

**Fitch Ratings has upgraded the Long-Term Issuer Default Ratings of JSC Halyk Bank to “BB+” from “BB”.  
The Outlook is Positive.**

On 4 December 2019 the international rating agency Fitch Ratings (“Fitch” or “the Rating agency”) has upgraded the Long-Term Issuer Default Ratings (IDRs) of JSC Halyk Bank (“Halyk” or “the Bank”) to “BB+” from “BB” with Positive outlook. This is the first Bank’s rating upgrade by Fitch since January 2014, restoring it to pre 2008 global crises level.

As noted by Rating agency, the IDRs of the Bank are driven by their intrinsic financial strength, as reflected in the viability rating (VR). Halyk’s “bb+” VR is the highest in Kazakhstan. According to Fitch, it continues to reflect the Bank’s dominant market shares and resulting superior pricing power, its conservative risk appetite and management, and favorable asset structure, resulting in stronger asset quality relative to local peers. In Fitch’s view, Halyk’s solid capital and liquidity buffers and its impressive through-the-cycle performance should help the Bank to successfully mitigate even quite extreme swings in the operating environment.

The upgrade of the VR of Halyk was driven by a reduction of net problem assets relative to capital. The Positive Outlook on Halyk’s ratings reflects Fitch’s expectations that the ratio of problem assets relative to capital should reduce further in the next 12-18 months, due to moderate additional provisioning, further capital built-up, potential collateral sales and some loan recoveries.

The Rating agency notes that Halyk’s profitability benefits from a wide net interest margin and good cost control. In Fitch’s view, this provides the Bank with a strong capacity to withstand operating environment shocks. Halyk’s annualized ROAE was a high 29% in 9M19. The Bank’s profitability has been very stable, and Fitch expects this to be sustainable with an ROAE of about 25% in the next few years.

The Rating agency notes that it may upgrade the VR of Halyk if the amount of net impaired loans, Stage 2 loans and other problem assets relative to Fitch Core Capital materially reduces, either due to recoveries, or due to deeper provisioning.

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*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 8,992.4 billion as at 30 September 2019, Halyk Bank is Kazakhstan’s leading lender. The Bank has the largest customer base and broadest branch network in Kazakhstan, with 631 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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