

Rating Action: Moody's places Vozrozhdenie Bank's ratings on review for upgrade

23 Aug 2018

London, 23 August 2018 -- Moody's Investors Service ("Moody's") has today placed on review for upgrade Vozrozhdenie Bank's B3 long-term local and foreign-currency deposit ratings; its b3 baseline credit assessment (BCA) and adjusted BCA; its B2(cr) long-term Counterparty Risk Assessment (CRA) and B2 long term Counterparty Risk ratings. The bank's short-term ratings and short term CRA of Not Prime and Not Prime(cr) were not affected by this action.

The review for possible upgrade follows the recent announcement on 14 August 2018 by Bank VTB, PJSC (Ba1 positive, b1) that it has agreed to buy a controlling stake (at least 75 percent) of Vozrozhdenie Bank, aiming to close the deal in September 2018 and complete integration with Vozrozhdenie Bank in 2020.

A full list of affected ratings can be found at the end of this press release.

RATINGS RATIONALE

The review for upgrade reflects Moody's expectation that the proposed acquisition by Bank VTB will improve Vozrozhdenie Bank's credit profile, as it will remove prolonged uncertainties regarding Vozrozhdenie Bank's development prospects and its ownership. Being a member of VTB group, Vozrozhdenie Bank will also benefit from Bank VTB's larger scale and stronger credit profile, while its deposit ratings will benefit from affiliate support assumptions.

Moody's also understands that VTB group has already acquired operational control over Vozrozhdenie Bank via its management board.

THE FOCUS OF THE REVIEW FOR VOZROZHDENIE BANK

The review for upgrade on Vozrozhdenie bank's ratings will focus on the successful completion of the announced acquisition, which is subject to certain conditions, including the receipt of certain regulatory approvals and consents, which the bank expects to receive by the end of September 2018.

WHAT COULD MOVE RATINGS UP/DOWN

Vozrozhdenie Bank's ratings will be upgraded if Bank VTB successfully executes the proposed acquisition. Given the review for upgrade, the downside risk for Vozrozhdenie Bank's deposit ratings is currently limited, but the ratings could be confirmed if the proposed acquisition is postponed or cancelled.

LIST OF AFFECTED RATINGS

Issuer: Vozrozhdenie Bank

..Placed on review for upgrade from review for downgrade:

....Adjusted Baseline Credit Assessment, currently b3

....Baseline Credit Assessment, currently b3

....Long-term Counterparty Risk Assessment, currently B2(cr)

....Long-term Counterparty Risk Ratings, currently B2

....Long-term Bank Deposits, currently B3 Ratings under Review

Outlook remains Ratings under Review

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in August 2018. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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