

# Credit Rating Report

## Norddeutsche Landesbank Girozentrale

### Morningstar DBRS

3 July 2025

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### Credit Ratings

| Debt                     | Credit Rating | Credit Rating Action | Trend  |
|--------------------------|---------------|----------------------|--------|
| Long-Term Issuer Rating  | A (high)      | Confirmed June '25   | Stable |
| Short-Term Issuer Rating | R-1 (middle)  | Confirmed June '25   | Stable |
| Intrinsic Assessment     | BBB (high)    | -                    | --     |

### Credit Rating Drivers

#### Factors with Positive Credit Rating Implications

- NORD/LB's Issuer Ratings benefit from the SFG's IPS. An upgrade of SFG's credit ratings would lead to an upgrade of NORD/LB's credit ratings.
- Morningstar DBRS would consider an upgrade of the Bank's IA if the Bank shows further progress in profitability and efficiency while maintaining solid capital cushions.

#### Factors with Negative Credit Rating

##### Implications

- NORD/LB's Issuer Ratings benefit from the SFG's IPS. A downgrade of SFG's credit ratings would lead to a downgrade of NORD/LB's credit ratings.
- Morningstar DBRS would consider a downgrade of the IA if there is a significant deterioration in the Bank's risk profile, capitalisation, as well as an inability to sustain profitability growth. In addition, any major disruptions in the implementation of its new bank steering system could result in downward pressure on the IA.

### Credit Rating Considerations

#### Franchise Strength (Good/Moderate)

- Public-sector state bank, primarily serving Northern Germany as well as international clients through its specialised finance franchise. Extensive expertise in a range of diverse markets. Streamlined business strategy following the successful completion of its transformation programme.

#### Earnings Power (Moderate/Weak)

- Modest profitability compared with domestic and international peers, albeit improving on the back of increased operating efficiency leading to sustainable revenue growth and diversification.

#### Risk Profile (Good)

- Balanced risk profile after completing the disposal of nonstrategic lending portfolios and despite relatively high exposure to commercial real estate (CRE). Asset quality deteriorated in 2024, reflecting the global and domestic macroeconomic landscape, but this is manageable.

#### Funding and Liquidity (Good)

- The predominantly wholesale funding profile is supported by funding relationships within the SFG and access to stable Pfandbrief funding. Adequate liquidity levels.

#### Capitalisation (Good/Moderate)

- Strengthened capital position, as evidenced by improved earnings retention, capital ratios exceeding those of its peers, and reinforced and solid capital cushions. This helps to compensate for limited capacity to raise external capital if needed.

| Financial Data Through 2024 | Scorecard Building Block (BB) Assessment | Grids BB Assessment | Combined BB Assessment |
|-----------------------------|--|---------------------|------------------------|
| Franchise                   | G  | M                   | G/M                    |
| Earnings                    | M/W                                      | M/W                 | M/W                    |
| Risk                        | S/G                                      | G/M                 | G                      |
| Funding & Liquidity         | S/G                                      | G/M                 | G                      |
| Capitalisation              | G/M                                      | M                   | G/M                    |
| Overall Assessment          | Intrinsic Assessment Range (IAR)         |                     | Assigned IA            |
| G/M                         | ['A (low)', 'BBB (high)', 'BBB']         |                     | BBB (high)             |

## Financial Information

|   | For the Year Ended December 31 (IFRS) |         |          |         |         |
|---|---------------------------------------|---------|----------|---------|---------|
| (In EUR million unless otherwise stated)  | 2024                                  | 2023    | 2022     | 2021    | 2020    |
| Total Assets                              | 113,712                               | 111,981 | 109,325  | 114,631 | 126,176 |
| Gross Loans to Customers                  | 75,335                                | 72,866  | 71,318   | 69,494  | 74,994  |
| Income Before Provisions and Taxes (IBPT) | 562                                   | 435     | 43       | 101     | 479     |
| Net Attributable Income                   | 627                                   | 224     | 89       | 32      | 19      |
| Net Interest Margin (%)                   | 1.07                                  | 0.98    | 0.81     | 0.69    | 0.99    |
| Cost-to-Income Ratio (%)                  | 61.90                                 | 70.72   | 95.94    | 91.09   | 68.15   |
| LLP / IBPT (%)                            | 25.62                                 | 22.76   | (325.58) | (10.89) | 87.47   |
| Cost of Risk (%)                          | 0.20                                  | 0.14    | (0.20)   | (0.02)  | 0.54    |
| CET1 Ratio (%)                            | 16.38                                 | 14.96   | 15.07    | 15.42   | 14.48   |

Source: Morningstar, Inc., company documents. Morningstar, Inc. data and Morningstar DBRS calculations based on company disclosure.

Note: Figures may not tie with reported data given Morningstar DBRS' standardised approach across global banks.

## Issuer Description

**Norddeutsche Landesbank Girozentrale** (NORD/LB or the Bank) is a member of the Sparkassen-Finanzgruppe and ranks among the top 10 banks in Germany by assets. The Bank's commercial banking activities span a range of businesses including retail, corporate, markets, CRE, and specialty finance.

## Credit Rating Rationale

On June 17, 2025, Morningstar DBRS confirmed the credit ratings for NORD/LB and raised its Intrinsic Assessment (IA) to BBB (high).

The confirmation of NORD/LB's credit ratings reflects the floor rating of SFG and support from its Institutional Protection Scheme (IPS). Each member of the IPS, including NORD/LB, is generally rated at the floor level, which is currently A (high) with a Stable trend.

NORD/LB's IA was raised to BBB (high) from BBB. This reflects the successful conclusion of the Bank's strategic overhaul and transformation plan. This included expansion in core business segments, improved revenue diversification, cost discipline, and strengthening of the capital position. In addition, NORD/LB made progress enhancing its operational and digital infrastructure, including the development of a new in-house bank steering system, which is targeted for implementation in 2026. The Bank's asset quality weakened somewhat in F2024, although from a low level, and it was mainly driven by the Bank's commercial real estate (CRE) and corporate exposures in the context of global macroeconomic headwinds and a sluggish economy in Germany.

The IA at BBB (high) reflects NORD/LB's role as a central institution and a clearing bank for the savings banks in the region as well as its commercial banking franchise in Northern Germany, complemented by a well-established international specialty finance business. In Morningstar DBRS' view, the Bank's liquidity and funding profiles remain well managed and benefit from NORD/LB's membership in the SFG and its established covered bond franchise, offsetting the risk from a largely corporate deposit base. At the end of 2024, the Bank's capital ratios were at the higher end of its peer group. The Stable trend reflects Morningstar DBRS' view that risks are broadly balanced.

NORD/LB's IA of BBB (high) is at the midpoint of the Intrinsic Assessment Range, as Morningstar DBRS views NORD/LB's credit fundamentals and performance as commensurate with those of similarly rated peers.

### Franchise Strength

| Scorecard BB Assessment | Grids BB Assessment | Combined BB Assessment |
|-------------------------|---------------------|------------------------|
| Good                    | Moderate            | Good/Moderate          |

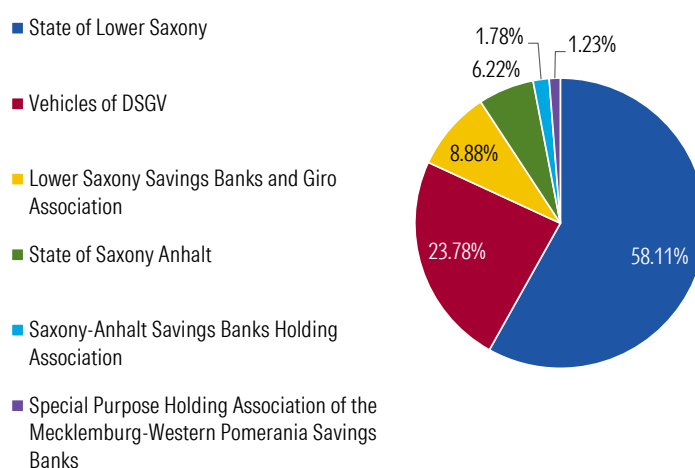
The franchise grid assessment is lower than the scorecard assessment as we factor in the Bank's complex ownership mix that implies the involvement of parliamentary process in its decision making. In addition, we reflect the development of NORD/LB's bank steering system with a downward adjustment of the Additional Considerations Grid Grade, as its implementation entails operational risk.

With total assets of EUR 114 billion as of year-end (YE) 2024, NORD/LB ranks as Germany's fourth-largest Landesbank and among the country's 10 largest banking institutions. Operating as a public-sector state bank, it primarily serves Northern Germany, focusing on Lower Saxony, Saxony-Anhalt, and Mecklenburg-Vorpommern (Exhibit 1). The Bank's majority public ownership rests with the federal states of Lower Saxony and Saxony-Anhalt, which together hold a combined stake of around 64%, while the remaining shares are held by the respective savings banks associations (Exhibit 2). While mainly a commercial bank, NORD/LB also acts as the clearing institution for the savings banks within its operating regions and maintains a global presence through its specialised finance operations. As a member of Germany's largest decentralised banking organisation, Sparkassen-Finanzgruppe (SFG), NORD/LB benefits from the support of its IPS.

**Exhibit 1** NORD/LB Geographic Focus



**Exhibit 2** NORD/LB Ownership Structure (As of end-May 2025)



Source: DSGV.

Source: Morningstar DBRS, Company Documents.

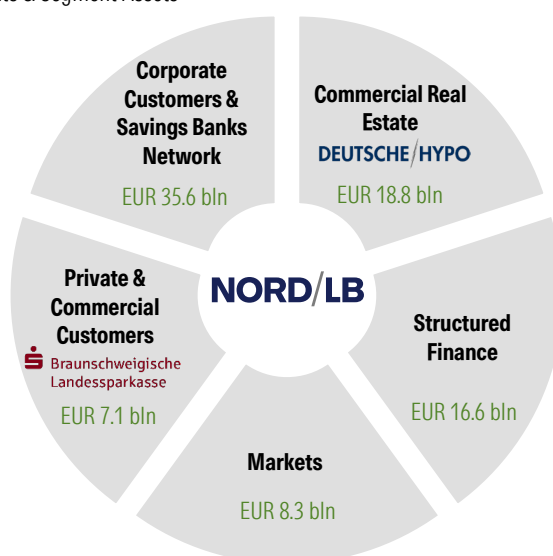
NORD/LB is a diversified universal bank with extensive expertise in a range of markets. This includes a diversified Corporate segment that benefits from cross-selling opportunities with regional savings

banks. Additionally, NORD/LB is a well-established and long-standing player in European CRE through Deutsche Hypo. The Bank's Structured Finance division is a key player in renewable energy finance and project finance worldwide, capitalising on the energy transition. The Bank's offerings are further completed by its Markets division, focused on institutional clients and savings banks, as well as its Private Customers division under Braunschweigische Landessparkasse. The latter grants NORD/LB access to retail deposits and services, including wealth management.

The Bank made significant progress in its strategic overhaul focused on cost optimisation, operational streamlining, and the disposal of high-risk exposures, including its shipping and aircraft loan portfolios. Reflecting its focus on efficiency and capital optimisation, NORD/LB recently closed its Singapore office.

In addition, NORD/LB made progress enhancing its operational and digital infrastructures, including the development of a new in-house bank steering system, which is targeted for implementation in 2026. This crucial initiative follows a negative experience with a third-party provider in the past.

**Exhibit 3** NORD/LB Business Segments & Segment Assets



Source: Morningstar DBRS, Company Documents.

The Bank's business is organised in five segments (Exhibit 3). Corporate Customers and Structured Finance were the main contributors to the Bank's revenues in 2024, and they are expected to remain important drivers of future earnings generation.

### Business Segments

#### **Corporate Customers & Savings Banks Network (YE2024: 31% of total assets<sup>1</sup>; 30% of total revenues)**

This segment focuses on medium and large companies in Germany, particularly in sectors such as food, agriculture, and energy. In addition, the segment is specialised in lending for leasing and private equity, and municipalities. The segment also supports the local savings banks (around 60 Sparkassen) in complex financing transactions. This segment has seen major focus on the

<sup>1</sup> Denominator includes non-segment assets,

improvement of cross-selling capabilities in cooperation with savings banks in NORD/LB's core regions.

**Structured Finance (YE2024: 15% of total assets; 23% of total revenues)**

Previously named "Special Finance", the name of the segment was changed to Structured Finance as the aviation portfolio was spun off in 2024. With a focus on financing renewable energy projects and infrastructure finance globally, the segment has a solid track record in 30 markets. This includes branches in London and New York; it exited Singapore in 2024. The Bank plans to further grow by leveraging its long-standing expertise and strong market position in ESG-focused energy and infrastructure projects. Further diversification in photovoltaic and wind-power production is expected, as well as digital infrastructure and battery strategy in new regions within its risk strategy.

**Private & Commercial Customers (YE2024: 6% of total assets; 20% of total revenues)**

This segment serves private individuals and small businesses under its retail bank (BLSK) in the Braunschweig region and its private bank (Private Investors) with locations in Hanover, Hamburg, Bremen, and Oldenburg. BLSK holds a market share of over 30% and a network of 84 branches and supports retail customers in the real estate sector offering consulting and financing solutions for energy-efficient construction projects. While a potential spin-off of this division has been for some time under consideration, motivated by the desire of the local communities, a final decision on this matter is not expected in the short term.

**Commercial Real Estate (YE2024: 16% of total assets; 17% of total revenues)**

Under Deutsche Hypo, the bank is a well-established commercial real estate (CRE) lender, with strong market shares in Germany and Europe and deep sector expertise developed through market cycles thanks to its four-decade track record. The division is focused on prime offices, residential housing, retail, logistics and care facilities, with a strong focus on sustainable properties.

**Markets (YE2024: 6% of total assets; 10% of total revenues)**

The segment provides bond issuance services for financial institutions and offers capital market products tailored to institutional clients and savings banks. Additionally, it specialises in securitisation transactions, including asset-backed securities. The Markets segment is also very active in expanding its range of sustainable financial products, including the issuance of green bonds.

## Earnings Power

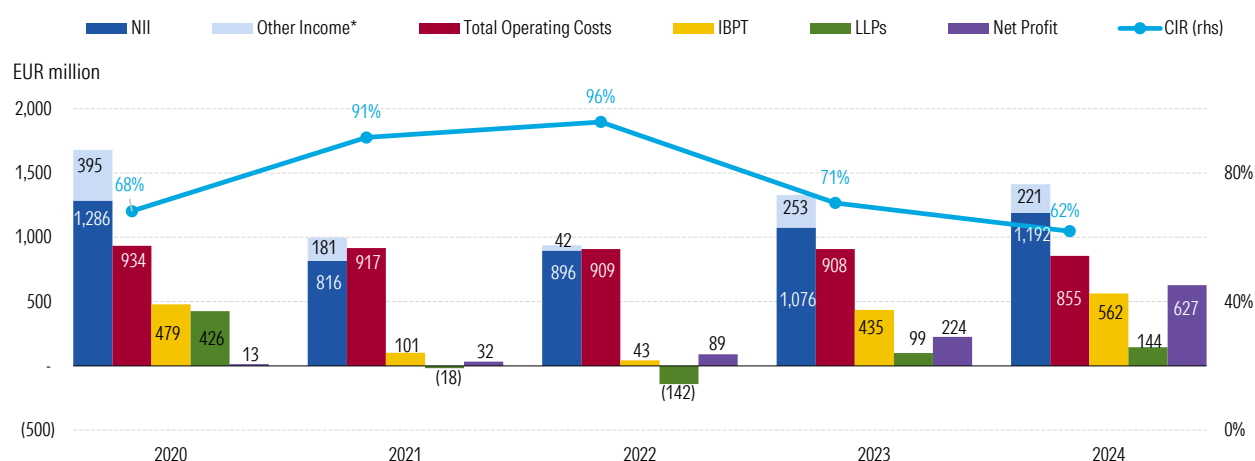
| Scorecard BB Assessment | Grids BB Assessment | Combined BB Assessment |
|-------------------------|---------------------|------------------------|
| Moderate/Weak           | Moderate/Weak       | Moderate/Weak          |

The earnings power grids assessment is in line with the scorecard assessment.

In our view, NORD/LB has successfully navigated its transformation phase and strengthened its business model, positioning the Bank for improved earnings capacity and less volatile results. Previously constrained by low margins and a high-cost base, the Bank is now benefitting from cost-efficiency measures and robust new business generation. While we note that the Bank still lags European peers in terms of profitability, these measures have helped to close the gap further, especially in the context of a challenging macroeconomic environment and sluggish economy in Germany.

In 2024, the Bank reported a net profit of EUR 627 million, up from EUR 224 million in 2023, driven by an increase in core revenues (+12% year over year (YOY)), positive effect from fair value measurement, and supported by expense reduction (-6% YOY). This could offset the increase in loan loss provisions (LLPs) of EUR 144 million compared with EUR 99 booked in 2023. This resulted in the cost-income ratio, as per our calculation, improving to 62% in 2024, down from 71% a year earlier, mainly on the back of higher revenues (Exhibit 4). The stronger net result was also supported by tax revenues of EUR 271 million in 2024 compared with a tax expenditure of EUR 47 million in 2023, on the back of the capitalisation of deferred taxes for the Bank's domestic operations. Furthermore, return on equity after taxes grew to 8.8% in F2024 from 3.4% in F2023.

### Exhibit 4 Profitability Evolution



Source: Morningstar DBRS; Company Documents.

Notes: Data as reported. Cost-Income ratios and IBPT as calculated by Morningstar DBRS.

\*Operating Income, excl. NII.

Net interest income (NII) increased 11% YOY to EUR 1,192 million in 2024, supported by higher margins, improved contributions from trading portfolios, and increased income from securities and dividends. On the other hand, net commission income amounted to EUR 242 million in 2024, up 16% YOY, driven by the lending and guarantee business, which more than offset the decline in

brokerage commissions while also supported by lower fees for the financial guarantees of the State of Lower Saxony.

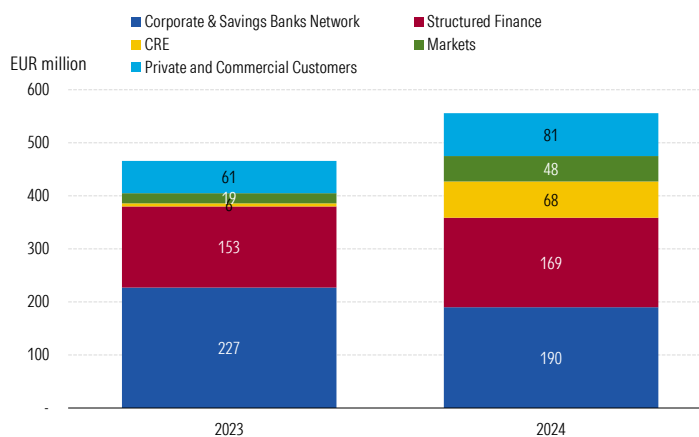
The net valuation result was also supportive of the NORD/LB's profitability in 2024, as the Bank reported EUR -60 million up from EUR -105 million the year before. This was primarily on the back of positive developments in the area of trading income.

The cost-cutting measures as part of NORD/LB's transformation programme, which concluded in 2024, led to a 6% YOY decline in administrative expenses to EUR 855 million in 2024. This could be mainly attributed to lower personnel costs, despite the negotiations for salary increases that are part of labour agreements (Tarifverträge). In 2025, IT infrastructure investments will remain a priority for the Bank.

The increase in loan loss provisions (LLPs) to EUR 144 million in 2024 from EUR 99 million in 2023 was mainly driven by the commercial real estate exposures and some corporate exposures in the context of the deterioration macroeconomic environment in Germany, offsetting the release in the wounded-down aviation portfolio. We expect some pressure on credit quality to persist through 2025 and the Bank expects consequently slightly higher provisioning throughout 2025.

Regarding the Bank's aviation portfolio, we note that the sale of the bulk of it to Deutsche Bank in the first half of 2024 (H1 2024) was realised in H2 2024 and remained manageable, allowing the Bank to reinvest freed-up resources into other segments. The remaining part of this portfolio of EUR 0.8 billion remained with the Bank and was transferred to a portfolio in the Special Credit & Valuation division, which will be gradually wound down.

**Exhibit 5** Consolidated Profit by Business Segment, 2023 vs 2024



Source: Morningstar DBRS, Company Documents.

Note: Revenues consists of Net interest income before loan loss provisions, Net commission income and Profit/loss from financial instruments at fair value through profit or loss. The chart focuses on business segments and does not include "Treasury/Consolidation/Others and "Reconciliations" components.

In terms of segment performance, the Corporate & Savings Network divisions continued to be the main contributor to both revenues and consolidated profit in F2024, followed by Structured Finance segment (Exhibit 5)

NORD/LB's earnings forecast for F2025 aims for a slight improvement or at least maintaining the results of F2024. However, in our view, the operating economic environment remains still challenging due to the sluggish German economy and increased geopolitical risks.

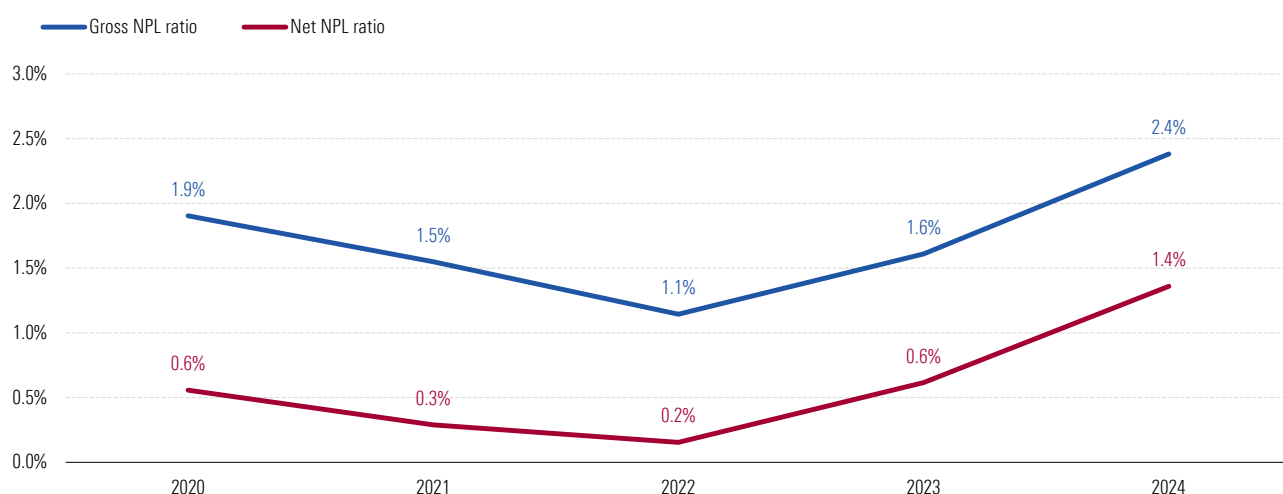
### Risk Profile

| Scorecard BB Assessment | Grids BB Assessment | Combined BB Assessment |
|-------------------------|---------------------|------------------------|
| Strong/Good             | Good/Moderate       | Good                   |

The risk grid assessment is lower than the scorecard assessment, reflecting the Bank's asset quality profile compared to its peers, as well as the ongoing challenges in the CRE and the corporate loan books, reflecting the headwinds in the macroeconomic environment.

In our view, NORD/LB has strengthened its credit risk profile by divesting risky and nonstrategic assets while improving diversification of its lending portfolio. However, asset quality deteriorated in F2024, particularly across its domestic corporate lending (service industries and manufacturing) and CRE exposures, reflecting the worsening economic environment in Germany and the turmoil in the commercial property sector.

### Exhibit 6 NPL ratios



Source: Morningstar DBRS, Company Documents.

The NPL ratio, as per our calculation, was 2.4% at YE2024, up from 1.6% at YE2023 (Exhibit 6). The stock of NPLs increased to EUR 1.8 billion at YE2024.



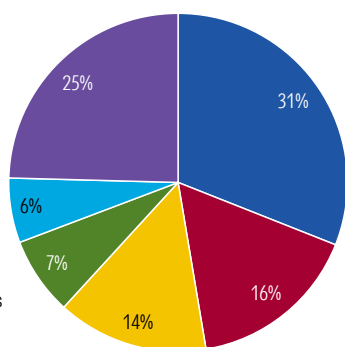
Reflecting the difficult operating environment, NORD/LB set aside LLPs of EUR 144 million, up 45% YOY, particularly in the Private and Commercial Customers, Corporate Customers, Real Estate, and Structured Finance segments. Nevertheless, we note that the Bank reduced its management overlays across all divisions considerably by EUR 124 million YOY to a total of EUR 165 million in F2024 as the Bank already factored the uncertain economic environment into its LLPs for the year. In terms of NPL coverage ratio as per our calculation, it is moderate at 44% at YE2024 compared with 62% the year before, however this was offset by high levels of collateralisation. Furthermore, Morningstar DBRS notes a positive development in the stock Stage 2 loans, as they decreased by 19% YOY.

NORD/LB's overall portfolio is well diversified in terms of segments and is primarily exposed to Germany, which accounts for 68% of total exposure, followed by matured European economies, representing around 13%, and North America, accounting for 5%. The Bank's CRE portfolio amounts to around EUR 19 billion, which is 16% of the total assets (Exhibits 5 & 6). Albeit conservatively managed, the sector has been affected by higher interest rates and structural demand changes. The Bank's CRE portfolio is concentrated in Germany at 57%, while the remaining 43% is spread across other European countries, such as the Netherlands, the UK, France, and other mature economies. The Bank does not have any exposure CRE in the U.S. NORD/LB has a diversified CRE portfolio, with a tilt toward office, followed by residential housing and retail.

We note that NORD/LB's exposure to the automotive sector, which is also facing increased pressure, is limited.

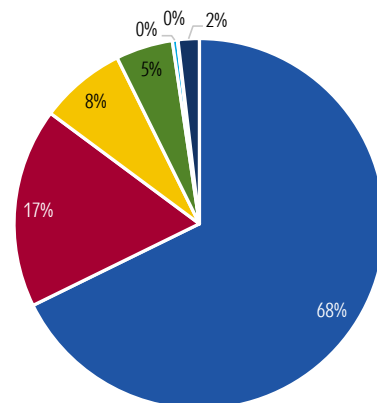
**Exhibit 7** Asset breakdown by segment, YE2024

- Corporate Customers & Savings  
Banks Network
- Commercial Real Estate
- Structured Finance
- Markets
- Private & Commercial Customers
- Treasury / Consolidation / Others



**Exhibit 8** Exposure by region, YE2024

- Germany
- Euro Countries (excl.-  
Germany)
- Other Europe
- North America
- Middle and South America
- Middle East / Africa
- Asia / Australia



Source: Morningstar DBRS; Company Documents.

Following a decade long winding-down process, the Bank successfully exited the troubled shipping lending business in 2023. More recently, and following the turmoil caused by the COVID-19 pandemic, the Bank focused its efforts in exiting aircraft finance, including the sale of the bulk of its exposure to Deutsche Bank for EUR 1.5 billion in H1 2024. The remaining part of the aircraft portfolio of EUR 0.8 billion at YE2024 is expected to be gradually phased out within the next years.

These strategic moves have enabled NORD/LB to clean up its balance sheet and reallocate resources to more strategic business areas.

We note that NORD/LB's credit spread risk is limited as it is predominantly exposed to public sector and covered bonds.

Regarding operational risks, the Bank has not identified any major incidents in 2024. This is also in the case in the area of cybersecurity, which is an important focus for the Bank's IT enhancement strategy. While the development process of NORD/LB's bank management system has been successful so far, we will be monitoring its scheduled implementation in 2026, as it entails operational risk.

Funding and Liquidity

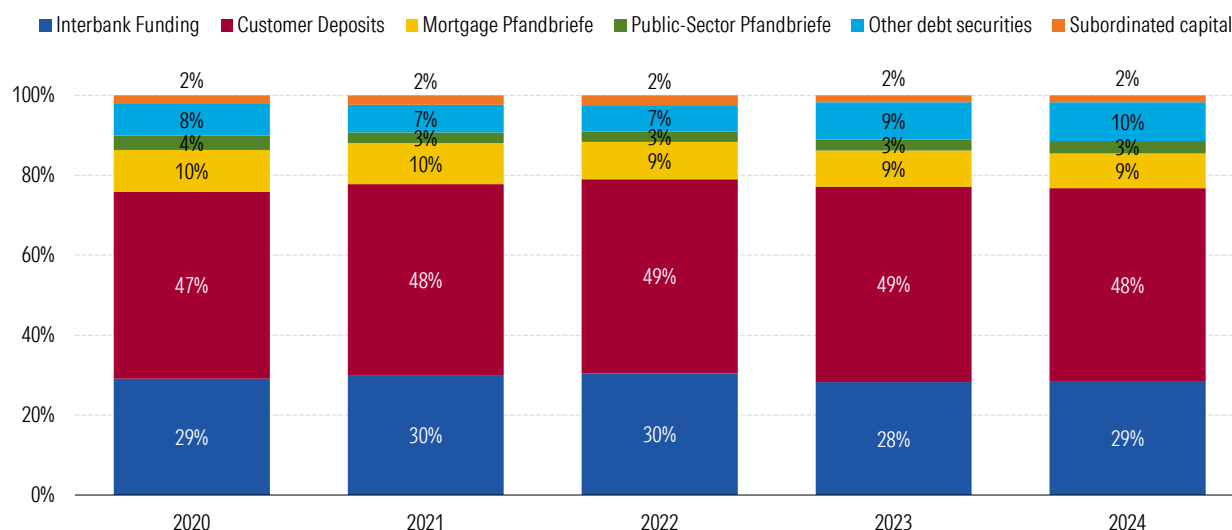
| Scorecard BB Assessment | Grids BB Assessment | Combined BB Assessment |
|-------------------------|---------------------|------------------------|
| Strong/Good             | Good/Moderate       | Good                   |

The funding and liquidity grids assessment is lower than the scorecard assessment. The grid assessment takes into account the potential risk of carve out of the Bank's retail segment, albeit reduced in the short to medium term.

NORD/LB's liquidity and funding profile remains solid, underpinned by its prudent management and diverse funding sources. The funding profile predominantly consists of wholesale funding and corporate deposits. While the Bank lacks a large retail franchise with granular and stable deposits, it effectively manages its corporate deposits, limiting concentration risks and concentration and exposure to less stable deposits. We note that BLSK, as NORD/LB's source of retail deposits is a relevant component of the Bank's funding profile. While a potential spin-off of this division has been for some time under consideration, motivated by the desire of the local communities, a final decision on this matter is not expected in the short term

NORD/LB's deposit funding is at the lower end of the peer group with customer deposits representing 48% of total funding at YE2024 (Exhibit 9), and the net loan-to-deposit ratio as calculated by us was 100.4%. In recent times, the Bank has also rebuilt its wholesale franchise with a series of issuances placed with international investors. Throughout F2024, the Bank successfully issued five benchmark issuances, including the first Tier 2 in over 10 years, as well as an inaugural Senior Non-Preferred and three covered bonds. The Bank also started 2025 with three benchmark issuances started in Q1 2025 and expects to continue throughout the rest of the year.

The Bank benefits from its covered bond franchise and access to inter-banking funding through the Sparkasse-Finanzgruppe (SFG). A large part of the Bank's funding comes from interbank funding from affiliated Sparkassen. This intra-group lending is helped by regulatory zero-risk weighting within the Group and can reduce the dependence on volatile wholesale market funding. In addition, the Bank's membership in the SFG and its IPS enhances confidence during periods of stress and provides a stable source of liquidity. At YE2024, NORD/LB reported a liquidity coverage ratio (LCR) of 132% and a net stable funding ratio of 113%, both comfortably exceeding the regulatory minimum of 100%.

**Exhibit 9 Funding Mix Evolution**

Sources: Morningstar DBRS; Company Documents.

**Capitalisation**

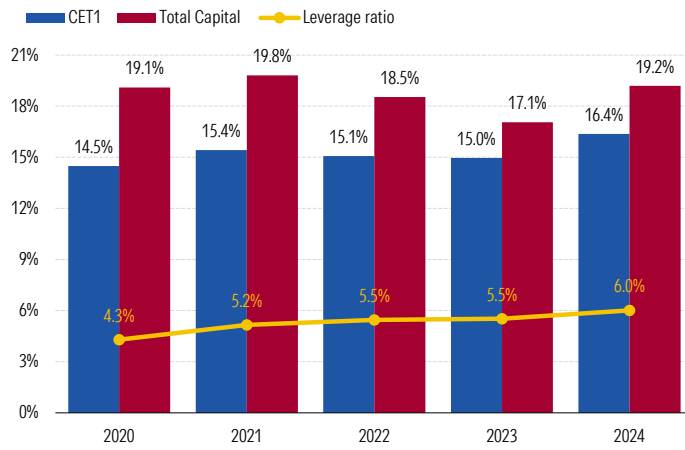
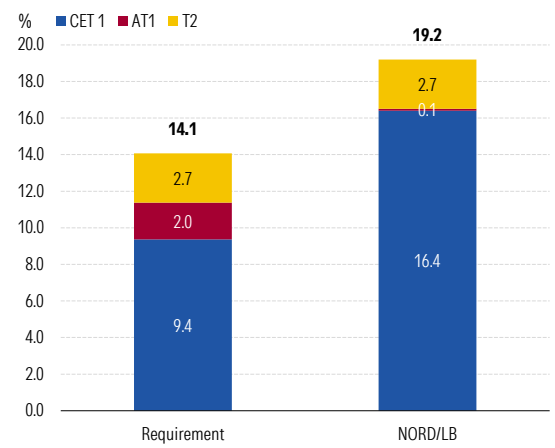
| Scorecard BB Assessment | Grids BB Assessment | Combined BB Assessment |
|-------------------------|---------------------|------------------------|
| Good/Moderate           | Moderate            | Good/Moderate          |

The capitalisation grids assessment is lower than the scorecard assessment. The additional considerations grid is adjusted lower to reflect its complex ownership structure, including public institutions which constrains the ability to raise new equity, if needed.

NORD/LB strengthened its capital position in 2024, as evidenced by improved earnings retention, capital ratios exceeding those of its peers, as well as reinforced and solid capital cushions.

NORD/LB's CET1 ratio as of YE2024 was 16.4%, up from 14.5% at YE2023 (Exhibit 10), as retained earnings continued to offset the increase in risk weighted assets (RWA) to EUR 43 billion from EUR 41 billion at YE2023 mainly driven by higher counter party risks resulting from business growth. The CET1 ratio is well above regulatory requirements of 9.4% and positions NORD/LB at the upper end of its peer group. (Exhibit 11)

The total capital ratio was 19.2% at YE2024 up from 17.1% at YE2023, well above the requirement of 14.1%. NORD/LB's MREL ratio was 45.0% at YE2024, also well above the regulatory requirement of 21.3%.

**Exhibit 10** Capital Ratios**Exhibit 11** Capital Ratios

Sources: Morningstar DBRS, Company Documents.

## ESG Checklist

**Norddeutsche Landesbank Girozentrale**  
ESG Checklist

|  |  | Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)* |   |
|--|--|---|---|
| ESG Factor   | ESG Credit Consideration Applicable to the Credit Analysis: Y/N  |   |   |
| Environmental                                      |  |   |   |
|  | Overall:   | N   | N |
| Emissions, Effluents, and Waste                    | Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?  | N   | N |
| Carbon and GHG Costs                               | Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile? | N   | N |
| Land Impact and Biodiversity                       | Is there a financial risk to the issuer due to the loss of biodiversity and/or the mitigation of such loss, including land conversion and rehabilitation?  | N   | N |
| Climate and Weather Risks                          | In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?   | N   | N |
|  | In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by physical and/or transition risks under key IPCC climate scenarios?                                    | N   | N |
|  | Climate and Weather Risks:   | N   | N |
| Passed-through Environmental credit considerations | Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?   | N   | N |
| Social   |  |   |   |
|  | Overall:   | N   | N |
| Social Impact of Products and Services             | Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?   | N   | N |
|  | Do changes in consumer behaviour or secular social trends pose a financial or regulatory risk to the issuer?   | N   | N |
|  | Social Impact of Products and Services:  | N   | N |
| Human Capital and Human Rights                     | Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?                     | N   | N |
|  | Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?  | N   | N |
|  | Human Capital and Human Rights:  | N   | N |
| Product Governance                                 | Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?   | N   | N |
| Data Privacy and Security                          | Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?   | N   | N |
| Community Relations                                | Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?  | N   | N |
| Access to Basic Services                           | Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?   | N   | N |
| Passed-through Social credit considerations        | Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?  | N   | N |
| Governance   |  |   |   |
|  | Overall:   | Y   | R |
| Bribery, Corruption, and Political Risks           | Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?   | N   | N |
|  | Are there any political risks that could affect the issuer's financial position or its reputation?   | N   | N |
|  | Bribery, Corruption, and Political Risks:  | N   | N |
| Business Ethics                                    | Do general professional ethics pose a financial or reputational risk to the issuer?  | N   | N |
| Corporate / Transaction Governance                 | Does the issuer's corporate structure allow for appropriate board and audit independence?  | N   | N |
|  | Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?   | N   | N |
|  | Does the board and/or management lack a formal framework to assess climate related financial risks to the issuer?  | N   | N |
|  | Corporate / Transaction Governance:  | N   | N |
| Passed-through Governance credit considerations    | Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?  | Y   | R |
| Consolidated ESG Criteria Output:                  |  | Y   | R |

\* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.

A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

**Environmental**

The Environmental factor does not affect the rating or trend assigned to the Bank. The Bank is a signatory of the UNEP Principles for Responsible Banking, the UN Global Compact, and the Climate Commitment of the German Financial Sector. The Bank has an Environmental, Social, and Governance (ESG) framework that stipulates minimum ESG standards and has more specific policies for a number of exposed sectors.

**Social**

The Social factor does not affect the rating or trend assigned to the Bank. We are not aware of any major product governance issues. NORD/LB is exposed to a certain level of product risk as well as data security risk. No material pending issues are known. However, there is a constant risk of cyber-attacks targeted towards banks, and any significant data breach or cybersecurity attack could have significant reputational and financial consequences.

**Governance**

Since the last credit rating action, the relevance or significance of the Governance factor changed: we consider that the Bank has made significant progress in terms of corporate governance reflected in the successful conclusion of its transformation programme under its new leadership team.

The following Governance factor had a significant effect on the credit analysis: pass-through governance credit considerations. The Governance factor affects NORD/LB as the ESG factors for SFG are passed through to NORD/LB.

The subfactor Corporate Governance is relevant to SFG's credit ratings, and this is reflected in the franchise grid grades for the Bank. In our view, the ownership mix and the parliamentary process involved in decision making at the Landesbanken has made it difficult at times for SFG to swiftly react to challenges. In addition, SFG's level of transparency and financial disclosure is limited compared with that of international peers.

Norddeutsche Landesbank Girozentrale

|                             |  | 1                   | 2                                | 3                              | 4  | 5                   |
|-----------------------------|--|---------------------|----------------------------------|--------------------------------|--|---------------------|
| Financial Data Through 2024 |  | Scorecard Indicator | Scorecard Indicator Data         | Scorecard Indicator Assessment | Scorecard Building Block (BB) Assessment | Grids BB Assessment |
| Franchise                   | Adjusted Assets                            | 112                 | G/M                              | G                              | M  | G/M                 |
|                             | Sovereign Rating Category                  | 20                  | VS                               |                                |  |                     |
| Earnings                    | Return on Equity                           | 4.84%               | M/W                              | M/W                            | M/W                                      | M/W                 |
|                             | Return on Assets                           | 0.31%               | G/M                              |                                |  |                     |
|                             | IBPT/Avg.Assets                            | 0.35%               | M/W                              |                                |  |                     |
| Risk                        | Net NPLs/Net Loans                         | 0.80%               | S/G                              | S/G                            | G/M                                      | G                   |
|                             | Provisions/IBPT                            | 20.20%              | S/G                              |                                |  |                     |
| Funding & Liquidity         | Sovereign-Adjusted Funding Ratio           | 100.7%              | S/G                              | S/G                            | G/M                                      | G                   |
|                             | Sovereign-Adjusted Capital Ratio           | 15.55%              | VS/S                             |                                |  |                     |
| Capitalisation              | NPL/[Equity + Loan Loss Reserves]          | 17.45%              | S/G                              | G/M                            | M  | G/M                 |
|                             | 5-Year Accumulated Net Income/Total Assets | 0.88%               | M                                |                                |  |                     |
|                             |  | 6                   | 7                                |                                |  | 8                   |
|                             |  | Overall Assessment  | Intrinsic Assessment Range (IAR) |                                |  | Assigned IA         |
|                             |  | G/M                 | A (low)                          | BBB (high)                     | BBB                                      | BBB (high)          |

Notes: (1) based on financial data as of 2024. (2) For more information see Global Methodology for Rating Banks and Banking Organizations published on 23 May 2025. (3) IAR and IA refer to bank level rating.

**Annual Financial Information**

|   | For the Year Ended December 31 (IFRS) |         |          |         |          |
|---|---------------------------------------|---------|----------|---------|----------|
|   | 2024                                  | 2023    | 2022     | 2021    | 2020     |
| <b>Balance Sheet (EUR million)</b>          |                                       |         |          |         |          |
| Cash & Cash Equivalents*                    | 14,976                                | 16,709  | 15,397   | 20,581  | 20,507   |
| Investments in Financial Assets             | 22,393                                | 21,706  | 21,848   | 24,026  | 30,180   |
| Gross Loans to Customers                    | 75,335                                | 72,866  | 71,318   | 69,494  | 74,994   |
| Loan Loss Reserves                          | (783)                                 | (729)   | (706)    | (877)   | (1,014)  |
| Net Lending to Customers                    | 74,552                                | 72,137  | 70,612   | 68,617  | 73,980   |
| Total Assets                                | 113,712                               | 111,981 | 109,325  | 114,631 | 126,176  |
| Deposits from Customers                     | 74,235                                | 74,049  | 72,100   | 73,699  | 52,414   |
| Debt & Capital Lease Obligations            | 23,516                                | 23,028  | 21,281   | 23,071  | 27,393   |
| Total Liabilities                           | 106,188                               | 105,117 | 103,025  | 108,783 | 120,401  |
| Total Equity                                | 7,524                                 | 6,864   | 6,300    | 5,848   | 5,775    |
| <b>Income Statement (EUR million)</b>       |                                       |         |          |         |          |
| Net Interest Income                         | 1,192                                 | 1,073   | 896      | 816     | 1,286    |
| Non Interest Income                         | 232                                   | 301     | 121      | 300     | 242      |
| Equity Method Results                       | 38                                    | 98      | 41       | 17      | (24)     |
| Total Operating Income                      | 1,462                                 | 1,472   | 1,058    | 1,133   | 1,504    |
| Total Operating Expenses                    | 905                                   | 1,041   | 1,015    | 1,032   | 1,025    |
| Income Before Provisions and Taxes (IBPT)   | 562                                   | 435     | 43       | 101     | 479      |
| Loan Loss Provisions (LLP)                  | 144                                   | 99      | (140)    | (11)    | 419      |
| Irregular Income/Expenses                   | (62)                                  | (65)    | (79)     | (83)    | (87)     |
| Net Attributable Income                     | 627                                   | 224     | 89       | 32      | 19       |
| <b>Growth (%) - YOY Change</b>              |                                       |         |          |         |          |
| Net Interest Income                         | 11.09                                 | 19.75   | 9.80     | (36.55) | 25.59    |
| Total Operating Income                      | (0.68)                                | 39.13   | (6.62)   | (24.67) | 10.51    |
| Total Operating Expenses                    | (13.06)                               | 2.56    | (1.65)   | 0.68    | (1.54)   |
| IBPT  | 29.20                                 | 911.63  | (57.43)  | (78.91) | 49.69    |
| Net Attributable Income                     | 179.91                                | 151.69  | 178.13   | 68.42   | (117.43) |
| Gross Loans & Advances                      | 3.39                                  | 2.17    | 2.62     | (7.33)  | (10.30)  |
| Deposits from Customers                     | 0.25                                  | 2.70    | (2.17)   | 40.61   | (9.45)   |
| <b>Earnings (%)</b>                         |                                       |         |          |         |          |
| Net Interest Margin                         | 1.07                                  | 0.98    | 0.81     | 0.69    | 0.99     |
| Non-Interest Income / Total Revenue         | 15.87                                 | 20.45   | 11.44    | 26.48   | 16.09    |
| Cost-to-Income Ratio                        | 61.90                                 | 70.72   | 95.94    | 91.09   | 68.15    |
| LLP / IBPT                                  | 25.62                                 | 22.76   | (325.58) | (10.89) | 87.47    |
| Return on Avg Assets (ROAA)                 | 0.55                                  | 0.20    | 0.08     | 0.03    | 0.01     |
| Return on Avg Equity (ROAE)                 | 8.80                                  | 3.41    | 1.46     | 0.55    | 0.33     |
| IBPT over Avg RWAs                          | 1.35                                  | 1.07    | 0.11     | 0.26    | 1.18     |
| Internal Capital Generation                 | 8.80                                  | 3.41    | 1.46     | 0.55    | 0.33     |
| <b>Risk Profile (%)</b>                     |                                       |         |          |         |          |
| Cost of Risk                                | 0.20                                  | 0.14    | (0.20)   | (0.02)  | 0.54     |
| Gross NPLs over Gross Loans                 | 2.38                                  | 1.61    | 1.14     | 1.55    | 1.90     |
| NPL Coverage Ratio                          | 43.65                                 | 62.15   | 86.63    | 81.51   | 71.06    |
| Net NPLs over Net Loans                     | 1.36                                  | 0.62    | 0.15     | 0.29    | 0.56     |
| NPLs to Equity and Loan Loss Reserves Ratio | 21.60                                 | 15.45   | 11.64    | 16.00   | 21.03    |
| <b>Funding &amp; Liquidity (%)</b>          |                                       |         |          |         |          |
| Net Loan-to-Deposit Ratio                   | 100.43                                | 97.42   | 97.94    | 93.10   | 141.15   |
| Liquidity Coverage Ratio                    | 136.20                                | 143.16  | 150.15   | 139.40  | 157.80   |
| Net Stable Funding Ratio                    | 113.23                                | 117.84  | 113.33   | 126.80  | n/a      |
| <b>Capitalisation (%)</b>                   |                                       |         |          |         |          |
| CET1 Ratio                                  | 16.38                                 | 14.96   | 15.07    | 15.42   | 14.48    |
| Tier1 Ratio                                 | 16.50                                 | 15.08   | 15.20    | 15.56   | 14.61    |
| Total Capital Ratio                         | 19.21                                 | 17.06   | 18.54    | 19.81   | 19.09    |
| Leverage Ratio                              | 6.01                                  | 5.45    | 5.45     | 5.16    | 4.29     |
| Dividend Payout Ratio                       | 0.00                                  | 0.00    | 0.00     | 0.00    | 0.00     |

Source: Morningstar, Inc., company documents. Morningstar, Inc. data and Morningstar DBRS calculations based on company disclosure.

Note: Figures may not tie with reported data given Morningstar DBRS' standardised approach across global banks.

\*Includes loans to banks.



## Credit Rating Methodology

The applicable methodologies are the *Global Methodology for Rating Banks and Banking Organisations* (23 May 2025) and *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* (16 May 2025), which can be found on our website under Methodologies.

## Credit Ratings

| Issuer                                    | Debt                      | Credit Rating Action | Credit Rating | Trend  |
|---|---------------------------|----------------------|---------------|--------|
| Norddeutsche Landesbank Girozentrale      | Long-Term Issuer Rating   | Confirmed            | A (high)      | Stable |
| Norddeutsche Landesbank Girozentrale      | Short-Term Issuer Rating  | Confirmed            | R-1 (middle)  | Stable |
| Norddeutsche Landesbank Girozentrale      | Long-Term Senior Debt     | Confirmed            | A (high)      | Stable |
| Norddeutsche Landesbank Girozentrale      | Short-Term Debt           | Confirmed            | R-1 (middle)  | Stable |
| Norddeutsche Landesbank Girozentrale      | Long-Term Deposits        | Confirmed            | A (high)      | Stable |
| Norddeutsche Landesbank Girozentrale      | Short-Term Deposits       | Confirmed            | R-1 (middle)  | Stable |
| Norddeutsche Landesbank Girozentrale      | Senior Non-Preferred Debt | Confirmed            | A             | Stable |
| Norddeutsche Landesbank Girozentrale      | Subordinated Debt         | Confirmed            | A (low)       | Stable |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Long-Term Issuer Rating   | Confirmed            | A (high)      | Stable |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Short-Term Issuer Rating  | Confirmed            | R-1 (middle)  | Stable |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Long-Term Senior Debt     | Confirmed            | A (high)      | Stable |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Short-Term Debt           | Confirmed            | R-1 (middle)  | Stable |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Long-Term Deposits        | Confirmed            | A (high)      | Stable |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Short-Term Deposits       | Confirmed            | R-1 (middle)  | Stable |

## Credit Ratings History

| Issuer                                    | Debt                      | Current      | 2024         | 2023         | 2022         |
|---|---------------------------|--------------|--------------|--------------|--------------|
| Norddeutsche Landesbank Girozentrale      | Long-Term Issuer Rating   | A (high)     | A (high)     | A (high)     | A (high)     |
| Norddeutsche Landesbank Girozentrale      | Short-Term Issuer Rating  | R-1 (middle) | R-1 (middle) | R-1 (middle) | R-1 (middle) |
| Norddeutsche Landesbank Girozentrale      | Long-Term Senior Debt     | A (high)     | A (high)     | A (high)     | A (high)     |
| Norddeutsche Landesbank Girozentrale      | Short-Term Debt           | R-1 (middle) | R-1 (middle) | R-1 (middle) | R-1 (middle) |
| Norddeutsche Landesbank Girozentrale      | Long-Term Deposits        | A (high)     | A (high)     | A (high)     | A (high)     |
| Norddeutsche Landesbank Girozentrale      | Short-Term Deposits       | R-1 (middle) | R-1 (middle) | R-1 (middle) | R-1 (middle) |
| Norddeutsche Landesbank Girozentrale      | Senior Non-Preferred Debt | A            | A            | A            | A            |
| Norddeutsche Landesbank Girozentrale      | Subordinated Debt         | A (low)      | A (low)      | A (low)      | A (low)      |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Long-Term Issuer Rating   | A (high)     | A (high)     | A (high)     | A (high)     |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Short-Term Issuer Rating  | R-1 (middle) | R-1 (middle) | R-1 (middle) | R-1 (middle) |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Long-Term Senior Debt     | A (high)     | A (high)     | A (high)     | A (high)     |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Short-Term Debt           | R-1 (middle) | R-1 (middle) | R-1 (middle) | R-1 (middle) |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Long-Term Deposits        | A (high)     | A (high)     | A (high)     | A (high)     |
| NORD/LB Luxembourg S.A. Covered Bond Bank | Short-Term Deposits       | R-1 (middle) | R-1 (middle) | R-1 (middle) | R-1 (middle) |

## Previous Actions

- [Morningstar DBRS Confirms NORD/LB's Long-Term Issuer Rating at A \(high\), Stable Trend; Intrinsic Assessment Raised to BBB \(high\), 17 June 2025.](#)
- [Morningstar DBRS Confirms NORD/LB's Long-Term Issuer Rating at A \(high\), Maintains Stable Trend, 29 November 2024.](#)
- [Morningstar DBRS Confirms NORD/LB's LT Issuer Rating at A \(high\), Stable Trend, and Upgrades Intrinsic Assessment to BBB, 1 December 2023.](#)

## Related Research

- [European Banking: Earnings Trends and Outlook Amid Global Trade Tensions, 23 June 2025.](#)
- [German Landesbanken: Solid Profits in 2024 Amid Uncertain Environment, 8 May 2025.](#)
- [CRE Lending Continued to Pressure German Banks' Asset Quality in 2024, 7 May 2025.](#)
- [Higher Tariffs Could Increase European Banks' Low Cost of Risk, 15 April 2025.](#)
- [Gender Diversity in EU Banks: Some Progress in Meeting Targets, 5 March 2025.](#)
- [Rethinking Bank Funding to the European Defence Sector, 5 March 2025.](#)

- [Synthetic SRTs: A Well-Established Capital Management Tool for European Banks](#), 10 February 2025.
- [Global 2025 FIG Credit Outlook: Financial Institutions Benefitting from Benign Operating Environment, but Downside Risks Increase](#), 30 January 2025.
- [2025 EBA Stress Test: Geopolitical and Trade Risks Pressure Adverse Scenario](#), 29 January 2025.
- [European Banks Poised to Maintain Low Cost of Risk in 2025](#), 6 January 2025.

#### **Previous Reports**

- [Norddeutsche Landesbank Girozentrale: Credit Rating Report](#), 16 December 2024.
- [Norddeutsche Landesbank Girozentrale: Rating Report](#), 23 January 2024.
- [Norddeutsche Landesbank Girozentrale: Rating Report](#), 16 December 2022.

#### **European Bank Ratios & Definitions**

- [Bank Ratio Definitions](#), 14 March 2022.

### About Morningstar DBRS

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