

ACRA

Rating Actions Procedures and General Principles of the Rating Process

November 27, 2019

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1. General Provisions

- 1.1. This document provides a general description of the main processes related to Rating Actions by the Analytical Credit Rating Agency (Joint-Stock Company), hereinafter — ACRA. The document is designed to be applicable to a wide range of Rated Entities, Issuers, and types of loan debt.
- 1.2. ACRA's Rating Process carried out in accordance with the requirements of the Federal Law No. 222-FZ, dated July 13, 2015, "On Activity of Credit Rating Agencies in the Russian Federation, on Amending Article 76.1 of the Federal Law 'On the Central Bank of the Russian Federation (Bank of Russia)' and Recognizing Null and Void Certain Provisions of Legislative Acts of the Russian Federation" (hereinafter, the Law on rating agencies), statutory regulations of the Bank of Russia, as well as ACRA's internal documents.
- 1.3. ACRA is committed to maximum transparency and independence of the Rating Process; however, this document is not intended to be comprehensive in terms of describing the internal procedures and processes of ACRA.

2. List of Terms and Definitions

- 2.1. **ACRA** — Analytical Credit Rating Agency (Joint-Stock Company).
- 2.2. **Analytical Group** — a business unit of ACRA mainly performing such functions as Rating Analysis of certain types of rated objects in compliance with the adopted Methodology, as well as preparation and implementation of Rating Actions as part of the Rating Committee.
- 2.3. **Analytical Unit** — a set of ACRA business units performing mainly rating analysis and macroeconomic and industry research and forecasting.
- 2.4. **Appeal** — a reasoned disagreement by a Rated Entity (issuer) (External Appeal) or by a member of the Rating Committee (Internal Appeal) with a decision taken by the Rating Committee.
- 2.5. **Underlying Credit Rating** — a Credit Rating assigned to Rated Entities (or their financial liabilities or financial liability issue programs), except for Credit Rating of Structured Finance Instruments and Obligations.
- 2.6. **Lead Rating Analyst** — a Rating Analyst whose main responsibilities include interaction with the Rated Entity on a specific Credit Rating, preparation of documents and proposals for the Rating Committee with regard to such Credit Rating.
- 2.7. **Second Rating Analyst** — a Lead Rating Analyst, who is in charge fully or partly of the responsibilities of the First Rating Analyst if the latter is unable to perform them or if this is inappropriate for him/her.
- 2.8. **Group of Companies** — companies that are directly or indirectly controlled by an ultimate beneficiary of the Rated Entity. Under "control" ACRA in most of the cases understands the capability to manage financial or operational activities of the

company. "Control" can also be defined by ACRA as a capability to manage strategical development and cash flow of a member of the group.

- 2.9. **Credit Rating** — ACRA's opinion on the ability of a Rated Entity to meet its financial obligations (creditworthiness, financial reliability, financial stability) and/or on the credit risk of its specific financial obligations or instruments, expressed through a rating category.
- 2.10. **Credit Rating of Financial Liability (separate financial liability issuance program)** — ACRA's opinion on the capability of the Rated Entity to meet its financial obligations on specific debt financial instruments or financial debt, as reflected by means of a rating category under a specific rating scale.
- 2.11. **Credit Rating of Structured Finance Instruments and Obligations** — ACRA's opinion on the probability and magnitude of losses related to rated obligations of an SPV (or similar issuers and Rated Entities) that depend on the ability of this SPV to fulfill its financial liabilities secured by monetary claims and/or other property owned by this SPV and/or third parties. A credit rating of Structured Finance Instruments and Obligations is one of Credit Rating types.
- 2.12. **Methodological Group** — a structural business unit of ACRA responsible for development, analysis, testing, validation and actualization of Methodologies, controlling and monitoring the implementation of Methodologies in the course of Rating Activities for control over the implementation of Methodologies in Rating Activities, as well as ensuring the adequacy of Methodology application. The Methodology Group is independent in its activities from other units of ACRA. Methodology Group activities are subject to the Regulation on Methodology Group.
- 2.13. **Methodology (Rating Methodology)** — an ACRA internal document, which defines the principles and forms of the analysis of quantitative and qualitative factors and provides guidance on the application of models and key rating assumptions, which lay the basis for decisions on Rating Actions.
- 2.14. **Unsolicited Credit Rating** — a Credit Rating assigned by ACRA without concluding a contract with the Rated Entity.
- 2.15. **Transaction Servicing Agent** — one of securitization transaction counterparties responsible for monitoring, reducing losses and maintaining credit quality of assets in a debt (loan) portfolio, which acts as a security for a rated bond issue. The transaction servicing agent acts as an entity authorized by the Issuer and is responsible for carrying out duties (within the scope of its rights) specified in the transaction documentation.
- 2.16. **Expected Credit Rating** — ACRA's opinion on capability of the Rated Entity (SPV) to meet its obligations on specific debt instruments, including structured finance instruments and obligations. This opinion is expressed using a rating category on a certain rating scale and based on draft issue documentation and expected issue conditions. The Expected Credit Rating can be assigned, if necessary, as one of the stages of the credit rating process. The process of assigning an Expected Credit Rating is identical to the process of assigning a Credit Rating.

- 2.17. **Deal Arranger** — an investment bank (other entity) that structures a transaction and ensures preparatory, intermediary and organizational activities pertaining to this transaction.
- 2.18. **First Rating Analyst** — the main Lead Rating Analyst with regard to a specific Credit Rating.
- 2.19. **Press Release** — an informational message by ACRA containing a gist of Rating Actions performed or any other information disclosed by ACRA.
- 2.20. **Credit Rating Outlook** — ACRA’s opinion on a likely credit rating change within a certain time period (typically 12 to 18 months). Credit rating outlooks are not assigned to credit ratings of structured finance instruments and obligations, nor to Credit Ratings of financial liabilities.
- 2.21. **ACRA publications** — press-releases and rating reports as well as sector and macroeconomic research and forecasts on one or several Rated Entities (issuers) or load debt types, published on ACRA’s official website.
- 2.22. **Ratings Meeting** — a meeting in the format of conference (including a personal meeting) with participation of ACRA employees (with mandatory participation of two Rating Analysts, of whom at least one should be ranked Lead Rating Analyst), on the one hand, and employees of a Rated Entity (issuer, deal arranger), as well as management, shareholders and consultants of the Rated Entity (issuer, deal arranger) if applicable, on the other hand.
- 2.23. **Rating Analyst** — an employee at the ACRA Analytical Unit performing analytical functions required for Rating Actions.
- 2.24. **Rating Actions** — any of the events below with regard to the Credit Rating or to the Credit Rating outlook: preparation, assignment, affirmation, review or withdrawal.
- 2.25. **Rating Analysis** — a set of actions taken by Rating Analysts in compliance with ACRA’s specific internal documents and related to interaction with a Rated Entity (issuer, deal arranger) (incl. Rating Meetings), preparation of materials for the Rating Committee, including the required quantitative and qualitative analysis of all available to ACRA information regarding the Rated Entity (issuer) and rated loan debt, which in ACRA’s opinion may affect the Credit Rating assigned based on a Methodology, as well as initiation of a Rating Committee meeting for implementation of Rating Actions.
- 2.26. **Rating Activities** — permanent professional activities, which consist as a whole of preparing, assigning, affirming, revision and withdrawing Credit Ratings and Credit Rating Outlooks on the basis of information analysis in accordance with the Methodology. These activities shall be accompanied with the dissemination of information about the assigned Credit Ratings and Credit Rating Outlooks in any way that ensures public access to such information.
- 2.27. **Rating Process** — a set of operations within the framework of Rating Activities, including the selection and appointment of Rating Analysts for performing Rating Analysis, the very process of carrying out Rating Analysis, holding a Rating Committee

meeting on Rating Actions, interaction with a Rated Entity (Issuer) or its representatives and publication of a Credit Rating when appropriate on ACRA's website.

- 2.28. **Rated Entity** — a legal or public-law entity whose ability to meet its financial obligations (creditworthiness, financial reliability, financial stability) is directly or indirectly assessed in a Credit Rating.
- 2.29. **Sovereign Credit Rating** — a Credit Rating, where the object is the Russian Federation or a foreign state, a constituent of the Russian Federation or an administrative territorial unit of a foreign state, a government body of the Russian Federation or of a foreign state, a government body of a constituent of the Russian Federation or an administrative territorial unit of a foreign state, or a local government of the Russian Federation or a foreign state, a union of states, an international financial institution and(or) their individual financial obligations or financial instruments
- 2.30. **Compliance and Internal Control Service** — an ACRA unit functioning as an internal control body in accordance with the Law on rating agencies and bylaws of the Bank of Russia.
- 2.31. **Business Development Unit** — an ACRA unit, which main responsibilities focus on signing contracts for provision of rating and additional services and procuring new customers.

3. Sources of Information and Work with Information

- 3.1. ACRA carries out Rating Actions only if it considers the information in its possession sufficient for all steps of the Rating Analysis. In the course of the Rating Analysis, ACRA may use various sources of information:
- 3.1.1. Information, provided by the Rated Entity (Issuer):
- IFRS or US GAAP financial statements of the Rated Entity (Issuer) and the Companies of the Group with audit reports and notes for the previous three financial years;
 - IFRS or US GAAP quarterly and semiannual financial statements of Rated Entities (Issuers) and Companies of the Group with the audit report and notes for the elapsed reporting period and the comparable preceding periods (if available);
 - RAS financial statements of the Rated Entity (Issuer) and companies of the Group;
 - Questionnaires provided by ACRA and duly completed by the Rated Entity;
 - Information and analytical materials provided by departments (ministries) for social and economic development of the regions, as well as by financial and other relevant departments;
 - Management accounts data;

- Other forms of mandatory reports, including those drawn up in accordance with the regulations of the Bank of Russia;
- Extracts from debt books and debt repayment schedules;
- Loan contracts documentation;
- Securities issues documentation;
- Reports on budget execution of a subject of the Russian Federation or local government for the previous three calendar years, including interim reports;
- Quarterly reports of the issuer;
- Publications by the Rated Entity (Issuer) (press releases, presentations for investors);
- The information provided at the Rating Meeting in a written form and orally;
- Financial and operational model of the Rated Entity (Issuer);
- Internal documents defining the development plan for the Rated Entity (Issuer);
- Other information provided by the Rated Entity (Issuer) during the Rating Process (answers to ACRA's queries, tabular data, presentations).

3.1.2. The information from open sources:

- State statistics;
- Federal laws and other regulations;
- Publications by the Bank of Russia;
- Mass media;
- Other sources of information, providing, according to ACRA, essential information for the Rating Analysis.

3.1.3. Internal information of ACRA:

- The data of the previous Rating Analysis;
- Aggregate financial and operating indicators with analytical adjustments from other Rated Entities (Issuers);
- Macroeconomic and industry forecasts made by internal business units of ACRA.

3.2. When Credit Ratings are being assigned to structured finance instruments and obligations, the following information is also being requested:

- A complete portfolio information;
- Full contact details pertaining to the transaction analyzed;
- Historical information about a portfolio of similar assets (loans and other financial liabilities), assets issued by the lender earlier in a securitized portfolio;
- Information about the lender/creditor acting as servicing agent (Servicer).

- 3.3. At all stages of the Rating Analysis, a Rating Analyst may confront a lack of information for conducting the Rating Analysis needed to form ACRA's opinion on creditworthiness/financial reliability/financial stability of a Rated Entity, or on an ability of the issuer (SPV) to fulfil its financial liabilities. In this case, ACRA renounces the assignment of a Credit Rating and (or) Credit Rating outlook, or withdraws an assigned Credit Ratings and (or) a Credit Rating outlook.
 - 3.3.1. A discovered instance of insufficiency or unreliability of information for conducting a Rating Analysis shall be deemed a sufficient ground for a refusal to provide rating services. A relevant letter explaining the reasons for the impossibility to assign a Credit Rating shall be sent to the Rated Entity (Issuer) and/or its authorized representatives in an electronic form (if necessary – in hard copy) signed by the head of the Analytical Group. Copies of letter shall be sent also to the Business Development Unit and the Compliance and Internal Control Service.
- 3.4. ACRA reserves the right to disagree with the opinion of the auditor or management of the Rated Entity (Issuer) regarding the information provided to ACRA in the management accounts or audited financial statements. In case of such disagreement, the latter shall be stated in the minutes of the Rating Committee indicating the reasons.
- 3.5. ACRA pays attention to legal opinions provided by the Rated Entity (Issuer) and/or its authorized representatives for the purposes of the Rating Analysis if ACRA is not able to provide full assessment of certain legal aspects during the Rating Analysis. On the other hand, ACRA reserves the right to consider independent legal assessments in the course of the Rating Analysis.
- 3.6. Lead Rating Analysts make reasonable efforts to determine the reliability of information used in the Rating Analysis. The information they believe to be false shall not be not used in the Rating Analysis, regardless of the source of this information.

4. Initial Rating Assignment

- 4.1. The initial Rating is assigned upon an initiative by a Rated Entity (Issuer) or Deal arranger, unless ACRA assigns an Unsolicited Rating.
- 4.2. During the initial Rating assignment, the head of the Analytical Group receives a request for an initial credit Rating assignment from the Business Development Unit, defines the team for Rating Analysis, sets timelines for the latter and a preliminary date of the Rating Committee meeting.
- 4.3. The appointment of a team for Rating Analysis is subject to the following requirements.
 - 4.3.1. In the course of assigning a Underlying Credit Rating, the head of the Analytical Group appoints the First Rating Analyst and the Second Rating Analyst to interact with the Rated Entity and perform the Rating Analysis.
 - 4.3.2. In the course of assigning Credit ratings to structured finance instruments and obligations, depending on the complexity and parameters of the analyzed transaction, the head of the relevant Analytical Group appoints the First Rating

Analyst and the analytical team for supporting the Rating analysis, which may include a Rating Analyst specializing in the use of rating models and mathematical analysis, an expert in legal analysis and deal documentation, and other Rating Analysts if necessary.

- 4.3.3. The Lead Rating Analysts and the analytical team supporting the Rating Analysis shall be appointed in accordance with ACRA's Policy on Management of Conflicts of Interests.
- 4.4. In the course of the Rating Analysis, based on available sources of information and information provided by the Rated Entity (Issuer), Deal Arranger and/or their authorized representatives, including the information provided at the Rating Meeting, the Lead Rating Analysts perform the analysis of the Rated Entity (rated instrument or transaction) based on ACRA Methodologies.
 - 4.4.1. Conducting the Rating Analysis in the course of Underlying Credit Rating assignment includes quantitative and qualitative analysis of the financial and operating activities of the Rated Entity, as well as the analysis of the external and internal risk factors that may affect the creditworthiness/financial reliability/financial stability of the Rated Entity. The Rating Analysts may use ACRA's internal financial models for forecasting the financial condition of Rated Entities.
 - 4.4.2. One of the Rating Analysis elements in the course of Underlying Credit Rating assignment to an issuer is a comparative analysis with peer Rated Entities. In the course of comparative analysis, ACRA uses available materials on Credit Ratings of other Rated Entities.
 - 4.4.3. When assigning Credit Ratings to structured finance instruments and obligations, the Rating Analysts use qualitative and computational methods and models of ACRA to analyze the composition of the assets securing the transaction, its structure parameters, allocation of cash and other factors that could have an impact on the rating level assigned.
 - 4.4.4. ACRA Methodologies are not comprehensive documents in terms of all risk factors, as they were developed for their applicability to a wide range of Rated Entities (rated instruments or transactions). The Rating Analysts must carry out a fundamental analysis of a Rated Entity (rated instrument or transaction) and, therefore, are entitled to take into account, together with the key factors listed in the Methodology, other additional risk factors, applicable to a specific Rated Entity (rated instrument or transaction). It is not allowed to conduct the Rating Analysis solely based on factors, which are not mentioned in the Methodology.
- 4.5. As materials for the Rating Committee become available, the Lead Rating Analyst initiates a Rating Committee meeting in accordance with the Regulation on the Rating Committee of ACRA. The Rating Committee assigns the initial Credit Rating.
 - 4.5.1. In the course of the Rating Analysis, the Lead Rating Analysts have a right to keep the Rated Entity (Issuer) and the Deal Arranger updated as to the expected range of dates for the Rating Committee meeting. However, for reasons internal to ACRA, the

dates of Rating Committee meetings are subject to change without prior notice to the Rated Entity (Issuer, Transaction Servicing Agent).

- 4.6. The Rated Entity (Issuer) and the Deal Arranger shall be informed about the Credit Rating assigned to it and the relevant information shall be disclosed as stipulated in the Regulation on the Rating Committee and the Procedure for Disclosure of Credit Ratings and Other Related Notifications. To eliminate factual errors and exclude confidential information, before disclosing the Credit Rating or its Outlook ACRA sends to the Rated Entity (Issuer) and the Deal Arranger a notice containing the rating Press Release. This shall be done during the Rated Entity (Issuer) and the Deal Arranger's working hours not later than one business day prior to the disclosure of the Credit Rating or Outlook on the Credit Rating. The Press Release review deadlines set by the Agency are determined by the "Procedure for disclosure of credit ratings and other related messages."
- 4.6.1. The review of internal and external Appeals concerning the Rating Actions taken shall be made by the Rating Committee in accordance with the Regulation on the Rating Committee.
- 4.7. The head of the Analytical Unit (in his/her absence the head of the Analytical Group) in consultation with the Business Development Unit can take a decision on carrying out the analysis of the Rated Entity for the purpose of initial assignment of an Unsolicited Credit Rating.
 - 4.7.1. Upon receipt of a request to assign an Unsolicited Credit Rating from the Business Development Unit, the head of the Analytical Group together with the Methodological Group evaluate the feasibility of a Rating Analysis based on the available public information in ACRA's possession and in line with the approved Methodologies. If the head of the Analytical Group considers the Rating Analysis impossible, he/she files a relevant refusal indicating the reason of impossibility of carrying out the Rating Analysis and sends it to the Business Development Unit.
 - 4.7.2. In case of assigning an Unsolicited Credit Rating, the Rating Analysis is done the same way as the Rating Analysis for initial Credit Rating assignment, with an account given to what the Analytical Group believes to be acceptable deviations from the Methodology applied.
 - 4.7.3. The Rated Entity assigned an Unsolicited Credit Rating may participate in the Rating Process and collaborate with the Analytical Group conducting analysis for the purpose of providing additional information and materials.
 - 4.7.4. In case when a Rated Entity with an Unsolicited Credit Rating concludes an agreement with ACRA, the Business Development Unit submits to the head of the Analytical Group a request for Credit Rating assignment. The Rating Process in this case is carried out by analogy with the initial Credit Rating assignment, based on the information previously used by ACRA for assignment of an Unsolicited Rating.

5. Maintaining Credit Ratings

- 5.1. ACRA reviews Credit Ratings not later than within a year (182 days for Sovereign Credit Ratings) after the date of the last Rating Action.
- 5.2. In order to keep the Credit Ratings up to date, ACRA constantly monitors the public sources of information, as well as data obtained from the Rated Entity (Issuer) and the Transaction Servicing Agent.
- 5.3. In the course of maintaining Credit Ratings ACRA carries out Rating Actions in accordance with the requirements of the Law on rating agencies, as well as the requirements of internal documents of ACRA, but not less frequently than specified in subparagraph 5.1 of this document. The frequency of Rating Actions can be influenced by:
 - 5.3.1. a new information related to the Rated Entity (rated instrument or transaction) becoming available;
 - 5.3.2. changes in the legislation of the Russian Federation;
 - 5.3.3. macroeconomic and industry changes affecting certain groups of Rated Entities (rated instruments or transactions);
 - 5.3.4. changes in methodologies and other internal documents of ACRA;
 - 5.3.5. appeals by the Compliance and Internal Control Service;
 - 5.3.6. designation by the Lead Rating Analyst of errors made during the Rating Process, including those related to application of the Methodology and capable of affecting the result of the Rating Analysis.
- 5.4. In the course of maintaining Underlying Credit Ratings, the Lead Rating Analysts perform analysis of all available information able to impact creditworthiness/financial reliability/financial stability of a Rated Entity. Credit Ratings of Structured Finance Instruments and Obligations are maintained by the Leading Analyst through analyzing the composition of assets securing the transaction, as well as all available information that may impact the level of the assigned rating.
 - 5.4.1. The Lead Rating Analyst may initiate an extraordinary Rating Committee meeting in order to take decisions in respect of an assigned Credit Rating at any time in case an information becomes available that the Lead Rating Analyst believes to be able to affect the level of the assigned Credit Rating.
 - 5.4.2. The Rating Analysis of maintained Credit Ratings shall be performed in accordance with the Methodologies of ACRA applicable to the corresponding type of Rated Entity (rated instrument or transaction) and using both, new data and the results of earlier conducted analysis pertaining to the Rated Entity (rated instrument or transaction).
- 5.5. Informing the Rated Entity (Issuer) and the Transaction Servicing Agent and information disclosure are made in a similar way to the procedure described in subparagraph 4.6. of this document.

- 5.5.1. The information about received comments to draft Publications is documented by the Lead Rating Analyst that covers the Rated Entity. If the Rated Entity has excluded from the Press Release some information that the Lead Rating Analysts believes to contain no factual errors or confidential information, this instance must be reported to the Compliance and Internal Control Service. In order to comply with the legislation of the Russian Federation, regulatory documents of the Bank of Russia and internal documents of ACRA, further settlement of the situation with the Rated Entity shall be carried out with participation of the Compliance and Internal Control Service.
- 5.6. Head of the Analytical Group (Analytical Unit) may initiate an extraordinary Rating Committee meeting upon a recommendation by the Compliance and Internal Control Service or the Methodological Group (when changes to Methodologies and other internal documents of ACRA are involved).

6. Assigning Credit Ratings to Debt Securities Issues

- 6.1. ACRA can assign Underlying Credit Ratings to debt securities issues of the Rated Entities and certain companies being part of the Group (Financial Obligation Credit Ratings).
 - 6.1.1. In most cases, ACRA assigns Financial Obligation Credit Rating only to debt securities issued by entities rated by ACRA. The possibility of assigning a Financial Obligation Credit Rating to debt securities issued by companies of the Group that have no Credit Rating assigned by ACRA is up to a decision by the head of the Analytical Group in case it is inexpedient to assign a Credit Rating to the Rated Entity (in particular, if the latter conducts no business activities).
- 6.2. The specifics of the Rating Analysis related to assigning Financial Obligation Credit Ratings to securities issued by various types of Rating Entities are described in relevant ACRA's Methodologies.
- 6.3. Financial Obligation Credit Ratings are assigned based on the prospectus received by ACRA from the issuer.
 - 6.3.1. ACRA may assign Expected Financial Obligation Credit Ratings based on a draft of the prospectus drafts and expected issue covenants.
 - 6.3.2. The assignment and other Rating Actions regarding Financial Obligation Credit Ratings and Expected Financial Obligation Credit Ratings may be taken simultaneously with the Rating Actions regarding the Credit Rating of the Rated Entity.
 - 6.3.3. If after assigning an Expected Financial Obligation Credit Rating ACRA obtains information that might affect creditworthiness of the Rated Entity, the Rating Committee may decide to assign a Financial Obligation Credit Rating that would differ from the Expected Financial Obligation Credit Rating.

7. Assigning Credit Ratings to Structured Finance Instruments and Obligations

- 7.1. ACRA can assign Credit Ratings to bond issues (tranches) secured by property claim rights on credit agreements, loan agreements, and (or) other obligations.
- 7.2. As a rule, prior to assigning a Credit Rating to a structured finance instrument/obligation, ACRA assigns a corresponding Expected Credit Rating.
 - 7.2.1. Assigning the Expected Credit Rating to a structured finance instrument/obligation is executed on the basis of an issue prospectus analysis, the earlier versions of the documentation, legal opinion on the Transaction, and information on the collateral portfolio. In the process, Rating Analysts interact with the Deal Arranger, the Legal Consultant, and whenever necessary, submit relevant requests to the regulator.
 - 7.2.2. Assigning the Expected Credit Rating to a structured finance instrument/obligation is only feasible if the Lead Analyst has good reasons to believe that the Transaction is ready for the upcoming issue and documentary confirmation of this information from the Deal Arranger.
 - 7.2.3. Among factors that serve as evidence that the Transaction is ready can be the following: presence in the collateral portfolio of a sufficient amount of assets that have already been issued by the Originator (Lender) and can be (or have already been) sold by the Lender in favor of a special purpose vehicle, as well as factual work carried out by the Deal Arranger to prepare the contractual documentation.
- 7.3. In the course of a Rating Analysis of a structured finance transaction, the Lead Analyst may inform the Issuer (or the Deal Arranger) up to three times of his/her assessments of the following rating components:
 - average probability of a default on the securitized portfolio that backs the issue of the rated instruments,
 - average level of compensation on the securitized portfolio that backs the issues of the rated instruments,
 - maximum achievable rating on the rated instrument, taking into account the transaction parameters proposed by the Issuer or the Deal Arranger,
 - if two or more bonds are issued, the minimal size of subordinated bonds and other forms of credit support necessary for achieving a certain target rating level on each rated bond issue.

If the need arises to provide the Issuer (or Deal Arranger) with additional information on the assessment of components, such information can be transferred only on the basis of approval by the Compliance and Internal Control Service.

The form of credit support and rating target level on each rated bond issue is determined by the Issue or the Deal Arranger.

For the purposes outlined in Subclause 7.3, bond issues and other types of obligations are considered subordinated in relation to separate rated bond issues, if they are redeemed after the rated bond issue is redeemed.

- 7.3.1. When interacting with any their parties, ACRA employees are prohibited from making any sorts of speculations or recommendations with regards to Issuer activities or Transaction aspects, which may affect the Credit Rating of an obligation, including (but not limited to) speculations or recommendations about assets, liabilities, fines of financing, issue structuring, or products of structured finance. When interacting with third parties, ACRA employees are allowed to discuss any publicly available information about earlier assigned ratings, ACRA methodologies, and other declassified information.
- 7.4. Credit Ratings assignments to structured finance instruments/obligations are executed based on the results of analyzing the final versions of documentation and legal opinions pertaining to the Transaction. Rating Analysts also take into account portfolio reports prepared by auditors.
 - 7.4.1. If since the time of an Expected Credit Rating assignment to a structured finance instrument/obligation, any additional information was brought to ACRA's attention that may affect the final Credit Rating, the Rating Committee is entitled to take a decision to assign a different credit rating to the aforesaid structured finance instrument/obligation.

8. Withdrawal of Credit Ratings

- 8.1. ACRA can withdraw Credit Ratings on its own or upon request by a Rated Entity (Issuer) in one of the following cases:
 - 8.1.1. Lack of information deemed by ACRA essential for maintaining the Credit Rating.
 - 8.1.2. Rated Entity's (Issuer's) initiative to no longer participate in the Rating process.
 - 8.1.3. Liquidation of the Rating Entity (Issuer) or its reorganization in the form of merger or division.
 - 8.1.4. Ownership structure change at the Rated Entity (Issuer) that makes maintaining the Credit Rating inexpedient.
 - 8.1.5. Non-analytical issues regarding contractual relationships with the Rated Entity (Issuer), including an expiry of a Rating Services Contract or its cancellation.
 - 8.1.6. Maturity of certain financial liabilities of the Rated Entity (Issuer).
- 8.2. If the Lead Rating Analyst becomes aware of an event described in subparagraphs 8.1.1.–8.1.4. herein, he (she) calls a Credit Rating Committee meeting, as required by the Regulation on the Rating Committee of ACRA, and proposes to withdraw one or several Credit Ratings.

- 8.3. If the Lead Rating Analyst obtains information about the launch of procedures, outlined in subparagraph 8.1.3, the following information resources are monitored to ensure that the Credit Rating is withdrawn in due course: "The State Registration Bulletin," the Bank of Russia website and the website of the Rated Entity regarding the publication of information on reorganization or liquidation of the Rated Entity.
- 8.4. If the information on completion of reorganization or liquidation of the Rated Entity (subparagraph 8.1.3) is published on the information resources outlined in paragraph 8.3, the Credit Rating shall be withdrawn no later than one business day from the date of reorganization or liquidation of the Rated Entity.
- 8.5. Withdrawal of Credit Ratings based on non-analytical reasons (8.1.5.) is undertaken by the head of the Analytical Unit (in his absence – by the head of the Analytical Group) upon request by the Compliance and Internal Control Service. At the same time, no information related to commercial activities of ACRA may be passed on to employees of the Analytical Unit.
- 8.6. In case of maturity of any financial obligations (8.1.6) the Credit Rating is withdrawn within one working day after the date of maturity of respective financial liabilities.

9. Interaction with Rated Entity

- 9.1. As part of the Rating Analysis, the First Rating Analyst and the Second Rating Analyst (as well as heads of Analytical Groups) usually hold Rating Meetings with the management, owners and employees of the Rated Entity, and in the course of assigning and maintaining credit ratings of structured finance instruments or obligations such meetings may be supplemented with contacts with representatives of the Issuer, the Deal Arranger and the Transaction Servicing Agent.

During Rating Meetings, ACRA's Rating Analysts discuss issues related to Rating Analysis with participants from the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent).

- 9.1.1. During Rating Meetings, the Rating Analysts can also visit by agreement with the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent) production sites and other premises used for operating activities of the Rated Entity in order to get familiar with the operating activities of the Rated Entity.
- 9.1.2. The format and details of a Rating Meeting are agreed between ACRA's Rating Analysts and participants from the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent).
- 9.1.3. A Rating Meeting may be held at the office of ACRA or the office of the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent). In exceptional cases of difficulty to conduct the Rating Meeting in the physical presence of employees of ACRA and the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent), the supervisor of the group may decide to conduct a Rating Meeting in the format of a conference call or videoconference. A decision to conduct the Rating Meeting in the format of

a conference call or videoconference must be coordinated with the Compliance and Internal Control Service.

- 9.1.4. If it is impossible, but desirable to conduct a Rating Meetings in physical presence of ACRA's employees and those of the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent), the head of the Analytical Group may decide on the postponement of the meeting until the meeting in physical presence of employees of ACRA and those of the Rated Entity becomes possible. In this case, before the Rating Meeting, the Lead Rating Analyst may conduct individual elements of the Rating Analysis in accordance with the information received from the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent).
 - 9.1.5. As a rule, ACRA holds Rating Meetings at least once a year. However, Rating Analysts may call Rating Meetings more or less frequently, but generally not earlier than 90 days after the preceding Rating Meeting.
 - 9.1.6. If an initial Credit Rating was assigned without holding a Rating Meeting with physical presence of ACRA's and Rated Entity's (Issuer's, Deal Arranger's, Transaction Servicing Agent's) employees, the head of the Analytical Group reports this to the Compliance and Internal Control Service with an explanation of the factors that caused the assignment of a Credit Rating without holding a Rating Meeting with physical presence of ACRA's and Rated Entity's (Issuer's, Deal Arranger's, Transaction Servicing Agent's) employees.
 - 9.1.7. Rating advisors of the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent) may participate in Rating Meetings.
 - 9.1.8. A Rating Meeting shall be attended by at least two ACRA's Rating Analysts. In exceptional cases and by agreement with the Compliance and Internal Control Service, the Meeting may be attended by employees of Analytical Groups different from those represented at the Meeting by the Lead Rating Analysts.
 - 9.1.9. Rating Meetings may be attended by other ACRA's employees than Rating Analysts (including members of the Methodological Group, Legal Service and Compliance and Internal Control Service).
 - 9.1.10. The Business Development Unit and subordinates thereof may not take part in the Rating Meetings.
 - 9.1.11. Rating Meetings, including those outside ACRA's office, are an integral part of the Rating Process. During Rating Meetings all members of ACRA are governed by the Code of Ethics and Professional Conduct of ACRA, as well as ACRA's other internal documents.
- 9.2. Interaction with the staff of the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent) may be ensured via Rating Meetings, by phone, email and other forms of electronic correspondence. The information for analysis may also be transmitted in hard or soft copy at Rating Meetings or at the office of ACRA in the course of other phases of the Rating Process.

- 9.3. Interaction with the Rated Entity is an important element of the Rating process. As a Credit Rating is a subjective ACRA's opinion, the factors of evaluation are often influenced by factors of corporate governance and strategy run by a Rated Entity. The most accurate evaluation of these factors may be possible only when the Rated Entity actively participates in the Rating Process via timely answers to ACRA's questions and timely provision of all necessary information required for analysis.
- 9.3.1. In case of non-participation of a Rated Entity in the Rating Process, the First and Second Rating Analysts assess sufficiency of information for maintaining the Credit Rating of the Rated Entity. In case such information is deemed insufficient, a Rating Committee meeting is held to make a decision on withdrawal of the Credit Rating.
- 9.4. A Rating Process can involve rating consultants of a Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent), provided that the latter has confirmed to ACRA their participation in the Rating Process. In this case, any information obtained from rating consultants in the course of the Rating Process shall be deemed by ACRA as the information provided by the Rated Entity (Issuer, Deal Arranger, Transaction Servicing Agent).
- 9.5. The results of the Rating Meeting are recorded in a protocol in line with Appendix No. 1, which is emailed¹ to the Rated Entity's authorized representative for confirmation.

10. Final Provisions

- 10.1. The present Regulation shall come into force from the moment of its approval by ACRA's Board of Directors.
- 10.2. Any changes or additions to the present Regulation shall be documented in a written form and coordinated with the Compliance and Internal Control Service and approved by ACRA's Board of Directors.
- 10.3. Deviations from the present Regulation that might result in violation of requirements of normative acts of the Russian Federation or requirements of the Bank of Russia shall not be permitted. If any amendments in the legislation of the Russian Federation or statutory regulations of the Central Bank of Russia shall contradict certain paragraphs of this document, such paragraphs will become legally void, and until amended, the activities of ACRA's employees shall be governed by the legislation of the Russian Federation.
- 10.4. ACRA employees shall inform the Compliance and Internal Control Service about all violations of the present Regulation, as well as violations of requirements of normative acts of the Russian Federation or requirements of the Bank of Russia.
- 10.5. This document, as well as any changes to it, shall be published on ACRA's official website no later than three calendar days from the date of their approval by the Board of Directors.
- 10.6. This document shall be revised as often as making amendments is required but not less frequently than triennially.

¹ This applies to Unsolicited Credit Ratings, should it be possible.

Minutes
of the Rating Meeting
between Analytical Credit Rating Agency (Joint-Stock Company)
and (full company name)

Venue of the meeting: (legal address)

Date and time of the meeting: (date / time)

Form of the meeting: (full-time / correspondence)

Attended: (Names of participants)

AGENDA

1

2

3

...

ACRA's Lead Rating Analyst: (full name)_____ (signature)

(C) 2019
Analytical Credit Rating Agency (Joint-Stock Company), ACRA (JSC)
75, Sadovnicheskaya embankment, Moscow, Russia
www.acra-ratings.com

The Analytical Credit Rating Agency (ACRA) was founded in 2015, with its 27 shareholders representing major Russian corporate and financial institutions and its authorized capital exceeding RUB 3 bn. ACRA's main objective is to provide the Russian financial market with high-quality rating products. Methodologies and internal documents of ACRA are developed in compliance with the Russian legislation and with regard to global rating industry best practices.

The provided information, including, without limitation, credit and non-credit ratings, rating assessment factors, detailed credit analysis results, methodologies, models, forecasts, analytical reviews and materials, as well as other information placed on the ACRA website (further referred to as Information), coupled with the ACRA website software and other applications, are intended for information purposes only. Information must not be modified, reproduced or distributed by any means, in any way or form, either in whole, or in part, in marketing materials, as part of public relations events, in news bulletins, in commercial materials or reports without a prior written consent from, and reference to, ACRA. Any use of Information in violation of these requirements or the law is prohibited.

ACRA credit ratings reflect ACRA's opinion about the ability of a rated entity to meet its financial obligations or about the credit risk of individual financial obligations and instruments of a rated entity at the time of publication of the relevant Information.

Non-credit ratings reflect ACRA's opinion about certain non-credit risks assumed by interested parties interacting with a rated entity.

The assigned credit and non-credit ratings reflect all material information pertaining to a rated entity and known by ACRA (including the information received from third parties), the quality and reliability of which ACRA considers appropriate. ACRA shall not be responsible for the accuracy of information provided by clients or relevant third parties. ACRA does not audit or otherwise verify the provided data and shall not be held responsible for their accuracy and completeness. ACRA conducts rating analysis of information provided by customers using its own methodologies, with the texts thereof available on ACRA's website – www.acra-ratings.com/criteria.

The only source that reflects the latest Information, including the one about credit and non-credit ratings assigned by ACRA, is ACRA's official website – www.acra-ratings.com. Information is provided on an "as is" basis.

Information shall be considered by users exclusively as ACRA's statement of opinion and must not be regarded as advice, recommendation or suggestion to buy, hold or sell securities or other financial instruments of any kind, nor shall it be viewed as an offer or advertisement.

Neither ACRA, nor its employees and persons affiliated with ACRA (further referred to as the ACRA Parties) provide any direct or implied guarantee expressed in any form or by any means regarding the accuracy, timeliness, completeness or applicability of Information for making investment and other decisions. ACRA does not act as a fiduciary, auditor, investment or financial advisor. Information must be regarded solely as one of the factors affecting an investment decision or any other business decision made by any person who uses ACRA's information. It is essential that each of such persons conduct their own research and evaluation of a financial market participant, as well as an issuer and its debt obligations that may be regarded as an object of purchase, sale or possession. Users of Information shall make decisions on their own, involving their own independent advisors, if they deem it necessary.

ACRA Parties shall not be responsible for any action taken by users based on Information provided by ACRA. ACRA Parties shall under no circumstances be responsible for any direct, indirect or consequential damages or losses resulting from interpretations, conclusions, recommendations and other actions taken by third parties and directly or indirectly connected with such information.

Information provided by ACRA is valid only as of the date of preparation and publication of materials and may be amended by ACRA in the future. ACRA shall not be obliged to update, modify or supplement Information or inform anyone about such actions, unless the latter was recorded separately in a written agreement or is required by the legislation of the Russian Federation.

ACRA does not provide advisory services. ACRA may provide additional services, if this does not create a conflict of interest with rating activities.

ACRA and its employees take all reasonable measures to protect all confidential and/or material non-public information in their possession from fraud, theft, unlawful use or inadvertent disclosure. ACRA provides protection of confidential information obtained in the course of its business activities as required by the legislation of the Russian Federation.