

March 24, 2020

CRA sets all bank ratings to „watch negative“ due to the consequences of the Corona Virus (SARS-CoV-2). Not affected by this rating action are government related banks.

The spread of the currently rampant Corona Virus (SARS-CoV-2) has large global social and macroeconomic consequences. As the duration, intensity and spread cannot be predicted at present, there is great uncertainty across all sectors of the economy. However, the impact of the Corona crisis will vary considerably depending on the sector and asset class.

Banks are primarily affected indirectly by the Corona crisis. For instance, the credit portfolio, may suffer from the reduced solvency of borrowers. In addition, lending itself may be affected as well. In the case of investment banks, increased volatility on the capital markets has led to a decline in issuing activities, which will have a negative impact on their earnings. Depending on the economic sector and the country in which a bank is active, the impact will vary in severity, but will be negative across the board.

As a result of the Corona crisis, we expect an increase in NPLs and declining income in the entire banking sector, with corresponding negative effects on asset quality and capitalization.

Various fiscal and monetary policy measures are already being taken to mitigate the consequences of the Corona crisis. In addition, further government and institutional support measures are expected.

Long-term credit ratings of the CRA are based on a forward-looking through-the-cycle approach. Due to the serious and not conclusively foreseeable economic consequences of the Corona crisis, CRA sees the need for rating action. With regard to our ratings, CRA does not expect any serious liquidity problems at financial institutions in economically strong countries for the time being. In the long term, however, the extent to which government and institutional measures are able to mitigate the economic consequences is relevant. As we cannot foresee the medium and long-term effects of the Corona crisis at present, we consider it necessary to set all valid bank ratings and bank issues to "**watch negative**". Banks identified by the CRA as government related are not affected by this rating action for the time being. Due to the already announced and potential other government measures, CRA will closely monitor the relationship between governments and banks in particular.

Regulatory

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

The rating was carried out on the basis of the rating methodology for bank ratings as (Version 1.4) well as the methodology for the rating of bank capital and unsecured debt instruments (Version 2.0) in conjunction with Creditreform's basic document "Rating Criteria and Definitions".

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document "Rating Criteria and Definitions" is published on the following homepage:

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

The rating result was communicated to all affected Banks and its subsidiaries, and the preliminary rating report was made available to the bank. This did not result in any change for the rating.

Conflict of Interests

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

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

Rules on the Presentation of Credit Ratings and Rating Outlooks

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

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

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank

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

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

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

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

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in the mentioned methodology for bank ratings under the section “Rating Result and Rating Process” and in the credit rating report.

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

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

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

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

Disclaimer

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

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

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Basic Data

Rating Object	Allgemeine Sparkasse Oberösterreich/Hypothekendarlehen
Solicitation Status	Solicited
Initial Rating Date	November 11, 2017
Lead Analyst	Philip Michaelis
Rating Methodology	Rating Methodology Covered Bonds, Creditreform Rating AG's Technical Documentation Portfolio Loss Distributions, Creditreform Rating AG's Rating Criteria and Definitions https://www.creditreform-rating.de/en/regulatory-requirements.html

Regulatory Requirements

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Conflict of Interests

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

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

Rules on the Presentation of Credit Ratings and Rating Outlooks

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

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

1. Transaction structure and participants
2. Transaction documents
3. Issuing documents

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

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

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

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

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

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