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## Rating Action and Rationale

*EthiFinance Ratings ("EthiFinance and/or the Agency") affirms the BBB rating to AQUA 2020, FT. The rating remains unchanged since assignment, however, there has been a change in the insurance policy and the Insurer, where the new policy is not constraining the recoveries of defaulted credit rights by an IMA (Maximum Insured Amount), so as a result the Maximum Issuance Amount is not capped.*

## Executive Summary

AQUA 2020, FT (the "Issuer" or the "Fund"), is a vehicle constituted in November 2020 under Spanish legislation, which constitutes a separate equity, opened both by the asset (of a renewable and expandable nature) and by the liabilities (through the successive issuance of securities). The objective of the Fund is to obtain financing and liquidity through the issuance of Bonds. The collateral is composed of Credit Rights originated and assigned to the Fund by CREALSA INVESTMENT SPAIN, S.A. (hereinafter "CREALSA") or entities of the same Group. In July 2022, the Deed was amended to extend the Issuance Period and the Assignment Period by two years, as well as to include the incorporation of the Bonds to be traded in the MARF. In addition, the policy with EULER HERMES has now been replaced with the CESCE policy, which is now in force.

Previously, the policy with EULER HERMES had an IMA (Maximum Insured Amount), now the policy with CESCE is not limited by an IMA, while the policy with COFACE maintains the same IMA of 4.5 million euros.

Class	Final Maturity Date	Underlying	Nominal Balance of the Credit Rights	Balance Fund Accounts	Bonds Balance	Maximum Issuance Amount
AQUA 2020, FT	13/05/2027	Credit Rights <sup>1</sup>	10.504.245€ (31/10/2022)	337.192€ (03/11/2022)	10.400.000€ (31/10/2022)	100.000.000 €

Source: Deed of Incorporation of the Fund.

\*The credit enhancement is mainly provided by the Insurance Policies of the Insurers CESCE and COFACE.

## Fundamentals

- **The Structure considers credit enhancements for the benefit of the FT.** The main credit enhancements available to the FT are the assignment of the credit rights purchased at a discount, where i) at least 75% of the receivables are insured and acquired at a minimum discount of 5% in case the debtor is insured or is a public entity and ii) the remaining 25% of the uninsured receivables have a minimum discount of 15%, where the debtor will not be from the public sector. This is how the weighted average minimum discount of the price of the Receivables paid by the FT is 7.5%.
- **75% of the insured Collection Rights have insurance policies granted by CESCE and COFACE.** Both entities have been rated by EthiFinance Ratings, where CESCE has a rating at A- with a stable outlook, while COFACE has a rating of A+ with a stable outlook. It should be noted that the Eligibility Criteria state that at least 75% of the Credit Rights of the Fund must be insured as long as the Insurer providing the insurance has a rating of A- or higher.
- **Incorporation of concentration limits per debtor providing diversification to the collateral.** In the eligibility criteria, the limits per debtor are established according to the level of risk granted by Crealsa, where the concentration for debtors with low risk will be a

maximum of 12.5%, for debtors with medium risk of 6.8% and debtors with high risk 4.3%. Likewise, the outstanding nominal value of non-performing credit rights whose debtor has a high-risk rating assigned by Crealsa may not represent more than 35% of the aggregate outstanding nominal value of the portfolio.

- **Ample excess spread that benefits the FT.** This is a result of the following: on the asset side, the average interest rate of the receivables is 21.2% at the end of September 2022, while on the liability side the interest rate is the one-month Euribor rate plus a spread of 4.23%.
- **Risk of Commingling.** The payments of the debtors are not received directly in the account of the Fund, in addition, the beneficiary of the two insurance policies is Crealsa, so there is a risk that Crealsa could decide not to transfer the resources derived from the indemnities to the FT, despite the obligation to transfer these resources to the FT. This risk has been mitigated by pledging Crealsa's collection account in favor of the FT through a Pledge Agreement.
- **Low legal risk.** The legal risk is mitigated by the existence of a Legal Opinion issued by an independent firm, where it is confirmed that the assignment is valid and effective in other words it is a true sale.
- **Expense Reserve and a Liquidity Reserve.** These reserves may be used to meet obligations in the event of liquidity problems, in accordance with the order of priority of payments. The expense reserve considers the resources necessary to pay the ordinary expenses and interest payments of the Bonds of the next payment date, while the liquidity reserve is 1.0% of the nominal balance of the Bonds.

## Sensitivity analysis

### Factors that could (individually or collectively) impact the rating

- **Positive factors (↑).**

Greater credit strength, after a higher coverage by the Insurers or a higher percentage discount on the transfer price. Also, the fact that Crealsa shows a broader track record, benefiting the payment behavior and diversification of the portfolio.

- **Negative factors (↓).**

Adverse modifications in the conditions of the insurance policies or the credit quality of the Insurers.

## Transaction Description

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The FT was constituted in November 2020, having elapsed 22 months from its constitution to September 2022, subsequently the Deed of Incorporation was updated in July 2022. The Fund was structured by EBN Banco de Negocios and is managed by EBN Titulización, S.A.U., SGFT (hereinafter, the "Management Company") with the issuance of a single tranche of Bonds, which have a Maximum Issue Amount of 100 million euros; the Issuance Period will end on May 13, 2024, or in the event of early termination. For their part, CREALSA and the Assignors will periodically assign new Revenue Rights to the Fund during the Assignment Period, which will end on May 13, 2026, unless there is any Cause for Early Termination of the Assignment Period. Once the Assignment Period has ended, the Redemption Period of the Bonds issued will begin, which will be amortized

on a pass-through basis. The Bonds accrue a variable nominal interest rate, referenced to Euribor 1 month, plus a margin of 4.00% and with a monthly interest accrual periodicity.

Currently, the FT has a credit insurance by CESCE that does not consider Maximum Insured Amount (IMA), but the Insurer covers up to the risk limit assigned to each debtor; previously, there was a credit policy with EULER HERMES. Additionally, certain Credit Rights of the same client and different debtors, have a credit insurance by COFACE whose IMA is € 4,500,000 and Crealsa is a beneficiary of the policy, but where the amounts deriving from claims will be transferred to the FT. Credit insurance covers at least 75% of the total assigned rights, while the remaining 25% uninsured may be private or public entities. In any case, credit rights insured by any insurance company may be assigned if it has a rating of A- or higher.

The FT has a credit enhancement provided by: (i) overcollateralization depending on whether the Credit Right is secured or not; (ii) a Liquidity Fund of 1.00% of the outstanding nominal balance of the Bonds; and (iii) for the excess spread, that is, the spread between the yield accruing the Credit Rights that make up the Fund's assets and the financial cost of the Bonds issued.

Description	Details
<b>Issuer</b>	AQUA 2020, Fondo de Titulización
<b>Purpose</b>	Funding and Liquidity
<b>Fund Type</b>	Open on the assets and liabilities side
<b>Asset Class</b>	Credit Rights arising from assignments of receivables between CREALSA or the Assignors and their customers/clients for the advance of collections from their respective debtors.
<b>Issue Date</b>	13/11/2020
<b>Maturity Date</b>	13/05/2027
<b>Legal Maturity Date</b>	13/11/2027
<b>Assignment Period</b>	It would terminate on the 13th of May 2026 or in the event of a cause for termination of the Assignment Period set forth in the Deed.
<b>Additional Credit Rights Purchase Date</b>	Any business day during the Assignment Period
<b>Bond Issuance Period</b>	The period ends on the 13th of May 2024
<b>Additional Bond Issue Date</b>	The Tuesday and Thursday of each week
<b>Bonds Amortization Schedule</b>	It will begin at the end of the Assignment Period and will end during the following 12 months or on the date of early liquidation of the Fund. Will end 13/05/2027.
<b>Clean-Up Call</b>	10% of the Nominal Outstanding Balance of the Bonds, once the Assignment Period has finished
<b>Interest Rate</b>	1 month EURIBOR + 4,0%
<b>Payment Date</b>	3rd day of the month
<b>Amortization Method</b>	Pass-Through
<b>Interest and Principal Payment Frequency</b>	Monthly

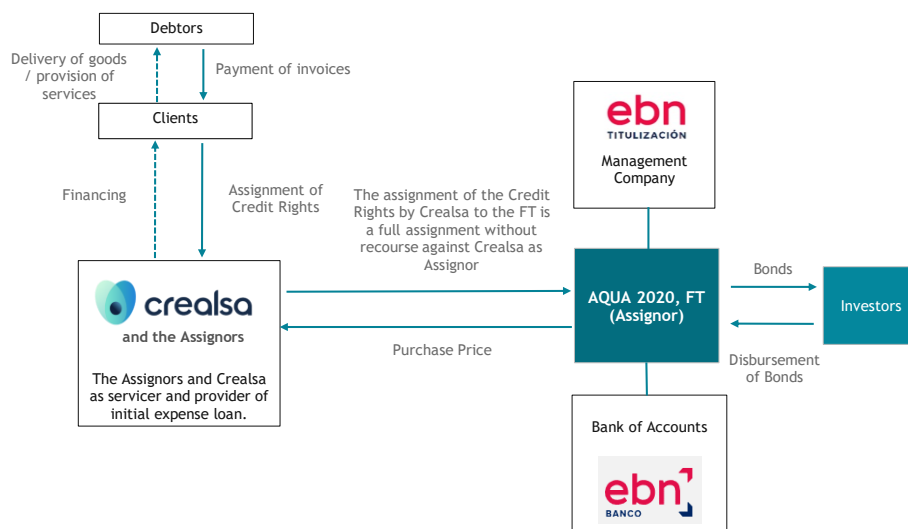
Source: EBN Titulización, S.A.U., S.G.F.T.

## Participants

Participants	
<b>Assignor and servicer of the Credit Rights</b>	Crealsa Investments Spain, S.A. o los Cedentes
<b>Management Company</b>	EBN Titulización, S.A.U., S.G.F.T.
<b>Bank of Accounts</b>	EBN Banco, S.A.
<b>Underwriting and Structuring Entity</b>	EBN Banco, S.A.
<b>Insurers</b>	Compañía Española de Seguros de Crédito a la Exportación, S.A. (CESCE) y COFACE, S.A.
<b>Lawyers</b>	J&A Garrigues, S.L.P.

Source: Deed of Incorporation of the Fund.

## Operation Diagram



## Description of the Assignors

CREALSA was incorporated in 2009 under the name of Créditos Alternativos S.A., later in 2014 it absorbed the companies Eleven Cube Comunicación S.L.U. and Consultoría Financiera del Levante, S.L. In May 2020, the founding shareholders of CREALSA sign an investment agreement with IMAN CAPITAL PARTNERS LTD, through which IMAN acquires a majority stake.

The corporate purpose of CREALSA is the management of discount lines and collections to its customers, who maintain Credit Rights derived from their commercial activities against their respective Debtors. CREALSA offers its customers the discount service of commercial effects through the assignment or endorsement of the Credit Rights that customers hold against debtors, being promissory notes, checks, direct debit payments and invoices. The Assignors will be CREALSA or other entities of the Group.

## Description of Insurers

### CESCE

Compañía Española de Seguros de Crédito a la Exportación, S.A. "CESCE" has been rated by Ethifinance Ratings, where on the last rating action date of 24<sup>th</sup> of November of 2022 a rating of A- with a stable outlook was affirmed.

Our credit rating is based on outstanding profitability and efficiency that is above its main peers, as well as a capitalization that exceeds requirements and no financial leverage. We also highlight the complementarity between the insurance and information businesses and the balanced distribution of profits between the two lines. In addition, the group shows a conservative profile in its investment portfolio, prioritizing assets with low credit risk.

On the other hand, our rating is limited by the lower geographic diversification compared to its peers and the current uncertain economic context, which could have an impact on the Insurer's financial profile.

### COFACE

Ethifinance Rating has raised COFACE's rating on 1 July 2022 to A+ with a stable outlook. Coface is a French global insurer operating through its main subsidiary Compagnie française d'assurance pour le commerce extérieur and its subsidiaries. Coface, S.A. It is the parent company of the third leading group in the global market in credit insurance

that complements its main activity with the businesses of factoring, guarantees and guarantees and information and debt collection.

Our credit rating is based on its leading position in the credit insurance market, its increasing profitability, the improvement in its efficiency, as well as a capitalization, which together have evolved positively in line with the objectives of its strategic plan. Likewise, we value positively its global presence with access to differentiated economic cycles, as well as its diversification by sectors of activity.

On the contrary, our rating is limited by the high weight in the group's revenues of its core business whose cyclical component is high, the greater exposure to emerging markets and the current uncertain economic context, which although it could affect the Group's results, the Insurer's performance is expected to remain at adequate levels.

-Additionally, the Fund may have Credit Rights that have a designation of beneficiary in favor of the Assignor by any other insurance contracted by the Client or the Assignor with an insurance company that must have a minimum credit rating of A-, granted by a Rating Agency, provided that the Discount applied to the Price of Assignment of Additional Credit Rights is made in the established terms. In these cases, (i) the Fund will not be subrogated in any case in the position of the insured or policyholder, so it will only be the beneficiary of the recoveries derived from the indemnities that, where appropriate, the insurance company must pay to the Assignor; (ii) the Assignor shall request from the Client the corresponding insurance policy, the designation of the Assignor as beneficiary of such policy and proof of payment of the premium of the insurance policy.

Likewise, in these cases of existence of other insurance policies, the Management Company may request the Assignor to pledge in favor of the Fund the accounts where the indemnities to be paid by the insurer are paid, in which case, the Assignor must grant as many public or private documents as are necessary for these purposes.

## Insurers Policies

The detail of the policies is shown in the table below. The main differences between the policy of CESCE and COFACE, are that the first policy insured the Credit Rights where the Assignor is Crealsa but not considering who is the client or supplier of the service and that there is not a maximum insured amount (IMA). By contrast, in the COFACE policy, the credit rights insured are just the only ones that have a specific client or supplier of the service already defined, but the beneficiary is Crealsa and has a limit of 4.5 million euros of IMA.

Characteristics	CESCE	COFACE
Policy Duration	One year due June 30, 2023	2 years due December 31, 2023 with possibility of renewal
Assured Sales	30.000.000 €	159.000.000 €
Premium Rate	0,85%	0,95%
Percentage Coverage	90,0%	95% of the Credit Rights Assigned
IMA	There is no IMA, each client is assigned a Risk Limit.	4.522.000 €
Insured	Crealsa	Crealsa Client

Source: Prepared by EthiFinance Rating with information provided by CREALSA.

## Description of the Underlying Asset

Credit Rights consist of Receivables arising from assignments of claims between the Assignors and various customers of theirs for the advance of collections against their respective debtors, derived from a provision of services or a supply of goods under a commercial relationship between the customer and the corresponding debtor and justified in an invoice. The Credit Rights, in addition to being justified in an invoice issued by the client, have different payment documents: invoices, direct debit payments, checks to order and not to order, bills of exchange and promissory notes, and where they additionally have an assignment contract signed between the client and the Assignors.

## Regulatory information

### Sources of information

The credit rating assigned in this report has been made solicited by the originator of the assets, taking part in the process. The credit rating is based in:

- Public information from public access sources.
- Information provided by the originator of assets assigned or that shall be assigned to the securitization fund.

From the time of the assignment of the credit rating, all information provided by the originator of the assets, by the servicer of the assets (other than the originator) or by a third participant in the transaction, shall be reviewed and analyzed with the aim to assess the following issues:

- The performance of the credit quality of the assets comprising the collateral of the Fund.
- The level of credit enhancement.
- The evolution of the quantitative triggers of the Fund.
- The evolution of the qualitative triggers (counterparty risks).

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

### 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, and in accordance with the Structured Finance Rating Methodology that can be consulted on [www.EthiFinanceRatings-rating.com/en-US/about-EthiFinanceRatings/methodology](http://www.EthiFinanceRatings-rating.com/en-US/about-EthiFinanceRatings/methodology) and according to the Structured Finance Rating scale available at [www.EthiFinanceRatings-rating.com/en-US/about-EthiFinanceRatings/rating-scale](http://www.EthiFinanceRatings-rating.com/en-US/about-EthiFinanceRatings/rating-scale).
- 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 provided ancillary services to the rated entity, but not to its related third parties. However, according to our Conflict of Interest Policy, it does not involve a conflict of interest, since the aggregate sale does not exceed 5% of net turnover.
- The issued credit rating has been notified to the rated entity, and has not been modified since.



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