

ACRA AFFIRMS AAA(RU) TO VTB BANK (PJSC), OUTLOOK STABLE

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The AAA(RU) credit rating of **VTB Bank (PJSC)** (hereinafter, VTB Bank, or the Bank) reflects the very high likelihood of the majority shareholder providing extraordinary support to the Bank if necessary. At the same time, the Bank's standalone creditworthiness assessment (SCA) is high.

VTB Bank is the second largest Russian bank and is the head structure of the group of the same name. It is a universal bank operating in Russia and overseas.

KEY ASSESSMENT FACTORS

The very high assessment of the likelihood of extraordinary support from the majority shareholder stems from: 1) strategic and operational control exercised by the shareholder; 2) previous cases of financial support to the Bank in the form of capital and liquidity, including in H1 2023, when an additional issue was made; 3) the systemic importance of VTB Bank to the Russian economy.

Taking the above into account, the credit rating of the Bank is determined at AAA(RU).

VTB Bank's very high business profile assessment is based first of all on its market positions and high diversification of operating revenues due to the universal nature of business. The macroeconomic prerequisites set out in the Bank's strategy are generally adequate. The corporate governance system is assessed as strong. The ownership structure is transparent.

The satisfactory capital position is based on moderate capital adequacy metrics for VTB Group. For the Bank, these metrics were slightly lower due to loss recorded in 2022 and the cancellation of a number of regulatory easing measures (fixing the ruble exchange rate and creating reserves for the corporate loans of clients impacted by sanctions). Capacity to generate capital and operational efficiency also declined amid the unfavorable economic situation in 2022, however, ACRA notes the rather active recovery of indicators in 2023 thanks to business profitability. The stress test carried out by ACRA shows that VTB Bank is able to withstand a slight increase in the cost of credit risk.

The risk profile assessment remains weak. ACRA notes the improving quality of the Bank's loan portfolio caused by the falling volume of restructured loans on the Bank's balance sheet. However, the concentration of loans on the ten largest groups of borrowers, according to the reports of VTB Bank, is still low. At the same time, the share of outstanding loans provided to companies in high-risk industries is higher than the Bank's common equity, and the size of market risk accepted since the start of 2023 exceeds the threshold (according to ACRA's methodology) value equal to 75% of common equity. In addition, the risk profile assessment is still constrained by non-core, according to the terms of ACRA's methodology, assets on VTB Bank's balance sheet (mainly investments in subsidiaries and associated companies and investment real estate).

Adequate assessment of the funding and liquidity factor. ACRA notes that the Bank's liquidity position remains low, which, however, is compensated by the possibility of raising funds from the Bank of Russia, including as part of an irrevocable credit line. The Bank's resource base is satisfactory, given the moderate concentration on the largest source (funds from corporations and government bodies) and the largest groups of lenders. VTB Bank's dependence on the Bank of Russia's funds is insignificant.

KEY ASSUMPTIONS

- The majority shareholder retaining its strategic and operational control over the Bank;
- VTB Bank upholding its leading market positions.

POTENTIAL OUTLOOK OR RATING CHANGE FACTORS

The **Stable outlook** assumes that the rating will highly likely stay unchanged within the 12 to 18-month horizon.

A negative rating action may be prompted by:

- Loss of control by the majority shareholder accompanied by a significant decline in standalone creditworthiness.

RATING COMPONENTS

SCA: **a+**.

Adjustments: none.

Support: parity with the RF.

ISSUE RATINGS

No outstanding issues have been rated.

REGULATORY DISCLOSURE

The credit rating has been 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](#), [Methodology for Analyzing Rated Entities Associated with a State or a Group](#), and the [Key Concepts Used by the Analytical Credit Rating Agency within the Scope of Its Rating Activities](#).

The credit rating of VTB Bank (PJSC) was published by ACRA for the first time on September 16, 2021. The credit rating and its outlook are expected to be revised within one year following the publication date of this press release.

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

In assigning the credit rating, ACRA used only information, the quality and reliability of which were, in ACRA's opinion, appropriate and sufficient to apply the methodologies.

ACRA provided additional services to VTB Bank (PJSC). No conflicts of interest were discovered in the course of credit rating assignment.

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