Creditreform Bank Rating

Coöperatieve Rabobank U.A. (Group)

Creditreform Rating

Long-Term Issuer Rating: A+
Outlook: negative

Short-Term Rating: L2

Preferred Sen. Unsec. Debt: A+
Non-Preferred Sen. Unsec. Debt: A
Tier 2 Capital: BBB+
AT1 Capital: BBB-

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Rating Action:

Creditreform Rating affirms Coöperatieve Rabobank U.A. (Group) long-term issuer rating at 'A+'. However, CRA revised its Outlook from "negative watch" to "negative".

Creditreform Rating (CRA) has affirmed Coöperatieve Rabobank U.A. (Group) long-term issuer rating at 'A+' as well as the short-term rating at 'L2'. The rating outlook was revised from 'watch negative' to 'negative'. At the same time, CRA affirms Rabobank's preferred senior unsecured debt instruments at 'A+' and the non-preferred senior unsecured debt instruments at 'A'. Moreover, CRA affirms the rating of Tier 2 capital at 'BBB+' and the rating of AT1 capital at 'BBB-'. Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Driver

CRA has affirmed the rating of Rabobank and its bank capital and debt instruments as a result of its periodic monitoring process but revised the outlook to 'negative' for the following reasons:

- Strong capitalization
- Sound quality of assets with a steadily decreasing NPL ratio
- Globally diversified cooperative business model
- Strong increase in impairment charges on financial assets in 2020 due to the COVID-19 pandemic, which leads to decreasing earnings figures and a high level of uncertainty
- Expected decrease of Rabobank's quality of assets due to the ongoing economic downturn following the Corona pandemic and the already doubling of stage 2 loans
- Continuing decline in net interest income

Rating Considerations and Rationale

Rabobank's credit rating affirmation is primarily driven by its strong capitalization, the sound asset quality and its diversified cooperative business model, however; the revised outlook is a result of the negative impact of the Corona pandemic.

Profitability

The Bank reports a steady decrease of its interest income in recent years following the pressure of the low interest rate environment in Europe. However, Rabobank was partially able to counteract this negative development by the increase in its net fee and commission income. In addition, due to the reduced cost structure, the bank improved its cost to income ratios in recent years. Ultimately, the normalized cost of risk in 2019 lead to declining earnings figures, which are now just in line with its peers.

Considering the bank's half-year 2020 results, the Bank reports a heavy impact by the Corona pandemic. In particular, Rabobank's impairment charges increased strongly to about €1.44 billion (H1-2019: €0.44 billion) and the cost of risk more than tripled to 69bp (H1-2019: 21bp). In addition, the bank records a further decline of its net interest income by 3%, following the negative trend of the previous years due to the low interest rate environment. Moreover, net fee and commission income dropped by about 8% due to lower customer activities and equity investments contribution lowered following the economic downturn. By contrast, a significant cost reduction was achieved by lower restructuring costs, among others. Ultimately, we expect a strong decline of Rabobank's earnings figures in 2020, but expect the bank to achieve at least a positive net result. In 2021, we expect the Bank to achieve a rebound of its earnings, however, to which extent is highly uncertain.

Asset Situation and Asset Quality

Rabobank's asset quality remained practically on the previous year's sound level. While the bank was able to reduce its NPL ratio to about 3%, which is in line with the average of the peer group, Rabobank reported a slight increase in its RWA ratio, following the trend of the last year and representing a more risk seeking approach in this regard. The bank's write-downs on assets normalized in 2019 and were slightly less favorable than the ones of the peer group. However, this negative development was partially due to the impairment of €300 million on the equity stake in Achmea B.V. (provider of financial service – mainly insurance - in the Netherlands) following the low interest environment and its negative impact on Achmea's business.

Considering the Corona pandemic impact and the bank's half-year 2020 results, the Bank reports a slight increase in its loans and a significant increase in its cash position due to the participation in the ECB's TLTRO III funding program in the amount of about €20 billion. Up to now, the Corona pandemic impact on the banks asset quality is limited and the bank was even able to reduce its NPL ratio to 2.7%. However, the bank reports a doubling of its stage 2 loans to about €42.8 billion due to the decreased credit quality and the economic downturn. Admittedly, the bank and its customer currently benefit from various guarantees and moratorium measures. However, following the run out of these measures and the decreased credit quality, we expect a significant decrease of the bank's asset quality in the medium run. However, the specific impact is highly uncertain. The coverage ratio of Rabobank is at a low level with 23%, indicating a less prudent approach in comparison to peer group banks, which bears additional risk in case of significant default rates.

Refinancing and Capital Quality

Rabobank's regulatory capital ratios are on a good level due to its steady improvements in recent years. In particular, the bank's CET1 ratio of 16.3% and the Total Capital ratio of 25.2% at year-end 2019 are both outperforming the peer group clearly. In addition, these figures show a resilient capital buffer, which enables the bank to overcome adverse developments. Moreover, the bank clearly meets all regulatory capital requirements (CET1: 11.81%, Total Capital: 15.31%, both as of 2019). The banks ambition regarding its CET1 ratio is to achieve at least 14%.

As of H1-2020, Rabobank maintains its sound capitalization and was able to increase its CET1 ratio to 16.6% but lowered its Total Capital ratio to 24.3%. Following the Corona pandemic, the regulatory required minimum capitalization even decreased. Thus, the bank still clearly meets all requirements with regard to its capital ratios and keeps its above peer group average capitalization. In addition, despite the increase in its total assets (€620 billion as of H1-2020), Rabobank maintained its volume of risk-weighted assets on the same level. The participation in the ECB's TLTRO III funding program lowers the bank's funding costs.

The balance sheet equity decreased to about €39.7 billion as of H1-2020 (year-end 2019: €41.3 billion) following the redemption of capital securities in the first half of 2020. Nevertheless, Rabobank's equity position is on a good level.

Liquidity

Up to now, we do not perceive any liquidity issues neither at Rabobank nor in the whole banking sector in general. Moreover, due to various liquidity measures by the authorities, we do not expect a change in this regard.

Environmental, Social and Governance (ESG) Score Card

Rabobank has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the corporate governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to Rabobank's sound track record, its stable business model and the already implemented diverse ESG related policies.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated positive due to significant ESG related financing activities, Corporate Behaviour is rated positive due the bank's business activities in accordance with the ideas and beliefs of the society and the low volume of legal risk.

ESG Score

3,9 / 5

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2020	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating and its bank capital and debt instruments of Rabobank was revised to 'negative' from 'watch negative'. In the medium term, CRA expects a deterioration in profitability and asset quality, with the recent worldwide lockdowns aggravating the situation. The bank reported a strong increase in its impairment charges in the first half-year 2020, but CRA nevertheless expects at least a positive result for the whole of 2020.

Scenario Analysis

Best-case scenario: AA-

Worst-case scenario: BBB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach an "AA-" rating in the "best case" scenario and an "BBB+" rating in the "worst case" scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We could upgrade Rabobank's long-term issuer credit rating and its bank capital and debt instruments if we see Rabobank to achieve a higher level of profitability. In addition, a continuous improvement of the asset quality next to increased regulatory capital ratios might lead to an upgrade as well.

By contrast, a downgrade of Rabobank's long-term issuer credit rating and its bank capital and debt instruments is likely if we see that Rabobank is not able to regain its profitability level of the pre-crisis periods in the next years. In addition, declining capital figures in addition to an increase of write-offs and of the non-performing exposure might lead to a downgrade of the bank's long-term issuer rating and its bank capital and debt instruments as well.

CRA's rating actions at a glance

Coöperatieve Rabobank U.A. (Group):

- Long-Term Issuer Rating affirmed at 'A+', but revised outlook to negative
- Short-term rating affirmed at 'L2'
- Preferred senior unsecured debt affirmed at 'A+'
- Non-preferred senior unsecured debt affirmed at 'A'
- Tier 2 capital affirmed at 'BBB+'
- AT1 capital affirmed at 'BBB-'

Ratings Detail

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **A+ / negative / L2**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred senior unsecured debt (PSU):	**A+**
Non-preferred senior unsecured debt (NPS):	**A**
Tier 2 (T2):	**BBB+**
Additional Tier 1 (AT1):	**BBB-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
LT / Outlook / Short-Term (Initial)	17.05.2017	A / stable / L2
Rating Update	06.11.2019	A+ / stable / L2
Monitoring	24.03.2020	A+ / NEW / L2
Rating Update	26.11.2020	A+ / negative / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	01.02.2018	A- / BBB- / BB+
PSU / NPS / T2 / AT1	06.11.2019	A+ / A / BBB+ / BBB-
PSU / NPS / T2 / AT1	24.03.2020	A+ / A / BBB+ / BBB- (NEW)
PSU / NPS / T2 / AT1	26.11.2020	A+ / A / BBB+ / BBB-

Appendix

Figure 2: Group income statement | Source: eValueRate / CRA

Income Statement	2016	2017	2018	%	2019
Income (€m)					
Net Interest Income	8.835	8.843	8.559	-0,9	8.483
Net Fee & Commission Income	1.826	1.915	1.931	+3,0	1.989
Net Insurance Income	-	-	-	-	-
Net Trading Income	634	263	354	-28,0	255
Equity Accounted Results	106	245	243	-21,0	192
Dividends from Equity Instruments	-	-	-	-	-
Other Income	3.040	2.347	2.778	-17,0	2.307
Operating Income	**14.441**	**13.613**	**13.865**	**-4,6**	**13.226**
Expenses (€m)					
Depreciation and Amortisation	1.234	525	454	-8,4	416
Personnel Expense	4.680	4.472	4.868	-1,0	4.821
Tech & Communications Expense	703	751	426	+24,4	530
Marketing and Promotion Expense	160	152	151	-0,7	150
Other Provisions	1.063	721	262	-37,8	163
Other Expense	4.236	3.763	3.727	-14,1	3.203
Operating Expense	**12.076**	**10.384**	**9.888**	**-6,1**	**9.283**
Operating Profit & Impairment (€m)					
Pre-impairment Operating Profit	**2.365**	**3.229**	**3.977**	**-0,9**	**3.943**
Asset Writedowns	310	-169	190	> +100	1.275
Net Income (€m)					
Non-Recurring Income	663	234	119	> +100	373
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**2.718**	**3.632**	**3.906**	**-22,1**	**3.041**
Income Tax Expense	694	958	902	-7,1	838
Discontinued Operations	-	-	-	-	-
Net Profit (€m)	**2.024**	**2.674**	**3.004**	**-26,7**	**2.203**
Attributable to minority interest (non-controlling interest)	64	58	60	-23,3	46
Attributable to owners of the parent	1.960	2.616	2.944	-26,7	2.157

Figure 3: Group key earnings figures | Source: eValueRate / CRA

Income Ratios (%)	2016	2017	2018	%	2019
Cost Income Ratio (CIR)	83,62	76,28	71,32	-1,13	70,19
Cost Income Ratio ex. Trading (CIRex)	87,46	77,78	73,18	-1,62	71,57
Return on Assets (ROA)	0,31	0,44	0,51	-0,14	0,37
Return on Equity (ROE)	4,99	6,75	7,11	-1,78	5,33
Return on Assets before Taxes (ROAbT)	0,41	0,60	0,66	-0,15	0,51
Return on Equity before Taxes (ROEbT)	6,71	9,17	9,25	-1,89	7,35
Return on Risk-Weighted Assets (RORWA)	0,96	1,35	1,50	-0,43	1,07
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,29	1,83	1,95	-0,47	1,48
Net Interest Margin (NIM)	1,39	1,30	1,55	-0,16	1,39
Pre-Impairment Operating Profit / Assets	0,36	0,54	0,67	-0,01	0,67
Cost of Funds (COF)	1,26	1,40	1,43	-0,01	1,42

Change in %- Points

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (€m)	2016	2017	2018	%	2019
Cash and Balances with Central Banks	84.405	66.861	73.335	-14,0	63.086
Net Loans to Banks	12.046	9.968	9.116	-27,7	6.594
Net Loans to Customers	436.739	419.717	425.698	+0,6	428.373
Total Securities	38.486	31.643	21.861	-27,0	15.962
Total Derivative Assets	42.372	25.505	22.660	+4,1	23.584
Other Financial Assets	29.466	30.133	21.672	+67,3	36.256
Financial Assets	**643.514**	**583.827**	**574.342**	**-0,1**	**573.855**
Equity Accounted Investments	2.417	2.521	2.374	-2,8	2.308
Other Investments	293	193	193	+92,2	371
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	281	992	268	+62,3	435
Tangible and Intangible Assets	7.642	7.862	7.115	+8,6	7.727
Tax Assets	2.531	1.908	1.408	-21,7	1.102
Total Other Assets	5.915	5.688	4.737	+1,3	4.800
Total Assets	**662.593**	**602.991**	**590.437**	**+0,0**	**590.598**

Figure 5: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2016	2017	2018	%	2019
Net Loans/ Assets	65,91	69,61	72,10	+0,43	72,53
Risk-weighted Assets/ Assets	31,88	32,88	33,96	+0,88	34,85
NPLs*/ Net Loans to Customers	2,44	3,01	3,50	-0,50	3,00
NPLs*/ Risk-weighted Assets	5,04	6,36	7,98	-0,64	7,33
Potential Problem Loans**/ Net Loans to Customers	1,89	1,95	3,75	+1,02	4,77
Reserves/ NPLs*	70,35	43,16	23,35	+2,76	26,11
Reserves/ Net Loans	1,71	1,30	0,88	+0,04	0,92
Net Write-offs/ Net Loans	0,07	-0,04	0,04	+0,25	0,30
Net Write-offs/ Risk-weighted Assets	0,15	-0,09	0,09	+0,52	0,62
Net Write-offs/ Total Assets	0,05	-0,03	0,03	+0,18	0,22
Level 3 Assets/ Total Assets	0,30	0,40	0,44	-0,09	0,35
Change in %- Points					

* NPLs are represented from 2017 onwards by Stage 3 Loans.
** Potential Problem Loans are Stage 2 Loans where available.

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (€m)	2016	2017	2018	%	2019
Total Deposits from Banks	21.588	18.526	19.306	+2,2	19.722
Total Deposits from Customers	347.500	340.580	342.397	+0,2	343.046
Total Debt	188.849	160.396	153.918	-0,9	152.521
Derivative Liabilities	48.024	28.103	23.927	+0,6	24.074
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	5.243	5.068	504	> +100	1.953
Total Financial Liabilities	**611.204**	**552.673**	**540.052**	**+0,2**	**541.316**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	256	-	-	91
Tax Liabilities	923	644	681	+12,8	768
Provisions	1.510	1.537	1.126	-30,5	783
Total Other Liabilities	8.432	8.271	6.342	-0,8	6.293
Total Liabilities	**622.069**	**563.381**	**548.201**	**+0,2**	**549.251**
Total Equity	**40.524**	**39.610**	**42.236**	**-2,1**	**41.347**
Total Liabilities and Equity	**662.593**	**602.991**	**590.437**	**+0,0**	**590.598**

Figure 7: Development of capital ratios | Source: eValueRate / CRA

Capital Ratios (%)	2016	2017	2018	%	2019
Total Equity/ Total Assets	6,12	6,57	7,15	-0,15	7,00
Leverage Ratio	5,50	6,00	6,40	+0,00	6,40
Phased-in: Common Equity Tier 1 Ratio (CET1)	14,00	15,80	16,00	+0,30	16,30
Phased-in: Tier 1 Ratio (CET1 + AT1)	17,60	18,80	19,50	-	-
Phased-in: Total Capital Ratio (CET1 + AT1 + T2)	25,00	26,20	26,60	-	-
Fully Loaded: Common Equity Tier 1 Ratio (CET1)	13,50	15,50	-	-	16,30
Fully Loaded: Tier 1 Ratio (CET1 + AT1)	-	-	-	-	18,80
Fully Loaded: Total Capital Ratio (CET1 + AT1 + T2)	-	-	-	-	25,20
SREP Capital Requirements	11,75	9,00	-	-	11,81
MREL / TLAC Ratio	25,40	26,80	28,20	+1,10	29,30

Change in %- Points

Figure 8: Development of liquidity | Source: eValueRate / CRA

Liquidity (%)	2016	2017	2018	%	2019
Net Loans/ Deposits (LTD)	125,68	123,24	124,33	+0,54	124,87
Interbank Ratio	55,80	53,81	47,22	-13,78	33,43
Liquidity Coverage Ratio	130,00	123,00	135,00	-3,00	132,00
Customer Deposits / Total Funding (excl. Derivates)	60,54	63,63	65,31	+0,01	65,32
Net Stable Funding Ratio (NSFR)	121,00	119,00	119,00	-1,00	118,00

Change in %- Points

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA. Subject to a peer group analysis were 24 competing institutes.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings as (Version 2.0), the methodology for the rating of bank capital and unsecured debt instruments (Version 2.0) as well as the rating methodology for Environmental, Social and Governance Score for Banks (Version 1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (Version 1.3).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (Version 1.3) are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 26 November 2020, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Coöperatieve Rabobank U.A. (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. Rating Endorsement Status:

The rating of Coöperatieve Rabobank U.A. (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data" information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

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Creditreform Rating AG

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