

REQUEST FOR COMMENTS

Bank additional methodological review cycle - October 2016

Rating-Agentur Expert RA GmbH invites market participants to provide comments on the proposed changes in the Bank credit rating methodology. During the methodological committee meeting held on the 21st of October 2016 a package of changes in the Bank credit rating methodology was discussed and approved by the independent members of the Advisory board which will lead to the following changes in the short version of the methodology:

- 1) **We propose to replace the Country Credit Environment (CCE) score for the Banking Sector Risk (BSR) score in the adjustment to obtain the final credit rating in international scale.**

Rationale:

By replacing the CCE for the BSR, the adjustment performed to calculate the final rating in the international scale is more accurate. The BSR score is a better assessment of the banking industry environment risk as it considers a number of macroeconomic and banking sector metrics which were not included in the CCE. Additionally, the BSR score better reflects the systemic impact of the aforementioned metrics on a bank's specific international rating.

- 2) **New sections included explaining the assessment of the Banking Sector Risk (BSR) score**

Rationale:

Section 5 in the short version of the methodology was included to provide a brief explanation of the factors used to assess the BSR score. Furthermore, Annex 2 shows the weights of the aforementioned factors.

Please submit your comments to: info@raexpert.eu or compliance@raexpert.eu by the 21th of November 2016.

Your response to this consultation will be published unless confidentiality is requested.