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	АО «НАРОДНЫЙ БАНК КАЗАХСТАНА»



АО «Казакстанская Фондовая Биржа»

Настоящим АО «Народный Банк Казахстана» (далее – Банк) в соответствии с требованиями Листинговых правил АО «Казакстанская фондовая биржа» информирует Вас о том, что 7 сентября 2015 года рейтинговое агентство Moody's Investor Services подтвердило долгосрочный депозитный рейтинг Банка на уровне «Ba2».

Прилагаем к настоящему письму отчет рейтингового агентства Moody's Investor Services от 7 сентября 2015 года.

Заместитель Председателя Правления



Карабаев Д.С.

Rating Action: Moody's takes rating actions on five Kazakh financial institutions

Global Credit Research - 07 Sep 2015

London, 07 September 2015 -- Moody's Investors Service has today taken rating actions on five Kazakh financial institutions. Moody's downgraded the Baseline Credit Assessments (BCAs) and long-term senior unsecured debt and deposit ratings of ATF Bank, Kazkommertsbank and Eurasian Bank. It has also downgraded the BCA of SB Sberbank JSC, affirmed its deposit ratings and changed the outlook on those ratings to negative from stable. Moody's has affirmed and also changed to negative from stable the outlook on Halyk Savings Bank of Kazakhstan's long-term debt and deposit ratings.

The rating actions reflect the financial institutions' high exposure to foreign-currency lending and/or limited buffers to absorb the expected deterioration in their asset quality and follows the recent and pronounced depreciation of the country's currency, the tenge.

Many of the banks have foreign-currency loans to corporations and small and midsize enterprises that do not generate earnings in foreign currencies or that have not hedged their exposure. The currency depreciation will have an impact on the borrowers' ability to service their foreign-currency loans, and will likely affect asset quality. The inflationary effect of a weaker currency could result in additional pressure on asset quality, particularly for the retail and SME segment because it erodes individuals' real purchasing power. The currency depreciation also lowers banks' capital adequacy levels as risk-weighted assets -- the denominator of capital adequacy ratios -- will increase in local-currency terms.

RATINGS RATIONALE

-- KAZKOMMERTSBANK

The downgrades of Kazkommertsbank's Baseline Credit Assessment to caa2 from caa1, senior unsecured debt ratings to Caa2 from Caa1 and long-term deposit ratings to B3 from B2 with a negative outlook, reflect the bank's very high level of problem assets that are only partially covered by loan loss reserves, high exposure to foreign-currency lending, and weak buffers to absorb the expected increase in loan loss reserves and risk-weighted assets. A large portion of the bank's problematic exposures was recently transferred to BTA Bank (BTA) and deconsolidated. Although Kazkommertsbank's NPLs dropped following this transfer, the underlying positive impact on the bank's asset quality was limited as Kazkommertsbank remains exposed to BTA.

According to the bank's H1 2015 unaudited IFRS consolidated report, 43% of Kazkommertsbank's gross loans are loans to BTA. These are mostly collateralised by problematic exposures and relatively illiquid real estate assets transferred to BTA from Kazkommertsbank. According to the regulatory filings at end-June 2015, another 17% of Kazkommertsbank's gross loans were overdue by more than one day. Based on the abovementioned profile Kazkommertsbank's loan book displays significant risks. Loan loss reserves amounting to 17% of gross loans will likely be insufficient to cover these risks, especially in the context of the recent tenge depreciation, the high share of the bank's foreign-currency-denominated loans (51% as at year-end 2013; the most recent publicly available data), and ongoing deterioration in the operating environment. As a result, and when combined with the rise in risk-weighted assets stemming from the currency depreciation, will depress the bank's total regulatory capital, which was at 13.7% at the end of July this year.

On the positive side, substantial amounts of long-term borrowings recently obtained from the National Distressed Assets Fund at rates much below the market average will support Kazkommertsbank's loss-making operations.

-- HALYK SAVINGS BANK OF KAZAKHSTAN (HALYK)

The change in the outlook to negative from stable on Halyk's long-term debt and deposit ratings reflects our expectation that the recent tenge depreciation and adverse market conditions may pressure Halyk's relatively strong financial metrics. Particularly, we expect: (1) the currently strong profitability to normalise at a lower level because of increased credit costs; and (2) high capital adequacy level to decline as the local currency depreciation inflates risk-weighted assets. Halyk reported that 27% of its net loans were denominated in foreign currencies as at end-June 2015; some of these borrowers do not have exports as a major revenue source.

The affirmation of the bank's debt and deposit ratings reflects the bank's relatively strong financial metrics with robust buffers to absorb mounting asset-quality pressure. As at end-July 2015, Halyk reported regulatory Tier 1 capital adequacy ratio (k1-2) at 19.1% while its loan loss reserves covered NPLs (overdue by more than 90 days) by over 100%. In addition, Halyk's profitability is sufficiently strong to absorb an expected increase in credit costs. Halyk reported a 3.9% return on-average assets in H1 2015 under IFRS. In the past 12 months, Halyk also attracted substantial amounts in long-term, tenge-denominated bonds which should support its net interest margin amid a challenging operating environment, the dollarisation of customer deposits and an overall increase in funding costs.

-- ATF BANK

The downgrades of ATF Bank's Baseline Credit Assessment to caa3 from caa2, senior unsecured debt ratings to Caa3 from Caa2 and long-term deposit ratings to Caa2 from Caa1 with a negative outlook reflect the bank's high exposure to foreign-currency lending, very high level of non-performing loans (NPLs), which are only partially covered by loan loss reserves, and weak buffers to absorb the expected increase in loan loss reserves and risk-weighted assets.

In accordance with ATF Bank's most recent IFRS report for H1 2015, 46% of ATF Bank's net loans were denominated in foreign currencies as at end-June 2015, while 21.6% of loans were overdue by more than 90 days. As a result of the recent tenge depreciation, the ongoing deterioration in the operating environment and loan loss reserves at only 12.8% of gross loans, asset erosion risks have now substantially increased while the bank's capital buffers appear to be modest. ATF Bank's return on average assets was just 0.5% in H1 2015, which is insufficient to absorb the expected deterioration in the bank's assets. While ATF Bank's total regulatory capital adequacy will be supported by the substantial amounts in subordinated debt raised in recent months, its Tier 1 capital adequacy ratio was at 10.1% as of end-June 2015. The latter represents a modest level in the context of asset quality risks and the depreciation, which will inflate risk-weighted asset and weaken capital adequacy metrics.

-- SB SBERBANK JSC

The change in outlook to negative from stable on SB Sberbank's deposit ratings is driven by the downgrade of the bank's standalone BCA to b3 from b2 and current negative outlook on the ratings of the parent, Russian Sberbank (Ba1/Ba2 negative; ba2). The downgrade of SB Sberbank's BCA reflects negative pressure on the bank's standalone credit profile from adverse market conditions, including a surge in problem loans, low loan loss reserves coverage and expectations for higher credit losses, which would constrain profitability.

SB Sberbank's problem loans (including individually impaired and 90+ overdue loans assessed on a collective basis) increased to 22.2% as of 1H2015 from 14.4% as of YE2014, whereas NPLs overdue more than 90 days increased to 6% as of 1H2015 from 4% as of YE2014, according to the bank's IFRS. Loan loss reserves accounted for 4.8% as of 1H2015. Moody's expects further deterioration in the bank's asset quality amid the seasoning of the bank's loan book accelerated by the recent tenge depreciation. 32% of the bank's loan book is denominated in foreign-currency, out of which around 37% don't have export revenues.

Given the currently insufficient loan loss reserve coverage of total problem loans, the bank will likely need to create additional provisions, which will further constrain its profitability. In addition, an increase in funding costs resulting from an expected higher rates environment will add further pressure on the bank's gradually declining net interest margin (4.8% as of 1H2015). Following the revaluation of foreign-currency assets and an increase in credit losses, Moody's estimates that the bank's capitalisation could decline by about 2-3% under rating agency's assumption. Although the drop could be partially offset if the bank were to request capital support from its parent -- Russian Sberbank. We continue to incorporate a very high probability of affiliate support for SB Sberbank from Russian Sberbank, resulting in three notches uplift from the bank's b3 BCA.

-- EURASIAN BANK

The downgrades of Eurasian Bank's Baseline Credit Assessment to caa1 from b2, senior unsecured debt ratings to Caa1 from B2 and long-term deposit ratings to Caa1 from B2 with a negative outlook reflect the severe and rapid deterioration of the bank's loan book, as evidenced by the sharp rise in overdue loans to 22.1% as at end-June 2015, from 14.7% as at end-December 2014. In Moody's view, Eurasian Bank's relatively low buffers are insufficient to withstand the impact of the expected loan book deterioration on capital adequacy metrics. As at end-June 2015, the bank reported loan loss reserves at 5.7% of gross loans, total regulatory capital adequacy ratio(k2) at 12%, and 0.5% return on average assets. The ongoing asset quality erosion increases the likelihood that Eurasian Bank's already modest regulatory capital ratios might rapidly deteriorate in the next 12 to 18 months. The

depreciation of the local currency and ongoing deterioration in the operating environment could have an immediate impact on capital adequacy metrics and further accelerate asset quality weaknesses.

Although Eurasian Bank's shareholders might provide additional support to improve the bank's capital adequacy, Moody's considers such support might not fully mitigate abovementioned risks and ring-fence the bank's capital from a rapid erosion.

WHAT COULD MOVE THE RATINGS UP/DOWN

The ratings of the financial institutions affected by today's rating action could be lowered in case the risk absorption capacity and financial fundamentals of the affected entities erode beyond Moody's current expectations, as a result of the recent events. Conversely, improvements in Kazakhstan's economic growth prospects could stabilise the ratings at current levels..

LIST OF AFFECTED RATINGS

The following rating actions were taken:

KAZKOMMERTSBANK

- BCA and Adjusted BCA were downgraded to caa2 from caa1;
- Long-term LC and FC Deposit ratings were downgraded to B3 from B2, outlook was revised to negative;
- Short-term LC and FC Deposit ratings were affirmed at NP;
- Long-term FC Senior Unsecured ratings were downgraded to Caa2 from Caa1, outlook was revised to negative;
- Long-term FC Senior Unsecured medium term note program rating was downgraded to (P)Caa2 from (P)Caa1;
- Long-term FC BACKED Senior Unsecured rating was downgraded to Caa2 from Caa1, outlook was revised to negative;
- Long-term FC BACKED Subordinate rating was downgraded to Caa3 from Caa2;
- Long-term FC BACKED Junior Subordinated rating was downgraded to Ca(hyb) from Caa3(hyb);
- Long-term Counterparty Risk Assessment was downgraded to B2(cr) from B1(cr);
- Short-term Counterparty Risk Assessment was affirmed at NP(cr).

Outlook, changed to Negative from Stable

HALYK SAVINGS BANK OF KAZAKHSTAN

- BCA and Adjusted BCA were affirmed at ba3;
- Long-term LC and FC Deposit ratings were affirmed at Ba2, outlook was revised to negative;
- Short-term LC and FC Deposit ratings were affirmed at NP;
- Long-term LC and FC Senior Unsecured ratings were affirmed at Ba3, outlook was revised to negative
- Long-term FC BACKED Senior Unsecured rating was affirmed at Ba3, outlook was revised to negative
- Long-term Counterparty Risk Assessments were affirmed at Ba1(cr);
- Short-term Counterparty Risk Assessments were affirmed at NP(cr).

Outlook, changed to Negative from Stable

ATF BANK

- BCA and Adjusted BCA were downgraded to caa3 from caa2;
- Long-term LC and FC Deposit ratings were downgraded to Caa2 from Caa1, outlook remained negative;

- Short-term LC and FC Deposit ratings were affirmed at NP;
- Long-term FC Senior Unsecured rating was downgraded to Caa3 from Caa2, outlook remained negative;
- Long-term FC Junior Subordinate rating was affirmed at Ca(hyb);
- Long-term Counterparty Risk Assessment was downgraded to Caa1(cr) from B3(cr);
- Short-term Counterparty Risk Assessment was affirmed at NP(cr).

Outlook, remains Negative

EURASIAN BANK

- BCA and Adjusted BCA were downgraded to caa1 from b2;
- Long-term LC and FC Deposit ratings were downgraded to Caa1 from B2, outlook was revised to negative;
- Short-term FC Deposit rating was affirmed at NP;
- Long-term LC Senior Unsecured rating was downgraded to Caa1 from B2, outlook was revised to negative;
- Long-term LC Subordinate rating was downgraded to Caa2 from B3;
- Long-term Counterparty Risk Assessment was downgraded to B3(cr) from B1(cr);
- Sort-term Counterparty Risk Assessment was affirmed at NP(cr).

Outlook, changed to Negative from Stable

SB SBERBANK JSC

- BCA downgraded to b3 from b2;
- Adjusted BCA affirmed at ba3;
- Long-term LC and FC Deposit ratings were affirmed at Ba3, outlook revised to negative;
- Short-term LC and FC Deposit ratings were affirmed at NP;
- Long-term Counterparty Risk Assessments were affirmed at Ba2(cr);
- Short-term Counterparty Risk Assessments were affirmed at NP(cr).

Outlook, changed to Negative from Stable

The principal methodology used in these ratings was Banks published in March 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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