Covered Bonds follow-up Rating

Slovenská sporiteľňa, a.s.
Mortgage Covered Bond Program

Creditreform Rating

Rating Object	Rating Information	
Slovenská sporiteľňa, a.s. Mortgage Covered Bond Program	Rating / Outlook : **AAA / Stable**	Type: Rating Update (unsolicited)
Type of Issuance : Mortgage Covered Bond under Slovak law	Rating Date :	17.03.2023
Issuer : Slovenská sporiteľňa, a.s.	Rating Renewal until :	Withdrawal of the rating
LT Issuer Rating: A (Slovenská sporiteľňa, a.s.)	Maximum Validity:	01.01.2050
ST Issuer Rating: L2	Rating Methodology :	CRA „Covered Bond Ratings"
Outlook Issuer: Positive		

Program Overview

Nominal value	EUR 3,151 m.	WAL maturity covered bonds	4.20 Years
Cover pool value	EUR 5,519 m.	WAL maturity cover pool	21.30 Years
Cover pool asset class	Mortgages	Overcollateralization (nominal/committed)	75.11%/ 7.50%
Repayment method	Soft Bullet	Min. overcollateralization	5.00%
Legal framework	Slovak Act on Banks	Covered bonds coupon type	Fix (100.00%), Floating (0.00%)

Cut-off date Cover Pool information: 31.12.2022.

Content

Analysts

Philip Michaelis
Lead Analyst
p.michaelis@creditreform-rating.de
+49 2131 109 2157

Yannick Sagert
Analyst
y.sagert@creditreform-rating.de
+49 2131 109 2083

Neuss, Germany

Rating Action

This follow-up report covers our analysis of the mortgages covered bond program issued under Slovak law by Slovenská sporiteľňa, a.s. („SLSP"). The total covered bond issuance at the cut-off date (31.12.2022) had a nominal value of EUR 3,151.40 m., backed by a cover pool with a current value of EUR 5,518.50 m. This corresponds to a nominal overcollateralization of 75.11%. The cover assets solely include Slovak mortgages obligations in Slovakia.

Taking into consideration the issuer rating, our analysis of the regulatory framework, liquidity- and refinancing risks, as well as our cover pool assessment and results of the cash flow analysis, Creditreform Rating AG ("Creditreform Rating" or "CRA") affirms the covered bond program with an AAA rating. The AAA rating represents the highest level of credit quality and the lowest investment risk.

Key Rating Findings

+	Covered Bonds are subject to strict Slovak legal framework for covered bonds
+	Committed overcollateralization above the minimum required
+	Covered bond holders have recourse to the issuer
+	Current high overcollateralization (OC) of 75.11% as of 31.12.2022
+	Above-average capital ratios and liquidity ratios of issuer's parent company
+/-	Strong presence of the issuer's parent company in the growth markets in Eastern Europe with opportunities and risks.

Table1: Overview results

Risk Factor	Result
Issuer rating	A (rating as of 28.09.2022)
+ Legal and regulatory framework	+4 Notches
+ Liquidity and refinancing risk	+1 Notch
= Rating after 1st uplift	AAA
Cover pool & cash flow analysis	AAA
+ 2nd rating uplift	+/-0 Notch
= Rating covered bond program	**AAA**

Issuer Risk

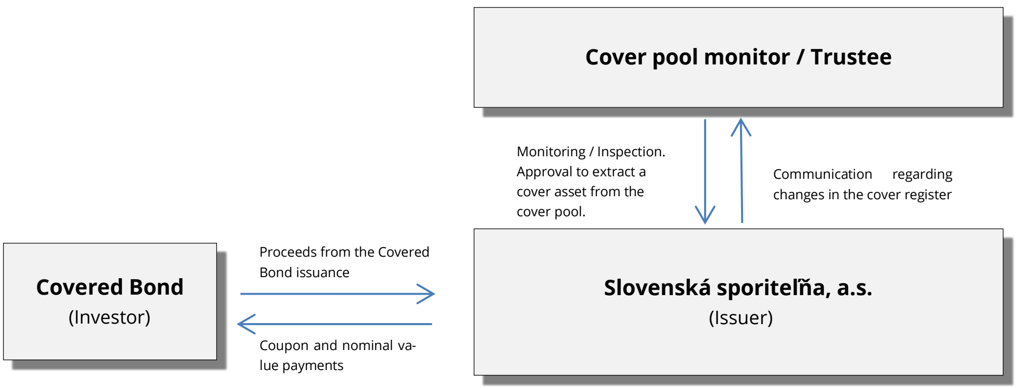
Issuer

Our rating of Slovenská sporiteľňa, a.s. mortgage covered bond program is reflected by our issuer rating opinion of Erste Group Bank AG (Group) due to its group structure. CRA has affirmed the Long-term rating of Erste Group Bank at A in a Rating Update dated 28.09.2022. Erste Group aims to be the leading retail and corporate bank in Eastern Europe. The core market continues to be the Sparkassen in Austria. Erste Group Bank AG, as a holding company, was able to both significantly increase its profitability in the financial year 2021 and recover from the Corona crisis, and even increase its profitability compared to the ordinary financial year 2019. At group level, profitability was also significantly increased compared to 2019. As of H1 2022, Erste Group Bank continued to significantly increase its operating income at group level on a full-year basis, mainly driven by higher net interest income and net fee and commission income. The positive outlook is justified by the expectation that there will be no significant deterioration in profitability and asset quality in the medium term due to the war in Ukraine and rising consumer prices. In the short term, rising consumer prices may impact the Group's asset quality. For a more detailed overview of the issuer rating, please refer to the webpage of Creditreform rating AG.

Structural Risk

Transaction structure

Figure1: Overview of Covered Bond emission | Source: CRA



Legal and Regulatory Framework

The legal basis of covered bond ("krytý dlhopis") programs in Slovakia is the Act on Bonds (Act No. 530/1990 Coll., Part Four, Article 20b), the Act on Banks (No. 483/2001 Coll., Part 12), the Insolvency Act (Act No. 7/2005 Coll., Part 6), and five Decrees of the National Bank of Slovakia (Národná banka Slovenska, "NBS") for covered bonds programs. The entire legal framework was updated by Act No. 454/2021, which implements EU Directive 2019/2162 on the issuance and public supervision of covered bonds.

This section highlights the main features of the Slovak legal framework and the most notable amendments to the updated Act on Banks. A comprehensive overview of the previously valid legal framework can be found in our initial rating report of SLSP Mortgage Covered Bonds.

The covered bond holders have direct recourse to the issuer and a preferential claim over the cover pool assets secured by its cover asset class.

In order to ensure that the cover assets are correctly recorded in the relevant cover register and that their inclusion meets eligibility criteria, the NBS reviews and appoints a trustee and his deputy for a covered bonds program issuer, either on its own initiative or at the suggestion of the issuer.

Slovakia fully complies with EBA's best practice regarding the administration of the covered bond program post the issuer's insolvency or resolution. This task is executed by the general bankruptcy administrator of the issuer, which will manage the cover pool. The bankruptcy administrator may perform all legal transactions with effect to the cover pool, insofar as these are necessary for an orderly settlement in the interest and to the full satisfaction of the covered bond creditors.

In the event of a default by the issuer, there is no automatic sale of the cover assets or accelerated repayment of the covered bonds in the event of a default. The bankruptcy administrator may, subject to special procedures, extend the original maturities of the covered bonds. Should a reduction in the claims of the covered bond holders nevertheless become apparent, the bankruptcy administrator, together with the cover pool trustee and with the approval of the NBS, is permitted to transfer the entire covered bond programme to one or more solvent banks. If this is not feasible, only then the bankruptcy administrator is entitled to liquidate the assets of the covered bond issuer, thereby accelerating the repayment of the covered bonds. CRA assumes a failing of the transfer of the program, and therefore considers a liquidation of the assets in the cash flow model.

A cover pool may consist of primary assets, substitution assets, hedging derivatives, and liquid assets. Eligible primary assets are assets eligible pursuant to (1) Article 129(1)a (public sector assets), (2) Article 129(1)d and f (residential or mortgage loans), (3) other high-quality cover assets (residential or commercial loans with a soft LTV of maximum 70% or LTV of 100% in the case of real estate as defined in the CRR), or (4) loans to, or guarantees for, public sector entities which are majority-owned by the state or regional authorities, provide essential public services and are subject to public supervision (PU Loans). According to the Slovak Act on Banks, mortgage loans are secured by a lien or other security right to real estate. The geographical scope of mortgage loans is confined to the Slovak Republic.

Depending on the type of primary asset, covered bonds may be designated as "European Covered Bond Premium" ("európsky krytý dlhopis (prémiový)") if secured by (1) or (2) and fulfilling all conditions under Article 129 of the CRR or "European Covered Bond" ("európsky krytý dlhopis") if secured by (3) or (4).

At least 90% of the total value of the cover pool must consist of these primary assets, while the residual 10% can consist of substitution assets. In addition, at least 80% of the aggregate principal amount of the covered bonds must be covered by primary assets. Substitution assets include exposures to the European Central Bank, central banks in the European Union or to appropriate credit institutions, which qualify for the CQS 1 or 2.

In general, the Slovak framework defines the legal basis for covered bond programs in Slovakia, it defines clear rules to mitigate risks in particular regarding: insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the roll and appointment of a trustee and bankruptcy administrator, among other provisions.

We considered the structural framework in Slovakia as positive, accomplishing an adequate set of rules for Slovak covered bonds. Furthermore, we contemplate the importance of SLSP in the Slovak Covered Bond market in our analysis. Due to those reasons we have set a rating uplift of four (+4) notches.

Liquidity and Refinancing Risk

According to the Slovak Act on Banks, it is compulsory to maintain an overcollateralization (OC) of at least 5% for measured as of the last day of the relevant month. If the cover pool consists of other high-quality cover assets or PU Loans the mandatory OC is 10%. The bank can determine a higher OC for an issued covered bond, but then is obligated to maintain this fixed value until the maturity of the debt instrument for all covered bonds.

The issuer must ensure that the coverage and OC is also maintained in the case of stress periods. For this purpose, the underlying cover pool must be subjected to a stress test at least once a year. The stress test shall include among other things credit risk, interest rate risk, foreign exchange risk, and liquidity risk.

Asset-liability mismatches ("ALM") arise with different maturities of cover assets and covered bonds. According to the Slovak framework, the issuer is required to maintain a liquidity buffer to cover the maximum cumulative net liquidity outflow (including interest and principal of the covered bond program) for the next 180 days. In addition, derivative instruments to mitigate currency or interest rate risk are permitted and must be included in the cover pool.

Under this program, covered bonds are issued with a soft bullet maturity. Maturity mismatches between cover assets and liabilities can thus be mitigated by extending the legal maturity. During the transfer procedure of the covered bond program, the bankruptcy administrator can extend the original maturity of the covered bonds by up to 12 months under special procedures. Should this transfer process be expanded, the term extension can also be extended by a further 12 months period. This mechanism is not considered in our cash flow analysis due to the lack of relevant information on the repayment structure under the extension provisions. This feature of Slovak covered bond programmes is only qualitatively considered in our rating analysis.

In the event of the issuer's insolvency, the Slovak legal framework provides that the bankruptcy administrator may sell assets of the cover pool, but only if a transfer of the covered bond programme to one or more solvent banks has not been possible.

CRA's analysis assumes that ALM-related refinancing gaps will ultimately be closed by selling assets from the cover pool. We take into account the related costs in the form of a discount to the nominal value. The quantification of this discount is adjusted following an analysis of relevant market data and is used in our cash flow analysis.

Information on, among other things, the yields and maturity of outstanding bonds, the structure of the cover assets, the average amount and maturity of primary assets, fixed interest periods, the stress tests and the respective coverage shall be published in each year.

Compared to other jurisdictions, the Slovak legal framework and the stipulated risk management processes for liquidity risks constitute a comparatively strict framework by which they can be effectively reduced.

Refinancing risks could be structurally mitigated by the soft bullet repayment structure combined with sufficient over-collateralisation, short-term availability of cash or other liquid funds to bridge the asset-liability mismatch in the portfolio. We view the overall legal framework for liquidity management of Slovak covered bond programmes as positive, and raise the rating by one notch (+1).

ESG Criteria

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing Covered Bond ratings. Overall, ESG factors have a significant impact on the current rating of this Covered Bond program. CRA identifies governance factors, in particular, to have a highly significant impact on Covered Bond ratings. Since Covered Bonds are subject to strict legal requirements, regulatory risk plays an important role in assessing the credit rating.

The Slovak covered bonds legislation defines clear rules to mitigate risks in particular regarding insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the roll and appointment of a trustee and bankruptcy administrator, among other provisions. Additionally, Risk management and internal controls as well as the macroeconomic factors such as hedging strategies, interest rates and yield curve are considered to have a highly significant impact on the assessment of the credit rating. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

Credit and Portfolio Risk

Cover pool analysis

The analysis of the cover pool is based on public information which has been made available by the issuer, in particular the Cover Pool Overview („CPO“). This information was sufficient according to CRA´s rating methodology “Covered Bond Ratings”.

At the cut-off-date 31.12.2022, the pool of cover assets consisted of 115,386 debt receivables from 105,338 debtors, of which 100.00% are domiciled in Slovakia. The total cover pool volume amounted to EUR 5,519 m., while the residential cover pool volume amounted to EUR 5,468 m. in residential (100.00%), commercial (0.00%) and others (0.00%) loans.

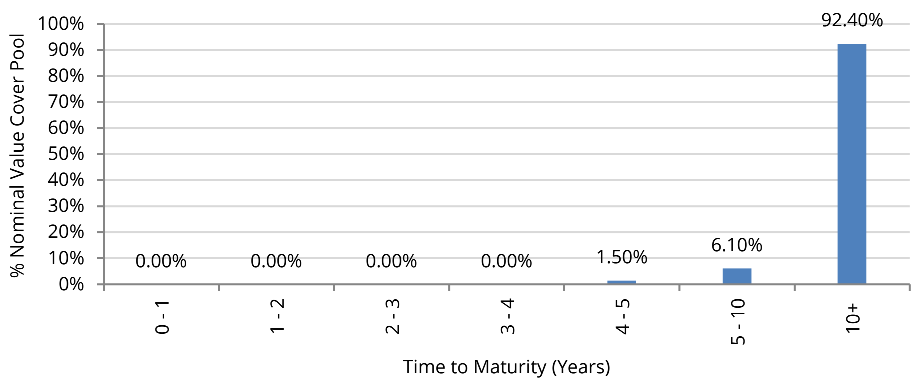
The residential cover pool consists of 115,386 mortgage loans having an indexed weighted average LTV of 46.49%. The cover cool doesn’t have any no non-residential mortgage loans. Table 2 displays additional characteristics of the cover pool:

Table 2: Cover pool characteristics | Source: SLSP

Characteristics	Value
Cover assets	EUR 5,519 m.
Covered bonds outstanding	EUR 3,151 m.
Substitute assets	EUR 50 m.
Cover pool composition	
Mortgages	99.09%
Substitute assets	0.91%
Other / Derivative	0.00%
Number of debtors	105,338
Mortgages Composition	
Residential	100.00%
Commercial	0.00%
Other	0.00%
Average asset value (Residential)	EUR 47.39 k.
Average asset value (Commercial)	EUR 0 k.
Non-performing loans	NR
10 biggest debtors	NR
WA seasoning	49.2 Months
WA maturity cover pool (WAL)	21.30 Years
WA maturity covered bonds (WAL)	4.20 Years

We have listed an extended view of the composition of the cover pool in the appendix section "Cover pool details". The following chart displays the maturity profile of the cover assets at the cut-off date 31.12.2022 (see figure 2):

Figure 2: Distribution by remaining time to maturity I Source: SLSP



Maturity profile

The following charts present the cash flow profile of the issuer (see figure 3 and figure 4):

Figure 3: Cover asset congruence | Source: SLSP

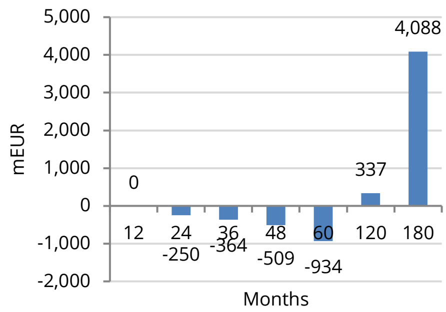
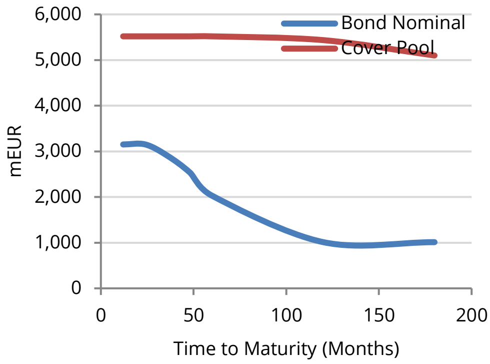


Figure 4: Amortization profile | Source: SLSP



During its cash flow modelling, CRA has taken into consideration the maturity structure of cover assets and liabilities. This structure was an integral part of the cash flow analysis.

Interest rate and currency risk

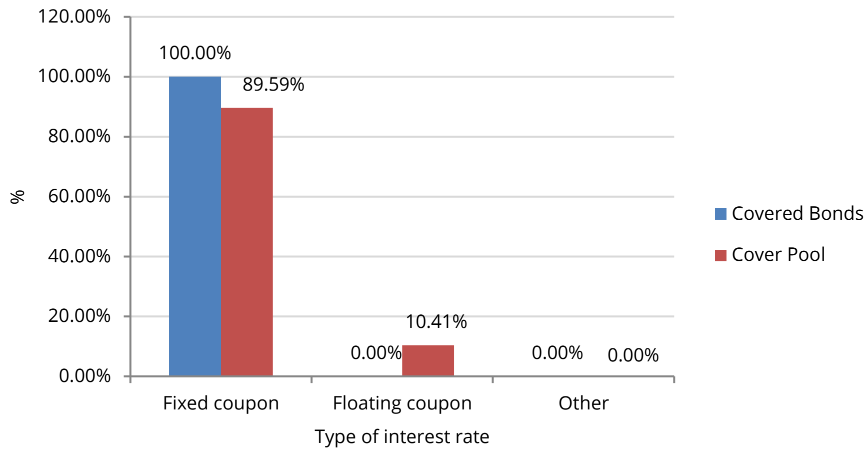
This covered bond program does not use derivatives to hedge interest rate- and currency risk. However, the legal framework provides for yearly stress tests to be conducted on interest rate- and currency risks to maintain the mandatory OC. Therefore, interest rate risk could be mitigated by the 5.00% OC requirement. Currency risk, on the other hand, is also limited for this pro-gram as 100.00% of the cover pool assets and 100.00% of the cover bonds are denominated in euro. We have not applied foreign exchange stresses but applied interest rate stresses on the cash flows for each rating level according to our methodology. The overall rating impact of interest rate mismatches was negligible for this program, which has been presented in our 'Break-even Analysis' segment.

Table 3: Program distribution by currency | Source: SLSP

Currency	Volume	Share (%)
Cover Pool		
EUR	5,519 m.	100.00%
Covered Bond		
EUR	3,151 m.	100.00%

Figure 5 shows the types of interest rate used in this program.

Figure 5: Type of interest rate | Source: SLSP



Credit Risk

The credit risk assessment for Mortgage Covered Bond have been determined in accordance with CRA rating methodology for Covered Bonds by means of historical data and particular parameters from the Covered Bonds.

Due to the high granularity of mortgage pools we have characterized these portfolios as big enough and with a homogeneous composition i.e. ("Large Homogeneous Portfolio", LHP). Furthermore, under that premise we have assumed that it is possible to derive a loss distribution. CRA has used the issuer's historical NPL ratios to derivate a conservative default rate proxy for the approximation through the LHP distribution. For the SLSP it has been assumed an expected default rate of 0.79% for the LHP. Furthermore, CRA has considered a 15.00% correlation to define the LHP distribution. Table 4 disclosed the expected default rate for each relevant rating level.

In order to derive recovery and loss-severity base case assumption, CRA has used historical data from mortgage price indexes. To determine loan-level recovery assumptions the resulting stressed recoveries assumptions were compared with the portfolio's existing loan-to-value ratios (LTVs).

Based on the default rates and taking into account the recovery assumptions, the following loss assumptions were determined for the current cover pool (see Table 4):

Table 4: Cover Pool Base case assumptions | Source: CRA

Rating	Default Rate (%)	Recoveries (%)	Expected Loss (%)
AAA	**27.53%**	**57.38%**	**11.73%**
AA+	24.68%	61.11%	9.60%
AA	20.96%	66.86%	6.95%
AA-	17.71%	72.84%	4.81%
A+	16.49%	75.40%	4.06%
A	16.43%	74.54%	4.02%
A-	15.54%	77.57%	3.48%

Cash-Flow Analysis

Model Assumptions

Based on public information and using the base case loss assumptions, we implement a scenario-based cash flow model. This model aims to test the ability of the structure to service all covered bonds according to their payment profile in diverse stress scenarios. The CRA cash flow analysis assumes that the issuer has defaulted, i.e. all obligations will be met using cash flows from the cover pool assets only. We also assume that no additional assets will be added to the cover pool during the wind-down phase.

The cash-flow analysis considers, among other factors, asset value haircuts ("asset-sale discount"), and the possible positive yield spread between covered assets and covered bonds ("yield spreads"). To derive the asset-sale discount, CRA assumes, based on secondary market data, a rating level haircut on the asset value. Furthermore, CRA, using available public information (i.e. issuer's annual accounts), has derived estimations for yield spreads (see table 5):

Table 5: Cash-Flow Model assumptions | Source: CRA

Rating level	Asset-Sale Discount	Yield Spread
AAA	**72.93%**	**1.52%**
AA+	67.35%	1.59%
AA	63.75%	1.64%
AA-	60.33%	1.68%
A+	57.70%	1.72%
A	55.54%	1.75%
A-	52.72%	1.78%

Rating Scenarios

In our cash flow model rating scenarios have been tested considering several central input parameters, such as:

- Portfolio composition (diversification, concentration, granularity)
- Probability of default of cover assets
- Correlations of cover assets and systematic risk factors
- Recoveries
- Maturity profile of covered bonds and cover assets (ALM)

Within an AAA rating scenario, the cash flow model showed that obligations can be paid fully and in a timely manner. Overall, the cash flow analysis revealed that the portfolio, given all used information as of 31.12.2022, may ensure the repayment of bonds' nominal capital notwithstanding the occurrence of the presented stressed scenarios.

Overcollateralization Break-Even Analysis

CRA also performed a break-even OC analysis taking into considerations the following drivers: ALM, Loss level, Interest rate spreads, foreign currency mismatches and Recoveries. Performing the break-even OC analysis, we took rating-level specific stressed outcomes into account. Based on these analyses, the maximum OC required for each relevant rating level during the whole period has been presented in table 6.

Table 6: Breakeven Analysis | Source: CRA

Rating Level	Break-Even OC
AAA	**44.33%**
AA+	37.84%
AA	32.28%
AA-	27.68%
A+	25.23%
A	23.88%
A-	21.60%

Sensitivity Analysis

CRA also evaluates the sensitivity of the structure and program with respect to important input parameters. In particular, the following factors have been varied:

- Credit quality of cover assets
- Recoveries

The following table presents the rating impact of a decline in recoveries and an increase in the credit risk of single debtors. Starting from the best-case, which is represented by our base case assumptions, the analysis reveals the sensitivity of the rating with respect to recovery rates and credit risk. The worst-case scenario, in which we reduce recoveries by 50% and increase credit risk by 50%, the impact can be seen by no reduction in the base case rating (see Table 7):

Table 7: Covered Bond Program Sensitivity: Credit Quality und Recovery Rates | Source: CRA

Recovery / Defaults	Base Case	-25%	-50%
Base Case	**AAA**	AAA	AAA
+25%	AAA	AAA	AAA
+50%	AAA	AAA	AAA

In general, based on the presented cash flow analysis results, the rating of the cover pool within our covered bond program rating has been set at AAA. Considering the issuer rating as the rating floor in combination with the analysis of the legal framework and the resulting primary rating uplift, this has already led to a rating of AAA for the program, the secondary rating uplift with potentially three (+3) notches only serves as a further buffer against a downgrade of the issuer.

Counterparty Risk

Derivatives

No derivatives in use at present.

Commingling

In the event of issuer's bankruptcy, in order to avoid commingling of funds, the Slovak covered bonds legislation stipulates that the cover assets should be isolated from the general bankruptcy estate (insolvency-free assets) and the general bankruptcy administrator will manage the cover pool. The bankruptcy administrator will have first priority on the upcoming cash flows from the cover pool assets, which in turn should be used to cover interest and principal payments of the covered bond holders in event of the issuer's insolvency.

Appendix

Rating History

Event	Rating Date	Publication Date	Result
Initial Rating	25.02.2022	09.03.2022	AAA / Stable
Rating Update	17.03.2023	23.03.2023	AAA / Stable

Details Cover Pool

Table 8: Characteristics of Cover Pool | Source: SLSP

Characteristics	Value
Cover Pool Volume	EUR 5,519 m.
Covered Bonds Outstanding	EUR 3,151 m.
Substitute Assets	EUR 50 m.
Share Derivatives	0.00%
Share Other	100.00%
Substitute Assets breakdown by asset type	
Cash	0.00%
Guaranteed by Supranational/Sovereign agency	100.00%
Central bank	0.00%
Credit institutions	0.00%
Other	0.00%
Substitute Assets breakdown by country	
Issuer country	100.00%
Eurozone	0.00%
Rest European Union	0.00%
European Economic Area	0.00%
Switzerland	0.00%
Australia	0.00%
Brazil	0.00%
Canada	0.00%
Japan	0.00%
Korea	0.00%
New Zealand	0.00%
Singapore	0.00%
US	0.00%
Other	0.00%
Cover Pool Composition	
Mortgages	99.09%
Total Substitute Assets	0.91%
Other / Derivatives	0.00%
Number of Debtors	105.338
Distribution by property use	
Residential	100.00%

Commercial	0.00%
Other	0.00%
Distribution by Residential type	
Occupied (main home)	0.00%
Second home	0.00%
Non-owner occupied	0.00%
Agricultural	0.00%
Multi family	0.00%
Other	100.00%
Distribution by Commercial type	
Retail	0.00%
Office	0.00%
Hotel	0.00%
Shopping center	0.00%
Industry	0.00%
Land	0.00%
Other	0.00%
Average asset value (Residential)	EUR 47.39 k.
Average asset value (Commercial)	EUR 0 k.
Share Non-Performing Loans	NR
Share of 10 biggest debtors	NR
WA Maturity (months)	NR
WAL (months)	256
Distribution by Country (%)	
Slovakia	100.00
Distribution by Region (%)	
Banská Bystrica	9.20
Bratislava	21.00
Košíce	12.20
Nitra	10.00
Prešov	10.40
Trenčín	11.20
Trnava	13.50
Žilina	12.50

Table 9: Participant counterparties | Source: SLSP

Role	Name	Legal Entity Identifier
Issuer	Slovenská sporiteľňa, a.s.	549300S2T3FWVVXWJI89
Administrator	Slovenská sporiteľňa, a.s.	549300S2T3FWVVXWJI89
Arranger	Erste Group Bank AG	PQOH26KWDF7CG10L6792

Figure 6: Program currency mismatches | Source: SLSP

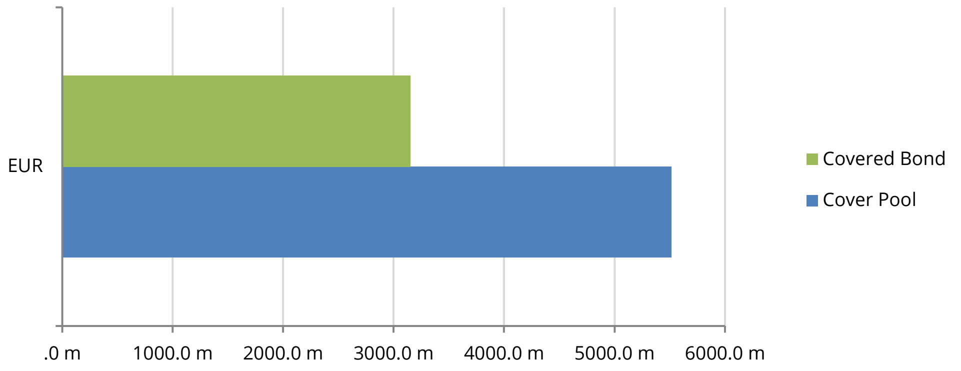
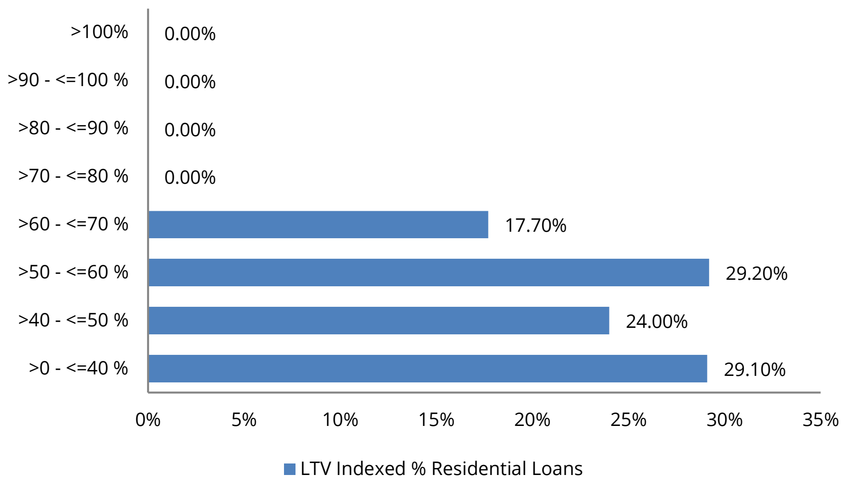


Figure 7: Indexed LTV breakdown - residential pool | Source: SLSP



Key Source of Information

Documents (Date: 31.12.2022)
Issuer ▪ Audited consolidated annual reports of Erste Group Bank AG (Group) 2018-2021 ▪ Audited consolidated annual reports of Slovenská sporiteľňa, a.s. 2018-2021 ▪ Issuer rating update report dated 28.09.2022 ▪ Miscellaneous Investor Relations Information and Press releases ▪ Data from eValueRate/CRA databank
Covered Bond and Cover Pool ▪ Cover Pool Overview from SLSP (31.12.2022) ▪ Base Prospectus as of 28.03.2022 ▪ Market data Mortgage Covered Bond Program

Regulatory and Legal Disclosures

Creditreform Rating AG was neither commissioned by the rating object nor by any other third parties 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 rating was conducted on the basis of Creditreform Rating´s “Covered Bond Ratings” methodology (v1.1, April 2022) and “Technical Documentation Portfolio Loss Distributions” (v.1.0, July 2018) in conjunction with Creditreform`s basic document “Rating Criteria and Definitions” (v1.3, January 2018). On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document “The Impact of ESG Factors on Credit Ratings” (March 2020).

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 and program. The issuer’s quantitative analysis is based mainly on the latest annual accounts, interim reports, other information of the bank pertaining to investor relations, and key figures calculated by CRA/ eValueRate. The cover pool’s quantitative analysis for the rated Covered Bond Program was based on the Cover Pool Overview published by the SLSP.

A complete description of Creditreform Rating´s rating methodologies and Creditreform`s basic document “Rating Criteria and Definitions” is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

This rating was carried out by analysts Philip Michaelis (Senior Analyst) and Yannick Sagert (Analyst) both based in Neuss/Germany. On 17.03.2023, the rating was presented to the rating committee by the analysts and adopted in a resolution. The function of Person Approving Credit Ratings (PAC) was performed by Christian Konieczny (Senior Analyst).

On 17.03.2023, the rating result was communicated to SLSP, and the preliminary rating report was made available. The issuer and all relevant parties examined the rating report prior to publication and were given at least one full working day to appeal the rating committee decision and provide additional information. The rating decision was not amended following this examination.

The rating is subject to one-year monitoring from the creation date (see cover sheet). Within this period, the rating can be updated. After one year at the latest, a follow-up is required to maintain the validity of the rating.

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 permitted to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Endorsement

Creditreform Rating did not endorse the rating according Article 4 (3), 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 the event of provision of ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report of the issuer.

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. Transaction structure and participants

2. Transaction documents

3. Issuing documents

4. Other rating relevant documentation

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 rating report and/or Press release indicate the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases 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 and 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.

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 rating report and/or Press Release 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 the rating report and/or Press Release.

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.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report's overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

Creditreform Rating AG

Contacts

Creditreform Rating AG

Europadamm 2-6
D - 41460 Neuss

Fon +49 (0) 2131 / 109-626
Fax +49 (0) 2131 / 109-627
E-Mail info@creditreform-rating.de
Internet www.creditreform-rating.de

CEO:
Dr. Michael Munsch
Chairman of the board:
Michael Bruns

HRB 10522, Amtsgericht Neuss