GBB-Rating

A+
stable

Rating Committee: 05/19/2021

Strengths/Opportunities:

- Sound and sustainable strategy
- Strong position in core markets
- Broad geographical diversification
- Resilient structure of financially autonomous subsidiaries
- Balanced funding profile and comfortable liquidity position

Weaknesses/Threats:

- Economic downturn across all relevant markets
- Due to COVID-19 pandemic weaker sustainable profitability and credit quality in a short to mid-term view
- CET1 ratio remains on comparatively low level
- Ongoing low interest rate environment in advanced economies

Financial data:

(in EUR m)	2020	2019
Gross profit	46,794	50,502
Operating result	8,166	12,543
Net income/Net loss	-7,708	8,116
Total assets	1,508,250	1,522,695
CET1 capital ratio	12.34%	11.65%
Total capital ratio	16.18%	15.05%
Leverage Ratio	5.3%	5.2%
LCR	168%	147%
NSFR	120%	112%

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Banco Santander, S.A.

Rating result

Based on the information available, GBB-Rating downgrades the rating of Banco Santander, S. A. (hereinafter referred to as “Santander” or “Group”) by one notch to A+, thus assessing Santander’s financial standing as high. The downgrading is mainly due to the current and possible future earnings pressure stemming from both the COVID-19 pandemic as well as an overall tough competition in the banking sector. The stable outlook reflects the sustained high level of the earnings position. In view of the effects of the Covid-19 pandemic, which cannot yet be finally assessed, the rating is under watch.

In 2020, Santander reported the first net loss in its history (EUR -7.7 bn). Compared to prior year’s period, this was mainly caused by a negative adjustment in the valuation of the goodwill ascribed to various Group country units (EUR -10.1 bn). Without this mostly one-off item, Santander would have reported a net profit for 2020, albeit a significantly lower one than in 2019, since the earnings were additionally negatively impacted by higher loan loss provisions (COVID-19 pandemic) and an unfavorable development of foreign exchange rates. Overall, this led to an increase in the cost income ratio containing credit provisions (cost income ratio 1) while simultaneously lowering the profitability of the Group. In view of a satisfactory first quarter in the ongoing financial year, however, we still evaluate the long-term earnings position as strong.

The Group is adequately capitalized, both according to economic criteria and regulatory standards. The CET1 ratio as well as the total capital ratio stand at an uncritical level with regulatory requirements being more than satisfied. At Q1 2021, the Group’s CET1 ratio was at 12.3% (phased in), and thus well above the minimum regulatory requirement of 8.9%. Nonetheless, in a peer comparison, Santander’s capital ratios stand at a relatively low level. Given Santander’s retail-focused, low-risk business model (low earnings volatility, limited dependency on individual markets and regions) the Group’s capital resources are assessed as adequate. Current TLAC and MREL requirements are met.

Due to its business model, credit risk is the main contributor to Santander’s risk profile. Over the past few years, credit quality improved to a significant extent as reflected in the

Summary:

	Rating
Financial profile	strong
- Earnings position	strong
- Capital position	adequate
Business profile	adequate
- Strategy and market	strong
- Risk profile	adequate
- Capitalization potential	strong

(strong > adequate > acceptable > deficient > problematic > insufficient)

Rating history:

Rating	Outlook	Date
A+	**stable**	**05/19/2021**
AA-	negative	05/25/2020
AA-	stable	03/26/2020
AA-	stable	05/27/2019
AA-	stable	12/05/2018

Rating scale:

Rating	Rating categories
AAA	highest financial standing
AA+ / AA / AA-	very high financial standing
A+ / A / A-	high financial standing
BBB+ / BBB / BBB-	good financial standing
BB+ / BB / BB-	satisfactory financial standing
B+ / B / B-	financial standing scarcely adequate
CCC+ / CCC / CCC-	financial standing no longer adequate
CC / C	inadequate financial standing
D	moratorium / insolvency proceedings

steady decline of the NPL ratio in most markets. This trend even continued throughout 2020 and the first quarter of 2021 with the NPL ratio now being at 3.2% as opposed to 3.3% as of Q1 2020. However, the NPL ratio not only remains high in some core markets (Spain, Brazil) but has also seen recent increases in some regions. Moreover, it must be noted that the impact of the COVID-19 pandemic might not be fully reflected and evaluated yet. Despite the NPL's sensitivity to the economic downturn, the recent overall improvement in quality of the loan book indicates an adequate risk management. In conjunction with modest market and operational risks as well as a comfortable liquidity position, Santander's risk profile is assessed as adequate.

Rating drivers

The ongoing COVID-19 pandemic continues to cause a high degree of uncertainty with regard to the further economic development. Hence, the future course of the pandemic as well as the possibly affected economy are relevant factors that could negatively impact the rating; especially credit quality and adverse effects on the earnings position are of concern.

The rating will stabilize at its current level if the Group's profitability and cost efficiency returns to a pre-pandemic level and credit quality remains at an acceptable level despite the recent economic development.

Strategy and market

Strategy

Santander has a sound and sustainable strategy focused on retail and commercial banking. The Group's retail banking, which accounts for 83% of total income in 2020, comprises a comprehensive range of lending and deposit products, including, but not limited to, residential mortgages, vehicle financing and SME finance. Further business activities include "wealth management and insurance" (private banking, asset management) as well as "corporate and investment banking" (wholesale banking business), which have been established in recent years. In terms of their profit contribution, however, both divisions are still of minor importance.

The Group's business approach is characterized by a broad geographical diversification and a model of autonomous subsidiaries. Santander's core markets, as measured by their attributable profits and the number of customers, are Brazil, Spain, the United Kingdom (UK) as well as Central and Northern Europe (Santander Consumer Finance).

The geographical reach in both developed, generally low interest rate markets and in emerging, relatively high interest rate markets helps reducing the Group's sensitivity to economic downturns in individual regions. However, the economic fallout in the course of the COVID-19 pandemic hit all the Group's core markets simultaneously, leading to Santander having to manage tougher conditions in all their core markets at once for the first time.

The medium-term strategy has seen notable changes in 2020. Most notably, Santander has launched 3 strategic initiatives to secure profitable growth: "One Santander", "PagoNxt" and "Digital Consumer Bank". One Santander focuses on improving the customer service (simplifying the value proposition) and strengthening customer relationships (new, more digital distribution model) by creating a common operating and business model among the group (shared processes and technologies) in order to drive customer growth and achieve a higher productivity and profitability as measured by the underlying Return on Tangible Equity and the efficiency ratio. In this regard, for each region it operates in, the Group has defined individual activities and medium term goals. PagoNxt focuses on the global payment market; it aims to combine the so far rather disruptive payments business into a single, autonomous company to deliver payment solutions to merchants, traders and consumers around the world. Finally, the Digital Consumer Bank aims to combine the technology of Openbank, the retail digital bank of Santander, with the scale of Santander Consumer Finance in order to build a global digital consumer lender. Santander envisions to become the largest digital consumer bank in the world.

Macroeconomic environment

After the global economic downturn of historic extent in 2020 due to the COVID-19 pandemic, in the International Monetary Fund's most recent growth projection, it expects the worldwide GDP to recover by 6.0% in 2021. More specifically, in Santander's core markets, the GDP is set to grow by 6.4% (Spain), 5.3% (UK), 4.4% (Euro area) and 3.7% (Brazil). However, this is subject to the further development of the pandemic which in turn is influenced e.g. by the extent and duration of lockdowns, the progress of the vaccination campaign and the possible emergence of further mutants of the virus.

Despite the projected GDP growth, it is likely that the impact of the pandemic will be felt for some time to come. That is, in many countries bankruptcy laws have been eased as a response to the lockdowns, allowing companies to not file for bankruptcy when they previously had to. Thus, often times, bankruptcies might only have been postponed to a later date. While a part of this is already accounted for by means of credit provisions, we expect it to further influence the Group's credit quality negatively.

Strong long-term earnings position

Based on the profitability and cost income ratios shown in the appendix of this report and the business development in the current year, GBB-Rating still assesses Santander's long-term earnings position as strong.

In 2020, Santander reported the first net loss in its history (EUR -7.7 bn). Compared to prior year's period, this was mainly caused by a negative adjustment in the valuation of the goodwill ascribed to various Group country units (EUR -10.1 bn). Without this mostly one-off item, Santander would have reported a net profit for 2020, albeit a significantly lower one than in 2019, since the earnings were additionally negatively impacted by higher loan loss provisions (COVID-19 pandemic) and an overall unfavorable development of foreign exchange rates. This can be seen on the example of net interest income which, given constant euros, would have increased by 1.3% but in reality declined by 9.3%. This decline led to a reduction in gross profit of EUR 3.7 bn (-7.3%) that could not be offset by lower administrative expenses (EUR -2.0 bn; positively influenced by the exchange rate movements). In conjunction with the higher loan loss provisions (net increase of EUR 3.0 bn), the operating result dropped by 34.9% to EUR 8.0 bn. After accounting for the extraordinary goodwill adjustments, the gross annual profit was at EUR -2.1 bn, down from EUR 12.5 bn in 2019.

Overall, even with us fully regarding the EUR 10.1 bn in impairments on goodwill as an extraordinary item, the aforementioned developments led to an increase in the cost income ratio containing credit provisions (cost income ratio 1) while simultaneously lowering the profitability of the Group.

Interim result as of 31 March 2021

The first quarter of 2021 has been satisfactory for Santander, improving business performance both in comparison to Q1 and Q4 2020. That is, loans and advances to customers grew by 2.6% as compared to Q4 2020 and total income by 4.3%. Operating expenses, on the other hand, have been reduced by 4.2%. Most importantly, however, net loan-loss provisions were only at EUR -2.0 bn, down from EUR -3.9 bn in the first quarter of 2020 and EUR -2.6 bn in Q4 2020. Consequently, in the first quarter of 2021, Santander recorded an attributable profit to the parent of EUR 1.6 bn as opposed to EUR 0.3 bn in both the first and last quarter of 2020.

Interim results* (EUR m)	**Q1/2021**	**Q4/2020**	**Q1/2020**
Net interest income	7,956	8,019	8,487
Net fee income	2,548	2,456	2,853
Total income	**11,390**	**10,924**	**11,809**
Operating expenses	-5,118	-5,344	-5,589
Net operating income	**6,272**	**5,580**	**6,220**
Net loan-loss provisions	-1,992	-2,611	-3,909
Profit before tax	**3,102**	**1,195**	**1,891**
Attributable profit to the parent	**1,608**	**277**	**331**

* Based on Santander's interim accounts without adjustments by GBB-Rating

Underlying income statement* (EUR m)	**Q1/2021**	**Q4/2020**	**Q1/2020**
Net interest income	7,956	8,019	8,487
Total income	**11,390**	**10,995**	**11,814**
Net operating income	**6,272**	**5,580**	**6,220**
Profit before tax	**3,813**	**2,658**	**1,956**
Attributable profit to the parent	**2,138**	**1,423**	**377**

* Excludes items outside the ordinary course of business; based on Santander's interim accounts without adjustments by GBB-Rating

Adequate sustained capital position

Given Santander's regulatory capital ratios in conjunction with their overall sound risk profile, we consider them to be adequately capitalized.

As of 31 March 2021, the Group reported a CET1 ratio (fully loaded) of 11.9%, up from 11.6% at the end of Q1 2020 with the improvement being largely driven by a reduction in risk-weighted assets (down to EUR 567 bn from EUR 591 bn at the end of Q1 2020). This reduction, however, was primarily due to foreign exchange rate movements and can thus not necessarily be considered to be of permanent effect. In the medium term, the Group targets a CET1 ratio (fully loaded) between 11% and 12%.

Santander's capital ratios are well above the current regulatory requirements (e.g. 8.85% CET1 ratio). This includes the easing of requirements in response to the COVID-19 pandemic, both with regard to the P2R as well as the countercyclical buffer. However, even without this easing, Santander would still comfortably meet the requirements of then 9.69% (CET 1 ratio).

Even though Santander's capital ratios are relatively low when compared to their peers, the results of the last EU-wide stress test conducted by the EBA in 2018 showed Santander's high resilience to economic stress. That is, the adverse scenario resulted in one of the exercise's most contained negative impacts on the fully-loaded CET1 ratio between 2017 and 2020. Whether or not Santander can confirm those good results in the currently ongoing stress test is yet to be seen. The results are expected to be released in July 2021.

As far as MREL and TLEC are concerned, Santander has focused its funding plan on complying with current and future requirements for several years now, leading to them comfortably meeting the requirements. As of Q4 2020, Santander reported a TLAC ratio of 23.8% (of RWA) and 10.4% (of Leverage Exposure) as opposed to current requirements of 16% and 6% respectively. The MREL requirements are met as well.

Selected data: Capital structure (EUR m)	**03/31/2021 Phased-in**	**03/31/2021 Fully-loaded**	**12/31/2020 Phased-in**	**12/31/2020 Fully-loaded**
Common equity tier 1 capital	69,841	67,468	69,399	69,399
Tier 1 capital	78,944	76,258	78,501	78,126
Total capital	91,764	89,692	91,015	90,933
Risk-weighted assets	567,797	567,342	562,580	562,580
CET1 ratio	12.30%	11.89%	12.34%	12.34%
Tier 1 ratio	13.90%	13.44%	13.95%	13.89%
Total capital ratio	16.16%	15.81%	16.18%	16.16%

Strong capitalization potential

The capitalization potential is evaluated as strong. The main criteria in assessing a bank's capitalization potential are the ownership structure, its internal financing strength as well as the access to capital markets.

Despite Santander reporting a net loss of EUR 7.7 bn for 2020, given the mostly one-off character of the key driver for the loss we still assess Santander's internal financing capacity as high, although, taking a conservative approach, not as high as before. This is mainly due to the possible further earnings pressure stemming from the COVID-19 pandemic that would result in a lower profitability.

By market capitalization, Banco Santander is the second largest bank in the Eurozone, although its share price fell by about 29% in 2020 (market capitalization: EUR 44.0 bn as of 31 December 2020; 2019: EUR 62.0 bn).

At the end of 2020, Santander had more than 4 million shareholders. Institutional investors held about 58% (2019: 58%); almost 41% (2019: 41%) of Santander's share capital were in the hands of retail investors. The majority of the share capital (> 76%) is located within Europe. As in previous years, no shareholder (with the exception of custodians) had an ownership interest greater than 3%. Due to the diversified ownership structure, a shareholder's support in case of need is considered unlikely.

Santander has a proven access to capital markets, issuing new capital instruments on a regular basis. In 2020 alone, the Group has issued EUR 14.0 bn in subordinated instruments, including EUR 9.8 bn in senior non-preferred debt.

Risk profile

Credit and counterparty risk

Due to its business model, credit risks are the main contributor to the Group's risk profile. Of the regulatory total risk exposure amount of around EUR 563 bn as of 31 December 2020, around 87% were attributable to credit risk.

Santander has a highly diversified credit portfolio, not only geographically but also with regard to customer profiles, economic sectors and products. Single name concentrations are not evident, while the exposure to structured credit products is traditionally low. The main geographical markets in terms of total lending are[1] Spain, the UK, Brazil and the US. More than half of the lending volume accounts for secured loans (e. g. mortgage loans).

Over the past few years, credit quality improved to a significant extent as reflected in the steady decline of the NPL ratio in most markets. However, it must be noted that the impact of the COVID-19 pandemic might not be fully reflected and evaluated yet. Therefore, we expect a noticeable increase in NPL ratios in the Group's core markets in the future.

As of Q1 2021, the overall NPL ratio amounted to 3.2% (Q1 2020: 3.3%). In the same period, the volume of non-performing loans remained roughly stable at EUR 32.5 bn In line with the overall trend, the NPL ratio had continuously decreased in Europe in recent years. Only in the first quarter of 2021 did it increase slightly to 3.3% (Q1 2020: 3.2%). However, it remains elevated in Spain (Q1 2021: 6.2%, Q1 2020: 6.9%), Poland (Q1 2021: 4.8%, Q1 2020: 4.3%) and Brazil (Q1 2021: 4.4%, Q1 2020: 4.9%), the Group's key market in South America. In the UK, on the other hand, the NPL ratio remains on a considerably lower level (1.4%) while being at an acceptable level in the US (2.1%).

As to the coverage ratio, there were no significant changes in Europe as opposed to the same quarter of the previous year (Q1 2021: 50.0%, Q1 2020: 50.7%), whereas it increased significantly in South America (Q1 2021: 98.4%, Q1 2020: 86.3%). In the USA, the ratio remained well above 100%. In Spain and in the UK, the coverage ratio remains low in Q1 2021 (47.2% and 40.5% respectively) as a result of the dominant mortgage portfolios.

In view of the bank's progress in credit risk mitigation, GBB-Rating evaluates the risk management and risk monitoring systems to be appropriate and effective. Nevertheless, it remains to be monitored how the economic downturn due to the COVID-19 pandemic will effect credit quality.

Market price risk

The Group faces limited interest and exchange rate risks arising from the banking book; market risks resulting from trading activities are of minor importance.

In line with the BCBS standards for Interest Rate Risks in the Banking Book (IRRBB), Santander conducts six interest rate scenarios, measuring the interest rate risk on both economic values (EVE) and earnings (NII). As in previous years, the "Flattener"-scenarios would have the most severe impact on the change in economic value of equity (EUR 4.7 bn as of 31 December 2020); however,

[1] Excluding Santander Consumer Finance.

the “early warning signal” according to the IRRBB guidelines released by EBA (threshold: decline in EVE greater than 15% of Tier 1 capital) is not exceeded.

A rise in interest rates would have opposite effects in the Group’s core markets: in Europe and in the USA, where interest rates are currently at a very low level, a rise in interest rates would positively affect NII and EVE; in Latin America, earnings and economic values would decrease.

Since the structural VaR was considerably higher than the trading risk VaR (EUR 911.0 m vs. EUR 12.5 m), the main drivers for market risks derive from the banking book. Regarding Santander’s capital base and its profitability, market risks are deemed manageable.

Operational risk

Operational risks mainly refer to the category “practices with clients, products and business” (including customer complaints for improper marketing and inaccurate information on products), which account for 65% of net losses in 2020 (2019: 71%). In addition, external fraud, in particular the fraudulent use of debit and credit cards and incidents related to the execution, delivery and process management are of relevance.

Santander is involved in several legal proceedings, most of which are adequately covered by provisions. However, since the potential loss of those proceedings cannot always be estimated reliably, there remains some exposure to legal risks that is not covered by provisions. Of note in this regard are claims associated with the possible misselling of payment protection insurances (PPI), the acquisition of Banco Popular as well as investigations concerning cum-ex transactions. Overall, as far as it can be deduced from the information available, neither the number nor the extent of the legal proceedings is beyond the normal level of a bank the size and reach as Santander.

Funding and liquidity

Santander has a diversified funding structure and a comfortable liquidity position based on widespread access to retail deposits through the Group’s extensive branch network and a model of subsidiaries that are autonomous in terms of liquidity.

As of 31 December 2020, the Group’s loan-to-deposit ratio (LTD) stood at 108%, well in line with the European average[2], indicating a well-balanced funding profile. Funding is mostly provided by customer deposits, more particularly by retail customers. Accordingly, the Group is not overly dependent on wholesale funding, which is additionally broadly diversified among maturities; short-term wholesale funding only accounted for 2% of liabilities.

The overall sound balance sheet structure and diversified funding is also reflected in the regulatory liquidity ratios: As of end 2020, the LCR was at 168% and the NSFR at 120% at the Group’s level, with the ratios being comfortably above the required 100% among all group entities as well.

[2] According to the EBA, the EU average for the LTD ratio for households and non-financial corporations was at 112% as of 31 December 2020.

Taking the aforementioned into account, the Group has in place a sound and effective liquidity risk mitigation.

Appendix

Assets – selected data (EUR m)	**12/31/2020**	**12/31/2019**	**12/31/2018**
Cash and cash balances at central banks	153,839	101,067	113,663
Financial instruments at amortised cost	958,378	995,482	946,099
Financial assets at FVtPL	168,148	175,210	161,069
Non-trading / hedging derivatives	8,325	7,216	8,607
Fair value changes of the hedged items in portfolio	1,980	1,702	1,088
Financial assets at FVOCI	120,953	125,708	121,091
Investments accounted at equity / Investments in associates	7,622	8,772	7,588
Goodwill	12,471	24,246	25,466
Other intangible assets	3,437	3,441	3,094
Tangible assets	32,735	35,235	26,157
Assets held for sale	4,445	4,601	5,426
Tax assets	24,586	29,585	30,251
Other assets	11,331	10,430	9,672
Total assets	**1,508,250**	**1,522,695**	**1,459,271**

Liabilities – selected data (EUR m)	**12/31/2020**	**12/31/2019**	**12/31/2018**
Financial instruments at amortised cost	1,248,188	1,230,745	1,171,630
Financial liabilites at FVtPL	129,205	138,134	138,401
Non-trading / hedging derivatives	6,869	6,048	6,363
Fair value changes of the hedged items in portfolio	286	269	303
Provisions	10,852	13,987	13,225
Tax liabilities	8,282	9,322	8,135
Other liabilities	13,246	13,531	13,853
Equity	91,322	110,659	107,361
Total liabilities and equity	**1,508,250**	**1,522,695**	**1,459,271**

Income statement (EUR m)	**2020**	**2019**	**2018**
Net interest income	31,994	35,283	34,341
Net fee and commission income	10,015	11,779	11,485
Dividend income	391	533	370
Earnings from associates and joint ventures accounted for using the equity method	-96	324	0
Profit or loss from financial instruments - held for trading (FVtPL)	3,211	1,349	1,515
Profit or loss from other financial instruments at FVtPL	-89	6	274
Profit or loss from financial instruments - FVOCI	1,138	1,136	604
Profit or loss from financial instruments at amortised cost (AC)	-31	0	0
Profit or loss from hedge accounting	51	-28	83
Profit or loss from insurance business	210	120	51
Gross profit	**46,794**	**50,502**	**47,845**
Other net operating income	-5,266	-5,327	-2,824
Impairment on goodwill	8	0	67
Adjusted gross profit	**41,536**	**45,175**	**45,966**
Administration costs	-18,320	-20,279	-20,354
Depreciation	-2,810	-3,001	-2,425
Impairment	-12,382	-9,352	-8,986
Operating result after impairments	**8,166**	**12,543**	**14,201**
Net expenses related to extraordinary events	-10,100	0	0
Gross annual profit	**-2,076**	**12,543**	**14,201**
Tax expenses (income) related to profit or loss from continuing operations	-5,632	-4,427	-4,886
Net income / net loss for the year	**-7,708**	**8,116**	**9,315**

Credit and Counterparty risk cluster	2020	2019	2018
Gross profitability 1 Adjusted gross profit / Average Total assets	2.75%	3.03%	3.17%
Gross profitability 2 Net interest income and net credit risk provisions / Average risk-weighted exposure amounts [1]	3.98%	4.97%	4.98%
Net profitability 1 Operating result after provisions for cr and val. adjustments / Average total risk exposure amount	1.44%	1.98%	2.39%
Net profitability 2 Gross annual profit / Average Adjusted total assets [2]	-0.12%	0.71%	0.88%
Return on equity 1 Operating result after provisions for credit risks and valuation adjustments / Average total capital	8.09%	11.51%	13.26%
Return on equity 2 Gross annual profit / Average total capital	-2.06%	11.51%	13.26%
Cost income ratio 1 Administration costs and provisions for credit risks / Gross profit	71.62%	64.62%	66.39%
Cost income ratio 2 Administration costs / Adjusted gross profit	50.70%	51.53%	49.56%

[1] Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries
[2] Comprises on-balance sheet total assets, contingent liabilities and loan-loss allowances

Financial data (EUR m)	2020	2019	2018
Net interest income	31.994	35.283	34.341
Net interest income and net credit risk provisions	19.612	25.931	25.355
Gross profit	46.794	50.502	47.845
Adjusted gross profit	41.536	45.175	45.966
Administration costs	-21.130	-23.280	-22.779
Administration costs and provisions for credit risks	-33.512	-32.632	-31.765
Operating result after provisions for credit risks and valuation adjustments	8.024	12.543	14.201
Gross annual profit	-2.076	12.543	14.201
Average risk-weighted exposure amounts[1]	492.525	521.870	509.390
Average total risk exposure amount	569.025	633.138	593.822
Average total assets	1.515.473	1.490.983	1.451.788
Average adjusted total assets[2]	1.793.719	1.757.423	1.616.153
Average total capital	100.991	109.010	107.097

[1] Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries
[2] Comprises on-balance sheet total assets, contingent liabilities and loan-loss allowances

Indicators of sustained capital position	12/31/2020	12/31/2019	12/31/2018
Total capital ratio Own funds / Total risk exposure amount	16.18%	15.05%	14.98%
Tier 1 capital ratio Tier 1 capital / Total risk exposure amount	13.95%	13.14%	13.12%
Common Equity Tier 1 ratio Common Equity Tier 1 capital / Total risk exposure amount	12.34%	11.65%	11.47%

Financial data (EUR m)	12/31/2020	12/31/2019	12/31/2018
Own funds	91.012	91.067	88.725
Tier 1 capital	78.499	79.536	77.716
Common Equity Tier 1 capital	69.397	70.497	67.962
Total risk exposure amount	562.579	605.244	592.319

Regulatory disclosure requirements

Name and function of the analysts:

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- Angelika Komenda, Rating Analyst, Manager, GBB-Rating, Cologne

Company address:

- GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH, Kattenbug 1, 50667 Cologne

Members of the Rating Committee:

- Martin Anspach, Manager GBB-Rating, Cologne
- Volker Jindra, Senior Manager GBB-Rating, Cologne

Date	Rating Committee	Notification	Issue
First rating	12/19/2013	12/20/2013	02/26/2014
Current rating	05/19/2021	05/25/2021	05/27/2021

Validity:

- Rating: 12 months
- Outlook: 24 months

Subsequent rating changes after notification to the rated entity:

- None

Major sources of information for the rating:

- Annual report as at 12/31/2020
- Quarterly Report Q1 2021
- Conference call
- Further disclosures and company specific information

Statement about the quality of information available (including potential restrictions):

- The quality and extent of information (interviews and documents) were suitable to obtain a comprehensive picture of the bank and to assign an objective, transparent and professional credit rating

Applicable rating methodology, rating type and release:

- Solicited rating
- Methodology for Rating 3.0.04 Banks – credit and counterparty credit risk (CCR)
- https://gbb-rating.eu/en/ratings/methodik/Pages/default.aspx

Meaning of the rating category:

- https://gbb-rating.eu/en/ratings/ratingskala/Pages/default.aspx

Business relationship:

- Besides the rating mandate there are further business relationships within the group

Legal remarks

Since 28 July 2011 GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH has been registered with the European Securities and Markets Authority (ESMA) as a European rating agency and therefore complies with the applicable regulatory requirements of the European supervisory authorities for a European rating agency.

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