INBONIS CREDIT RATING METHODOLOGY

May 2019

The present policy is disclosed in accordance with Point 1 of Section E of Annex 1 to Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies (the "CRA Regulation").

This document is an abstract of Inbonis Rating Methodology and Inbonis Rating Process.

Any material changes to Inbonis Rating Methodology be approved,implemented and disclosed in accordance with the CRA Regulation and Inbonis Policy on Developments in Inbonis Rating Methodology.

Index

1) Data Collection

Inbonis uses publicly accessible sources of information such as trade company registers, credit bureaus, national statistical institutes or central banks. Most of this information can be aggregated automatically.

In addition, and in order to initiate the analysis and evaluation phase, Inbonis Rating Analysts carry out research to collect further data including recent financial statements and other qualitative, sectorial, strategical, financial forecast, governance and geographical data on the prospective rated entity.

In case of a solicited rating, in addition to the research and analysis referred to above, the lead Rating Analyst shall collect information from the rated entity or related third party, such as:

• Activity report defining the business operations & strategy and key markets trends

• Company governance and shareholdership

• Detailed description of the debt position (including potential new debt)

• Most recent financial statements (Balance sheet, P&L, cash-flow statement) covering at least a 2-year period

• Business and financial forecast with supporting evidence of the main hypothesis

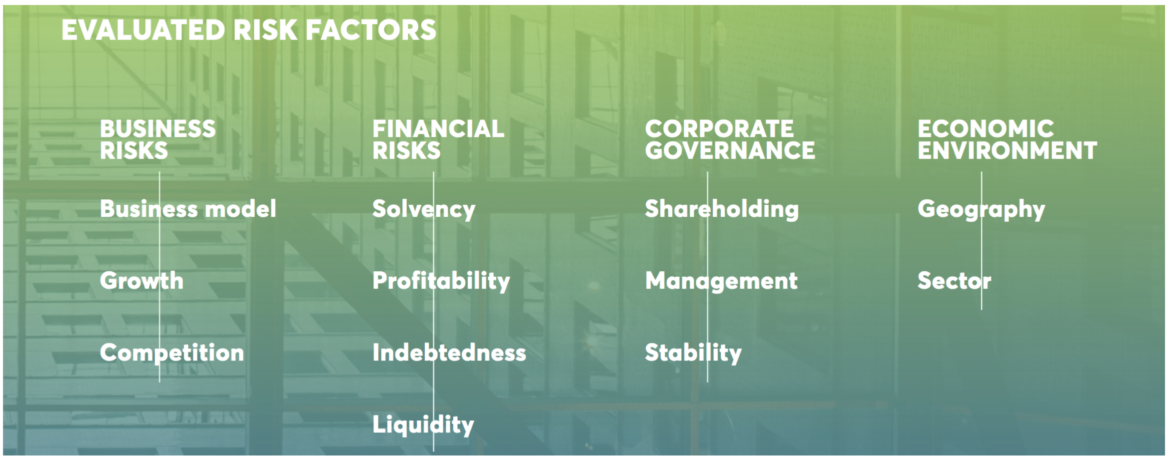
Inbonis Rating Analysts record the source of the gathered information and assess its coherence and reliability.

Where the available data on a rated entity does not meet the minimum information requirements, no credit rating is issued until minimum information is gathered.

2) Rating Model

According to its Methodology, Inbonis assesses four main types of risks that will be subject to a thorough analysis within the Rating Report:

- The Business risk aims at estimating the company's performance by measuring sales trends and profitability and evaluates the attractiveness of the activity in terms of business model, entry barriers, trends, growth, competitive positioning among others.
- The Financial risk evaluates various financial aspects and the key underlying drivers of the company's indebtedness, financial structure, liquidity and profitability.
- The Corporate and Governance risk is analysed in the light of the shareholdership and the management structured of the rated entity. Other criteria to assess the stability and ethics of the company are also analysed.
- The Economic Environment Risk assesses the sector on which the entity trades and the relevant Macro-economic trends, local dynamics and relevant wealth indicators.



A rating notch is calculated through the assessement of the 4 types of risks mentionned earlier, and according to the fowolling to two modules:

- The micro-economic model, that provides an automated score on key areas of the rated entities, based on SME demographics and eco-financials inputs, mainly in a "vs. peer-group" basis.
- The qualitative assessment conducted by the Rating Analyst that provides opinion in a structured way on key areas.

An adjusment to the resulting rating might be applied according to the output of Inbonis macro-economic model that predicts how national and sector default rates will evolve in the near future. This adjustment enables to "put the SME in its cycle". This adjustment is a proprietary econometric multiple regression model on which (i) the dependent variable are the national default rate or the sectoral default rates and (ii) the regressors are all the macro variables that are relevant for the default rates of the sector. The default rates of the sector can be, unexhaustivly:

- Positive wealth indicators (eg. the sovereign rating, GNP, currency, etc)
- Negative wealth indicators (eg. unemployment, lagged NPL rate, etc),
- Interest rate related indicators (eg. Bund rates, €ibor, sovereign risk premium, etc),
- Other price related indicators (eg. IPCA, gold, petroleum, etc),
- Outstanding bank credit to SMEs.

Rating Analysts perform a rating sensitivity assessment pointing towards potential events that might negatively impact the rating notch of any given credit rating.

It is considered that a company is in default when one of the following occurs:

- The company is in default with respect to any financial obligation whose economic impact is of a significant amount.
- The company has been declared insolvent or in a similar situation.

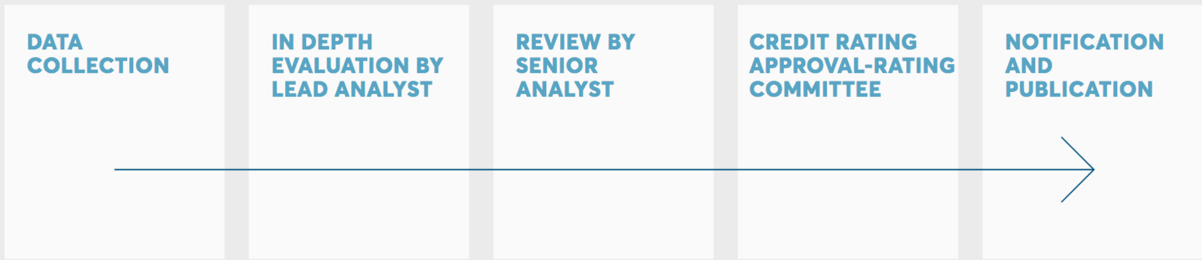
Inbonis monitors default information from public registers and credit bureaus

The European Securities and Markets Authority (ESMA) publishes historical default rates for each registered credit rating agencies available via http://cerep.esma.europa.eu/cerepweb/statistics/defaults.xhtml.

3) Rating Process & Rating Decision

The Rating Process starts once the conflict of interests checks have been duly carried out as per Inbonis Conflict of Interest Policy.

PROCESS FOR CREDIT RATING ISSUANCE



The primary step of Inbonis rating process is the collection of information, which is divided into an automatic process through Inbonis system and supplementary searches carried out by the Rating Analyst.

Guided by Inbonis proprietary tools, the Rating Analyst subsequently performs the risk analysis taking into consideration the typology of risks mentionned above. The Rating Analyst finalises the drafting of the credit rating report by providing an overall rating rationale, the key elements underlying the credit rating, and a rating sensitivity assessment about potential factors that might negatively affect the rating note.

The Rating Analyst credit rating report is revised and requires senior approval – which might include Rating Committee – before credit rating issuance.

The publication of the rating is done in accordance with Inbonis policy on publication of credit ratings and other related communication available on Inbonis website. As such, a published credit rating includes a list of mandatory requirements such as the methodology used, the information on the data gathered etc.,

4) Rating Scale

Inbonis rating model is calibrated to assess the credit worthiness of the rated entity for the next 12 months.

The following table expresses the meaning of each rating category defined by Inbonis:

Rating categories	Creditworthiness Level
AAA	An entity rated 'AAA' demonstrate excellent capacity to meet its financial commitments.
AA	An entity rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated entity only to a small degree.
A	An entity rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than entity in higher-rated categories.
BBB	An entity rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the entity's capacity to meet its financial commitments.
BB	An entity rated 'BB' is less vulnerable in the near term than other lower-rated entities. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the entity's inadequate capacity to meet its financial commitments.
B	An entity rated 'B' is more vulnerable than the entities rated 'BB', but the entity currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the entity's capacity or willingness to meet its financial commitments.
CCC	An entity rated 'CCC' is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An entity rated 'C' is currently vulnerable to nonpayment that would result in a 'D' issuer rating and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
C	An entity rated 'C' is currently highly vulnerable. The 'C' rating is used when a default has not yet occurred but Inbonis expects default to be a virtual certainty, regardless of the anticipated time to default.
D	An entity rated 'D' has failed to pay one or more of its financial obligations (rated or unrated), excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms, when it came due. An entity is considered in default unless Inbonis believes that such payments will be made within any stated grace period.

5) Changes and review of Inbonis Rating Methodology

Any change to Inbonis Methodology shall followed a pre-determined procedure and be submitted to the approval of Inbonis Rating Methodology Committee, which is composed of two Independent Non Executive Directors and Inbonis Review Officer. Should a change in Inbonis Methodlogy occur, the information will be made available publicy on Inbonis Webiste prior to the date of the effective change.

In addition, Inbonis Rating Methodology shall be reviewed on a yearly basis by Inbonis Review Officer.