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„Investbank" AD

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FINANCIAL STRENGTH RATING	Update	Update
Date of Rating Committee:	29.11.2019	18.11.2020
Date of Publication:	03.12.2019	19.11.2020
Long-term Rating:	B-	B-
Outlook:	negative	stable
Short-term Rating:	C	C
National-scale Long-term Rating:	B- (BG)	B- (BG)
Outlook:	negative	stable
National-scale Short-term Rating:	C (BG)	C (BG)

1) Prior to the present publication the credit rating and rating outlook was disclosed to the rated entity or related third party. Following that disclosure amendments in the credit rating and rating outlook have not been executed
2) During the last 2 years, BCRA Credit Rating Agency AD has not provided ancillary services to the rated entity or a related third party.
3) To become familiar with the full rating history, please see the table at the bottom of the document

"BCRA – CREDIT RATING AGENCY" (BCRA) is the third qualified rating agency in the EU, registered under Regulation (EC) No. 1060/2009 of the European Parliament and the Council. The credit ratings, assigned by BCRA, are recognized throughout the EU and are fully equal with the other ratings, recognized by European Securities and Markets Authority (ESMA), without any territorial or other limitations.

At a session of the Rating Committee of BCRA, held on **18.11.2020г.** a report of the review of the credit rating of **Investbank AD** has been discussed. The session was run by D.Sc. (Econ.) Kiril Grigorov, in his capacity as a Chairman of the Rating Committee. Following a discussion on changes in the factors affecting the rating during the review period, the members of the Rating Committee took **the following decision**:

„BCRA – Credit Rating Agency" (BCRA) assigns to Investbank the following ratings:

- **Long-term** financial strength rating **B-, short-term** rating **C;**
- **long-term** rating on a national scale **B- (BG), short-term** rating on a national scale **C (BG)**

and changes the outlook to **stable** from negative

expressing its opinion, the stabilization of the financial results achieved during the review period, increasing the capital base and capital adequacy and started improvement in the quality of the loan portfolio and non-performing loans indicators.

***The officially adopted by BCRA Methodology for assigning of a rating to a bank has been used**: (https://www.bcra-bg.com/files/bank_methodology_2018_en.pdf).*

***The users of the rating can find information on the meaning of each rating category, including definitions of default in the published Global rating scale on the BCRA's website:** (https://www.bcra-bg.com/files/global_scale_en.pdf).*

The report has been prepared and the rating - assigned, based on information made available by the rated bank, Bulgarian National Bank, National Statistical Institute, BCRA' database, consultants and other public information sources.

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Operating environment

Sovereign risk

The emergence of the worldwide COVID-19 pandemic and addressing the issue turned into one of the main priorities in Bulgaria as well as in all its political and economic partners. The country was in a state of emergency from the 13th of March to the 13th of May 2020 due to the unprecedented crisis, and the government took a number of legislative measures to curb the negative economic impact. The state of emergency was thereafter replaced by an *emergency epidemic situation* by the end of November 2020 at least, along with new socio-economic measures.

The COVID-19 pandemic and the measures taken to limit the infection have adversely impacted the economic activity in the country. The unprecedented shock undermined the positive dynamics of GDP at the beginning of the year, as real growth slowed to 1.2% on an annual basis in the first quarter, and even more pronounced within the second quarter with a decline of 8.2%. Thus, Bulgaria's GDP fell by 4.2% on average for the first half of 2020, compared to 4% for the same period in 2019. The European Commission projects a decline of 7.2% for Bulgarian GDP in 2020. Household consumption expenditures decreased by 2.4% on an annual basis on average for the first six months of 2020 as a result of the introduced measures for social distancing, rising unemployment and declining disposable income. Collective consumption reported real growth of 3.8% positively contributing to the GDP dynamics during the analysed period. Concurrently, uncertainty and limited demand reflected on the investment decisions of companies, hence, gross fixed capital formation decreased by 8.2% and inventories shrank significantly.

In 2019, the labour market reported record low unemployment (4.2% of the active population over 15 years) and record high employment (54.2%) for the last 15 years. However, market conditions expectedly deteriorated in the course of 2020 mainly as a result of restrictive anti-epidemic measures. In the second quarter of 2020, the unemployment rate was 5.9% (compared to 4.2% a year earlier). According to the data of the Employment Agency, the number of registered unemployed in the age group 15-64 was 63% higher in the quarter compared to the same period of the previous year, reaching 287 000 people.

The HICP average annual inflation slowed sharply in the course of 2020, falling from 3.4% in January to 0.4% in July, and in August for the first time since the beginning of the year reporting a slight increase to 0.6%. The main contributors to the downward dynamics are the collapse in international oil prices and the contraction of private consumption due to the unprecedented health crisis. Concurrently, foods have been consolidating its role as a major inflationary engine, although they have also seen a decline in the rate of price growth.

Bulgaria has entered the current crisis with a stable fiscal position, accumulated reserves and low government debt. The initial budgetary target for 2020 was to achieve a balance but the unprecedented COVID-19 crisis necessitated its extraordinary revision due to the expected revenue shortfalls and the need to incur additional costs. With the April revision, the projected CFP balance was changed to a deficit of BGN 3.5 billion or 3% of the projected GDP. We expect the government debt-to-GDP ratio to rise to approximately 25% in 2020 due to financial needs arising from the anti-crisis fiscal measures and the decline in GDP.

Banking System

On the 10th of July 2020, the Bulgarian lev was included in the Exchange Rate Mechanism II. In parallel, the ECB's decision to establish close cooperation with the BNB was announced. Starting October 1, 2020, the ECB commenced the direct supervision of the significant institutions in the Republic of Bulgaria. The Bulgarian banks that fulfil the criteria are UniCredit Bulbank AD, DSK Bank AD, United Bulgarian Bank AD, Eurobank Bulgaria AD, and Raiffeisenbank (Bulgaria) EAD.

Currently, the banking sector remains stable. The capital ratios and liquidity of banks are at high levels being supported by the steady growth of the deposit base.

Lending to the non-financial sector has been slowing down in the conditions of uncertainty during the first half of 2020, largely for enterprises. At the same time, under the *Procedure for Deferral and Settlement of Liabilities Payable to Banks and their Subsidiaries – Financial Institutions* requests from households and enterprises for deferral of liabilities amounting to BGN 8,1 billion or 83.1% of the filed so far were approved as of end-June 2020, or 12.3% of the total gross loans and advances.

The profit generated in 2019 was high, thus, securing additional capitalisation and a reserve for maintaining the stability of the sector. Therefore, the BNB decided

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to fully capitalise that profit as one of the measures to further strengthen the capital of banks in the context of the crisis related to COVID-19. The reported financial result as of mid-2020 was positive albeit lower by 43.9% on an annual basis. The net income from interests, fees and commissions retained their importance but at an annual decline in both sources. At the same time, the value of the impairments incurred doubled compared to the same period in 2019.

The development of economic processes in the country, including in the context of the pandemic of COVID-19, have been analysed in detail by BCRA - Credit Rating Agency. A Rating Rationale of the Sovereign Rating assigned by BCRA to the Republic of Bulgaria is available at our official website: ***https://www.bcra-bg.com/files/rating_republic_of_bulgaria_oct_2020_en.pdf***

Investbank AD

Shareholder Structure and Management

During the first half of 2020, Investbank AD **rose its share capital twice** – initially with BGN 1 960 thousand (registered in the Commercial Register on 28.02.2020) and a second time with BGN 21 945 thousand (06.04.2020). As a result, the size of the capital reached BGN 155 572 thousand (as of 30.06.2020), distributed in the same number of shares, each with a face value of BGN 1. There are no significant changes in the shareholder structure as Festa Holding AD remains the main shareholder, followed by Mr. Al Shanfari.

There were no changes in the Supervisory Board and as of September 2020, the members were the following:

- Petia Ivanova Barakova-Slavova – Chair;
- Festa Holding AD, UIC 103123984, official representative Zlatomir Dimitrov;
- Dimitrijka Lazarova Andreeva.

In the review period, Radoslav Simeonov Velkov and Ivan Tsvetkov Bachovsky were released as members of the Management Board and Lyudmila Vasileva and Maya Stancheva were nominated. Thus, the composition of the MB as of September 2020 was constituted by:

- Zdravka Rumenova Russeva – Chair of the MB and Executive Director;
- Vesela Ivanova Koleva-Djidjeva – member and Executive Director;
- Maya Stancheva – a member of MB;
- Lyudmila Vasileva – a member of MB.

The targeted growth in assets and deposits of the Bank were not accomplished, while slight over-execution in credit growth and net interest income, as well as a more prominent overexecution in the net profit, were reported.

For the period 2020 – 2022, the balance sum of the Bank is projected to increase (by over 8% in 2020 and by approximately 5% in the following years) along with growth in both the loan portfolio, albeit at decelerated interest income, and the funds attracted from clients.

The total number of employees continued to decline, conditioned in part by a reduced number of the structural units of the Bank (mainly the number of outsourced workplaces), and the high staff turnover persisted.

Capital Adequacy

In 2019, the capital base of the bank kept the positive upward trend started the previous year. The reported growth was barely 0.7%, while in the first half of 2020, it accelerated to 8.9% as a result of the increase in the share capital. During the review period, Investbank increased its issued capital twice: with BGN 1 960 thousand in the first quarter of 2020 and with another BGN 21 945 thousand in the second quarter of 2020 whereby the share capital of the bank reached BGN 155 572 thousand or the annual growth of 18.2%. The increase in the capital base of the bank was recommended by the ECB, following the 2019 asset quality review (AQR) and stress tests, to build an additional capital buffer to cover the capital shortfall in the adverse scenario of the test.

The total amount of **risk-weighted assets** decreased by 3.8% as of end-2019 and by 1.0% in the first half of 2020.

The increase of the capital base and the decrease in risk-weighted assets act one-way to **increase the total capital adequacy ratio (CAR)** – by 0.9 pp. for 2019 (to 19.5%) and by 2.0 pp. in the first half of 2020 (up to 21.50%), which retrospectively has been the highest level reported by the bank since the end of 2014. With this, Investbank converged to the average levels of total capital adequacy of the banking system in 2019 (20.16%) and exceeded the average of banks of the second group (19.6%). The distance from the system's average CAR and the second group of

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banks' increased over the first half of 2020 regardless of the increase posted by Investbank. The BNB's decision for the profits of the banking institutions for 2019 to be fully capitalised (as one of the measures for further capital strengthening of banks' capital in the conditions of the COVID-19 crisis) has led to an overall rise in capital ratios in the system.

The levels of *unadjusted* and *adjusted* ***leverage*** continued to decrease. In end-June 2020, the unadjusted leverage was practically equal to the average for the banking system (7.82) and slightly above the average for the banks of the second group (7.47) while the adjusted leverage remained significantly higher than both comparable group's averages. The leverage ratio under the fully implemented definition of Tier 1 Capital increased to 11.47% by the end of 2019 (from 9.47% a year earlier) and to 12.06% in end-June 2020.

The downward trend in the net amount of impaired exposures maintained during the review period (by 5.4% for 2019 YoY and by another 2.6% for the first six months of 2020), along with the increase in the capital base (more pronounced in 2020) have resulted in new improvements in the ***net impaired exposures to capital base*** ratio – to 70.3% at the end of June 2020, from 78.6% in 2019 and 83.7% in 2018.

The **return on equity** declined to 1.12% for 2019 and 1.23% as of 30.06.2020 due to the relatively low net profit for 2019 and current profit for 2020 against the background of increasing equity.

Resources

The **borrowed funds** of Investbank decreased by 10.5% on an annual basis in 2019 (after a rise by 8.0% for 2018) and slightly increased (by 0.6%) in the first quarter of 2020. The 2019 dynamics was greatly driven by a decrease in the amount of funds attracted from corporate clients (by 26.4%) and to a lesser extent by the reduced deposits from individuals and households (by 3.2%). The size of the latter continued to decline during the first half of 2020 (by 2.8%). Concurrently, the deposits from non-credit institutions increased (by 20.1%), compensating for the exclusion from the total resource base of debt instruments worth BGN 39.4 million (converted into share capital).

Structurally, the resource base remained dominated by the deposits of individuals and households, whose share increased from 67.4% at the end of 2018 to 73.0% at the end of 2019 and subsequently decreased to 70.5% as of end-June 2020.

The **currency structure** of the bank's resources has been dominated by deposits in lev, albeit at a decreasing share, from 62.8% at the end of 2018 to 60.6% at the end of 2019 and to 59.0% at the end of June 2020. The pronounced BGN component in the corporate deposits affirmed increasing to over 80% in the review period (compared to 76.6% at the end of 2018).

The share of the **guaranteed deposits** increased in 2019 to 75.9% in total (compared to 71.5% a year earlier) and decreased in the first half of 2020 to 68.9% along with the decline in household deposits' amount and the growth in the corporate.

There is no observed **concentration** in the deposit base. However, the share of the 15 largest depositors' remained relatively high at 19.3% as of 30.06.2020 and 17.6% as of 31.12.2019 (after 20.9% in 2018 and 13.4% in 2017).

Asset Quality

The **assets** of Investbank had their highest value in 2018 (also resulting from the acquisition of Victoria Commercial Bank). The total assets started reducing in mid-2019 and by its end an annual decline of 10.5% was reported (after a rise by 8.6% in 2018). This change was opposite to the observed average growth of 8.2% for the banking system in 2019. However, in the middle of 2020 Investbank's assets reported an increase of 3.8% compared to their amount at the end of 2019, exceeding the overall system growth by 0.9% on a half-year basis and 1.8% for the reference group of banks[1].

In 2019, the size of the **investment portfolio** of the rated bank restored the previously positive trend, rising by 19.4% on an annual basis, after the surprising decline registered in 2018 (by 12.2%). Thus, the relative weight of investments in the structure of assets increased to one third (33.6% as of 31.12.2019).

The cited share of investments significantly exceeds the average for the banking system which moves in the narrow range of 13-15% (13.9% at the end of 2019 and 14.5% as of 30.06.2020), and for the Group II banks (with more sensitive changes between 11.8% for 2019 and 14.1% as of June 2020). The average

[1] The reference group consists of two larger banks in terms of asset and two smaller: ProCredit Bank (Bulgaria), Municipal Bank, Bulgarian American Credit Bank and International Asset Bank.

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share of investments in the reference group is much lower.

The dynamics in *Debt instruments,* as the predominant structural element in the bank's investments (with a slightly declining share, which for the first time in the last five years is below 80%), defines their overall nominal changes. They are composed almost entirely (98.0%) of *Government securities.*

The biggest change during the period of the annual review was registered by the *investment properties*. Following a large increase in 2016 and detention during the next two years, at the end of 2019, an annual growth of 55.8% was reported. Thus, their relative weight in the portfolio approximated 20% (19.0% in 2019 and 19.1% at the end of June 2020). In 2019, transfers from inventories totalling BGN 30 million (significantly exceeding the amounts from the previous year) as well as the increased revaluations – BGN 14 682 thousand (only BGN 666 thousand for the previous 2018) led to the increase in the value of the investment properties.

The *share of loans in the assets* of Investbank (39.1% as of June 2020) has been permanently much lower than the average for all banks and for the Group II banks (55% and 52%, respectively for the same period following a four-year stabilisation around these levels). The rated bank has seen a process of slight growth for the last year from the lowest level registered in 2018 – 36.0%.

The **gross loan portfolio** noted a significant decline on an annual basis – by 8.1% in 2019. The steady downward trend characterised the last five financial years was interrupted in the last period considered – the first half of 2020, with an increase of 6.9% compared to the end of 2019. In comparative terms, after the year of the AQR of Bulgarian banks, gross loans of the banking system began increasing gradually and stabilised at a growth rate of 8% on average over the past two years. In the first half of 2020, however, the growth has slowed to 1.0% on a half-year basis in contrast to the trend in the rated bank for this period.

The bank's gross loan portfolio has been undergoing **structural changes** during the review period in the direction set a year earlier. These changes concerned mainly the two most important groups - the *loans to enterprises* and *retail exposures*. The process of reduction of loans to enterprises both in size and relative share (to 72.2%) enhanced at the expense of the increase in the retail exposures (to share of 23.7%) in the total loan portfolio of the bank in 2019 and during the first half of 2020.

The maturity structure of the loans confirmed the tendency of decline in the corporate loans' average maturity and an increase in loans to individuals. The structure of the corporate loan portfolio *by economic sector* remained well diversified with the highest share of loans to Trade (22.4% of loans to enterprises).

The non-performing loans, after their largest growth from the first half of 2019 (reaching the highest ratio to the gross loan portfolio of little under 40%) have seen a reversal of the trend in a positive aspect for the first time in the analysed period. In the second half of 2019, the amount of non-performing loans decreased by more than BGN 88 million (or a decline by more than 9 pp. compared to June 2019) resulting in a NPL ratio of 30.2%. This improvement has continued in the first six months of 2020 with another 2 pp. (down to 28.2%) due more to the growth of gross loans for the period (by 6.9%) than to the reduction in non-performing loans (1.3%). However, the level of these loans remained much higher than the average for the banking system in the country standing at 9.0% as of June 2020. The *coverage of the gross loan portfolio with impairments* for the last period decreased after a sustained increase over the previous years. The coverage fell to 7.8% in mid-2020 compared to an average of 5.3% for the banking system. The *non-performing loan coverage* (27.7%), however, was more than twice lower than the system's average. The comparative assessment is based on opposite processes observed in the compared countries. The system is characterised by a continuous improvement in the quality of the loans with decreasing impairments on them, corresponding to the reduced amounts of non-performing loan exposures. This was reflected by declining gross loan coverage while the NPL coverage has been maintained just under 60% on average.

The share of the *15 largest credit exposures* in the gross loan portfolio remains relatively high and continues to indicate concentration by this indicator despite the reported decrease in the last period.

Quality of Income

Investbank reported an increase in the operating profit over the review period – by 43.2% in 2019 on an annual basis (with an element of revaluation included in the revenues) and by 82.8% for the first half of 2020 compared to the first half of 2019.

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The positive change observed in the operating result for 2019 (except for the revaluations) was driven by an increase in the net income from fees and commissions in spite of the 13.1% annual decline in the net interest income. In the middle of 2020, the growth of both the net interest income (by 11.1%) and the non-interest income (by 11.6%) had a positive impact on the strongly increased operating result. Yet, the decrease by 26.0% YoY in the operating expenses had the greatest impact.

The net financial result for 2019 (excluding the influence of the extraordinary factors from the previous two years – a large amount of impairments from 2017 and the profit from the purchase of Victoria Commercial Bank for 2018, which resulted, respectively, in a large loss for the first year and a high profit for the second) was positive and amounted to BGN 2.1 million. The 2019 net profit was attributable to the higher operating result, offset mostly by the increased impairments (by over BGN 5 million to BGN 30.7 million, after BGN 25.6 million for the previous 2018) and to the doubled depreciation (increased to BGN 4.3 million, compared to BGN 1.8 million for 2018).

The current financial result as of end-June 2020 (BGN 5 876 thousand) was also higher on an annual basis - by almost 10% being mostly influenced by the increased operating result.

The indicators for *gross interest spread* and *net interest margin* decreased and remained at significantly lower levels than the average for the entire banking system and for Group II banks, notwithstanding the general downward trend for the system, that reflected the lower levels of *return on interest-bearing assets*.

The *price of interest-bearing liabilities* also has diminished but at a faster pace than the average for the banking system. In mid-2020, it was already equal to the average for the system and to the average for the second group of banks (after significantly lagging over the previous years).

In 2017, Investbank incurred a loss, making the *return-on-asset* negative. Next, in 2018, ROA reached a relatively high level of 1.10% (approaching close to the system average). Over the last year (2019), the ROA of the bank standing at 0.1% was again far behind the average value of the banking system (by 1.0 pp.) and of the Group II banks (by 1.4 pp.).

Profitability indicators changed generally in a positive way in the analysed period. Most of the indicators related to the net non-interest income, operating expenses and average assets have affirmed as advantageous in comparative terms. The rated bank is traditionally lagging in those related to the financial result such as the return on assets, gross and net interest margin, etc. There has been a convergence in most of the profitability indicators to the system's averages which was viewed positively. Hence, the semi-annual favourable trends for 2020 represent a solid basis for improving the annual financial result this year.

Liquidity

The recent rise in equity (by 4.3% in 2019 and 34.3% for the first half of 2020) along with the decrease in the total liabilities (by 11.9% YoY in 2019, relatively unchanged in the first half of 2020), have led to an **overall improvement of the liquidity position** of the rated bank.

The ***share of equity in total liabilities*** reached 9.9% in end-2019 (being up from 8.5% a year earlier). Following the subsequent rise in the first half of 2020, the indicator of Inverstbank (12.8% at the end of June 2020), approached the banking system average (12.8%) and remained slightly lower than the average for the second group of banks (13.4% as of June 2020).

The ***loan-to-deposit ratio*** slightly increased, yet, the bank retained one of the lowest levels within the reference group of banks and a much lower level compared to the system averages and the Group II banks.

Investbank has maintained a liquidity coverage ratio (LCR %) high above the minimum required 100%, as well as a sufficiently high share of liquid assets that determined it. In end-2019, the investment portfolio stood at 27.2% of the balance sum while the cash, cash balances at BNB, and the receivables from credit institutions occupied 12.2% of the assets. The total amount of the bank's highly liquid assets marked an annual increase of 0.6%. The stable financing structure has been preserved, in which the loan portfolio was financed mainly through customer deposits. The net stable funding ratio (NSFR) also exceeded the internal and regulatory limits.

Size and Systems

In the review period, Investbank retreated with one position back in the ranking of banks by **the size of assets**, overtaken by Municipal Bank (with a small difference between the two institutions at the end of

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June 2020). The position in the ranking by outstanding **credit** is preserved. In terms of **deposit** (excluding deposits of banking institutions), the rated bank lost two positions, overtaken by Municipal Bank and ProCreditbank.

The main banking and additional operating system used by Investbank have sufficient possibilities for servicing all operational processes. They have been maintained systematically and in accordance with the Development Strategy approved by the bank, and their use takes place in a protected environment. Successful migration of the database from the merged Victoria Commercial Bank was reported.

*During the review period, **Investbank** maintained a relatively stable financial position. An increase in the capital base and improvement in some of the indicators for income quality was posted. A decrease in the non-performing loan ratio was also observed, albeit remaining at relatively high, with a low degree of provision coverage.*

***Positive impact on the Bank's rating** could have the following: a sustainable increase in the operating result and the generated profit, allowing higher levels of accumulated impairments and improvement in the quality of the loan portfolio, as well as the successful realisation of the acquired fixed assets (loan collaterals).*

***Negative impact on the assigned rating** could have shrinkage or generating a negative operating and / or financial result; a decrease in the profitability; further deterioration in the quality of loan portfolio as a result of adverse effects of COVID-19 pandemic on the bank's customers; and a deterioration of the capital adequacy and liquidity indicators.*

Main Financial Indicators:

(BGN, thousand; %)		*6.2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Balance sum		1 969 892	1 898 475	2 122 039	1 954 129	1 916 189	1 955 963
Gross Loans		835 046	781 145	850 164	878 351	877 994	989 726
Equity		252 578	188 094	180 266	152 187	181 542	176 474
Total Interest Income		14 535	34 448	43 476	53 558	63 963	70 559
Net Financial Result		5 867	2 089	22 647	-29 333	1 038	1 633
Total Capital Adequacy	*According to Ordinance 8 (repealed)*						21.41%
	According to CRD IV	21.50%	19.55%	18.66%	16.58%	19.14%	
Net Interest Margin		1.98%	1.90%	2.15%	2.39%	2.07%	1.32%
Return on Assets		0.13%	0.10%	1.10%	-1.55%	0.05%	0.08%
Gross classified Exposures / Total Loans		28.17%	30.16%	31.50%	29.28%	28.11%	22.41%
Net Coefficient of Overdue Generation		-0.56%	-5.53%	1.70%	1.64%	3.29%	-0.67%
Liquidity Ratio – *according to Ordinance 11 (repealed)*					37.47	35.90	34.47
Liquidity Ratio – *according to maturity ladder (%)*		32.91	34.47	42.71			
Liquidity Coverage Ratio		374%	444%	440%	538%	479%	

***Rating History:**

FINANCIAL STRENGHT RATING*	Update	Update	Update	Update	Update
Date of Rating Committee:	12.10.2015	26.10.2016	22.11.2017	28.11.2018	29.11.2019
Long-term Rating:	B-	B-	B-	B-	B-
Outlook:	stable	In development	stable	stable	negative
Short-term Rating:	C	C	C	C	C
Long-term National-scale Rating:	B (BG)	B (BG)	B (BG)	B- (BG)	B- (BG)
Outlook:	stable	In development	stable	stable	negative
Short-term National-scale Rating:	C (BG)	C (BG)	C (BG)	C (BG)	C (BG)

The ratings displayed in the table are assigned under the preceding Methodology for assigning a financial strength rating to banks and are not directly comparable with the ratings assigned after the entry into force of the current methodology as of September 2015

FINANCIAL STRENGHT RATING *	Initial Rating 4.2009	Monitoring 18.11.2009	Update 03.5.2010	Monitoring 07.12.2010	Update 25.5.2011
Long-term Rating:	BBB-	BBB-	BBB-	BBB-	BB
Outlook:	*stable*	*negative*	*stable*	*negative*	*negative*
Short-term Rating:	A-3	A-3	A-3	A-3	B
FINANCIAL STRENGHT RATING *	**Monitoring 14.09.2011**	**Update 19.12.2012**	**Monitoring 10.05.2013**	**Update 18.12.2013**	**Update 13.10.2014**
Long-term Rating:	B+	B+	B-	C	B-
Outlook:	*negative*	*negative*	*negative*	*stable*	*stable*
Short-term Rating:	C	C	C	C	C