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АО «Казахстанская Фондовая Биржа»

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В приложении к настоящему письму направляем отчет рейтингового агентства Fitch Ratings от 12 марта 2019 года.

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12 Mar 2019 | Downgrade

Fitch Revises 4 Kazakh Privately-Owned Banks' Support Rating Floors; Downgrades BCC and ATF

Fitch Ratings-Moscow-12 March 2019: Fitch Ratings has revised down the Support Rating Floors (SRFs) and downgraded Long-Term Issuer Default Ratings (IDRs) of ATF Bank JSC and Bank Centercredit (BCC) to 'B-' from 'B'. The Outlooks on both banks' IDRs are Stable.

The agency has also revised the SRF of JSC Halyk Bank (Halyk) to 'B' from 'B+' and the SRF of ForteBank (Forte) to 'B-' from 'B'. The IDRs of Halyk and Forte are unaffected by this rating action.

A full list of rating actions is at the end of this commentary.

KEY RATING DRIVERS

The rating actions follow Fitch's reassessment of the propensity of the state to provide support to private banks in Kazakhstan in light of the recent failure and resolution of the second-largest bank in the country, Tsesnabank (Tsesna), which held about 9% of sector assets at end-3Q18. Although Tsesna received substantial state support in the form of a two-stage problem loans transfer (equal to about 55% of its gross loans), the resolution of the bank also involved a restructuring of state-controlled senior unsecured creditors, which we view as a Restricted Default due to the material reduction in original contractual terms (tenor extensions and rate cuts).

We believe that state support could still be available to other medium-sized private banks, in case of need, based on the assistance initially provided to Tsesna and other recent cases of support being provided to Kazakh banks. However, the case of Tsesna has caused us to revise our assessment of the likelihood of a bank resolution involving a distressed debt exchange, or other forms of bail-in of third-party senior unsecured creditors, especially when the scale of asset quality problems at the affected bank is particularly large. We understand that the Kazakh authorities may view the bail-in of state-owned senior creditors as a form of state support; however, in accordance with our criteria we view such treatment of senior creditors as a Restricted Default, as these are reference obligations for our IDRs.

Accordingly, we have downgraded the Support Ratings (SRs) of ATF, BCC and Forte to '5' from '4' and revised the SRFs of all three banks to 'B-' from 'B'. We also revised the SRF of Halyk to 'B' from 'B+', one notch higher than the aforementioned medium-sized banks, due to Halyk's higher

systemic importance.

The '5' SRs and 'B-' SRF's for ATF, BCC and Forte reflect our view that there is still a possibility of them receiving state support without senior unsecured creditors' participation in loss-sharing. This view is based on: (i) the potentially smaller asset quality problems in relation to capital at these three banks (particularly at Forte), as opposed to Tsesna. This is demonstrated by their stronger cash pre-impairment profitability, which implies stronger asset quality and may reduce the cost of potential support; and (ii) material buffers of junior debt at ATF and BCC equal to, respectively, 11% and 9% of their regulatory risk-weighted assets at end-2018, which could be used to absorb losses, in case of need, in combination with state support measures. Banks' junior debt issues are not reference obligations for their IDRs.

As the IDRs of ATF and BCC are support-driven, the downward revision of their SRFs has triggered downgrades of both banks' IDRs to 'B-' from 'B'. The 'ccc' Viability Ratings (VRs) of ATF and BCC are unaffected by this rating action.

The IDRs of Halyk and Forte are driven by their intrinsic credit strength, as expressed by their VRs ('bb' at Halyk; 'b' at Forte), and are unaffected by the rating actions on their SRs and SRFs.

The senior unsecured debt ratings of ATF and BCC are aligned with their Long-Term IDRs and National Long-Term Ratings, reflecting average recovery prospects in case of default.

The subordinated and perpetual debt ratings of ATF and BCC are unaffected by this rating action, as these are anchored to the banks' VRs, rather than the IDRs.

RATING SENSITIVITIES

The support-driven IDRs of ATF and BCC, and SRFs of Halyk and Forte, are sensitive to changes in our assessment of sovereign support for Kazakhstan's banking sector. Further evidence of weaker support and/or significant delays in addressing asset quality and capital problems in the sector, resulting in medium-sized private banks' insolvency or failure and imposition of losses on senior unsecured creditors, could result in further downward revisions of SRFs, and downgrades of the IDRs of ATF and BCC. Upside for the SRFs is currently limited, given the mixed track record of state support to the banking sector.

National Ratings are sensitive to a change in creditworthiness relative to other Kazakh issuers.

The rating actions are as follows:

Halyk Bank of Kazakhstan

Long-Term Foreign- and Local-Currency IDRs: 'BB'; Outlooks Positive; unaffected

Short-Term Foreign- and Local-Currency IDRs: 'B'; unaffected

Viability Rating: 'bb'; unaffected

Support Rating: affirmed at '4'

Support Rating Floor: revised to 'B' from 'B+'

Senior unsecured debt: 'BB'; unaffected

ForteBank

Long-Term Foreign- and Local-Currency IDRs: 'B', Outlooks Stable; unaffected

Short-Term Foreign-Currency IDR: 'B'; unaffected

National Long-Term Rating: 'BB+(kaz)'; Outlook Stable; unaffected

Viability Rating: 'b'; unaffected

Support Rating: downgraded to '5' from '4'

Support Rating Floor: revised to 'B-' from 'B'

Senior unsecured debt: 'B'/'BB+(kaz)'; Recovery Rating 'RR4'; unaffected

ATF Bank JSC

Long-Term Foreign- and Local-Currency IDRs: downgraded to 'B-' From 'B'; Outlooks Stable

Short-Term Foreign-Currency IDR: affirmed at 'B'

National Long-Term Rating: downgraded to 'BB-(kaz)' from 'BB+(kaz)'; Outlook Stable

Viability Rating: 'ccc', unaffected

Support Rating: downgraded to '5' from '4'

Support Rating Floor: revised to 'B-' from 'B'

Senior unsecured debt: downgraded to 'B-'/'BB-(kaz)' from 'B'/'BB+(kaz)'; Recovery Rating 'RR4'

Dated subordinated debt: 'CC'/'CCC(kaz)'; Recovery Rating 'RR6'; unaffected

Perpetual debt: 'C'; Recovery Rating 'RR6'; unaffected

Bank Centercredit

Long-Term Foreign- and Local-Currency IDRs: downgraded to 'B-' From 'B'; Outlooks Stable

Short-Term Foreign-Currency IDR: affirmed at 'B'

National Long-Term Rating: downgraded to 'BB-(kaz)' from 'BB+(kaz)'; Outlook Stable

Viability Rating: 'ccc', unaffected

Support Rating: downgraded to '5' from '4'

Support Rating Floor: revised to 'B-' from 'B'

Senior unsecured debt: downgraded to 'B-'/'BB-(kaz)' from 'B'/'BB+(kaz)'; Recovery Rating 'RR4'

Dated subordinated debt: 'CC'/'CCC(kaz)'; Recovery Rating 'RR6'; unaffected

Perpetual debt: 'C'; Recovery Rating 'RR6'; unaffected

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Applicable Criteria

[Bank Rating Criteria \(pub. 12 Oct 2018\)](#)

[National Scale Ratings Criteria \(pub. 18 Jul 2018\)](#)

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