Default Rate

Report 2024

GOPARITY

DEFAULT RATE

1.   OBJECT

Power Parity, S.A. ("**Goparity**") must publish on a yearly basis the default rate of the projects funded through the platform, as well as the expected default rate and the assumptions assumed for the calculation.

This document has been developed under Article 20 of Regulation (EU) 2020/1503 ("European Crowdfunding Regulation") and Commission Delegated Regulation (EU) 2022/2115 of 13 July 2022.

2.   METHODOLOGY

A default occurs when (a) the project owner is unlikely to pay in full, or otherwise fulfil its credit obligations related to the loan concerned, without recourse to actions, such as realising a security or; (b) the project owner is more than 90 days past due on any material credit obligation related to the loan concerned.

For the calculation of the 1-year default rate (a) the denominator consists of the number of non-defaulted loans observed at the beginning of the 12-month observation window and; (b) the numerator includes all loans considered in the denominator that had at least one default event during the 12-month observation window.

The default rate is calculated as the simple averages of the observed 1-year default rate by risk category over the entire historical observation period using non-overlapping 12-month observation windows. Goparity uses a 48-month historical observation period.

3.   ACTUAL DEFAULT RATE

The actual default rate on an historical yearly basis and average 48-month period is as follows below.

Period	Total Loans	Loans in default	Default rate
2021	61	1	1,64%
2022	125	7	5,60%
2023	194	29	14,95%
2024	225	17	7,56%
		Average	**7,44%**

The actual default rate by risk category is as follows below.

2021			
Risk score	Total loans	Loans in default	Default rate
A+	1	0	0,00%
A	2	0	0,00%
A-	0	0	0,00%
B+	7	0	0,00%
B	14	0	0,00%
B-	22	1	4,55%
C+	15	0	0,00%
C	0	0	0,00%
Total	**61**	**1**	**1,64%**

2022			
Risk score	Total loans	Loans in default	Default rate
A+	1	0	0,00%
A	3	0	0,00%
A-	1	0	0,00%
B+	11	0	0,00%
B	24	1	4,17%
B-	52	4	7,69%
C+	33	2	6,06%
C	0	0	0,00%
Total	**125**	**7**	**5,60%**

2023			
Risk score	Total loans	Loans in default	Default rate
A+	1	0	0,00%
A	3	0	0,00%
A-	1	0	0,00%
B+	15	0	0,00%
B	40	1	2,50%
B-	73	11	15,07%
C+	61	17	27,87%
C	0	0	0,00%
Total	**194**	**29**	**14,95%**

2024			
Risk score	**Total loans**	**Loans in default**	**Default rate**
A+	1	0	0,00%
A	3	0	0,00%
A-	2	0	0,00%
B+	13	1	7,69%
B	53	6	11,32%
B-	86	3	3,49%
C+	67	7	10,45%
C	0	0	0,00%
Total	**225**	**17**	**7,56%**

4. EXPECTED DEFAULT RATE

The expected default rate is assumed to be the same as the average of the 48-month observation period.

Expected default rate	
Risk score	**Default rate**
A+	0,00%
A	0,00%
A-	0,00%
B+	1,92%
B	4,50%
B-	7,70%
C+	11,09%
C	0,00%

Lisbon, 31st January 2025