Kreditanstalt für Wiederaufbau (KfW) Issuer Rating Report

STABLE OUTLOOK

AAA

Scope Ratings has assigned an Issuer Credit-Strength Rating (ICSR) and senior unsecured debt ratings of AAA, as well as short-term debt ratings of S-1+, all with Stable Outlook, to Kreditanstalt für Wiederaufbau (KfW).

For the full list of ratings see the **Ratings** section at the end of this report.

Highlights

The ratings are driven by the strong and explicit linkages between KfW and the Federal Republic of Germany. KfW is the promotional bank of Germany, supporting the economic and policy objectives of the federal government, particularly focused on issues concerning the environment, globalization / technical progress and demographic change. Importantly, KfW benefits from an explicit and direct statutory guarantee and institutional liability (Anstaltslast) from the Federal Republic.

Scope's assessment of the sovereign credit of Germany is equivalent to a stable AAA level (see sovereign credit assessment synopsis in the report).

While not regulated as a credit institution, we regard positively KfW's compliance with significant parts of bank regulatory law, in particular capital and risk management requirements. With no branch network of its own, KfW carries out its activities primarily by on-lending to banks which results in high and concentrated exposures to the financial sector. Furthermore, KfW funds itself almost entirely through the capital markets as it is not permitted to accept deposits. However, due to its quasi-sovereign status KfW is able to continuously access market funding at affordable costs.

Rating drivers (Summary)

The rating drivers, in decreasing order of importance in the rating assignment, are:

1. KfW benefits from an explicit and direct statutory guarantee and institutional liability from the Federal Republic of Germany.
2. The group operates in a prudent manner ensuring the ability to fulfil its promotional mandate, including compliance with capital and risk management requirements.
3. Due to its mission and on-lending business model, there is a high and concentrated exposure to the financial sector.
4. Reliant on capital markets for funding, however access to markets is good and continuous.

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Rating change drivers

There are no positive rating change drivers as KfW is rated AAA, the highest rating on Scope's rating scale. Factors which could negatively impact the ratings are as follows:

- **A material decrease in support from the Federal Republic of Germany.** However, we note that this would entail amendments to various laws and regulations including the KfW Law. We view this scenario as very unlikely for the foreseeable future due to the clearly defined public mission and important economic-development role of KfW.
- **A material change in Germany's credit fundamentals which would lead us to no longer assess them as equivalent to those of a stable AAA credit.** We view this scenario as unlikely for the foreseeable future.

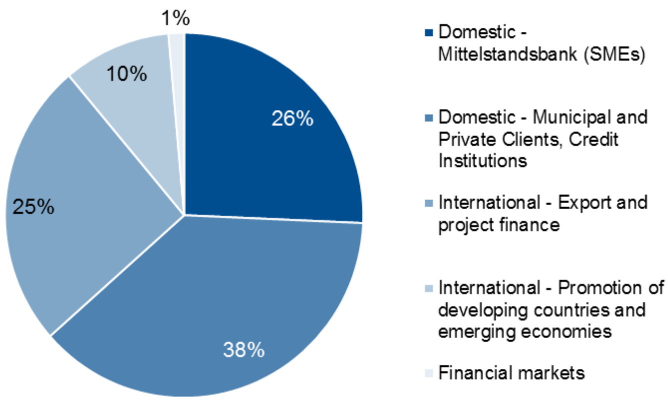
Recent events

Business focus & FY2015 and H1 2016 results

As the promotional bank of Germany, KfW's business aim is to support economic and policy objectives of the federal government. In this respect the group offers a broad range of financing programs in Germany and internationally. KfW's activities support in particular the societally and economically important megatrends of "climate change and the environment", "globalisation and technical progress", as well as "demographic change". In 2015, c. 37% of the bank's new financing commitment was targeted in relation to the environment and around 40% of domestic business was targeted for SMEs.

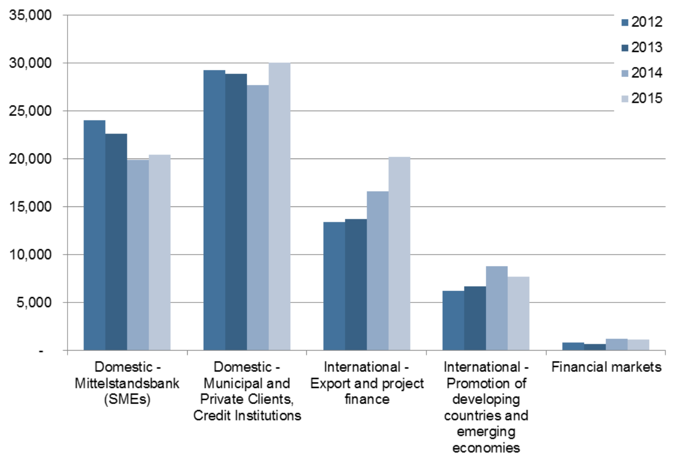
As shown in Figure 1, the group organizes its activities in five business sectors. Over the past years, activities in these areas have been relatively stable; albeit more recently the bank put an increased focus on Export and project finance (Figure 2). So far in 2016, total promotional business volume was down to EUR 36.2bn, of which EUR 26.7bn (H1 2015: EUR25.7bn) related to domestic business and EUR 9bn to international financing. Strong demand in particular for the financing of energy-efficient residential construction and energy efficiency projects at companies contributed to the increase of domestic promotional business. Demand for general corporate finance, however, remained down year-on-year on account of reluctance among Germany companies to invest.

Figure 1: Promotional business volume of KfW Group (YE2015, EUR 79.3bn)



Source: Company data, Scope Ratings

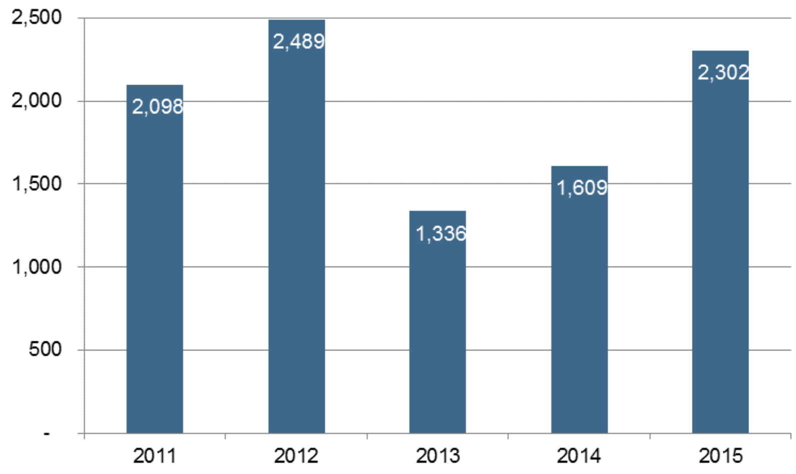
Figure 2: Promotional business volume development (2012-2015, EUR mn)



Source: Company data, Scope Ratings

For the first half of 2016 KfW recorded an operating result of EUR 949m before valuation and promotional activities. Consolidated profit in H1 2016 stood at EUR 779m; for 2016 the bank targeted a profit of around EUR 1bn before the incorporation of any IFRS-effects. KfW does not seek to maximise profitability, but aims for a level of profitability which enables it to fulfil its promotional objectives. Nevertheless, the bank has been highly profitable over the past years (Figure 3), strongly supported by extremely low provisioning needs. Under the KfW Law, profits cannot be distributed and must be allocated to statutory and special reserves.

Figure 3: Pre-tax profit (EUR mn)



Source: Company Data, Scope Ratings

Retained earnings and the conversion of a EUR 1.25bn European Recovery Programme (ERP) subordinated loan were the main drivers of an increase in KfW's equity position. Tier 1 capital ratio stood at 18.3% as of year-end 2015 (14.1% in 2014). KfW was not subject to the KWG and/or CRR regulatory capital requirements until 1 January 2016. However, for internal control purposes, the bank already voluntarily calculated the regulatory capital ratios based on the key legal requirements. KfW uses in-house rating methods for large sections of the loan portfolio to calculate the capital requirements (i.e. advanced internal ratings-based approach, the so called A-IRBA).

In 2015 KfW made some significant progress in its efforts to digitalize its promotional activities related to housing, with now one in two commitments being made online and the quasi totality of partnering financial institutions participating. Also the grounds for online applications for commercial loans were laid down. This advance in IT infrastructure should result in cost savings over time.

KfW became a major player in the Green Bond market in the past two years. The bank debuted with its first Green Bond in 2014 and was able to successfully establish a benchmark-size programme more or less from the start, which is important for the liquidity in this funding segment. The net proceeds from the issuance of Green Bonds in 2015 (EUR 3.7bn) were channeled to projects under the Standard Renewable Energy Programme.

From an environmental, social and governance (ESG) perspective KfW was confirmed to be one of the top performers by various specialized investment research firms. KfW was assigned, for example, sustainability ratings by Sustainalytics, Oekom and imug, who placed KfW within the best financial institutions worldwide.

Rating drivers (Details)

1. KfW benefits from an explicit and direct statutory guarantee and institutional liability from the German state

KfW is a public-law institution which is 80% owned by the Federal Republic of Germany and 20% by the German federal states, the Länder. Established in 1948, KfW is the promotional bank of Germany, supporting economic and policy objectives of the federal government.

The KfW Law expressly states that the Federal Republic guarantees all existing and future obligations of KfW in respect of money borrowed, bonds and notes issued and derivative transactions entered into by KfW as well as obligations of third parties expressly guaranteed by KfW. Under the statutory guarantee, if KfW fails to make any payment required to be paid with respect to securities issued by KfW or made under KfW's guarantee, the Federal Republic will be liable for that payment as and when it becomes due and payable. The obligation directly against the Federal Republic can be enforced without first taking legal action against KfW.

In addition, under the German administrative law principle of Anstaltslast, the Federal Republic is obliged to maintain KfW in a position to pursue its operations and enable it to meet its obligations when due. While Anstaltslast is not a formal guarantee of KfW's obligations, this legal principle in effect ensures that KfW's obligations are backed by the credit of the Federal Republic. No appropriation or any other action by the German Parliament is required for the Federal Republic to fulfil its obligation under Anstaltslast.

In a formal understanding established in March 2002, the European Commission confirmed that KfW's promotional activities will continue to benefit from Anstaltslast and a guarantee from the Federal Republic. However, export and project finance activities which were not deemed promotional activities were transferred to a wholly owned subsidiary in January 2008, KfW IPEX-Bank. KfW is permitted to fund the subsidiary only at market rates and cannot extend to the subsidiary any of the benefits of Anstaltslast or the guarantee from the German state. In 2015, the non-promotional new commitments of KfW IPEX-Bank amounted to EUR 11.5bn. In 2014 KfW IPEX-Bank was excluded from the list of entities supervised by the ECB and is currently subject to the BaFin supervision in conjunction with the Bundesbank.

With respect to some special lending operations, in 2010 KfW backed the Federal Republic in providing the German share of financial support measures for Greece. These bilateral loans are guaranteed by the Federal Government; the size of the credit facilitiy, originally amounting to EUR 22.3bn, has been reduced over time to a drawn amount of ca. EUR 15bn as of YE2015.

Germany: sovereign credit assessment

Scope considers Germany one of the strongest sovereign debt issuers in Europe and worldwide. Its strong features include a wealthy and well-diversified economy, which is the biggest in the euro area (EA) and fourth in the world. The country is a net creditor with one of the highest current account surpluses in the EU, indicating its relative indepedendence from external financing and therefore from market sentiment. After negative budgetary balances, which exceeded the Maastricht 3% of GDP threshold in 2009 and 2010, it has adhered to a prudent fiscal policy since 2011, which resulted in a substantial decline in public debt. The German sovereign is a primary benchmark issuer for the EA, benefiting from an exceptionally low cost of funding. The sovereign has a rock-solid reputation in honouring debt obligations.

At the same time, Scope believes that Germany's demographic profile poses structural challenges, which may burden competitiveness, economic growth and public finances in the long term. Its demographic challenges are the most acute in the EA. According to the latest UN population forecast, the total population in Germany will decrease by almost 8% in 35 years' time, in spite of expectations of a strong inflow of migrants.

Sovereign report: Germany, June 23, 2016 - Full assessment authored by Ilona Dmitrieva, Public Sector analyst.

Sovereign guarantees and their accounting in line with EU rules

The close link of KfW to the Federal Republic of Germany via its ownership structure and guarantees might evoke the question if KfW should be part of the general government sector in terms of national accounts. It is our understanding that a publicly controlled development bank is not allocated to the government sector according to the European System of National and Regional Accounts (ESA 2010) framework if the development bank acts as a financial intermediary and is sufficiently autonomous in performing its duties. As such and in principle, the business activities of KfW have no effect on Germany's general government deficit/surplus or on the general government gross debt. "Financial intermediary" in this context means that moneys are mediated between third parties on the institutions own balance sheet and therefore the institution brings its own economic existence at risk ("places itself at risk"; ESA 2010, Rule 2:57).

Based on its legally prescribed tasks, KfW is to a great extent and substantively autonomous within its decision making and, in addition, is listed as a financial intermediary on the ECBs Monetary Financial Institutions (MFI) list. Consequently, KfW is categorized as a financial corporation, to the extend that its regular business usually has no effects on Germany's Maastricht fiscal criteria.

However, exceptions exist for the event that the public owner (in this case the German Federal government) initiates and uses the development bank as an "instrument" for specific transactions and remains involved economically, decisively and directly to the consequences of those transactions. In such cases of "acting in lieu and on behalf of the government" the transactions will be allocated to the government sector (applying the national accounts concept of so called "re-routing") and have effects on the sovereigns deficit/surplus and/or the gross debt fiscal criteria. In the case of KfW, inter alia the sovereign loan to Greece the development bank manages on behalf of the German Federal government increases Germany's general government gross debt.

Despite the apparent lack of integration of the development bank in the sovereign accounts, we do not see any weakened link between the government and the development bank. The guarantees in place have been established by law and provide in our view a solid fundament for the credit quality of KfWs debt.

2. The group operates in a prudent manner ensuring the ability to fulfil its promotional mandate, including compliance with capital and risk management requirements.

As KfW is not considered a “credit institution” or “financial services institution” under the German Banking Act or relevant EU directives and regulations such as CRD IV and CRR, the group has been historically supervised by the Federal Ministry of Finance in consultation with the Federal Ministry of Economics and Technology. As such it has been generally exempt from bank regulatory laws and regulations.

In March 2013, with the approval of amendments to the KfW Law, and finally in October 2013, with the publication of the respective regulation, KfW became subject to banking specific supervision by the German Federal Financial Supervisory Authority (BaFin) and the German Central Bank (Deutsche Bundesbank). This marked the application by analogy to KfW of considerable parts of the German Banking Act and CRR, with the bulk of rules and regulations applying with effect from January 2016. These include capital adequacy and risk management systems. In addition, the German regulation concerning remuneration policies (“Institutsvergütungsverordnung”) will apply with effect from January 2018.

Between November 2014 and February 2015 KfW was subject to its first on-site review by the Deutsche Bundesbank. The assessment focused on areas such as the Internal Capital Adequacy Assessment Process, credit risk measurement, risk-control processes, liquidity risk and IT systems. The result of the examination was overall satisfying. Major findings were related to IT and the issues raised are being addressed. BaFin is currently assessing the group’s internal models for credit risk and will also be assessing practices regarding market risks in the future.

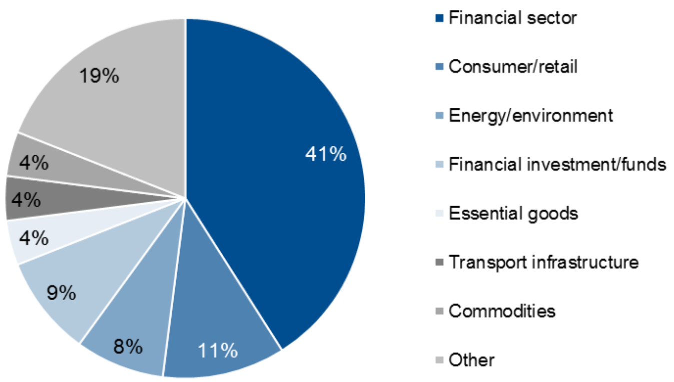
In regards to capital adequacy, KfW is subject to Pillar 1 capital requirements, the capital buffer regime introduced under CRD IV and leverage requirements. KfW will need to maintain a capital conservation buffer and as applicable a countercyclical capital buffer, a buffer for national systemically relevant institutions and a buffer for systemic risk. The leverage ratio which is already monitored internally on a voluntary basis is expected to be part of prudential requirements from 2018 onwards.

KfW has already been voluntarily complying with significant parts of bank regulatory law, including capital and risk management requirements. While not obliged to do so, KfW for example discloses its Common Equity Tier 1 capital and total capital ratios according to its advanced Internal Rating Based Approach (A-IRBA) which were 18.3% and 18.4%, respectively as of YE2015. A monitoring and controlling system for major risk categories with monthly risk reporting to the Executive Board has been put in place. To ensure compliance with various rules and regulations the group expects to spend up to EUR 120m annually until 2020. A comprehensive regulatory reporting system has been implemented.

3. Due to its mission and on-lending business model there is high and concentrated exposure to the financial sector

Under its statutory mandate, KfW must generally involve banks or other financing institutions when granting financing. Loans are extended to commercial banks which then on-lend the funds to the ultimate borrowers. In some cases, KfW grants financing directly to the ultimate borrower (e.g. municipalities and export and project financing activities). Consequently, KfW's largest exposures are to banks. Under the economic capital concept, the risk of the group's loan portfolio by sector is shown in Figure 3. Economic capital is a measure of how much capital is required to cover the difference between credit value-at-risk and expected loss.

Figure 4: Economic capital requirements by sector (YE2015, EUR 14.5bn)



Source: Company Data, Scope Ratings

In its domestic business sectors, KfW lends to approximately 200 banks. These include German Landesbanken and Landesförderinstitute who are responsible for promotional activities within their respective states. As of year-end 2015, long-term receivables from on-lending operations involving Landesbanken were EUR 75bn. Meanwhile, the 10 largest banking group counterparties accounted for nearly 60% of KfW's total interbank exposure. The majority of this exposure is due to the group's on-lending business.

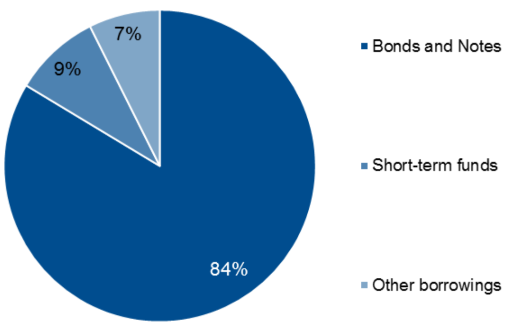
KfW already applies the large-exposure regime of CRR which became obligatory in January 2016. Exposures to any one client or group of connected clients are limited to 25% of eligible own funds and exposures exceeding 10% of eligible own funds are subject to special internal monitoring requirements.

Credit quality tends to be sound. The years 2007 and 2008 were exceptional as KfW participated in the rescue of IKB Deutsche Industriebank which entailed a significant increase in risk provisions. As of year-end 2015, 64% of net credit exposure was classified as being investment grade, 29% as non-investment grade, 4% as being on watch list and 3% as being in default. In addition, over 50% of loans' exposure at default benefit from some form of collateral – primarily assigned loan receivables from the on-lending business and guarantees from the Federal Republic and individual federal states.

4. Reliant on capital markets for funding however access to markets is good and continuous.

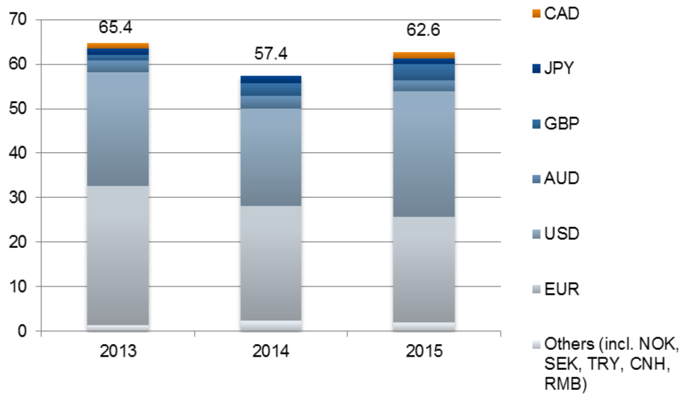
As KfW is not permitted to take deposits the group funds itself almost entirely in the capital markets through bonds and notes. As of year-end 2015, these instruments represented nearly 80% of total liabilities and 84% of total borrowings. In line with the mid- and long-term nature of promotional loans, the majority of borrowings have initial maturities over one year. While the group operates with a moderate duration gap, this risk is actively managed. Short-term borrowings primarily in the form of commercial paper are used mainly for liquidity purposes.

Figure 5: Borrowings breakdown, YE2015



Source: Company data, Scope Ratings

Figure 6: Capital market issuance volume (>1yr) by currency (EUR bn)



Source: Company data, Scope Ratings

Each year an overall funding need is determined based on the expected level of business activity to be financed. For 2016, KfW targeted EUR 70-75bn of issuance volume; this funding level was reviewed mid-year and confirmed in July. As of August, the group has raised approximately EUR 52bn in long-term funds, of which 37% in Euro and 63% in foreign currencies.

In order to achieve the most favourable market terms, KfW pursues a funding strategy based on diversification – in terms of instruments, currencies and investors. Interest rate and currency risks are hedged. Both EUR and USD are considered core currencies and together accounted for over 80% of new capital market funding in 2015; although the use of other currencies is expected to increase in the future. In 2015, KfW raised funding in 14 different currencies and via approximately 170 separate capital markets transactions (Figure 6).

Long-term funding is structured along three pillars with each representing 62%, 31% and 7% respectively of long-term funding as of 2015:

1) Benchmark bonds in EUR and USD, with an individual size of 3-5bn and maturities of three, five or 10 years.

2) Other public transactions in a variety of currencies such as CNH, NOK, SEK, JPY, CHF, AUD and GBP. In addition, KfW has issued green bonds to finance projects in the renewable energy sector.

3) Private placements

Importantly, due to KfW's proxy sovereign status the group has enjoyed continued access to capital markets for funding. During the financial crisis in 2011, KfW actually benefited from lower cost of funds, particularly for short-term paper. The group attracts a wide investor base comprised mostly of central banks, banks, asset managers and pension funds.

Appendix A: Selected Financial Information – KfW Group

	2009	2010	2011	2012	2013	2014	2015
Balance Sheet summary (EUR billion)							
Assets							
Cash Reserve	0.3	0.6	1.0	6.0	1.4	0.8	0.5
Net Loans and Advances to Banks	241.1	263.2	290.8	289.1	280.7	279.7	276.9
Net Loans and advances to Customers	92.9	102.9	113.5	116.4	113.9	118.2	133.1
Total Securities	36.7	35.2	31.9	31.6	30.6	30.7	31.6
Derivatives	26.4	37.4	55.0	63.6	35.6	56.9	58.1
Other Assets	2.6	2.5	2.7	2.8	2.6	2.7	2.8
Total Assets	**400.1**	**441.8**	**494.8**	**509.4**	**464.8**	**489.1**	**503.0**
Liabilities							
Liabilities to Banks	8.1	15.5	23.0	25.7	12.7	18.0	24.0
Liabilities to Customers	23.7	22.0	20.9	14.4	11.3	10.1	9.6
Bonds, Notes and Money Market Instruments	321.4	358.0	398.8	410.9	385.5	404.0	415.2
Subordinated Liabilities	3.2	3.2	3.2	3.2	2.2	2.2	0.3
Derivatives	26.3	23.0	26.6	32.6	28.4	28.6	24.7
Other Liabilities	4.1	4.3	4.4	4.4	4.1	4.6	4.0
Total Liabilities	**387.0**	**426.0**	**477.0**	**491.2**	**444.2**	**467.5**	**477.8**
Equity	13.1	15.8	17.8	18.2	20.5	21.6	25.2
Total Liabilities and Equity	**400.1**	**441.8**	**494.8**	**509.4**	**464.8**	**489.1**	**503.0**
Tier 1 Capital [1]	12.2	15.3	17.4	19.8	19.8	20.3	24.1
Income Statement summary (EUR billion)							
Net Interest Income	2.7	2.8	2.4	3.0	2.4	2.4	2.6
Net Commission Income	0.3	0.3	0.2	0.2	0.3	0.3	0.3
Net gains/losses from financial instruments accounting	-0.1	0.0	0.0	0.4	0.1	0.1	0.5
Other Income	0.0	0.0	0.0	0.0	-0.2	0.0	0.1
Operating Income	**2.9**	**3.0**	**2.7**	**3.6**	**2.6**	**2.8**	**3.5**
Operating Expense	0.7	0.7	0.8	0.9	1.0	1.1	1.1
Pre-provision Income	**2.2**	**2.3**	**1.9**	**2.6**	**1.6**	**1.8**	**2.4**
Loan Loss Provision Charges	1.0	-0.4	-0.2	0.2	0.3	0.1	0.0
Pre-tax Profit	**1.2**	**2.7**	**2.1**	**2.5**	**1.3**	**1.6**	**2.3**
Income Tax Expense	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Net Profit	**1.1**	**2.6**	**2.1**	**2.4**	**1.3**	**1.5**	**2.2**

[1] Basel 3 from 2014 onwards
Source: SNL, Scope Ratings

Appendix B: Ratios – KfW Group

	2009	2010	2011	2012	2013	2014	2015
Asset Mix, Quality and Growth							
Gross loans % Funded assets	91.2%	88.7%	87.4%	85.5%	90.9%	86.8%	86.1%
Impaired loans % Gross loans	0.5%	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%
Loan loss reserves % Impaired loans	393.2%	347.1%	347.4%	124.7%	150.7%	185.3%	144.0%
Gross loan growth (%)	4.0%	9.0%	10.2%	-0.4%	-2.7%	0.8%	3.0%
Impaired loan growth (%)	4.5%	-11.0%	-9.0%	11.6%	-18.4%	-22.6%	20.8%
Funded assets growth (%)	2.5%	12.1%	11.8%	1.8%	-8.5%	5.5%	3.9%
Earnings							
Net interest income % Revenues	91.6%	92.3%	89.9%	82.8%	91.8%	85.8%	74.6%
Fees & commissions % Revenues	9.9%	9.2%	8.5%	6.9%	10.5%	10.9%	7.4%
Trading income % Revenues	-2.1%	-0.4%	1.4%	10.8%	5.7%	2.3%	14.4%
Other income % Revenues	0.7%	-1.0%	0.2%	-0.5%	-7.9%	1.0%	3.6%
Net interest margin (%)	0.7%	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%
Pre-provision Income % Risk Position	1.7%	1.8%	1.7%	2.4%	1.7%	1.7%	1.2%
Loan loss provision charges % Pre-provision income	45.1%	-18.8%	-9.7%	5.9%	18.9%	8.2%	2.0%
Loan loss provision charges % Gross loans (cost of risk)	1.0%	-0.4%	-0.2%	0.1%	0.3%	0.1%	0.0%
Cost income ratio (%)	25.6%	24.2%	28.4%	26.1%	37.4%	38.0%	32.6%
Cost income ratio (%) excl. promotional activity	21.1%	20.2%	23.8%	24.7%	29.8%	34.4%	35.2%
Net Interest Income / Loan loss charges (x)	2.7	-6.5	-13.0	19.1	7.8	16.9	54.2
Capital and Risk Protection [1]							
Tier 1 capital ratio (%)	9.4%	12.4%	15.4%	18.2%	20.6%	14.1%	18.3%
Total capital ratio (%)	11.7%	14.7%	17.8%	20.6%	22.3%	15.1%	18.4%
Tier 1 leverage ratio (%) [2]	2.6%	2.9%	3.0%	3.4%	3.6%	3.6%	4.1%
Asset risk intensity (risk position % total assets)	32.3%	28.1%	22.9%	21.4%	20.6%	29.5%	26.2%

[1] Basel 3 from 2014 onwards
[2] Tier 1 leverage ratio calculated on volume of business
Source: SNL, Scope Ratings

Kreditanstalt für Wiederaufbau (KfW)

Issuer Rating Report

Ratings *

Issuer Credit-Strength Rating	**AAA**
Outlook	Stable
Senior unsecured debt	AAA
Short term debt rating	S-1+
Short term debt rating outlook	Stable

* The ratings are not applicable to debt issued by unguaranteed subsidiaries of the rated parent.

Regulatory Disclosures

Information pursuant to Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulations (EU) No. 513/2011 and (EU) No. 462/2013

Responsibility

The party responsible for the dissemination of the financial analysis is Scope Ratings AG, Berlin, District Court for Berlin (Charlottenburg) HRB 161306 B, Executive Board: Torsten Hinrichs (CEO), Dr. Stefan Bund and Dr. Sven Janssen.

The rating analysis has been prepared by Michaela Seimen Howat, Executive Director

Responsible for approving the rating: Sam Theodore, Managing Director

Rating history for ICSR:

Date	Rating action	Rating
04.12.2015	First Assignment	AAA

The rating outlook indicates the most likely direction of the rating if the rating were to change within the next 12 to 18 months. A rating change is, however, not automatically ensured.

Information on interests and conflicts of interest

The rating was prepared independently by Scope Ratings but for a fee based on a mandate of the issuer and with participation of the issuer.

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Key sources of Information for the rating

Website of the rated entity/issuer, Annual reports/quarterly reports of the rated entity/issuer, Current performance record, Detailed information provided on request, Data provided by external data providers, Interview with the rated entity, External market reports, Press reports / other public information.

Scope Ratings considers the quality of the available information on the evaluated company to be satisfactory. Scope ensured as far as possible that the sources are reliable before drawing upon them, but did not verify each item of information specified in the sources independently.

Examination of the rating by the rated entity prior to publication

Prior to publication, the rated entity was given the opportunity to examine the rating and the rating drivers, including the principal grounds on which the credit rating or rating outlook is based. The rated entity was subsequently provided with at least one full working day, to point out any factual errors, or to appeal the rating decision and deliver additional material information. Following that examination, the rating was not modified.

Methodology

The methodology applicable for this rating "Bank Rating Methodology" (May 2016) is available on www.scoperatings.com. The historical default rates of Scope Ratings can be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA): http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml. A comprehensive clarification of Scope's credit rating, definitions of rating symbols and further information on the analysis components of a rating can be found in the documents on methodologies on the rating agency's website.

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