

EuroRating changes the status of credit ratings of guarantee funds from public to private

RATING ACTION

Warsaw, June 25, 2024 - The EuroRating credit rating agency changes the status of credit ratings assigned to guarantee funds from public ratings to private ratings (not subject to publication).

RATIONALE

Due to the constantly increasing regulatory requirements and related rising costs in recent years, disproportionate to the scale of operations of small credit rating agencies, and the simultaneous lack of demand for public credit ratings among corporate bond issuers in Poland, EuroRating submitted a request to ESMA to withdraw the company's registration as a credit rating agency authorized to issue public credit ratings in the EU.

On June 18, 2024, EuroRating received ESMA's decision to withdraw the company's registration in the EU. This decision entered into force on the day of its receipt by the company.

Due to the above, EuroRating changes the status of the solicited credit ratings assigned to credit guarantee funds (as listed below) from public ratings to private ratings.

Pursuant to Article 24 point 4 of the EP Regulation No. 1060/2009, public credit ratings previously assigned by EuroRating may continue to be used for regulatory purposes after ESMA issues a decision to withdraw the agency's registration in the EU for the period of:

- ten working days from the date of publication of ESMA's decision, if there are credit ratings of the same financial instrument or entity issued by other credit rating agencies registered in the EU; or
- three months from the date of publication of ESMA's decision, if there are no credit ratings of the same financial instrument or entity issued by other credit rating agencies registered in the EU.

This means that the existing public credit ratings assigned by EuroRating to guarantee funds (according to their level as of June 18, 2024) will be able to continue to be used for regulatory purposes by financial institutions and any other entities for the next three months, i.e. until September 17, 2024.

After the company's resignation from the formal registration in the EU, EuroRating continues to operate as a credit rating agency, but it focuses on issuing private credit ratings (one-off and monitored), which are not subject to the regime of the Regulation No. 1060/2009 and do not require registration in the EU.

List of ratings of guarantee funds whose status has been changed to private:

| Headquarters' city name | Guarantee fund name | Credit rating | Rating outlook |
|----------------------------|---|---------------|----------------|
| Gdansk (Poland) | Pomorski Regionalny Fundusz Poreczen Kredytowych Sp. z o.o. | A | stable |
| Gostyn (Poland) | Samorzadowy Fundusz Poreczen Kredytowych Sp. z o.o. | A- | stable |
| Katowice (Poland) | Slaski Regionalny Fundusz Poreczeniowy Sp. z o.o. | A- | stable |
| Kielce (Poland) | Swietokrzyski Fundusz Poreczeniowy Sp. z o.o. | A- | stable |
| Krakow (Poland) | Malopolski Regionalny Fundusz Poreczeniowy Sp. z o.o. | BBB | stable |
| London (United Kingdom) | ZKL Invest Ltd | A- | stable |
| Poznan (Poland) | Fundusz Rozwoju i Promocji Wojewodztwa Wielkopolskiego S.A. | BBB+ | stable |
| Poznan (Poland) | Poznanski Fundusz Poreczen Kredytowych Sp. z o.o. | BBB | stable |
| Szczecin (Poland) | "Fundusz Pomerania" Sp. z o.o. | A | stable |
| Szczecin (Poland) | POLFUND Fundusz Poreczen Kredytowych S.A. | A | stable |
| Torun (Poland) | Kujawsko-Pomorski Fundusz Poreczen Kredytowych Sp. z o.o. | A- | stable |
| Torun (Poland) | Torunski Fundusz Poreczen Kredytowych Sp. z o.o. | BBB- | stable |
| Wroclaw (Poland) | Dolnoslaski Fundusz Gospodarczy Sp. z o.o. | A | stable |
| Zielona Gora (Poland) | Lubuski Fundusz Poreczen Kredytowych Sp. z o.o. | A | stable |

REGULATORY DISCLOSURES

Information on the EuroRating credit rating agency

EuroRating is a fully independent international credit rating agency operating since 2007, specializing in assessing the credit risk of companies and financial institutions.

In the years 2014-2024 EuroRating Sp. z o.o. was formally registered by the European Securities and Markets Authority (ESMA) as a credit rating agency authorized to issue public credit ratings throughout the European Union (in accordance with the Regulation of the European Parliament and of the Council No. 1060/2009 on credit rating agencies) and was under supervision of ESMA.

Methodology

The presented credit ratings for guarantee funds are issuer credit ratings – they are a general assessment of the creditworthiness of the assessed entity and concerns the credit risk of its senior, unsecured and unsubordinated financial obligations (including liabilities related to granted guarantees).

The presented credit ratings has been assigned in accordance with the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council on credit rating agencies.

The methodology used in this rating was "Credit rating methodology for guarantee funds", published in June 2023 and available at: <https://www.eurorating.com/en/ratings/methodology/credit-risk-assessment-methodology>

The rating scale of the EuroRating credit rating agency as well as detailed rating definitions are published at: <https://www.eurorating.com/en/ratings/rating-scale>

Historical default statistics for entities assessed by EuroRating are published in the report on rating statistics, available at: <https://www.eurorating.com/en/ratings/statistics>

EuroRating's definition of default as well as definitions of rating notations can be found in the agency's website at: <https://www.eurorating.com/en/ratings/methodology/definition-of-default>

Credit ratings assigned by the EuroRating credit rating agency are not solely estimates of the probability of default of a rated entity, but represent a total estimated assessment of a risk of loss (i.e. the ultimate loss of part or all of the receivables along with any interest) by the creditors of the rated entity in the event of its default. Ratings assigned by EuroRating therefore express a combination of the estimated probability of default of the rated entity and the estimated level of loss of receivables by its creditors in the event of an actual default (Loss Given Default).

Private status of the credit ratings / terms of use

Private credit ratings cannot be presented publicly (including, for example, on a website, in publicly distributed information materials, etc.) and may only be provided to a small group of third parties (this may be a total of no more than 149 recipients). Such ratings may be transferred by the rated entities to third parties only directly, provided that these entities may not provide information about the assigned rating (or rating notes or reports) to any other entities. Although private ratings cannot be used by financial institutions for regulatory purposes, they can still be used by any interested entity for operational purposes (i.e. as confirmation of the financial credibility of the rated guarantee fund).

The terms of use for credit ratings issued by EuroRating are published on the agency's website at: <https://www.eurorating.com/en/ratings/about-credit-ratings/terms-of-use>

Solicitation status and main sources of information

Credit ratings for guarantee funds are ratings solicited by the rated entities. The rated entities participated in the rating process by providing the agency with documents, information and explanations regarding their economic and financial situation. The main sources of information used in the rating process were quarterly and annual financial statements of the rated entities, as well as information on guarantees granted, guarantee payments made, cash deposits, and other data, information and explanations provided by the rated entities, as well as obtained by EuroRating in on your own.

Information about the change in the rating status to private was presented to the rated entities in advance.

Disclaimer

EuroRating considers the scope and quality of available information on the rated entities as sufficient to issue a reliable credit rating. EuroRating takes all necessary measures to ensure that obtained information used in the rating process is of proper quality and is derived from sources deemed by the agency as reliable. Nevertheless, EuroRating does not have a possibility to audit, verify or to confirm in each case the correctness and authenticity of obtained information used in the rating process and/or presented in this report.

Credit ratings assigned by the EuroRating credit rating agency constitute only the agency's own opinion on the financial and economic condition and the credit risk of the entities subject to the rating and cannot be treated in any other way. EuroRating does not provide investment advice, and the credit ratings assigned by EuroRating do not constitute a recommendation to buy, sell or hold any securities and other financial instruments, and do not constitute a recommendation to establish, maintain or discontinue other forms of business cooperation with the rated entities. Ratings and rating reports cannot replace prospectuses or other formal documents required for any securities issues by rated entities or other third parties.

Persons and/or legal entities making decisions based on credit ratings assigned by EuroRating do so solely at their own risk. The EuroRating credit rating agency does not participate in the profits and is not liable for any losses of users or third parties that may result from the use of the credit ratings assigned by the agency.

EuroRating issues credit ratings and related reports and rating opinions with the understanding and expectation that their users also make their own independent assessment of the quality and adequacy of each financial instrument and/or security for their own investment, business or transaction purposes.

EuroRating's credit ratings refer only to credit risk; they do not concern any other risk, such as market risk, legal risk or trade liquidity risk.

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