

**14 December 2018**

**Update of the „Methodology for Assigning Credit Ratings to Municipalities“**

*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 of the Council. The credit ratings, assigned by BCRA, are fully recognised throughout the EU and are equal with the other ratings, recognized by European Securities and Markets Authority (ESMA), without any territorial or other limitations.*

The Rating Committee of BCRA – Credit Rating Agency (BCRA) held a meeting on 14 December 2018 and took a decision to place „under review“ all current ratings assigned to the following municipalities, namely:

- Municipality of Aksakovo;
- Municipality of Burgas;
- Municipality of Varna;
- Municipality of Veliko Tarnovo;
- Municipality of Yambol

The decision is taken in accordance with the with the requirements of the procedures of **Regulation 1060/2009 of the European Parliament and the Council** regarding changes in the “Methodology for Assigning Credit Ratings to Municipalities”, entering into force on December 14, 2018.

The changes in the Methodology for Assigning Credit Ratings to Municipalities, applied by BCRA are in compliance with the amendmends in the regulatory environment, related to the evaluation of the financial situation of the local governments, introduction of additional indicators for assessment of the debt and financial profile of the rated municipalities and introduction of up-to-date financial indicators for comparative analisys of the municipalities.

The updated methodology is available at:

[https://www.bcra-bg.com/files/Municipality\\_Methodology\\_2018\\_bg.pdf](https://www.bcra-bg.com/files/Municipality_Methodology_2018_bg.pdf)

The status “under review” will be removed upon the forthcoming individual review of each rating according to the new methodology of the above-mentioned municipalities which will take place within six months following the current change.

On the basis of the internal test BCRA team expects that the changes will not affect the assigned ratings of the municipalities.