

Request for comments

Corporate methodological cycle - February 2017

Rating-Agentur Expert RA GmbH invites market participants to provide comments on the proposed changes in the Methodology of assigning Corporate Credit Ratings (hereinafter – Methodology). A package of changes in the Methodology was discussed on the Methodology Committee Meeting held on the 21st of October 2016 and after further developments the version for consultation was approved on the 14th of February 2017 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 Corporate and Industry Risk (CIR) score in the adjustment to obtain the final credit rating in international scale.**

Rationale:

By replacing the CCE for the CIR, the adjustment performed to the credit rating of the company in order to obtain the final rating in the international scale is more accurate. The CIR score is a better assessment of the corporate industry macro-environment as it considers a number of industry- and country-specific factors which were not included in the CCE. Additionally, the CIR score reflects better than the CCE the systemic impact of the aforementioned metrics on a corporate's specific international rating.

- 2) **New sections included, explaining the Corporate and Industry Risk (CIR) score assessment.**

Rationale:

Section 5 in the Methodology was included to provide a brief explanation of the factors included in the assessment of the CIR score. Furthermore, Annex 2 shows the weights of the aforementioned factors.

- 3) **We propose to make our Methodology more transparent by including definitions for each of the factors under section 4. "System of indicators" in the Methodology.**

Rationale:

We improve the transparency of our Methodology by including a detailed explanation of the meaning and importance of each factor in the rating assessment. In this way, it will be more understandable how the rating assessment was carried out as well as which features of the factors influenced the final rating.

Please submit your comments to: info@raexpert.eu or compliance@raexpert.eu by the 17th of March 2017. Your response to this consultation will be published unless confidentiality is requested.