	A- / watch unknown / L2
Rating Update	13.11.2020	A- / negative / L2
Rating Update	24.09.2021	A- / negative / L2
Rating Update	15.12.2022	A- / stable / L2
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured (Initial)	13.07.2018	BBB+
Senior Unsecured	31.08.2018	A-
PSU	05.11.2019	A-
PSU	29.05.2020	A- (watch unknown)
PSU	13.11.2020	A-
PSU	24.09.2021	A-
Rating Update	15.12.2022	A-

Appendix

Figure 2: Group income statement¹ | Source: eValueRate / CRA

Income Statement (EUR k)	2021	%	2020	2019	2018
Income					
Net Interest Income	104.551	> +100	21.789	-28.056	-96.518
Net Fee & Commission Income	50.109	+2,2	49.052	47.904	48.477
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	48.013	+61,5	29.725	74.340	108.475
Equity Accounted Results	3.961	+98,5	1.995	2.266	1.915
Dividends from Equity Instruments	18	-94,8	344	-	-
Other Income	833	-0,8	840	2.031	1.140
Operating Income	207.485	+100,0	103.745	98.485	63.489
Expense					
Depreciation and Amortisation	4.863	+7,6	4.519	4.232	5.261
Personnel Expense	23.612	+4,6	22.580	21.546	21.040
Tech & Communications Expense	7.068	+22,7	5.759	5.642	5.470
Marketing and Promotion Expense	1.427	-0,4	1.433	1.344	1.113
Other Provisions	15.609	< -100	-72.850	5.904	1.655
Other Expense	10.453	-0,2	10.474	10.591	11.492
Operating Expense	63.032	< -100	-28.085	49.259	46.031
Operating Profit & Impairment					
Operating Profit	144.453	+9,6	131.830	49.226	17.458
Cost of Risk / Impairment	-48.435	< -100	22.162	-102.077	-99.872
Net Income					
Non-Recurring Income	1.782	> +100	755	2.910	-
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	194.670	+76,3	110.423	154.213	117.330
Income Tax Expense	54.809	+74,9	31.331	44.835	41.659
Discontinued Operations	-	-	-	-	-
Net Profit	139.861	+76,8	79.092	109.378	75.671
Attributable to minority interest (non-controlling interest)	-	-	-	-	-
Attributable to owners of the parent	139.861	+76,8	79.092	109.378	75.671

Figure 3: Group key earnings figures | Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	30,38	+57,45	-27,07	50,02	72,50
Cost Income Ratio ex. Trading (CIRex)	39,53	+77,47	-37,94	204,01	-102,32
Return on Assets (ROA)	0,37	+0,14	0,23	0,34	0,21
Return on Equity (ROE)	2,59	+1,08	1,51	2,04	1,43
Return on Assets before Taxes (ROAbT)	0,52	+0,19	0,32	0,48	0,32
Return on Equity before Taxes (ROEbT)	3,60	+1,49	2,11	2,87	2,22
Return on Risk-Weighted Assets (RORWA)	1,05	+0,46	0,59	0,89	0,59
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,46	+0,64	0,82	1,25	0,92
Net Financial Margin (NFM)	0,41	+0,26	0,15	0,15	0,03
Pre-Impairment Operating Profit / Assets	0,38	-0,00	0,38	0,15	0,05
Cost of Funds (COF)	0,48	-0,47	0,95	1,44	1,61
Change in %Points					

¹ Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR k)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	9.379.645	> +100	2.729.630	784.604	1.669.486
Net Loans to Banks	7.724.368	-26,9	10.562.681	10.215.054	12.436.479
Net Loans to Customers	10.713.260	-6,3	11.433.524	10.410.969	10.061.491
Total Securities	9.126.818	+1,8	8.966.492	9.669.560	11.196.757
Total Derivative Assets	465.710	+34,2	347.049	462.760	595.009
Other Financial Assets	-	-	-	-	-
Financial Assets	37.409.801	+9,9	34.039.376	31.542.947	35.959.222
Equity Accounted Investments	76.277	+10,0	69.346	65.059	60.858
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	-	-	-	-	-
Tangible and Intangible Assets	90.600	-1,8	92.300	93.895	95.114
Tax Assets	184.907	+2,5	180.413	103.610	100.986
Total Other Assets	28.851	+13,4	25.449	36.143	34.865
Total Assets	37.790.436	+9,8	34.406.884	31.841.654	36.251.045

Figure 5: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	28,35	-4,88	33,23	32,70	27,76
Risk-weighted Assets/ Assets	35,38	-3,86	39,24	38,75	35,11
NPLs*/ Net Loans to Customers	3,81	-0,33	4,14	4,68	6,33
NPLs*/ Risk-weighted Assets	3,05	-0,46	3,51	3,95	5,00
Potential Problem Loans**/ Net Loans to Customers	0,00	+0,00	0,00	0,00	16,96
Reserves/ NPLs*	152,51	+11,72	140,79	132,38	133,09
Reserves/ Net Loans	5,80	-0,03	5,83	6,20	8,42
Cost of Risk/ Net Loans	-0,45	-0,65	0,19	-0,98	-0,99
Cost of Risk/ Risk-weighted Assets	-0,36	-0,53	0,16	-0,83	-0,78
Cost of Risk/ Total Assets	-0,13	-0,19	0,06	-0,32	-0,28
Change in %Points					

* NPLs are represented by Stage 3 Loans where available.
 ** Potential Problem Loans are Stage 2 Loans where available.

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR k)	2021	%	2020	2019	2018
Total Deposits from Banks	9.338.787	-13,2	10.752.801	8.977.501	9.447.789
Total Deposits from Customers	842.093	-40,4	1.414.024	699.313	988.040
Total Debt	20.087.210	+31,3	15.294.101	15.734.424	19.147.495
Derivative Liabilities	341.651	-48,4	661.594	309.558	358.690
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	258.541	-13,5	299.030	401.952	711.847
Total Financial Liabilities	30.868.282	+8,6	28.421.550	26.122.748	30.653.861
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	81.907	+62,8	50.301	33.948	23.854
Provisions	1.390.374	> +100	686.745	303.540	280.195
Total Other Liabilities	40.439	> +100	7.342	7.837	6.371
Total Liabilities	32.381.002	+11,0	29.165.938	26.468.073	30.964.281
Total Equity	5.409.434	+3,2	5.240.946	5.373.581	5.286.764
Total Liabilities and Equity	37.790.436	+9,8	34.406.884	31.841.654	36.251.045

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	14,31	-0,92	15,23	16,88	14,58
Leverage Ratio	11,70	-0,98	12,68	13,75	12,58
Common Equity Tier 1 Ratio (CET1)*	36,97	-0,24	37,21	41,07	-
Tier 1 Ratio (CET1 + AT1)*	36,97	-0,24	37,21	41,07	-
Total Capital Ratio (CET1 + AT1 + T2)*	36,97	-0,24	37,21	41,07	-
SREP/ CET1 Minimum Capital Requirements	-	-	-	-	-
MREL / TLAC Ratio	-	-	-	-	-
Net Loans/ Deposits (LTD)	1272,22	+463,64	808,58	1488,74	1018,33
Net Stable Funding Ratio (NSFR)	-	-	-	-	-
Liquidity Coverage Ratio (LCR)	-	-	-	-	-
Change in %Points					

* Fully-loaded where available

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for [bank ratings \(v3.1\)](#), the methodology for the [rating of bank capital and unsecured debt instruments \(v2.1\)](#), the methodology for the rating of [Government-Related Banks \(v2.0\)](#) as well as the rating methodology for [Environmental, Social and Governance Score for Banks \(v1.0\)](#) in conjunction with Creditreform's basic document [Rating Criteria and Definitions \(v1.3\)](#).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

On 15 December 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Instituto de Crédito Oficial (Group) and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. Rating Endorsement Status:

The rating of Instituto de Crédito Oficial (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or the „Basic data“ information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

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