

## **HSBC HAS BEEN ASSIGNED THE HIGHEST CREDIT RATING BY ACRA**

**Moscow, September 26, 2018** - Analytical Credit Rating Agency (ACRA) has [assigned HSBC Russia](#) with the highest credit rating AAA(RU). The assessment stems from the very high likelihood of support from the controlling owner, HSBC Holdings plc based in the UK. The credit rating showed that HSBC Russia's standalone creditworthiness assessment is high, based on its strong business profile, substantial capital reserves, adequate risk profile, and adequate funding and liquidity position. ACRA also assigned HSBC's outlook as stable which assumes that the rating will most likely stay unchanged within the 12 to 18-month horizon.

### **Key rating assessment factors**

**Very high likelihood of extraordinary support from the shareholder.** In ACRA's opinion, in case of need the Supporting Organization may provide the Bank with long-term and short-term financing and inject capital.

**Strong business profile** is determined by the Bank's competitive positions in servicing the largest Russian companies and transnational corporations operating in Russia, as well as developed business in financial markets.

**Substantial loss absorption buffer.** The Bank maintains stable high capital adequacy ratios, which allows the Bank to sustain a significant growth in the cost of credit risk. As a significant share of the Bank's loan portfolio is secured by the parent bank, the probability of the stress scenario is assessed by ACRA as low.

**Adequate risk profile.** The risk management system of the Bank is transparent, adequately regulated and characterized by high underwriting standards and significant control by the Supporting Organization. The basis of the loan portfolio includes loans granted to subsidiaries of transnational corporations with high credit quality. The corporate portfolio concentration on customers is acceptable and the share of problem loans is very low (less than 2%).

**Strong liquidity position.** The short-term liquidity shortage indicator (STLSI) is positive, with a significant margin, in both the base case and the stress scenarios of ACRA. The long-term liquidity is also assessed as strong: the long-term liquidity shortage indicator (LTLSI) exceeds 100%.

**Highly concentrated funding profile.** The Bank's liabilities (except derivatives) include 83% of corporate funds and 16% of interbank loans, mainly intra-group transactions. The concentration on the largest creditors is acceptable: as of December 31, 2017, the share of the largest creditor was 6% of liabilities (excluding derivatives), and the share of the top 10 creditors was about 40%.

The ACRA credit rating has been assigned to HSBC Russia for the first time. The credit rating and its outlook are expected to be revised within one year following the rating action date.

*The End*