

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of SB Sberbank JSC

30 Jul 2020

London, 30 July 2020 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of SB Sberbank JSC and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

SB Sberbank JSC's (SB Sberbank's) Ba1 local and foreign currency deposit ratings are based on its Baseline Credit Assessment (BCA) of b2 and Moody's expectation of a very high probability of support from the bank's parent, Russia's Sberbank (Baa3, ba1), which together with a moderate probability of support from the government of Kazakhstan (Baa3) results in a four-notch uplift above SB Sberbank's BCA.

SB Sberbank's ratings reflect (1) SB Sberbank's significantly improved solvency metrics (asset quality, capital adequacy and profitability), and (2) its sustained strong market positions. At the same time, the bank's BCA remains constrained by its still high share of problem loans and downside risks to asset quality and capital adequacy stemming from the recent rapid growth of the retail loan book.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in November 2019. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated and EU endorsed ratings. Non EU rated and non EU endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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