

**„Investbank” AD**

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BANK FINANCIAL STRENGTH RATING	Initial Rating 04.2009	Monitoring 18.11.2009	Update 03.05.2010	Monitoring 07.12.2010	Update 25.05.2011	Monitoring 14.09.2011
Long-term rating :	BBB-	BBB-	BBB-	BBB-	BB	B+
Outlook :	stable	negative	stable	negative	negative	negative
Short-term rating :	A-3	A-3	A-3	A-3	B	C

“BCRA – CREDIT RATING AGENCY” (BCRA) is the third qualified rating agency in EU, registered under Regulation 1060/2009 of the European Parliament and of the European Council. The credit ratings, assigned by BCRA, are recognized in the whole EU and are entirely equal with the other ratings, recognized by European Securities and Markets Authority (ESMA), without any territorial or other restrictions. The rating scale of BCRA coincides with the scale of Standard & Poor’s.

**BCRA changes the long-term financial strength rating of „Investbank” AD to B+ and short-term rating C, retaining the negative outlook. The methodology, officially adopted by BCRA, for assignment of bank financial strength rating is used ([http://www.bcra-bg.com/files/method\\_4.pdf](http://www.bcra-bg.com/files/method_4.pdf)).**

In conducting monitoring of the financial state of „Investbank” AD as of 30.06.2011 a significant growth of Gross Classified Exposures was registered compared to the first quarter of 2011

(29%); their value reached BGN 349 301 thousand. Their share in the credit portfolio also increased (from 37.6% as of 03.2011 to 49.6% as of 06.2011). The increase of the overdue loans is mainly in line of “Watch” exposures (growth of 206.3%), a decrease of 27% is registered with the classified as “Loss” exposures.

At the same time the downturn in the realized Net Financial Result deepened, and the registered loss as of 06.2011 amounted to BGN 6 772 thousand.

The continuous deterioration of the credit portfolio quality is an indicator about unsatisfactory management of the credit activity of the Bank, which gives grounds to BCRA to decrease the financial strength rating of “Investbank” to B+ (short-term C), retaining the negative outlook.

	06.2011	03.2011	12.2010	09.2010
Total Assets	1 258 633	1 243 361	1 201 978	1 229 496
Total Equity (BGN thousand)	107 282	112 227	111 900	101 699
Net Financial Result	-6 772	-1 944	1 744	477
Gross Value of Loans	704 687	719 741	721 078	733 457
Balance Value of Loans	675 118	697 318	701 255	712 739
Operating Result	1 573	-199	9 490	9 632
Gross Overdue Exposures	349 301	270 830	272 119	237 766
Net Overdue Exposures	319 732	248 407	252 296	217 048
Net Overdue Exposures/Equity	298%	221%	225%	213%
Gross Overdue Exposures/ Gross value of the loans	49.6%	37.6%	37.7%	32.4%