

S&P Global Ratings Reaffirms Halyk Bank's Rating at “BB” with Stable Outlook Despite the Tightening Operating Environment in Kazakhstan.

On May 21, 2020, S&P Global Ratings affirmed Halyk Bank’s 'BB' long-term issuer credit rating with a stable outlook, which continues to be the highest rating among Kazakhstan banks without foreign participation.

The affirmation of the rating reflects the rating agency’s view that Halyk Bank’s leading market position in the Kazakhstan banking sector, earnings generation capacity, and strong capital and liquidity buffers will support the Bank’s financial profile despite the tightening operating environment in Kazakhstan.

S&P Global Ratings view Halyk Bank's funding profile as favorable compared with its domestic peers, reflecting its diversified deposit franchise with the highest market share in Kazakhstan, 35% as of April 1, 2020, for both retail and corporate customer deposits

The rating agency expects that the Bank’s high capitalisation will continue to be supported by its prudent growth strategy and good earning capacity.

The rating agency has noted the Bank’ significant improvement in asset quality thanks to continuous prudent underwriting policy and good progress in working out its problem assets over the past year, with IFRS Stage 3 loans having decreased to 15.9% of total loans at YE 2019 from 19.6% at YE 2018.

It has been importantly noted, that Halyk Bank is also more effective than domestic peers in collecting interest payments from borrowers, as demonstrated by its ratio of interest received in cash to interest accrued of around 89% in 2019.

The rating agency also notes that it continues to consider HalykBank as highly systemically important in the Kazakhstan banking sector, and also notes that Halyk

Bank's intrinsic creditworthiness is close to S&P's 'BBB-' local currency sovereign credit rating on Kazakhstan.

The stable outlook reflects the rating agency's expectation that the Bank's high capital and liquidity buffers and strong earnings capacity will allow it to withstand the pressures related to COVID-19 containment measures and the economic slowdown in Kazakhstan.

“We are glad that despite the current global economic crisis and deterioration in the operating environment the Bank's rating has been affirmed by S&P with a stable outlook, while we see that since the coronavirus outbreak the vast majority of rating actions globally were negative. This again proves that the Bank enters this crisis with a strong financial position underpinned by right strategy and business model resilient to macro risks. It is important to note that the Kazakhstan's economy itself and banking sector are much better prepared for this crisis compared to 2009 and 2015.” commented Umut Shayakhmetova, CEO of Halyk Bank.

About Halyk Bank

Halyk Bank is Kazakhstan's leading financial services group, operating across a variety of segments, including retail, SME & corporate banking, insurance, leasing, brokerage and asset management. Halyk Bank has been listed on the Kazakhstan Stock Exchange since 1998, on the London Stock Exchange since 2006 and Astana International Exchange since October 2019.

In July 2017, the Bank purchased majority stake in Kazkommertsbank JSC – the second largest Bank in Kazakhstan by total assets – and merged it fully in July 2018.

With total assets of KZT 9,234.8 billion as at 31 December 2019, Halyk Bank is Kazakhstan's leading lender. The Bank has the largest customer base and broadest branch network in Kazakhstan, with 626 branches and outlets across the country. The Bank operates in Georgia, Kyrgyzstan, Russia, Tajikistan and Uzbekistan.

For more information on Halyk Bank, please visit <https://www.halykbank.kz>

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