



Annual Transparency Report 2021

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Joint letter by Inbonis Rating's Chairman and Chief Executive Officer

Dear reader,

The year 2021 has shown that although the worst of the COVID-19 pandemic seems to be over, its effects remain latent and represent unique challenges for businesses, especially for small and medium-sized enterprises (SMEs), more exposed to economic cycles.

The rapid response by public authorities across Europe in 2020 helped to mitigate the initial economic consequences, but as support measures are scaled back, there is a clear need to ensure that viable SMEs and midcaps can access long-term financing, a gap estimated at 450 to 600 billion euros^[1].

SME credit rating is already helping closing this gap as it has become a tool for the deployment of long-term financing programs for SME and midcaps. Only in France and Spain, geographies where Inbonis currently operates, multi-year financing programs for over 25 billion euros with public support were launched to support SME productive investment capabilities^[2].

As pioneer of the SME credit rating category in Europe, at Inbonis we are proud for being part of the deployment of these programs after winning major mandates with financial institutions channeling them. As of end 2021, Inbonis had issued over 250 credit ratings of European SME and mid-caps, which accounts for circa 10% of the total number of companies rated by a Credit Rating Agency across Europe.

We are convinced that SME credit rating is the right tool for Institutional investors to increase their allocation to European SME – our real economy – until at least reaching levels comparable to those of the United States^[3].

As we head towards our third anniversary as a Credit Rating Agency, we remain focused on our mission of improving SME access to long-term financing, task that, step by step, we are successfully accomplishing thanks to the sense of purpose, passion and determination of our outstanding team and ecosystem.

Yours truly

Mr. François David
Chairman of the Board

Mr. Alberto Sanchez Navalpotro
Chief Executive Officer

^[1] Estimated €450-600 billion equity or quasi-equity gap that Europe needs to fill to avoid job losses and widespread corporate bankruptcy. Source AFME, Introducing a New Hybrid Recapitalization Instrument for Smaller EU Corporates, November 2021.

^[2] (i), 12 Bn€ Industrial investment support managed by Sepides, (ii) 11 Bn€ Prêts Participatif Relance, where banks and insurers cooperate, (iii) 1,7 Bn€ Obligations Relance, where asset managers and insurers cooperate, (iv) 1 Bn€ Recapitalization fund for companies hit by Covid, managed by Cofides Authors based on data from European Records of IFRS Consolidated Accounts (ERICA) for main EU countries.

^[3] Private Capital investment of pension funds represent close to 10% of total assets in the US, compared to 5% in Europe, with some countries with even lower percentages (i.e.: 1% in Spain). Source: ASCRI.

Introduction

The present Annual Transparency Report covers the year 2021 and is made available in accordance to Article 12 and Part III of Section E of Annex 1 of Regulation (CE) 1060/2009 of the European Parliament and of the council of 16 September 2009 on credit rating agencies (‘**The CRA Regulation**’).

INBONIS S.A. (‘**INBONIS**’) is registered with the European Securities Markets Authority (‘**ESMA**’) since May 27th, 2019 and is authorised to provide credit rating on corporate issuers not considered a financial institution or insurance undertaking.

Specifically, INBONIS is focused on providing corporate ratings on Small and Medium Enterprises (‘**SMEs**’) with annual revenues between 10 and 50 million euros according to a SME-specific and proven methodology.

1. Legal structure and ownership

INBONIS is a Sociedad Anónima (joint stock company) registered with the Registro Mercantil of Madrid under business ID (NIF) number A87385092 since the 16th October 2015. INBONIS’ headquarters are located in Plaza de la Lealtad, 2, 28014, Madrid, Spain. INBONIS’ LEI code is 875500OYQK8S5AGGBZ02.

INBONIS is independent of any government or financial or corporate entity. As of 31st December 2021, its ownership structure is as described in the below table.

Shareholder	Percentage of ownership
Alberto Sánchez Navalpotro	34.7%
Gravitation SAS	18.4%
Treasury Stock	15.7%
Other minority shareholders (each one below 5%)	31.10%
TOTAL	100%

*Updated November 2025 to include identification of major shareholders only (over 5% share)



INBONIS holds 100% of the shares of Inbonis Rating France S.A.R.L., a French company registered with the Registre du Commerce et des Sociétés of Paris under business ID (SIREN) number 851 889 014. Inbonis Rating France does not conduct credit rating activities and aims at being the commercial hub for INBONIS in France.

2. Internal control mechanisms

INBONIS has established standard operating procedures and reporting arrangements with regards to its corporate governance, its organisation and the management of conflicts of interest. The internal procedures are thoroughly implemented in order to respect a structure described as **the four lines of defence**.

INBONIS periodically monitors and reviews these operating procedures in order to evaluate their effectiveness and assess whether they should be updated in order to reach the CRA Regulation's objectives of independence and quality.

4 th	SUPERVISORY COMMITTEE Supervises the development and the quality of credit rating policy, the identification and elimination of conflicts of interest and the effectiveness of the compliance and review function.	
3 rd	INTERNAL AUDIT FUNCTION Independently performs test to evaluate the adequacy and efficiency of the internal control mechanism and policies.	
2 nd	COMPLIANCE FUNCTION Monitors the enforcement of the credit rating agencies' legal framework and ensures the compliance of all employee to the policies and procedures	REVIEW FUNCTION Monitors the adequacy and efficiency of the credit rating methodology, models and key rating assumption
1 st	CREDIT RATING ACTIVITIES Implementation of internal controls to ensure the independence and objectivity of credit rating analysts (training, designation, revision and rotation mechanism)	

2.1. Credit Ratings Activities: the first line of defence

— Code of Conduct

INBONIS is committed to ethical standards and has adopted a code of conduct that all employees, directors and individuals whose services are placed at INBONIS' disposal abide. The code of conduct is largely based on the IOSCO code of conduct fundamentals for credit rating agencies and has been adapted, as the case may be, to take into account the EU Regulation on Credit Rating Agencies, in particular Regulation (EC) No 1060/2009 on Credit Rating Agencies and Inbonis specific legal, business and market circumstances. INBONIS' code of conduct is publicly available on INBONIS website^[4]. It contains the rules and principles that shall always govern INBONIS' rating activities in terms of integrity, independence, transparency and protection of confidential information.

— Inbonis rating process

INBONIS has implemented a rating process, in accordance with The CRA Regulation, that ensures the quality of credit rating and a certain level of efficiency suited to address SME credit ratings. INBONIS has developed a compliant-by-design proprietary software tool that ensures the respect of the rating process and discard potential conflicts of interest. The methodology, available on INBONIS website, is consistent and oriented to provide qualitative rating for SMEs. INBONIS has an outstanding team of experienced and skilled analysts led by Mr. Antonio Alcalde, Head of Rating at INBONIS and former Chief Risk Officer at BBVA.

— Conflict of interests

INBONIS guarantees the segregation of its credit rating activities (ie. credit rating production and issuance) from the commercial activities as an additional measure of independence. INBONIS fee schedule is, in accordance with regulation, cost-based and non-discriminatory. INBONIS has a policy on conflicts of interest available on INBONIS website^[5], applicable to Inbonis employees, shareholders and members of the Board of Directors. According to such policy INBONIS keeps a list, updated on a regular basis, of prohibited companies to be rated and companies for which a potential conflict of interest could appear. INBONIS discloses in its website and regularly updates a list of actual and/or potential conflicts of interest and the measures taken to eliminate/mitigate such conflicts. INBONIS analysts are prohibited to solicit or to accept money, gift or favours from anyone with whom INBONIS does business.

[4] See: <https://inbonis.com/corporate-governance/>

[5] See: <https://inbonis.com/corporate-governance/>

2.2. Compliance and Review functions: the second line of defence

The Compliance Officer operates independently and monitors on an on-going basis INBONIS' activities and measures in order to respect internal procedures and regulatory obligations. The Compliance Officer carries out regular controls to ensure that INBONIS policies are effectively enforced in accordance with the Compliance Workplan and reports its findings on a quarterly basis and whenever it is considered necessary to the Board of Directors and the Supervisory Committee. The compliance officer advises and assists all Inbonis employees, consultants, shareholders and members of the Board of Directors to comply with the Regulation.

INBONIS' Review Officer operates independently from the ratings activities and reviews the methodology, models and key rating assumptions on a periodic basis in order to assess their adequacy and effectiveness. The Review Officer has more than 10 years of experience as quantitative analyst and is responsible of conducting back-testing and monitoring default occurrences of rated entities. INBONIS' Review Officer identifies potential anomalies and errors and reports to the Review Methodology Committee formed by the Supervisory Committee and himself.

2.3. Internal Audit function: the third line of defence

The Head of Internal Audit has developed an internal audit methodology through which he monitors and evaluates the adequacy and effectiveness of INBONIS systems and internal control mechanisms, as well as arrangements established to safeguard compliance with the regulatory framework, including the CRA Regulation. The Head of Internal Audit takes appropriate measures to address any deficiencies and shall report to the Supervisory Committee of INBONIS on a yearly basis on the tasks conducted and its recommendations. The Internal Audit Function operates independently.

2.4. Board of Directors and Supervisory Committee: the fourth line of defence

The Board of Directors is the ultimate layer of the defence system and ensures that the credit rating activities are independent, free of conflicts of interest and compliant with The CRA Regulation. The Board of Directors defines the strategic vision of the company and ensures its prudent and sound management. Among the Board of Directors, there are two Independent Non-Executive Directors (the 'INEDs') who form the Supervisory Committee which has the specific tasks of monitoring the effectiveness of the internal control mechanisms including the development of INBONIS' methodology and policies. The Supervisory Committee reviews the other lines of defence reports and presents its conclusions to the Board of Directors.

Members of the Board of Directors	Position
François David	Chairman
Alberto Sanchez Navalpotro	Chief executive Officer
Clémentine Baldon	Director
Charles Beigbeder	Director
Elena Herrero-Beaumont de Jorge	Independent Non-Executive Director
Bertrand Jacquillat	Independent Non-Executive Director

3. Allocation of personnel

As of the December 31st, 2021, INBONIS has the following personnel:

Function	Allocated Staff
Senior Management	7
Rating Analysts	11
Review Function	1
Compliance Function	1
Support function (operation and IT)	5

4. Record-keeping policy

INBONIS has a record-keeping policy established in accordance with point 7 of Section A and point 7 of Section B of Annex I to Regulation (CE) No 1060/2009 in order to manage all relevant information and records resulting from its operation and services. INBONIS compliant-by design software application is allowing relevant information to be kept and stored accordingly. The content of the record-keeping policy of INBONIS is taught to all employees throughout regular trainings.

INBONIS has set-up a list of records storage and authorised recipients which defines for each record, document and information: the responsible for storage, the place of storage and the authorised recipients. The records and audit trails are stored for at least five years and made available upon request to ESMA. In case of cease of activities, the records of INBONIS shall be kept for an additional term of at least 3 years.

5. Annual internal review of independent compliance function

The Compliance Officer follows a detailed compliance workplan including the following areas of controls: controls on determination of fees, control on implementation of rules on analyst and relevant trainings, control of implementation of record keeping rules, control of credit rating process, issuance and content, control of monitoring procedures and tools, control on conflicts of interest policy, control on public disclosure, control on implementation of internal control function, control on monitoring of continuity of activity. The Compliance Officer provides compliance reports to the INEDs on a quarterly basis and has meeting with the INED to discuss the main points and controls of the report.

INBONIS' compliance arrangements are operating effectively and with the appropriate degree of independence. Internal control system has been implemented, such as credit rating policy, methodology, measures and procedures to ensure that any conflicts of interest are identified, eliminated or managed and disclosed. The Compliance Officer has the necessary authority, resources and expertise to enforce the CRA Regulation together with the internal policies and has the appropriate level of involvement within the agency.



6. Management and rating analyst rotation policy

6.1. Rating analyst rotation mechanism

In accordance with article 7(4) of the CRA Regulation, INBONIS Lead Rating analysts, who have primary responsibility for elaborating a credit rating, shall not be involved in credit rating activities related to the same rated entity or a related third party for a period exceeding four years with a cooling off period of two years in between assignments involving the same rated entity or related third party. In case of unsolicited rating, the involvement period is extended to five years with a cooling off period of two years in between assignments involving the same rated entity or related third party.

INBONIS Approving Rating analysts, whose primary function is to check and approve Lead Rating analyst reports, shall not be involved in credit rating activities related to the same rated entity or a related third party for a period exceeding seven years, with a cooling off period of two years in between assignments involving the same rated entity or related third party.

6.2. Management and Independent Non-Executive Directors rotation mechanism

The Board of Directors of INBONIS has a Supervisory Committee composed of two INEDs. The INEDs shall maintain a strict separation between their professional activities and their activities as INEDs. They shall maintain in all circumstances their independence of analysis, decision and action and clearly express their opposition in the event that they find that a decision of the Board of Directors may harm INBONIS' compliance with its obligation under The CRA Regulation. The term of office of INEDs is for five years and shall not be renewable.

7. Revenue and financial information

INBONIS issues corporate ratings within the European Union on corporate issuers not considered a financial institution or insurance undertaking and does not provide worldwide credit rating services.

INBONIS provides both Private and Public Credit Rating with focus on SME. INBONIS also delivers on request rating opinions on a confidential basis and exclusively destined for the private use of the entity placing the order.

With regards to the issuance of Public Credit Rating Report, INBONIS has chosen to combine an issuer-pays model and well as an investor-pays model. If solicited, Public Credit Rating Reports are financed by the entity requesting the Report and can generate revenues through INBONIS' subscription on its Rated Entities Platform. In case of unsolicited Public Credit Rating, INBONIS does not receive any fees from the rated entity or a third party ahead of the publication of the Rating and revenues are generated on an investor-pays model via subscription to the Rated Entities Platform. INBONIS also conducts technology related activities, that do not fall under The CRA Regulation, focusing on the development of tools focusing for SME assessment. Such tools might include data aggregation technologies, advanced models (machine learning, econometrics, benchmarking, ...) and applications with front-end interfaces.

In the fiscal year ended December 31st, 2021, the revenue obtained by INBONIS was of 1.065.950€^[6].

Below the definition of the considered concepts and the table showing the distribution of this revenue:

Revenue type	%
Credit Rating Activities	70,30%
Public Credit Rating	30,80%
Private Credit Rating	39,50%
Technology related activities & others	29,70%

8. Governance statement

This statement is made in accordance with Article 46a (1) of Council Directive 78/660/EEC of 25 July 1978 as per point 8 of Section E of Annex I of CRA Regulation.

INBONIS does not have any shares listed on any regulated exchange and is privately owned. INBONIS is not subject to any mandatory corporate governance code but has however adopted a Code of Conduct^[7] based on the IOSCO Code of Conduct Fundamentals for CRA. INBONIS is also governed by its corporate statutes and the CRA Regulation in relation to the composition of the Board of Directors and Shareholders. INBONIS is governed by the rules of Spanish Company Act (Ley de Sociedades de Capital y del Reglamento del Registro Mercantil).

INBONIS' internal control and risk management system relating to financial reporting is defined in section II of the present Annual Transparency Report.

INBONIS' shareholders, as described in section I of the present Annual Transparency Report, are recorded in the shareholders' registration book as defined within INBONIS' corporate statutes. INBONIS' shareholders meet in ordinary and/or extraordinary General Meetings. It chooses a Board of Directors to run the company which is being invested with the responsibility to manage the operations of INBONIS. The Board of Directors includes a Chairman and a CEO^[8].

[6] Audited 2021 accounts. Revenue figure provided includes capitalised production of 170.258 € and excludes revenues from Inbonis commercial office in France.

[7] See: <https://inbonis.com/corporate-governance/>

[8] See Point 2.4. of the present report and: <https://inbonis.com/corporate-governance/>

INBONIS⁺RATING

THE CREDIT RATING AGENCY FOR SME

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