



Fitch Revises NSB's National Rating on Sri Lanka National Scale Recalibration

Fitch Ratings-Colombo-15 February 2019: Fitch Ratings has revised the National Long-Term Rating of National Savings Bank (NSB) to 'AA+(lka)' from 'AAA(lka)'. The Outlook is Stable. This follows the recalibration of the Sri Lankan National Rating scale after the sovereign's Long-Term Foreign-Currency Issuer Default Rating was downgraded to 'B' from 'B+' with a Stable Outlook on 3 December 2018 (see our commentary Fitch Ratings: Recalibration of Sri Lanka National Rating Scale published 4 February 2019 on www.fitchratings.com). The rating action is not related to NSB's credit quality but reflects Fitch's changes to the Sri Lankan national rating scale.

National scale ratings are a risk ranking of issuers in a particular market designed to help local investors differentiate risk. Sri Lanka's national scale ratings are denoted by the unique identifier '(lka)'. Fitch adds this identifier to reflect the unique nature of the Sri Lankan national scale. National scales are not comparable with Fitch's international rating scales or with other countries' national rating scales.

Other Sri Lankan financial institutions' national ratings, which are not mentioned in this commentary, have not been affected by the recalibration exercise.

Key Rating Drivers

The revision reflects the change in the relative ranking of NSB's national rating compared with other Fitch-rated Sri Lankan issuers. This is a result of the sovereign's weakened ability to provide support to NSB, which acts as a constraint on the bank's rating, even though the sovereign's propensity to support the bank remains intact.

The National Long-Term Rating of NSB continues to reflect Fitch's expectation of extraordinary support from the sovereign due to the bank's policy mandate of mobilising retail savings and investing them primarily in government securities.

Rating Sensitivities

NSB's National Rating is sensitive to changes in the relative creditworthiness among Sri Lankan issuers and the level of the country's sovereign rating.

National Savings Bank; National Long Term Rating; Revision Rating; AA+(lka); RO:Sta

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Additional information is available on www.fitchratings.com

Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)

National Scale Ratings Criteria (pub. 18 Jul 2018)

Additional Disclosures

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