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RATING OF FINANCIAL STRENGTH	Initial Rating 04/2009
Long-term rating :	BBB-
Outlook :	stable
Short-term rating :	A-3

The Bulgarian Credit Rating Agency is the only Bulgarian agency that with a verdict on Court File 25/04.06.2008 is included in the list of The Financial Supervision Committee as its ratings are acknowledged equally with those of the international agencies Moody's, Standard & Poor's and Fitch. In 2006 BCRA adapted the banks' financial strength methodology of ICRA (An Associate of Moody's Investors Service). Rating scale of BCRA coincides with that of Standard & Poor's.

The Bulgarian Credit Rating Agency awards a long-term financial strength rating of "Investbank" JSC BBB- (outlook: stable) and a short-term rating A-3. The officially adopted methodology by BCRA of rating assignment of financial strength of banks is used (http://www.bcra-bg.com/files/method_4.pdf).

To elaborate the report and award the rating BCRA uses information from the rated bank, BNB, NSI, database of BCRA, consultants and other sources of public information.

To the end of the first half of 2008 the Bulgarian banks operated in a favorable economic environment. After the end of this period the effects of the global financial crisis gradually started reflecting on the bank system's activities. Basic factors, defining the functional environment in which Bulgarian banks operate recently, are: the worse international situation and concussions on international financial market, reflecting on decrease of the investment activity and expectations of a drop in the Bulgarian common economic growth; difficult access of the Bulgarian banks to international markets' financial resource as a result of the worse liquidity of European banks; decrease of deposits received amount and rise of cash resource; decrease of financing growth rates regarding corporate loans, as well as these of physical persons.

The bank, to which the rating is assigned, was established on 16 December 1994 in Sofia as an

International orthodox bank called „Saint Nikola" JSC. In 1998 its name was changed to TB „Neftinvestbank" JSC, and in 2002 – TB „Investbank" JSC. The major owner „Festa Holding" JSC is a joint-stock company with a registered capital of BGN 16 millions, divided into shares by name. The bank has a two-level management system with Supervisory Council and Board of Managers. There aren't significant changes in the bank management structure within the analyzed period. The bank has 3 years' elaborated development strategy with clearly formulated basic strategic aims, as well as basic aims in various directions. A good coverage of the branches network is achieved, corresponding to optimal effectiveness.

As of the end of 2008 the shareholding capital of „Investbank" JSC amounts BGN 70 millions. In the observed period the primary capital surpassed 89 % and in its structure registered and paid-in capital took a basic share. The bank marked an ascending positive financial result for the whole analyzed period as it kept levels of an overall capital adequacy a little bit over the regulatory requirements of BNB and a little bit below average levels of the banks in second group of the bank system, as well as the average levels of the bank system as a whole. Corrected and non-corrected leverage levels fluctuated within the observed period, but as a whole they kept high values that are an indicator of high effectiveness. In the analyzed period the profit of the fixed capital gradually increased from 0,85% in the first year to 12,48% in 2008, that we assess positively.

For the whole analyzed period the bank's resource base increased over 7 times, as for last year the growth was insignificant (2%). The deposits' share in the resource base of „Investbank" increased for period of 2004-2008, reaching 87% at its end. Within the observed period there was a trend of increase of the fixed

deposits` share that is a favorable factor of the deposit base stability in terms of liquidity management. However, it is also a factor of interest expenses` increase. The share of deposits received is volatile in the observed period as its average level is about 20 % of the resource base.

The value of bank credit portfolio marked a significant growth in the period in respect of the legal entities as well of the physical persons. By 2006 the share of credits in assets sum decreased, then it was observed a significant growth and at the end of 2008 given loans were ~61% of the assets.

The analysis of data shows a comparatively good diversification of credit portfolio. The share of gross amount of the classified credits in total gross amount of credits followed an increasing trend in the whole period and it reached 6,8% in 2008 (compared to 3,03% in 2004).

By 2006 the bank marked a descending gross interest spread, then there was an ascending trend and at the end of the last year it reached 4,02 %. The bank had an ascending net financial result, as the most significant growth (repeated) was marked in 2007 mainly in respect of interest incomes as a result of a significant growth of credit portfolio. Meanwhile, in last year there was a many times sales drop profit and revaluation of asset as a result of the capital markets` crisis. A

slight increase in last year of the financial result, as well as of assets determined the drop at middle assets` profit. The values of the indicator “current assets/total liabilities” fluctuated in the period under review reaching their highest level (over 34%) in 2006. The great drop in 2008 was due to significantly lower amount of deposits in other banks. By 2007 the factor of liquid assets marked very high values, but within the last year its value sensitively decreased and it was below the average of the bank system as a whole, as well as of the banks in the second group.

In 2006 „Investbank” occupied the fifth position in the banks excerpt with similar assets amount, pertaining to the second group of the bank system and eleventh position in the group. The significant growth of the balance sum amount brought out the bank to the second position in the excerpt within the next year, but in 2008 it was conceded by „MKB Unionbank” marking the highest growth of the assets per annual base.

An information system of evaluation market risk is established in the bank, as adapting of evaluation system of operating risk is being finalized.

A system of evaluation credit risk is established at Retail Banking. The bank information system is almost entirely integrated, as a little amount of external systems are used.

Main Financial Indicators:

(BGN thousands)	2008	2007	2006	2005	2004
Balance Sum	1 118 541	1 085 721	530 693	320 285	157 560
Credits and Advance Payments to Clients (gross)	683 662	484 529	190 807	169 541	99 261
Shareholding Capital	70 000	70 000	32 323	20 000	16 000
Total Interest Income	77 434	50 525	21 985	14 148	10 733
Profit after Taxation	11 249	10 576	1 731	923	143
Total Capital Adequacy	12,77%	12,98%	14,18%	12,85%	17,07%
Net Interest Margin	3,09%	2,78%	1,89%	2,59%	7,25%
Financial Result before Taxation/Average Assets (%)	1,03%	1,41%	0,47%	0,44%	0,23%
Net Financial Result/Average Assets (%)	1,02%	1,31%	0,41%	0,39%	0,18%
Gross Amount of Classified Exposures/Total Credits	6,80%	5,55%	5,84%	2,83%	3,03%
Gross Factor of Generation of Defaults	4,30%	8,80%	3,80%	2,00%	3,20%
Net Factor of Generation of Defaults	4,20%	8,80%	3,80%	1,90%	3,10%
Current Assets/Total Liabilities	14,46%	29,02%	34,26%	27,87%	19,85%