

**Norddeutsche Landesbank  
Girozentrale**

Investor Relations  
Georgsplatz 1  
D – 30159 Hannover

Mail: IR@nordlb.de  
Phone: +49 511/361-4338  
www.nordlb.de

Hannover, 3 August 2018

## Moody's releases new methodology for banks

---

On 3 August 2018 Moody's released a new rating methodology for banks. This change in methodology was caused by the implementation of the Bank Recovery and Resolution Directive (BRRD) into German law. The respective adjustment of § 46f KWG (German Banking Act) was put into place on 21 July 2018.

With the commencement of this act the ranking of senior unsecured bonds, negotiable bonds as well as promissory notes and registered bonds changed. These bonds will now be, after implementation of the new act, pari passu with such new senior unsecured issues, named junior-senior at Moody's. The lower rank in case of an insolvency is expressly mentioned in its terms and conditions. This asset class is now called "non-preferred". Furthermore there is a new asset class for preferred senior unsecured bonds. The bank's issuer rating is linked to the new asset class „senior unsecured preferred“.

Thus, NORD/LB's senior unsecured bonds issued until 20 July 2018 belong to the asset class "non-preferred", starting from 21 July 2018. Moody's rating for this asset class is "Ba1". **At the same time NORD/LB's issuer rating improves to "Baa2". This new senior unsecured preferred asset class is also rated at "Baa2" and forms the basis for our unsecured funding.**

We would like to emphasise that the new rating for the outstanding senior unsecured bonds in our portfolio is not due to a weaker intrinsic financial strength of the bank but only due to Moody's methodology amendment (no further government support for non-preferred bonds) caused by the change in law. This adjustment affects all German banks rated by Moody's, no matter what kind of intrinsic financial strength the respective banks have achieved.

Fitch rates all NORD/LB senior unsecured bonds, preferred and non-preferred (outstandings and new issues) "A-" with negative outlook.

DBRS evaluates the quality of the preferred bonds with „A“ and the non-preferred bonds with "A(low)", both with a positive outlook.

Norddeutsche Landesbank  
Girozentrale

Investor Relations  
Georgsplatz 1  
D – 30159 Hannover

Mail: IR@nordlb.de  
Tel. 0511/361-4338  
www.nordlb.de

Comparison between old and new NORD/LB ratings:

Moody's Term	Description	Rating NEW	Rating OLD
Adjusted BCA	Financial strength with owner support	<b>ba3</b>	ba3
Government Support	Government support	<b>1</b> <b>(0 non-preferred)</b>	1
Issuer Rating	Issuer rating	<b>Baa2</b>	Baa3
Counterparty Risk Rating (CRR)	Uncollateralized portion of non-debt counterparty financial liabilities	<b>Baa2</b>	Baa2
Deposit Rating	Rating of private customer deposits (with protection scheme)	<b>Baa2</b>	Baa2
Senior Unsecured Rating	Preferred bonds	<b>Baa2</b>	Baa3
Junior-Senior Rating	Non-preferred bonds	<b>Ba1</b>	
Subordinated Rating	Subordinated bonds	<b>B1</b>	B1
Hybrid Rating	Hybrid bonds e.g. Fürstenberg	<b>Caa1 (hyb)</b>	Caa1 (hyb)