



ISSUER RATING
Long term

OUTLOOK
Stable

Initiation date 22/03/2022
Rating date 13/02/2024

Contacts

Lead analyst
Karen Marquez
karen.marquez@ethifinance.com

Committee chair
Antonio Madera Del Pozo
antonio.madera@ethifinance.com

Rating Action

EthiFinance Ratings confirms its “AAA” rating with a “stable” outlook for the European Investment Fund.

Executive Summary

The European Investment Fund (hereinafter, the EIF and/or the Fund and/or the Entity) is a specialized provider of risk finance for the support of SMEs across Europe. The Entity is an integral part of the European Investment Bank (EIB) Group, the European Union's lending arm. EIF's shareholders also include the European Union (represented by the European Commission) and an extensive range of public and private banks and financial institutions.

Rating Rationale

Our credit rating is based on the EIF's pivotal role within the European Union structure, supporting the achievement of Public Policy Goals. Notably, we emphasize the exceptional asset quality of the Entity and its effective risk management, characterized by well-defined controls and policies. Additionally, we highlight the EIF's consistent profitability over its history, coupled with a noteworthy level of capitalization and the absence of financial debt. The Fund earns commissions on EIB mandates, EC mandates and regional and funds of funds mandates. Commission income represented 59.8% of the ordinary income in 2022 (2021: 56.6%).

Our rating's main pitfalls are related to the EIF's PE investments in SMEs across very innovative sectors, which are highly risky and illiquid. In fact, the valuation of the PE portfolio has been severely impacted in 2022 due to interest rate hikes. Additionally, the prospects of a weakening economy could be particularly challenging for European SMEs.

Fundamentals

- **Membership in the European Union structure, playing a pivotal role supporting the achievement of Public Policy Goals through the design and deployment of financial instruments.**
- **Mandate to enhance European small and medium-sized enterprises (SMEs) access to finance by developing and offering targeted financial products to intermediaries, such as banks, guarantee and leasing companies, micro-credit providers and private equity funds**
- **Explicit support in challenging economic times by the European Union or its member states.** During the Covid-19 crisis, the EIF received explicit support in the form of counter-guarantees in order to mitigate the risks related to potential defaults.
- **Broad diversification of its activity throughout Europe, showing limited concentration by country, sector or counterparty.**
- **Significant decline in profitability metrics in 2022 mainly attributable to the loss generated by the change of the fair values of PE investments.** The RoA dropped from 13.4% in 2021 to 1.3% in 2022 due to the dramatic drop in valuations driven by interest rate increases, which adversely impacted the value of the PE portfolio. However, we anticipate a reversal in the trend of declining fair values in 2023.
- **High asset quality with a low delinquency in the financial guarantee business.** The total exposure at risk amounted to €9.5bn in 2022 (2021: €10.9bn) with a 0.1% default rate (0.1%).
- **Absence of outstanding debt liabilities and remarkable capitalization.**
- The Fund earns commissions on EIB mandates, EC mandates and regional and funds of funds mandates. **Commission income represented 59.8% of the ordinary income in 2022 (2021: 56.6%).**

Main Ratios

Key figures and ratios of the EIF (in millions of €)	Yearly		
	2020	2021	2022
Net profit	129	564	70
Ordinary income	259	367	340
Profit generated by the change in the fair values	53	414	-61
Total assets	3.256	5.187	5.496
Guarantees' Exposure at Risk	5.528	10.872	9.451
Total assets & exposure at risk	7.507	14.846	13.820
ROA	4,13%	13,37%	1,32%
Equity	1.979	3.974	4.369
ROE	6,48%	18,96%	1,69%
ROA w/ exposure at risk	1,14%	4,54%	0,45%
Assets under management	53.410	71.670	82.300
Defaulted guarantee transactions	0,30%	0,10%	0,10%

Source: EIF & EthiFinance Ratings

Outlook

Our credit rating with stable outlook results from the role the EIF plays in Europe enhancing SMEs access to finance, as well as the support of the shareholders, if needed.

Rating Sensitivities

Factors that individually or collectively could impact the rating:

- **Factors which could lead to an upgrade**

Not applicable.

- **Factors which could lead to a downgrade**

The rating could be downgraded if the European Union shifts away its priorities from the EIF, if its own risk investment grows at a higher pace than its capitalization or if the advent of a recession has a material effect on the Fund's prospects.

Company Profile

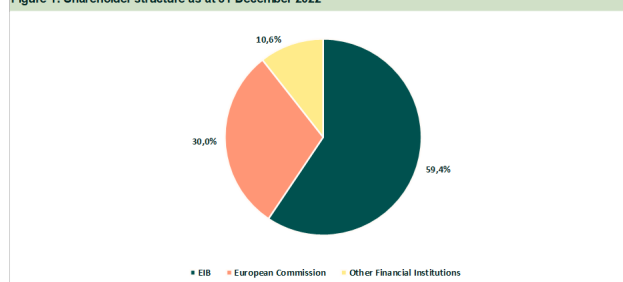
The EIF is a provider of risk finance to small and medium-sized enterprises (SMEs) across Europe. The Fund is part of the EIB Group, the lending arm of the European Union and the biggest multilateral financial institution in the world. Its shareholders are the European Investment Bank, the European Union, represented by the European Commission, and a wide range of public and private banks and financial institutions.

As at 31 December 2022, total assets amounted to €5.5bn (2021: €5.2bn), total assets under management came to €82.3bn (2021: €71.7bn) and total commitments stood at €9.2bn (2021: €30.5bn).

The EIF was incorporated on June 14th, 1994, in Luxembourg, as an international financial institution to contribute to the pursuit of the objectives of the European Union. The Fund pursues this task through two main activities: (i) the provision of guarantees as well as of other comparable instruments for loans and other financial obligations, and (ii) the acquisition, holding, managing and disposal of equity participations of small and medium-sized enterprises within the European Union and the European Free Trade Association (EFTA) countries. In addition, the EIF may engage in other activities connected with or resulting from these tasks.

The AAA / Stable credit rating takes into consideration the financial strength of EIF's shareholders as well as its role in fostering EU objectives by creating a sustainable financing ecosystem for Europe's small and medium-sized enterprises. The EIF had an authorized capital of €7,370m, divided into 7,370 shares with a nominal value of €1m each. As of 31 December 2022, 7,300 shares were subscribed and the EIB held 59.4% (4,336 shares), the EU represented by the EC held 30% (2,190 shares) and 38 financial institutions held 10.6% (774 shares). The Fund carries out its activities using either its own resources or those provided by the European Investment Bank, the European Commission, any EU Member States or other third parties.

Figure 1: Shareholder structure as at 31 December 2022



Source: EIF & EthiFinance Ratings

In 2022, the EIF has been actively engaged in various initiatives, with a primary focus on supporting the EU's new financing program, InvestEU. Representing approximately 45% of the EIF's activity during the year, InvestEU is designed to enhance European competitiveness and strategic autonomy in key sectors. The EIF has aligned its interventions with thematic priorities, emphasizing public policy objectives such as the transition to a green, digital, and inclusive economy.

In response to the economic challenges posed by the pandemic, the EIF played a crucial role in deploying the European Guarantee Fund through equity and securitization transactions. The organization's efforts have been directed to complement national measures and provide support during difficult times. The EIF has also been instrumental in driving financial recovery of SMEs by facilitating the connection of resources from the EU Member States' Recovery & Resilience Facility allocations into the InvestEU program.

EthiFinance Ratings values the broad geographic diversification of the EIF, achieving a balanced distribution of recipients both by country and sector. As of 31 December 2022, the EIF's financial guarantees were spread over 40 countries. The largest weight is Spain with 13.2% (2021: Poland 15.4%), followed by Poland with 12.9% (2021: Spain 11.2%), and France with 10.3% (2021: Italy 11.1%).

The geographic scope of the EIF PE investment activity is mainly focused on Europe, with limited non-European exposure. As of 31 December 2022, France had the largest weight with 12.1% (2021: United Kingdom 12.8%), followed by United Kingdom with 9.8% (2021: France 11.7%) and the United States with 9.9% (2021: United States 9.3%).

The fund's risk management is remarkable, with high quality standards and a series of well-defined controls. The activity is carried out through mandates, primarily provided by the EIB and the European Commission, as well as other third parties. These mandates come with clear guidelines that serve to constrain any discretionary actions, preventing the entity from deviating from its mission by assuming risks beyond the established parameters.

RA999999

FINANCIAL INSTITUTIONS

The statutes of the EIF limit guarantee operations to five times the subscribed capital, as per amendment approved by the Board of Directors. This amounted to €7.3bn at year-end 2022. Hence, the €9.5bn exposure at risk, together with the funded exposure of €402.8m in respect of ABS investments was below the statutory limit of €36.5bn.

During the last year, the EIF underwent governance changes. Since January 1st 2023, the EIF has a new Chief Executive, Marjut Falkstedt, and a new Chair of the Board, EIB Vice-President Gelsomina Vigliotti, marking a historic moment as the organization is led by two women.

Financial Profile

During 2022, the EIF's operating profit declined 12.4% to €131.7m (2021: €150.4m) due to a lower ordinary income.

Net income from PE investments declined by €12.4m due to a lower dividend income. Net result on financial operations declined by €13.1m due to a realised loss on debt investments at amortised cost and lower gains arising from transactions or cash positions in foreign currencies compared to the previous year. Net result from financial guarantee operations declined by €4.4m due to lower fees received for the guarantees. Lastly, commission income declined by €4.6m due to lower commissions on EIB mandates, partially cancelled by higher commissions on EC mandates and higher commissions on regional and funds of funds mandates. Nevertheless, interest and similar income increased by €7.2m due to a higher interest income on debt investments and money-market instruments, as well as a lower interest expense on bank current accounts.

The EIF's ordinary income consisted mainly of commission income, which contributed 59.8% of the total (56.6%), followed by net result from financial guarantee operations, with 20.6% (20.3%), net income from private equity investments, with 14.3% (16.6%), and interest and similar income with 5.3% (2.9%).

Commission income totaled €203.2m in 2022 (2021: €207.7), comprising commissions on EIB mandates, which represented 26.1% (31.3%), followed by commissions on EC mandates, with 27.4% (25.1%), and commissions on regional and funds of funds mandates 46.5% (43.4%). Net result from financial guarantee operations amounted to €70.0m (€74.5m), mainly including guarantees for certain tranches of notes (senior and/or mezzanine tranches) issued through SME securitization transactions.

EIF's general administrative expenses YOY slightly decreased to €207.8m (2021: €216.3m) due to lower social security and contribution costs. The number of persons employed at the year-end amounted to 630 (599).

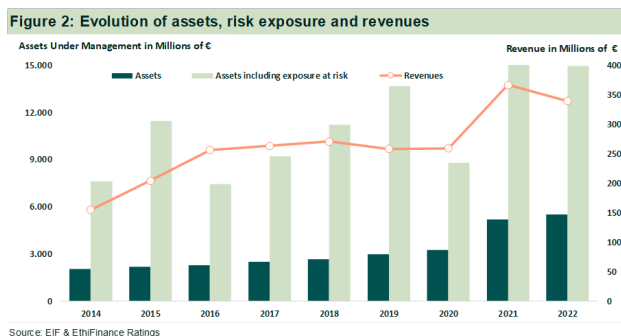
Moreover, EIF's profit generated by the change of the fair values decreased sharply from €413.9m in 2021 to €-61.3m in 2022, which was mainly driven by the net result from financial instruments at fair value through profit or loss of private equity investments, and, to a lesser extent by the instruments at FV of financial guarantees and debt investments.

Net result from financial instruments at FV through profit or loss of PE investments came to €-39.9m, declining by around €454m compared to the previous year. This dramatic drop is explained by the sharp decline in valuations caused by the strong increase in interest rates during 2022 aimed at holding back inflation, which had an adverse impact on the PE portfolio's performance. The European Central Bank (ECB) raised rates from 0% in July to 2.5% in December and continued during 2023, reaching 4.5% in September. For instance, the LPX Europe PE Index experienced a 36% decline in 2022.

In 2022, the EIF saw an 87.5% decline in net profit, amounting to €70.4m (2021: €564.4m). This drop was mainly due to the loss generated by the change of the fair values, primarily of private equity investments.

The EIF's profitability has decreased substantially in 2022 compared to the previous year. The RoA dropped from 13.4% in 2021 to 1.3% in 2022. Similarly, the RoE went down to 1.7% in 2022 from 19.0% a year before.

The EIF had a remarkable performance for the financial year 2021 compared to previous years. Ordinary income benefitted from a sharp rise in net income from PE investments, a higher commission income and a positive net result on financial operations. Net profit was also positively impacted by the net result from financial instruments at FV through profit or loss of PE investments as valuations saw a strong increase during 2021.



The EIF's assets totaled €5.5bn in 2022 (2021: €5.2bn). The treasury portfolio, which increased twofold in 2021 to €2.4bn, remained at a similar level in 2022, accounting for 44.4% of total assets (47.2%). The treasury portfolio

comprises long-term bank deposits and a long-term portfolio spread over 37 countries, including bonds issued by EU sovereigns and non-EU sovereigns, as well as corporate bonds. The highest individual country exposures were France, Spain, United States, Germany, and United Kingdom, which jointly represented 48% of total nominal value.

In nominal terms, 74.2% of all assets held have a duration of 5 years or less (2021: 64.4%). More than 70% of the securities had a credit rating equal to or higher than A-. The average yield at cost on the securities portfolio in euros was 0.36% for 2022 (0.23%). The risk of these investments is reduced by limiting investments to those assets with an investment grade rating, high liquidity and limited counterparty concentration.

Private equity investments at fair value through profit or loss represented 28.7% of total assets in 2022 (2021: 29.7%), amounting to €1.6bn, similar to the previous year. PE Funds are generally structured as Limited Partnerships, where the Limited Partners, such as the EIF, commit a certain amount of capital to be called at the discretion of the fund manager, which is acting as General Partner.

As of 31 December 2022, the PE portfolio had a balanced exposure to different investment strategies, including venture capital investments ranging between the early and late stage (29.3%); private equity targeting equity and mezzanine investments in SMEs (24.2%), private debt (23.4%) and infrastructure investments covering equity capital toward tangible, physical assets, whether existing or development phase (21.4%), with a smaller exposure to generalist investments via fund-of-funds vehicles (1.7%).

The specific characteristics of the PE asset class make it difficult to apply traditional approaches to equity risk analysis. Therefore, the EIF uses a beta derived from the betas of three listed PE indices to estimate the sensitivity of the valuation of the EIF's PE investments to market prices. Regression has been carried out using the Dow Jones Euro Stoxx 50 over the last three years.

The PE portfolio had performed remarkably well in the past with a low interest rate environment. However, the dramatic drop in valuations brought about by interest rate hikes in 2022 adversely impacted the portfolio's performance. During 2023, the value of the PE investments should have recovered some of their value in line with PE indices. For instance, the LPX Europe PE Index saw a 22% increase. Using the beta derived from the betas of the three listed PE indices of 1,05 and the increase of the Dow Jones Euro Stoxx 50 of 16% during the year, the PE portfolio's value would have risen by approximately €273m, recovering 17% of its value in 2023.

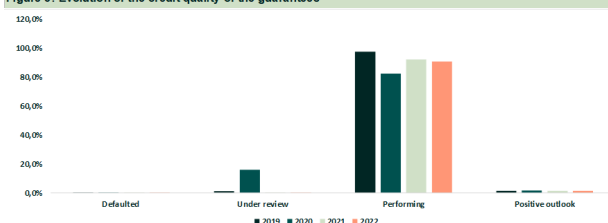
Risk management is an integral part of the management of the EIF's investment activities. The EIF has developed a set of tools to design, monitor and manage the portfolio of PE funds. This set of tools is based on an internal process and model, the Grading-based Economic Model.

The PE portfolio is well diversified across a large number of funds and geographies. The largest fund in the portfolio represented 1.6% of the portfolio fair value in 2022 (2021: 1.4%) and the largest 10 funds represented in aggregate 10.8% (11.6%). Moreover, the largest geographical exposure accounted for 12.1% of the EIF's portfolio, even though the geographic scope is principally focused on Europe. PE investments are also well diversified in terms of sector and activity.

The performance of the EIF's guarantee transactions has been remarkable over the last few years, showing very low levels of defaulted transactions. As of 31 December 2022, the total exposure at risk amounted to €9.5bn (2021: €10.9bn) with a 0.1% default rate (0.1%). Nevertheless, the transactions classified as "under review" have increased from 6.4% in 2021 to 7.8% in 2022, reflecting prospects of a weakening economy owing to inflationary pressures and higher interest rates, which could be particularly challenging for European SMEs.

The credit risk is managed by risk management policies covered by the statutes and the EIF Credit Risk Policy Guidelines. The statutes of the EIF limit guarantee operations to five times the subscribed capital, as per amendment approved by the Board of Directors. This amounted to €7.3bn at year-end 2022. Hence, the €9.5bn exposure at risk, together with the funded exposure of €402.8m in respect of ABS investments was below the statutory limit of €36.5bn. Moreover, only 0.5% of the financial guarantees had a rating below investment grade. Additionally, the concentration in terms of geography, sector and counterparty remained very low.

Figure 3: Evolution of the credit quality of the guarantees



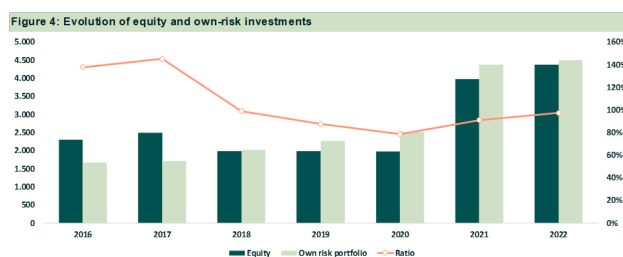
Source: EIF & EthiFinance Ratings

The AAA / Stable credit rating takes into account the Fund's absence of debt. Liabilities accounted for 20.5% of the EIF's total assets in 2022 (2021: 23.4%). They comprised financial liabilities at amortized cost (2.9%), retirement benefit obligations (7.1%) and other liabilities and provisions (10.5%), including related parties payables, employee benefit payables, trade creditors and provision for risks and liabilities.

In 2022, the EIB provided a funding line under the InvestEU Programme amounting to €157.9m, which was mainly used to finance guaranteed funded operations totaling €72.8m. This additional funding through an intra-group loan to support the implementation of the new InvestEU programme is considered as operational debt rather than financial debt. The EIF's exposure under the InvestEU program is balanced by the intra-group loan, ensuring that the repayment of both interest and principal is fully secured by cash inflows from the existing portfolio and backed by a guarantee from the EU.

The equity represented 79.5% of the Fund's total assets at year-end 2022 (2021: 76.6%). The authorized capital amounted to €7.4bn, of which €70m were not yet subscribed. The EIF is required to add to a statutory reserve at least 20% of its annual net profit until the reserve amounts to 10% of subscribed capital. A minimum amount of €14.1m is required to be added in 2023 with respect to the financial year 2022. A dividend of €15.0m was distributed (2021: no dividend). Regarding the EIF's on balance-sheet investments, the equity covered 97.3% of the exposure in 2022 (90.9%). Adding the financial guarantees' exposure at risk to the Fund's total assets, the equity accounted for 29.2% (24.7%).

EthiFinance Rating's values the EIF's robust liquidity resulting from highly liquid investments, complemented by potential shareholder support. The Fund's cash position and investments in fixed income instruments are deemed highly liquid due to their high credit quality and the dynamic nature of the securities market. In 2022, these components collectively constituted around 60% of total assets, significantly surpassing liabilities.



Source: EIF & EthiFinance Ratings

Environmental, Social & Governance

The European Investment Fund demonstrates a strong commitment to Environmental, Social, and Governance (ESG) principles across its operations. As a financial institution, the EIF's activities impact a broad spectrum of industries and sectors. By aligning its interventions with public policy objectives and promoting sustainable investments, the EIF is positioned as a key player in advancing the broader ESG agenda.

Governance is a fundamental aspect of the EIF's ESG framework, and the organization has undergone significant internal changes in this regard. The appointment of a new Chief Executive and Chair of the Board, both women, signals a positive shift toward gender diversity in leadership.

The EIF has two main bodies: the Board of Directors and the General Assembly. The Board of Directors is composed of a majority of EIB and EU members, with the participation of other shareholders. The General Assembly is composed of one representative of the EIB, one member of the European Commission representing the EU and one member corresponding to each financial institution. Decisions of the EIF are taken by simple majority, but major decisions concerning the fund's capital or the scope of activities it may undertake are taken by qualified majorities.

The AAA / Stable credit rating incorporates the positive assessment of the internal policies, controls and procedures of the Fund. Risk management is carried out through a three-line of defense model: the first line refers to the front office, the second line refers to compliance and independent risk management, and the third line refers to internal and external audit. Additionally, the EIF has an Internal Control Framework (ICF) as part of the second line of defense, which issues an annual report that is complemented with an independent opinion.

In terms of environmental responsibility, the EIF plays a pivotal role in promoting sustainability through its financing activities. The launch of InvestEU in 2022, with a dedicated guarantee instrument exclusively for sustainability, underscores the EIF's emphasis on environmentally conscious investments.

On the social front, the EIF actively contributes to inclusion and cohesion, particularly in less developed regions. With 39% of financing benefiting entities in cohesion regions of the EU, the EIF plays a crucial role in reducing regional disparities. Furthermore, the organization focuses on social impact, human capital, and inclusive finance, aiming to address inequalities at the micro level.

Scorecard

				Final score
ASSET MANAGER				AAA
	Data	Score	Weight	Subtotal
OPERATING ENVIRONMENT				15,0%
Sovereign risk				5,0%
Sovereign rating				
Industry sector and Regulation				10,0%
Regulatory standards				
Strength of the sector				
BUSINESS PROFILE				45,0%
Business model				15,0%
Geographical diversification				
Product diversification				
Distribution				
Positioning				7,5%
AuM				
Management & Governance				22,5%
Risk management				
Management quality & Execution				
Governance				
FINANCIAL PROFILE				40,0%
Financial flexibility				20,0%
Debt/EBITDA				
Asset liability management				
Profitability				20,0%
Pretax Income margin				
EBITDA/AuM				
Adjustments				

Financial Statements

BALANCE SHEET					
<i>(in thousands of €)</i>					
	2018	2019	2020	2021	2022
ASSETS					
CASH AND CASH EQUIVALENTS	389,712	241,517	226,209	284,940	452,289
FINANCIAL INSTRUMENTS AT AMORTISED COST	1,244,199	1,244,866	1,212,023	2,449,586	2,437,805
Debt Treasury portfolio	1,239,394	1,237,899	1,206,789	2,445,698	2,424,685
Debt Microfinance Loans	4,805	6,167	5,234	3,888	13,120
FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	770,554	1,028,285	1,305,428	1,920,756	2,053,725
Private equity investments	570,157	776,179	982,457	1,529,710	1,578,688
Debt investments	200,397	252,106	322,971	381,039	402,815
Guaranteed funded operators					72,823
FINANCIAL GUARANTEES		26,639	33,923	32,688	16,667
OTHER ASSETS	339,822	424,339	475,565	497,186	533,893
INTANGIBLE ASSETS			580	1,219	1,071
PROPERTY AND EQUIPMENT	379	332	288	242	196
TOTAL ASSETS	2,664,666	2,965,238	3,256,016	5,186,617	5,495,946
LIABILITIES					
PROVISIONS FOR FINANCIAL GUARANTEES	47	11,697	11,894	11,414	13,050
RETIREMENT BENEFIT OBLIGATIONS	386,692	599,117	803,643	667,533	391,067
FINANCIAL LIABILITIES AT AMORTISED COST					157,886
OTHER LIABILITIES AND PROVISIONS	286,896	364,353	461,753	533,621	665,071
TOTAL LIABILITIES	673,635	975,167	1,277,290	1,212,568	1,127,054
EQUITY					
SHARE CAPITAL					
Subscribed	900,000	900,000	900,000	1,460,000	1,460,000
4,500,000	4,500,000	4,500,000	4,500,000	7,300,000	7,300,000
Uncalled	-3,600,000	-3,600,000	-3,600,000	-5,840,000	-5,840,000
SHARE PREMIUM	437,772	437,772	437,772	1,098,491	1,098,491
STATUTORY RESERVE	338,248	389,213	424,896	450,000	562,871
RETAINED EARNINGS	187,480	87,398	87,951	401,201	1,177,116
Result brought forward after allocation approved by AGM	350,457	416,522	557,056	660,060	1,096,504
Remeasurement of the defined benefit obligations	-163,007	-329,164	-469,105	-258,859	80,612
PROFIT FOR THE FINANCIAL YEAR	127,561	175,667	128,597	564,357	70,414
TOTAL EQUITY	1,991,031	1,990,071	1,978,726	3,974,049	4,368,892
TOTAL LIABILITIES & EQUITY	2,664,666	2,965,238	3,256,016	5,186,617	5,495,946

INCOME STATEMENT					
<i>(in thousands of €)</i>					
	2018	2019	2020	2021	2022
Interest and similar income	21,919	19,306	14,842	10,608	17,854
Income from private equity investments	32,515	21,617	17,434	61,060	48,695
Net result from financial guarantee operations	65,744	55,285	69,690	74,447	70,040
Commission income	149,996	160,461	167,000	207,724	203,155
Net result on financial operations	1,251	1,409	-9,790	12,929	183
Other operating income	59	187	27	27	32
Wages and salaries	-66,152	-68,562	-74,848	-83,624	-74,958
Social security and contribution costs	-59,046	-65,767	-75,143	-80,067	-76,443
Other administrative expenses	-41,519	-36,691	-33,759	-44,637	-56,387
Depreciation and amortisation	-59	-46	-58	-61	-86
OPERATING PROFIT FOR THE FINANCIAL YEAR	104,704	97,199	75,395	150,415	137,718
Net result from financial instruments at FVTPL private equity investments	29,081	67,698	52,960	414,955	-39,033
Net result from financial instruments at FVTPL financial guarantees	-7,985	19,067	592	74	-10,663
Net result from financial instruments at FVTPL debt investments	120	304	384	-1,220	-11,280
Expected credit loss allowance financial guarantees	1,714	1,341	529	58	-57
Expected credit loss allowance debt investments	-75	68	-75	74	-270
PROFIT OF THE YEAR GENERATED BY THE CHANGE OF THE FAIR VALUES	22,854	78,468	53,202	413,942	-61,304
NET PROFIT FOR THE FINANCIAL YEAR	127,561	175,667	128,597	564,357	70,414
Other comprehensive income	13,856	-166,156	-139,941	210,246	339,471
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	141,416	9,511	-11,344	774,603	409,885

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

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

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Asset Manager Rating Methodology : <https://files.qivalio.net/documents/methodologies/Asset%20Manager%20Rating%20Methodology.pdf>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

Conditions of Use for this document and its content:

For all types of Ratings that ETHIFINANCE RATINGS, S.L. (the "AGENCY") issues, the User may not, either by themselves or via third parties, transfer, sublease, sublicense, sell, extract, reuse, or dispose of in any other way the content of this Document to a third party, either for free or for consideration.

For the purpose of these Conditions of Use, any client who might have subscribed for a product and/or a service that allows him to be provided with the content of this Document as well as any privileged person who might access the content of this Document via www.ethifinance.com shall be considered as a User.

Nor may they alter, transform or distort the information provided in any way. In addition, the User will also not be permitted to copy and/or duplicate the information, nor create files which contain the information of the Document, either in its entirety or partially. The Document and its source code, regardless of the type, will be considered as the elaboration, creation, or work of the AGENCY and subject to the protection of intellectual property right regulation. For those uses of this Document which are permitted, the User is obliged to not allow the removal of the copyright of the AGENCY, the date of the Document's issuance, the business name as established by the AGENCY, as well as the logo, brands and any other distinctive symbol which is representative of the AGENCY and its rights over the Document. The User agrees to the conditions of Use of this Document and is subject to these provisions since the first time they are provided with this Document no matter how they are provided with the document. The Document and its content may not be used for any illicit purpose or any purpose other than those authorised by the AGENCY. The User will inform the AGENCY about any unauthorised use of the Document and/or its content that may become apparent. The User will be answerable to the AGENCY for itself and its employees and/or any other third party which has been given or has had access to the Document and/or its content in the case of damages which arise from the breach of obligations which the User declared to have read, accepted and understood upon receiving the Document, without prejudice to any other legal actions that the AGENCY may exercise in defence of its lawful rights and interests. The Document is provided on the acceptance that the AGENCY is not responsible for the interpretation that the User may make of the information contained. Credit analyses included in the Document, as well as the ratings and statements, are to be deemed as opinions valid on the date of issuance of the reports and not as statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The credit ratings and

credit rating prospects issued by the AGENCY are considered to be its own opinion, so it is recommended that the User take it as a limited basis for any purpose that it intends to use the information for. The analyses do not address the suitability of any value. The AGENCY does not act as a fiduciary or an investment advisor, so the content of the Document should not be used as a substitute for knowledge, criteria, judgement or experience of the User, its Management, employees, advisors and/or clients in order to make investment decisions. The AGENCY will devote every effort to ensure that the information delivered is both accurate and reliable. Nonetheless, as the information is elaborated based on data supplied by sources which may be beyond the control of the AGENCY, and whose verification and comparison is not always possible, the AGENCY, its subsidiaries, and its directors, shareholders, employees, analysts and agents will not bear any responsibility whatsoever (including, without any limitations, loss of revenue or income and opportunity costs, loss of business or reputational damage or any other costs) for any inaccuracies, mistakes, noncorresponding information, incompleteness or omission of data and information used in the elaboration of the Document or in relation to any use of its content even should it have been warned of potential damages. The AGENCY does not make audits nor assume the obligation of verifying independent sources of information upon which the ratings are elaborated. Information on natural persons that may appear in this document is solely and exclusively relevant to their business or business activities without reference to the sphere of their private life and should thus be considered. We would like to inform that the personal data that may appear in this document is treated in accordance with Regulation (EU) 679/2016, on the protection of natural persons with regard to the processing of personal data and the free movement of such data and other applicable legislation. Those interested parties who wish to exercise the rights that assist them can find more information in the link: <https://www.ethifinance.com/> in the Privacy Policy page or contact our Data Protection Officer in the mail dpo@ethifinance.com. Therefore the User agrees that information provided by the AGENCY may be another element to consider when making business decisions, but decisions will not be made based solely on it; that being the case the AGENCY will not be held responsible for the lack of suitability. In addition, the use of the information before courts and/or tribunals, public administrations, or any other public body or private third party for any reason shall be solely the User's responsibility and the AGENCY shall not be held responsible for any liabilities on the grounds of inappropriateness of the information's contents. Copyright © 2023 ETHIFINANCE RATINGS, S.L. All Rights Reserved. C/ Benjamín Franklin S/N, Edificio Camt, 1º Izquierda, 18100, Granada, España C/ Velázquez nº18, 3º derecha, 28001 - Madrid