

„Eurolease Auto“ EAD

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CREDIT RATING	Initial rating	Review	Review
Date of Rating Committee:	20.12.2016	27.02.2020	06.04.2020
Date of Publication:	23.12.2016	28.02.2020	10.04.2020
Long-term Rating :	BBB-	BBB-	BBB-
Outlook :	negative	stable	in development
Short-term Rating :	A-3	A-3	A-3
Long-term National-scale Rating:	A (BG)	A (BG)	A (BG)
Outlook :	stable	stable	in development
Short-term National-scale Rating:	A-1 (BG)	A-1 (BG)	A-1 (BG)

***Notes:**

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

„BCRA – Credit Rating Agency“ AD (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 to the other ratings, recognized by European Securities and Markets Authority (ESMA), without any territorial or other limitations.

At a meeting of the Rating Committee of BCRA, held on **06.04.2020**, the members reviewed a Report of the update of the credit rating of **Eurolease Auto EAD**. Kiril Grigorov in his capacity of Chairman of the Rating Committee chaired the meeting. Following the discussion of the changes that occurred in the review period on a number of factors affecting the rating and the expected crisis related to the COVID-19 pandemic, the members of the Rating Committee **took the following decision:**

BCRA affirms the assigned credit ratings to Eurolease EAD:

- Long-term credit rating: **BBB-**, short-term credit rating: **A-3** ;
- Long-term national-scale rating: **A (BG)**, short-term national scale rating: **A-1 (BG)**;

and changes the outlook from „stable“ to „in development“, thus expressing of opinion on the need for additional future assessment of the effects on the company from the extraordinary situation occurred in connection with the COVID-19 pandemic.


Such an assessment will be carried out on an ongoing basis over the next few months, and the rating will be updated if necessary.

BACR expects the emergency to affect the company's operations, but also evaluates the opportunities the company to be sufficiently supported by the holding structure to which it belongs and which BACR expects not to be seriously affected.

The officially adopted methodology of BCRA for assigning a credit rating to a group of companies and/or individual companies in the group is used: (https://www.bcra-bg.com/files/Holding_Methodology_2016_en.pdf)

The rating users can find information about each rating category, incl. the definition for default in the Global scale published on the site of BCRA at: (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 company, the National Statistical Institute, the Bulgarian National Bank, BCRA's database, consultants and other public sources.

	CREDIT RATING „Eurolease Auto“ EAD Long-term / short-term credit rating: BBB- / A-3 (outlook: in development) Long-term / short-term national-scale rating: A (BG) / A-1 (BG) (outlook: in development) April 2020
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Operating Environment

The emergence of the COVID-19 pandemic worldwide addressed the issue, turned into one of the main priorities in Bulgaria, as well as in all its political and economic partners. The effects are yet to be measured and evaluated and at this stage, the projections are at risk of inaccuracy due to global uncertainty about the outcome of the situation. BCRA is on the opinion that the drastic efforts to contain the virus, combined with the oil prices collapse and high capital markets volatility, has generated a massive shock in many sectors, regions, and markets, which would inevitably escalate into a global recession. The combined effects are unprecedented, and their magnitude is difficult to measure currently.

The current BCRA opinions on the expected effects of the crisis are published at the BCRA's website –

<https://www.bcra-bg.com/bg/home>

Sovereign risk

The development of economic processes in the country, including in the context of the inclusion of the Bulgarian Lev in the Monetary Mechanism II (ERM II)., have been analysed in detail by BACR - Credit Rating Agency and affected the assigned unsolicited state rating of the Republic of Bulgaria. The changes in GDP and GVA by components are considered, as well as the dynamics of the indicators of the external sector. Bulgaria is entering the current crisis with a stable fiscal position. The current banking situation is assessed as stable. A Rationale of the updated rating of the Republic of Bulgaria is published at the site of BCRA:

https://www.bcrabg.com/files/rating_republic_of_bulgaria_oct_2019_bg.pdf

The leasing sector in Bulgaria is one of those that could be relatively seriously affected by the emergency with COVID-19 pandemic and the expected global crisis, which is dependent on the purchasing power of the citizens and the business.

Rating History:

CREDIT RATING	Initial rating	Review	Review	Review
Date of Rating Committee:	20.12.2016	16.05.2017	05.02.2018	21.02.2019
Date of Publication:	23.12.2017	18.05.2017	06.02.2018	22.02.2019
Long-term Rating :	BBB-	BBB-	BBB-	BBB-
Outlook :	negative*	stable	stable	stable
Short-term Rating :	A-3	A-3	A-3	A-3
Long-term National-scale Rating:	A (BG)	A (BG)	A (BG)	A (BG)
Outlook:	stable	stable	stable	stable
Short-term National-scale Rating:	A-1 (BG)	A-1 (BG)	A-1 (BG)	A-1 (BG)
CREDIT RATING	Review	Review	Review	Review
Date of Rating Committee:	27.02.2020	06.04.2020		
Date of Publication:	28.02.2020	10.04.2020		
Long-term Rating :	BBB-	BBB-		
Outlook :	stable	In development		
Short-term Rating :	A-3	A-3		
Long-term National-scale Rating:	A (BG)	A (BG)		
Outlook:	stable	In development		
Short-term National-scale Rating:	A-1 (BG)	A-1 (BG)		

**The negative outlook is due to the applied ceiling of the rating, defined by the assigned unsolicited state rating and outlook of the Republic of Bulgaria.*