



Rating Action: Moody's upgrades Norddeutsche Landesbank - Girozentrale -'s deposit and senior unsecured ratings; stable outlook

15 Mar 2024

Baseline Credit Assessment upgraded to ba2 from ba3

Frankfurt am Main, March 15, 2024 – Moody's Ratings (Moody's) has today upgraded Norddeutsche Landesbank - Girozentrale -'s (NORD/LB) long-term deposit, long-term issuer, and senior unsecured ratings to Aa2 from A3 with a stable outlook. Previously, the ratings were on review for upgrade. At the same time, the rating agency upgraded the bank's long-term Counterparty Risk Ratings (CRR) to Aa2 from A3, the junior senior unsecured rating to A1 from Baa2, and the subordinate rating to Baa1 from Ba2. Concurrently Moody's upgraded the bank's short-term CRR, short-term deposit, and Commercial Paper ratings to P-1 from P-2.

In addition, Moody's upgraded NORD/LB's Baseline Credit Assessment (BCA) to ba2 from ba3, its Adjusted BCA to a3 from ba1, the long-term Counterparty Risk Assessment (CR Assessment) to Aa2(cr) from A3(cr), and the short-term CR Assessment to P-1(cr) from P-2(cr).

Finally, Moody's affirmed NORD/LB's backed subordinate rating at Aa1.

A full list of affected ratings and assessments, which also pertain to Bremer Landesbank Kreditanstalt Oldenburg GZ, Deutsche Hypothekenbank (Actien-Gesellschaft), NORD/LB Luxembourg S.A. Covered Bond Bank, and Norddeutsche Landesbank GZ, New York Branch, can be found at the end of this press release.

This rating action concludes the review initiated on 9 February 2024.

RATINGS RATIONALE

– UPGRADE OF THE BCA

The upgrade of NORD/LB's BCA to ba2 from ba3 reflects the bank's resilience in its improved combined solvency profile despite the headwinds from a deteriorated operating environment in Germany. While asset quality will weaken, the rating agency expects that the bank's improved pre-provision profitability, the build-up of post-model management adjustments in recent years, and the bank's solid risk-weighted capitalisation will provide a sufficient buffer against rising asset risks.

The BCA also takes into account NORD/LB's elevated market funding dependence, which remains significant despite the bank's access to funding from the savings bank sector and development banks. NORD/LB's sound liquid

resources continue to provide a sufficient mitigant against potential funding challenges, however.

In addition, Moody's continues to incorporate a one notch negative corporate behaviour adjustment in NORD/LB's BCA, reflecting the bank's corporate governance risks that mainly stem from the remaining execution risks of the bank's ongoing transformation program, a lack of track record regarding the viability of the bank's amended strategy, and limited clarity on the owners' consensus regarding the future strategic path of NORD/LB.

– UPGRADE OF THE ADJUSTED BCA

The upgrade of NORD/LB's Adjusted BCA to a3 from ba1 reflects the upgrade of the bank's BCA and the very high probability of cross-sector support from Sparkassen-Finanzgruppe (S-Finanzgruppe; Corporate Family Rating Aa2 stable, BCA a2) in case of need, which results in five notches of rating uplift from affiliate support. Previously, a high support assumption was assumed, which yielded two notches of rating uplift.

Moody's believes that the probability of NORD/LB receiving such support has risen significantly following the strengthening of the institutional protection scheme (IPS) of S-Finanzgruppe, whose statutes were updated earlier in 2024[1]. The revised statutes result in a more rule-based IPS that implements an early intervention system with clearly identified triggers and timely escalation of decision-making steps as well as increased ex-ante funds over time, which, in the view of the rating agency, increase the likelihood and timeliness of support for NORD/LB. In its assessment, the rating agency considers the likelihood of support based on the new and improved governance structure of the IPS, the economic rationale to improve sector cohesion through swift and positive support decisions, and the capacity of the sector in different scenarios, including a situation in which a number of larger members require capital support concurrently.

– UPGRADE OF LONG-TERM RATINGS

The upgrade of NORD/LB's long-term ratings follows the upgrade of NORD/LB's Adjusted BCA and incorporates unchanged results from Moody's Advanced Loss Given Failure (LGF) analysis and unchanged assumptions for government support.

Because of NORD/LB's high share of capital market funding and the resulting meaningful volume of bail-in-able debt instruments, the rating agency's Advanced LGF analysis continues to yield three notches of rating uplift for the CRR, the CR Assessment, deposits, and senior unsecured debt, and two notches of rating uplift for junior senior unsecured liabilities. Because subordinated debts do not benefit from protection beyond equity and face a high loss severity, they are rated one notch below the Adjusted BCA.

The unchanged moderate government support assumption for liabilities ranking above junior senior unsecured debt and the resulting one notch of rating uplift reflects the bank's membership in the systemically important S-Finanzgruppe.

– UPGRADE OF SHORT-TERM RATINGS

The upgrade of NORD/LB's short-term ratings to P-1 from P-2 takes into account the upgrade of the respective long-

term ratings to Aa2 from A3.

– AFFIRMATION OF BACKED RATINGS

The affirmation of NORD/LB's backed subordinate rating at Aa1 continues to reflect Moody's interpretation of the deficiency guarantee that was granted by the bank's owners at the time of issuance and its assessment of the capacity, likelihood, willingness, and timeliness of support by the guarantors.

OUTLOOK

The stable outlook on NORD/LB's long-term deposit, long-term issuer, and senior unsecured ratings reflects the stable outlook of S-Finanzgruppe. The stable outlook further incorporates the rating agency's expectation of a broadly unchanged liability structure of NORD/LB.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of NORD/LB's long-term ratings could be triggered by an improvement in the financial strength of S-Finanzgruppe. NORD/LB's junior senior unsecured and subordinate ratings could potentially also be upgraded if the bank were to issue substantial additional volumes of capital instruments, such that it reduces the loss severity for these instrument classes.

An upgrade of the BCA could result if NORD/LB manages to maintain its current financial strength in the deteriorated operating environment by keeping problem loan formation in check, defending its sound capitalisation, reporting sustainably improved profitability, and maintaining its current combined liquidity profile. However, an upgrade of NORD/LB's BCA would not result in an upgrade of its Adjusted BCA or its ratings.

NORD/LB's ratings would be downgraded following a downgrade of the Adjusted BCA, either as a result of a deterioration in the financial strength of S-Finanzgruppe or caused by a weaker BCA of NORD/LB. Furthermore, a shift in the liability structure towards non-bail-in-able instruments, such that it increases the loss severity for a respective debt class and results in reduced rating uplift from Moody's Advanced LGF analysis, could result in a downgrade.

The BCA could be downgraded in case of a further material weakening of NORD/LB's asset quality, a concurrent decline in capitalisation and profitability, and a deterioration of the bank's combined liquidity profile.

LIST OF AFFECTED RATINGS

Issuer: Norddeutsche Landesbank - Girozentrale -

..Upgrades:

....LT Counterparty Risk Rating (Foreign Currency) , Upgraded to Aa2 from A3

....LT Counterparty Risk Rating (Local Currency) , Upgraded to Aa2 from A3

....ST Counterparty Risk Rating (Foreign Currency) , Upgraded to P-1 from P-2

....ST Counterparty Risk Rating (Local Currency) , Upgraded to P-1 from P-2

....LT Bank Deposits (Foreign Currency) , Upgraded to Aa2 STA from A3 RUR

....LT Bank Deposits (Local Currency) , Upgraded to Aa2 STA from A3 RUR

....ST Bank Deposits (Foreign Currency) , Upgraded to P-1 from P-2

....ST Bank Deposits (Local Currency) , Upgraded to P-1 from P-2

....LT Counterparty Risk Assessment , Upgraded to Aa2(cr) from A3(cr)

....ST Counterparty Risk Assessment , Upgraded to P-1(cr) from P-2(cr)

....LT Issuer Rating (Foreign Currency) , Upgraded to Aa2 STA from A3 RUR

....Baseline Credit Assessment , Upgraded to ba2 from ba3

....Adjusted Baseline Credit Assessment , Upgraded to a3 from ba1

....Senior Unsecured Regular Bond/Debenture (Local Currency) , Upgraded to Aa2 STA from A3 RUR

....Senior Unsecured Medium-Term Note Program (Local Currency) , Upgraded to (P)Aa2 from (P)A3

....Junior Senior Unsecured Regular Bond/Debenture (Local Currency) , Upgraded to A1 from Baa2

....Junior Senior Unsecured Medium-Term Note Program (Local Currency) , Upgraded to (P)A1 from (P)Baa2

....Subordinate Regular Bond/Debenture (Foreign Currency) , Upgraded to Baa1 from Ba2

....Subordinate Regular Bond/Debenture (Local Currency) , Upgraded to Baa1 from Ba2

....Subordinate Medium-Term Note Program (Local Currency) , Upgraded to (P)Baa1 from (P)Ba2

....Commercial Paper (Foreign Currency) , Upgraded to P-1 from P-2

....Commercial Paper (Local Currency) , Upgraded to P-1 from P-2

....Other Short Term (Local Currency) , Upgraded to (P)P-1 from (P)P-2

..Outlook Actions:

....Outlook, Changed To Stable From Rating Under Review

..Affirmations:

....BACKED Subordinate Regular Bond/Debenture (Local Currency) , Affirmed Aa1

Issuer: Bremer Landesbank Kreditanstalt Oldenburg GZ

..Upgrades:

....Junior Senior Unsecured Regular Bond/Debenture (Local Currency) , Upgraded to A1 from Baa2 (assumed by Norddeutsche Landesbank - Girozentrale -)

..Outlook: NOO

..Affirmations:

....BACKED Subordinate Regular Bond/Debenture (Local Currency) , Affirmed Aa1 (assumed by Norddeutsche Landesbank - Girozentrale -)

Issuer: Deutsche Hypothekenbank (Actien-Gesellschaft)

..Upgrades:

....Senior Unsecured Regular Bond/Debenture (Local Currency) , Upgraded to Aa2 STA from A3 RUR (assumed by Norddeutsche Landesbank - Girozentrale -)

....Junior Senior Unsecured Regular Bond/Debenture (Local Currency) , Upgraded to A1 from Baa2 (assumed by Norddeutsche Landesbank - Girozentrale -)

..Outlook Actions:

....Outlook, Changed To Stable From Rating Under Review

Issuer: NORD/LB Luxembourg S.A. Covered Bond Bank

..Upgrades:

....LT Counterparty Risk Rating (Foreign Currency) , Upgraded to Aa2 from A3

....LT Counterparty Risk Rating (Local Currency) , Upgraded to Aa2 from A3

....ST Counterparty Risk Rating (Foreign Currency) , Upgraded to P-1 from P-2

....ST Counterparty Risk Rating (Local Currency) , Upgraded to P-1 from P-2

....LT Bank Deposits (Foreign Currency) , Upgraded to Aa2 STA from A3 RUR

....LT Bank Deposits (Local Currency) , Upgraded to Aa2 STA from A3 RUR

....ST Bank Deposits (Foreign Currency) , Upgraded to P-1 from P-2

....ST Bank Deposits (Local Currency) , Upgraded to P-1 from P-2

....LT Counterparty Risk Assessment , Upgraded to Aa2(cr) from A3(cr)

....ST Counterparty Risk Assessment , Upgraded to P-1(cr) from P-2(cr)

....LT Issuer Rating (Foreign Currency) , Upgraded to Aa2 STA from A3 RUR

....LT Issuer Rating (Local Currency) , Upgraded to Aa2 STA from A3 RUR

....ST Issuer Rating (Foreign Currency) , Upgraded to P-1 from P-2

....ST Issuer Rating (Local Currency) , Upgraded to P-1 from P-2

....Baseline Credit Assessment , Upgraded to ba2 from ba3

....Adjusted Baseline Credit Assessment , Upgraded to a3 from ba1

..Outlook Actions:

....Outlook, Changed To Stable From Rating Under Review

Issuer: Norddeutsche Landesbank GZ, New York Branch

..Upgrades:

....LT Counterparty Risk Rating (Foreign Currency) , Upgraded to Aa2 from A3

....LT Counterparty Risk Rating (Local Currency) , Upgraded to Aa2 from A3

....ST Counterparty Risk Rating (Foreign Currency) , Upgraded to P-1 from P-2

....ST Counterparty Risk Rating (Local Currency) , Upgraded to P-1 from P-2

....LT Counterparty Risk Assessment , Upgraded to Aa2(cr) from A3(cr)

....ST Counterparty Risk Assessment , Upgraded to P-1(cr) from P-2(cr)

....Commercial Paper (Local Currency) , Upgraded to P-1 from P-2

..Outlook: NOO

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in March 2024 and available at <https://ratings.moodys.com/rmc-documents/409852>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moody.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moody.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody' affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

REFERENCES/CITATIONS

[1] Statutes of the institutional protection scheme of Sparkassen-Finanzgruppe (Rahmensatzung für das institutsbezogene Sicherungssystem der Sparkassen-Finanzgruppe), Deutscher Sparkassen- und Giroverband 22-Jan-2024

Please see <https://ratings.moody.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moody's.com> for additional regulatory disclosures for each credit rating.

Goetz Thurm

Vice President - Senior Analyst

Financial Institutions Group

Moody's Deutschland GmbH

An der Welle 5

Frankfurt am Main, 60322

Germany

JOURNALISTS: 44 20 7772 5456

Client Service: 44 20 7772 5454

Alexander Hendricks, CFA

Associate Managing Director

Financial Institutions Group

JOURNALISTS: 44 20 7772 5456

Client Service: 44 20 7772 5454

Releasing Office:

Moody's Deutschland GmbH

An der Welle 5

Frankfurt am Main, 60322

Germany

JOURNALISTS: 44 20 7772 5456

Client Service: 44 20 7772 5454

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR

INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be

reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are

accessing the document as a representative of, a “wholesale client” and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to “retail clients” within the meaning of section 761G of the Corporations Act 2001. MOODY’S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody’s Japan K.K. (“MJKK”) is a wholly-owned credit rating agency subsidiary of Moody’s Group Japan G.K., which is wholly-owned by Moody’s Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody’s SF Japan K.K. (“MSFJ”) is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization (“NRSRO”). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.