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Key rating assessment factors

ACRA assigns the status “Rating under revision: negative” to the credit rating of Joint Stock Commercial Bank "Interprombank"

Assigning the status of “Rating under revision: negative” to the credit rating of [Joint Stock Commercial Bank "Interprombank"](#) (hereinafter, the Bank) reflects ACRA’s opinion on a potential significant deterioration in the Bank’s standalone creditworthiness assessment (SCA) in the short term due to worsening financial standing of a range of the Bank’s borrowers.

The credit rating of the Bank at [B\(RU\)](#) reflects satisfactory assessments of business profile, capital adequacy, and funding and liquidity. The Bank’s creditworthiness is still under pressure of low-quality assets and increased concentration of the portfolio on the parties affiliated with the Bank’s shareholders or their business partners.

The Bank owners include several groups of individuals and legal entities. D. P. Mazurov, the founder and president of New Stream Group, with its former core asset Antipinsky Oil Refinery, is indicated as a person exercising a significant influence on the Bank.

The Bank’s SCA is expected to reflect changes in the Agency’s assessment of the credit quality of the Bank’s borrowers, including those operating in the oil industry. As of April 1, 2019, the Bank had a moderate loss absorption buffer under regulatory standards (the N1.2 ratio was 11.2%). The growing share of problem and potentially problem assets may negatively affect the Bank’s ability to withstand the growth of credit risk without any support from the owners, which is taken into account by ACRA in its stress test.

The rating status "Rating under revision: negative" reflects the need for additional analysis of the Bank's loan portfolio and the impact of the financial position of major borrowers on the Bank's SCA and the final credit rating. The Agency has plans to review the rating status within the next 90 days.

- The capital adequacy ratios will not decline;
- The composition and volume of the corporate loan portfolio will not change in the short term.

The status **Rating under revision: negative** assumes that the rating will most likely change within the 90-day horizon.

Removal of rating status may be prompted by:

- Capital adequacy ratios growing on a capital injection;
- Higher quality of the loan portfolio and lower concentration on the Bank’s affiliates.

A negative rating action may be prompted by:

- Growing volume of problem assets;
- Declining capital adequacy ratios amid materialization of credit risks;
- Deteriorating liquidity position.

SCA: b.

Adjustments: none.

Support: no.

No outstanding issues have been rated.

Rating components

Issue ratings

Regulatory disclosure

The credit rating was assigned under the national scale for the Russian Federation based on the [Methodology for Credit Ratings Assignment to Banks and Bank Groups under the National Scale for the Russian Federation](#) and the [Key Concepts Used by Analytical Credit Rating Agency within the Scope of Its Rating Activities](#).

The credit rating assigned to Joint Stock Commercial Bank "Interprombank" was first published on July 16, 2018. The credit rating is expected to be revised within 90 days following the publication date of this press release.

The credit rating was assigned based on the data provided by Joint Stock Commercial Bank "Interprombank", information from publicly available sources, as well as ACRA's own databases. The rating analysis was performed using the IFRS financial statements of Joint Stock Commercial Bank "Interprombank" and the financial statements of Joint Stock Commercial Bank "Interprombank" drawn up in compliance with Bank of Russia Ordinance No. 4927-U dated October 8, 2018. The credit rating is solicited, and Joint Stock Commercial Bank "Interprombank" participated in its assignment.

No material discrepancies between the provided information and the data officially disclosed by Joint Stock Commercial Bank "Interprombank" in its financial statements have been discovered.

ACRA provided additional services to Joint Stock Commercial Bank "Interprombank". No conflicts of interest were discovered in the course of credit rating assignment.

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