Creditreform Bank Rating

Kreditanstalt für Wiederaufbau (Group)

Creditreform Rating

Rating Object	Rating Information	
Kreditanstalt für Wiederaufbau (Group) Creditreform ID: 6070066991	Long Term Issuer Rating / Outlook: **AAA / stable** Type: Initialrating / Unsolicited	Short Term: **L1**
Rating Date: **14 November 2023** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Government-Related Banks v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): Non-Preferred Senior Unsecured (NPS): Tier 2 (T2): Additional Tier 1 (AT1):	 AAA - - -

Rating Action

Creditreform Rating affirms Kreditanstalt für Wiederaufbau's (Group) Long-Term Issuer Rating at AAA (Outlook: stable)

Creditreform Rating (CRA) affirms Kreditanstalt für Wiederaufbau's (Group) Long-Term Issuer Rating at AAA. The rating outlook is stable.

CRA affirms Kreditanstalt für Wiederaufbau's Preferred Senior Unsecured Debt at AAA.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

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Quantitative:	Very Good
Earnings	Sufficient
Assets	Very Good
Capital	Very Good
Liquidity	Very Good
Qualitative:	Very Good

Key Rating Drivers

- Strong ownership support in the form of an institutional liability, and an explicit and direct statutory refinancing guarantee from the German government, which secures KfW's long-term viability

Executive Summary

The rating of Kreditanstalt für Wiederaufbau is prepared on the basis of the consolidated financial statements of the Group (KfW Bankengruppe AöR).

The rating is based on the guarantee provided by the Federal Republic of Germany in accordance with Section 1a KredAnstWiAG ("KfW Act"). The Federal Government 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 that are expressly guaranteed by KfW. Creditreform Rating therefore adjusts the Long-Term Issuer Rating to the rating of the Federal Republic of Germany (AAA (stable) of March 24, 2023).

Company Overview

Kreditanstalt für Wiederaufbau (hereinafter: KfW) is the promotional bank of the Federal Republic of Germany and one of the leading promotional banks in the world. It was founded in 1948 on the basis of the Kreditanstalt für Wiederaufbau Act (KredAnstWiAG, or "KfW Act") with the aim of financing the reconstruction of the German economy. As an institution under public law, the Federal Government bears the institutional liability for KfW. The Federal Government 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 that are expressly guaranteed by KfW. Due to this guarantee, KfW's rating is equivalent to the rating of the Federal Republic of Germany. Legal supervision of KfW is exercised by the Federal Ministry of Finance in coordination with the Federal Ministry of Economic Affairs and Climate Action.

KfW's total assets amounted to € 555.2bn on September 30, 2023, making it the third-largest bank in Germany in terms of total assets. KfW is not a credit institution under the German Banking Act (KWG) or the corresponding European CRD IV Directive, but it has had to comply with certain banking supervisory regulations since the KfW Regulation was adopted in March 2013. Compliance is checked by BaFin and the German Bundesbank.

The head office is located in Frankfurt, with further branches in Berlin and Bonn. It also has around 80 offices and representative offices worldwide. KfW Bankengruppe employs a total of around 7,700 people.

KfW's shareholders are the Federal Republic of Germany (4/5) and the federal states (1/5).

KfW's main promotional mandate is to improve economic, social and ecological living conditions in Germany, Europe and worldwide. KfW's other areas of promotion include environmental and climate protection measures, housing construction, education promotion, infrastructure measures and development programs in developing and emerging countries.

Abroad, KfW finances expansions, exports and new projects of German and European interest through its subsidiary KfW IPEX-Bank GmbH. Through another subsidiary, Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), KfW promotes German and local companies active in developing and emerging countries. KfW Entwicklungsbank finances programs and projects on behalf of the German Federal Government, primarily with state actors in developing and emerging countries. In addition to the promotional programmes, KfW is involved in the privatization of federal companies and manages the Compensation Scheme of Securities Trading Companies (EdW). KfW Capital is another important subsidiary for promoting the VC market.

KfW refinances itself mainly on the capital market and does not have deposits from customers.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of the key figures. The presentation may therefore differ from that of the bank. Creditreform Rating aims to make the financial statements of different banks and the scope of consolidation as comparable as possible. For reasons of comparability, certain key figures are also taken or calculated from the bank's disclosure report. The balance sheet and income statement figures are taken from the consolidated financial statements for the respective years.

KfW's net income for the year decreased significantly in the exceptional year 2022 compared to 2021, which was also characterized by catch-up effects. In addition to the normalization of risk provisions, this is due in particular to the decline in net interest and valuation income.

Specifically, net interest income decreased by EUR 238 million or just under 10% to EUR 2.1bn. Before risk provisions, however, the decline was less pronounced. The main reason for the decline was the lower structural contribution due to the rapid rise in interest rates in 2022. However, the Bank continues to benefit from the first-class credit rating of the Federal Republic of Germany and the Bank itself. Net fee and commission income remained stable compared to the previous year. The net trading and fair value result decreased significantly by EUR 440 million compared to the previous year, in particular due to the EUR 658 million decline in net investment income compared to the previous year - however, this is mainly due to catch-up effects from the previous year.

Operating expenses rose slightly, mainly due to higher personnel costs.

The bottom line was an operating result of EUR 1.5bn after EUR 2.2bn in the previous year. At EUR 305 million, promotional expenses were significantly higher than in the previous year (EUR 188 million) - reasons for this included the negative interest rates of the previous year and the turnaround in interest rates, which gave leeway for interest rate reductions.

Risk provision expenses normalized at a low level in 2022.

At EUR 1.4bn, net profit for the year was almost 40% below the previous year's figure (EUR 2.2bn). Overall, 2022 developed more positively than assumed in the planning. Net commission income in particular developed better than expected, while the interest rate turnaround had a negative impact on the structural contribution.

KfW generated a profit of EUR 1.2bn in the first three quarters, which is above both the average of the last five years and the previous year's figure (EUR 1bn). This is primarily due to the increase in net interest income, as the bank is increasingly benefiting from the rise in interest rates in the eurozone. Commission income and costs were in line with previous years.

Asset Situation and Asset Quality

The balance sheet expanded slightly by EUR 3.9bn (+0.7%). Loans and advances to customers and banks rose sharply by EUR 29.3bn, which is mainly due to liquidity support for energy suppliers in the context of the war in Ukraine and the associated shortage of oil and gas, as well as the federal subsidy for efficient buildings (BEG). The special coronavirus program had the opposite effect. Value adjustments from macro hedge accounting, which amounted to EUR 25.9bn due to the rise in interest rates, also had an offsetting effect.

With a promotional volume of EUR 166.9bn, KfW recorded the strongest promotional year in its history, which - as described at the beginning - is mainly due to large-volume commitments to secure Germany's energy supply as a result of the Ukraine conflict. This included gas replacement procurements and their financing as well as support in the event of liquidity bottlenecks. The total commitment volume to secure the gas supply amounts to EUR 54.2bn, of which EUR 34.2bn has been disbursed by the end of 2022. The receivables from repayments and redemptions by the federal government reported in the balance sheet amounted to EUR 22.4bn at the end of the year. Federal financing for efficient buildings (BEG) also accounted for a very high share of the domestic financing volume at EUR 37.4bn. The volume of financing abroad amounted to EUR 30.7bn.

Despite the increase in the promotional volume, the quality of assets did not deteriorate significantly; the NPL ratio remained virtually unchanged despite the significant increase in the promotional volume. Risk provisioning was also comparatively low.

The financing volume in the first nine months was slightly above the level of previous years, but below that of the exceptional year 2022. Domestic financing in particular recorded a significant decline, while export and project financing was able to compensate for this somewhat. The quality of assets remains very good, loan loss provisions even made a positive contribution to the consolidated result in the first three quarters, and the bank describes the risk diversification of the loan book as very good.

Refinancing, Capital Quality and Liquidity

KfW refinances itself to a large extent via bonds placed on the capital markets. A record volume totaling EUR 89.4bn was raised in the 2022 financial year. Funds from the Economic Stabilization Fund (WSF) amounting to EUR 22.4bn were drawn upon to finance the aid to secure the energy supply. Equity increased by EUR 2.4bn in the reporting year. In addition to EUR 1.4bn from the net profit for the year, other comprehensive income contributed EUR 1bn to the increase due to the development of the revaluation reserve.

The equity ratio thus improved to 6.6% of the balance sheet total. At 25% and 25.2% respectively, the core capital ratio and the total capital ratio are at a very high level.

Capitalization improved further in Q3-23, with the balance sheet equity ratio rising to 6.8% and the total capital ratio to 28.5%.

Due to KfW's capital and debt structure and the guarantees provided by the German government, the Group's preferred senior unsecured debt is not downgraded compared to the long-term issuer rating and is rated AAA.

Environmental, Social and Governance (ESG) Score Card

KfW has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated very positive due to KfW's strong and sustainable earning figures, the widespread ESG policies, its ambitious ESG targets and its pioneer role in green financing.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated very positive Coporate Behaviour is rated positive.

ESG Bank Score
4,4 / 5

Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	3	(+ +)
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	4	(+ +)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Best-case scenario: AAA

Worst-case scenario: AA+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Outlook

Creditreform Rating considers the outlook for KfW's long-term issuer rating to be stable.

Scenario Analysis

In a scenario analysis, the bank can achieve a long-term issuer rating of AAA in the "best-case scenario" and a long-term issuer rating of AA+ in the "worst-case scenario". The rating of the Preferred Senior Unsecured Debt class would behave in the same way on the basis of our rating methodology.

A downgrade of the Long-Term Issuer Rating of KfW and the Preferred Senior Unsecured Debt class would only occur if the rating of the Federal Republic of Germany were to deteriorate.

Appendix

Bank ratings KfW

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **AAA / L1 / stable**

Bank Capital and Debt Instruments Ratings KfW

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU): **AAA**
Non-Preferred Senior Unsecured (NPS): **-**
Tier 2 (T2): **-**
Additional Tier 1 (AT1): **-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	15.08.2018	AAA / stabil / L1
Rating Update	19.12.2019	AAA / stabil / L1
Monitoring	29.05.2020	AAA / UNW / L1
Rating Update	26.11.2020	AAA / stabil / L1
Rating Update	05.07.2021	AAA / UNW / L1
Rating Update	03.09.2021	AAA / stabil / L1
Rating Update	15.12.2022	AAA / stabil / L1
Rating Update	14.11.2023	AAA / stabil / L1
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	15.08.2018	AAA / - / -
PSU / NPS / T2 / AT1	19.12.2019	AAA / - / - / -
PSU / NPS / T2 / AT1	29.05.2020	AAA / - / - / - (UNW)
PSU / NPS / T2 / AT1	26.11.2020	AAA / - / - / -
PSU / NPS / T2 / AT1	05.07.2021	AAA / - / - / - (UNW)
PSU / NPS / T2 / AT1	03.09.2021	AAA / - / - / -
PSU / NPS / T2 / AT1	15.12.2022	AAA / - / - / -
PSU / NPS / T2 / AT1	14.11.2023	AAA / - / - / -

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	2.148	-10,0	2.386	2.547	2.347
Net Fee & Commission Income	617	-1,0	623	573	499
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	213	-67,4	653	-413	-16
Equity Accounted Results	43	> +100	14	31	15
Dividends from Equity Instruments	-	-	-	-	-
Other Income	41	+20,6	34	26	71
Operating Income	**3.062**	**-17,5**	**3.710**	**2.764**	**2.916**
Expense					
Depreciation and Amortisation	117	-6,4	125	131	133
Personnel Expense	887	+5,3	842	770	749
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Expense	567	-3,4	587	481	471
Operating Expense	**1.571**	**+1,1**	**1.554**	**1.382**	**1.353**
Operating Profit & Impairment					
Operating Profit	**1.491**	**-30,8**	**2.156**	**1.382**	**1.563**
Cost of Risk / Impairment	125	< -100	-196	781	173
Net Income					
Non-Recurring Income	-	-	-	-	-
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**1.366**	**-41,9**	**2.352**	**601**	**1.390**
Income Tax Expense	1	-99,3	137	76	23
Discontinued Operations	-	-	-	-	-
Net Profit	**1.365**	**-38,4**	**2.215**	**525**	**1.367**
Attributable to minority interest (non-controlling interest)	-	-	-	-	-
Attributable to owners of the parent	-	-	-	-	-

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	51,31	+9,42	41,89	50,00	46,40
Cost Income Ratio ex. Trading (CIRex)	55,14	+4,31	50,83	43,50	46,15
Return on Assets (ROA)	0,25	-0,16	0,40	0,10	0,27
Return on Equity (ROE)	3,73	-2,74	6,48	1,65	4,36
Return on Assets before Taxes (ROAbT)	0,25	-0,18	0,43	0,11	0,27
Return on Equity before Taxes (ROEbT)	3,73	-3,14	6,88	1,89	4,43
Return on Risk-Weighted Assets (RORWA)	0,98	-0,66	1,64	0,42	0,99
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,98	-0,76	1,74	0,48	1,00
Net Financial Margin (NFM)	0,43	-0,13	0,55	0,39	0,46
Pre-Impairment Operating Profit / Assets	0,27	-0,12	0,39	0,25	0,31

Change in %- Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	51.848	+22,2	42.439	44.178	28.195
Net Loans to Banks	308.708	+2,0	302.732	292.646	262.467
Net Loans to Customers	160.919	+16,9	137.600	136.695	125.138
Total Securities	44.778	-3,9	46.594	43.942	39.359
Total Derivative Assets	-14.372	< -100	18.468	25.536	27.129
Other Financial Assets	-	-	0	50	20.488
Financial Assets	**551.881**	**+0,7**	**547.833**	**543.047**	**502.776**
Equity Accounted Investments	642	+7,5	597	613	609
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	64	-46,2	119	81	-
Tangible and Intangible Assets	1.029	-7,7	1.115	1.171	1.209
Tax Assets	240	+1,7	236	713	703
Total Other Assets	772	-2,5	792	759	725
Total Assets	**554.628**	**+0,7**	**550.692**	**546.384**	**506.022**

Figure 5: Development of asset quality | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	29,01	+4,03	24,99	25,02	24,73
Risk-weighted Assets[1] / Assets	25,18	+0,64	24,54	22,74	0,00
NPL[2]/ Loans to Customers[3]	3,32	+0,02	3,29	13,65	13,85
NPL[2]/ Risk-weighted Assets[1]	3,82	+0,47	3,35	15,02	12,49
Potential Problem Loans[4]/ Loans to Customers[3]	5,49	-12,52	18,00	18,00	3,76
Reserves[5]/ NPL[2]	34,71	-2,92	37,63	9,78	8,24
Cost of Risk / Loans to Customers[3]	0,08	+0,22	-0,14	0,57	0,14
Cost of Risk / Risk-weighted Assets[1]	0,09	+0,23	-0,15	0,63	0,12
Cost of Risk / Total Assets	0,02	+0,06	-0,04	0,14	0,03

Change in %- Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non- Performing Loans of the categories Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	4.453	> +100	1.327	2.477	13.220
Total Deposits from Customers	299	+11,2	269	218	6.335
Total Debt	478.382	-2,1	488.443	469.645	441.666
Derivative Liabilities	14.519	> +100	6.400	13.709	9.205
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	17.164	+7,1	16.021	24.017	-
Total Financial Liabilities	**514.817**	**+0,5**	**512.460**	**510.066**	**470.426**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	61	-9,0	67	449	358
Provisions	2.671	-25,3	3.576	3.544	3.335
Total Other Liabilities	501	+31,2	382	527	541
Total Liabilities	**518.050**	**+0,3**	**516.485**	**514.586**	**474.660**
Total Equity	**36.578**	**+6,9**	**34.207**	**31.798**	**31.362**
Total Liabilities and Equity	**554.628**	**+0,7**	**550.692**	**546.384**	**506.022**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	6,60	+0,38	6,21	5,82	6,20
Leverage Ratio[1]	-	-	-	-	-
Common Equity Tier 1 Ratio (CET1)[2]	25,00	+1,10	23,90	24,10	21,30
Tier 1 Ratio (CET1 + AT1)[2]	25,00	+1,10	23,90	24,10	21,30
Total Capital Ratio (CET1 + AT1 + T2)[2]	25,20	+1,30	23,90	24,30	21,30
CET1 Minimum Capital Requirements[1]	12,25	-0,25	12,50	13,00	13,50
Net Stable Funding Ratio (NSFR)[1]	-	-	-	-	-
Liquidity Coverage Ratio (LCR)[1]	-	-	-	-	-

Change in %-Points
1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Government-Related Banks (v2.1)
- Environmental, Social and Governance Score for Banks (v1.0)

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

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 14 November 2023, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Kreditanstalt für Wiederaufbau and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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.

Rating Endorsement Status: The rating of Kreditanstalt für Wiederaufbau (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

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.

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final ratings reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rated entity or for third parties associated with the rated entity:

- Credit Service ancillary service(s) for the rated entity or/and related third party.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website: https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html#non-core-business-activities.

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

5. Public and internal market analyses

6. Internet research

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 mentioned methodologies and / or 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 rating report or 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".

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