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JSC «HOUSE  
CONSTRUCTION  
SAVINGS BANK OF  
KAZAKHSTAN»

Шығ.: № 09/1-16-11/17691  
"02" 09 2019 ж.

**АО "Казахстанская фондовая биржа"  
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Настоящим Банк уведомляет Вас о том, что 27.08.2019г. Moody's Investors Service (пресс-релиз от 27.08.2019г. прилагается к настоящему письму) подтвердил текущие рейтинги Банка, при этом прогноз по ним изменен со "Стабильного" на "Позитивный":

Долгосрочный рейтинг по депозитам в национальной валюте	Baa3	Прогноз "позитивный"
Краткосрочный рейтинг по депозитам в национальной валюте	Prime-3	Прогноз "позитивный "
Базовая оценка кредитоспособности (BCA)	Ba2	Прогноз "позитивный "

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# MOODY'S

## INVESTORS SERVICE

### Rating Action: Moody's takes action on three Kazakh banks

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27 Aug 2019

#### Action follows the change of the outlook on Kazakhstan's Baa3 sovereign rating to positive

London, 27 August 2019 – Moody's Investors Service ("Moody's") today took rating actions on three Kazakh banks. These follow the change of the outlook on Kazakhstan's Baa3 sovereign rating to positive from stable on 22 August 2019. (Please see "Moody's changes Kazakhstan's outlook to positive, affirms Baa3 rating" [https://www.moody.com/research/--PR\\_402812](https://www.moody.com/research/--PR_402812).) The rating actions were driven by Moody's expectations that two Kazakh banks' ratings will likely be upgraded in case of an upgrade of the sovereign rating, reflected in positive outlooks on these banks' long-term deposit ratings, and in the case of Kaspi Bank JSC (Kaspi Bank), greater government support reflecting its stronger market position.

Specifically, Moody's has:

- (1) Affirmed the Baseline Credit Assessments (BCAs) and adjusted BCAs of three banks (Halyk Savings Bank of Kazakhstan (Halyk Bank), House Construction Savings Bank of Kazakhstan JSC (HCSBK) and Kaspi Bank);
- (2) Upgraded the long-term bank deposit ratings of Kaspi Bank to Ba2 from Ba3, outlook remains stable;
- (3) Affirmed the long-term bank deposit ratings of two banks (Halyk Bank and HCSBK), changed the outlooks to positive from stable;
- (4) Affirmed the senior unsecured debt ratings of Halyk Bank, outlook remains stable, and the Senior Unsecured MTN rating of Kaspi Bank;
- (5) Affirmed the subordinated debt ratings of Kaspi Bank;
- (6) Affirmed the long-term Counterparty Risk Assessments (CR Assessments) of three banks (Halyk Bank, HCSBK and Kaspi Bank);
- (7) Affirmed the long-term Counterparty Risk Ratings (CRRs) of three banks (Halyk Bank, HCSBK and Kaspi Bank);
- (8) Upgraded the long-term National Scale bank deposit rating of Kaspi Bank to A2.kz from A3.kz
- (9) Affirmed the long-term National Scale CRR of Kaspi Bank;
- (10) Affirmed the short-term ratings and assessments of three banks (Halyk Bank, HCSBK and Kaspi Bank).

A full list of affected ratings can be found at the end of this press release.

#### RATINGS RATIONALE

##### — BANK-SPECIFIC FACTORS

##### HALYK SAVINGS BANK OF KAZAKHSTAN

The rating affirmation and a change of outlook to positive from stable on the Halyk Bank's long-term deposit ratings reflect Moody's assessment of a very high probability of government support for the bank's deposits which results in two notch uplift from the bank's ba3 BCA. According to the National Bank of Kazakhstan (NBK), Halyk Bank was the largest bank in Kazakhstan in terms of total deposits (with a market share of 37%) and total assets (34%), as well as the largest in terms of retail deposits (36%), as of 1 August 2019.

Halyk Bank's ba3 BCA continues to reflect (1) its healthy capital adequacy; (2) robust competitive market position in Kazakhstan, which translates into very strong profitability; and (3) strong liquidity. However, the BCA also takes into account (1) single-name concentrations in the bank's loan book; (2) its substantial level of problem loans; and (3) the bank's foreign-currency lending risks.

## HOUSE CONSTRUCTION SAVINGS BANK OF KAZAKHSTAN JSC

The rating affirmation and a change of outlook to positive from stable on HCSBK's long-term deposit ratings reflect Moody's assessment of a very high probability of government support for the bank's deposits, which results in two notches of uplift above the bank's ba2 BCA. This assessment reflects (1) the bank's ultimate ownership by the Kazakh government, via Baiterek National Management Holding, JSC; (2) the bank's policy mandate to carry out government housing finance programs; (3) its market share of over 40% in local mortgage lending; and (4) a track record of government support through capital injections and funding.

HCSBK's ba2 BCA continues to reflect (1) HCSBK's robust loss-absorption capacity and liquidity, which compare favorably with its peers; (2) the bank's strengthening customer franchise; and (3) its benefits from ongoing government support. At the same time, the bank's ratings remain constrained by (1) HCSBK's monoline business model, focused exclusively on the mortgage segment; (2) the bank's susceptibility to politically and socially motivated decisions; and (3) the rapid growth in its loan book, which poses downside risks to the currently good asset-quality indicators.

## KASPI BANK JSC

The upgrade of Kaspi Bank's long-term local and foreign currency deposit ratings to Ba2 from Ba3 is driven by Moody's view of a higher probability of government support, given the bank's increased importance to the local market, as reflected in its rising market share of retail deposits. At the same time, Moody's affirmed Kaspi Bank's current BCA at b1.

The bank's b1 BCA is underpinned by (1) the demonstrated resilience of Kaspi Bank's business model and its capital position through the cycle; (2) the bank's strong profitability metrics, which are sufficient to absorb Moody's forecasted cost of risk; and (3) a granular funding base with deposit dollarization below the sector average. At the same time, the bank's BCA is constrained by (1) its high reliance on the risky consumer finance segment and potential vulnerability of this segment to economic headwinds; and (2) legacy problem loans in the corporate book weighing on the asset quality metrics.

Kaspi Bank's deposit ratings now benefit from two notches of uplift above its b1 BCA, given Moody's assessment of a high probability of government support for the bank's deposit holders. This assessment reflects (1) the Kazakhstan government's track record of providing public funds to bail-out depositors of its largest banks; and (2) Kaspi Bank's systemic importance to Kazakhstan's banking system, supported as of 1 August 2019 by its 15% market share in retail deposits (up from 12% a year ago) and 8% in total banking system assets (up from 6% a year ago).

## POSITIVE OUTLOOK

The change in the outlook on Kazakhstan's Baa3 government bond rating to positive from stable led to corresponding changes in the outlooks on the deposit ratings of two banks (Halyk Bank and HCSBK), whose ratings benefit from potential state support, and whose ratings would likely be upgraded in the event of an upgrade in the rating of the government of Kazakhstan. The two banks' overall issuer outlooks also changed to positive from stable.

The outlook on Kaspi Bank's long-term deposit ratings remains stable. We expect the bank's standalone credit strength to remain stable in the next 12-18 months, as reflected in its b1 BCA, and on that basis the bank's deposit ratings are unlikely to be upgraded in the event of an upgrade in the ratings of the government of Kazakhstan. The bank's overall issuer outlook also remains stable.

## WHAT COULD MOVE RATINGS UP OR DOWN

Positive rating action(s) on the ratings of Halyk Bank and HCSBK would be driven by a higher sovereign rating. Kaspi Bank's BCA and deposit ratings could be upgraded given the successful diversification of its revenue base.

The three banks' ratings may be downgraded if the Kazakh government's capacity or propensity to render support to financial institutions were to diminish. The rating outlooks of Halyk Bank and HCSBK could be changed to stable, if the outlook on Kazakhstan's sovereign debt rating were to be changed to stable. Any adverse developments of individual credit strengths of the banks beyond Moody's expectations could also result in a negative rating action.

## LIST OF AFFECTED RATINGS

Issuer: Halyk Savings Bank of Kazakhstan

### ..Affirmations:

- ....Long-term Counterparty Risk Ratings, affirmed Baa3
- ....Short-term Counterparty Risk Ratings, affirmed P-3
- ....Long-term Bank Deposits, affirmed Ba1, outlook changed to Positive from Stable
- ....Short-term Bank Deposits, affirmed NP
- ....Long-term Counterparty Risk Assessment, affirmed Baa3(cr)
- ....Short-term Counterparty Risk Assessment, affirmed P-3(cr)
- ....Baseline Credit Assessment, affirmed ba3
- ....Adjusted Baseline Credit Assessment, affirmed ba3
- ....Senior Unsecured Regular Bond/Debenture, affirmed Ba3, outlook remains Stable

### ..Outlook Action:

- ....Outlook changed to Positive(m) from Stable

Issuer: House Constr. Sav. Bank of Kazakhstan JSC

### ..Affirmations:

- ....Long-term Counterparty Risk Rating, affirmed Baa3
- ....Short-term Counterparty Risk Rating, affirmed P-3
- ....Long-term Bank Deposits, affirmed Baa3, outlook changed to Positive from Stable
- ....Short-term Bank Deposits, affirmed P-3
- ....Long-term Counterparty Risk Assessment, affirmed Baa3(cr)
- ....Short-term Counterparty Risk Assessment, affirmed P-3(cr)
- ....Baseline Credit Assessment, affirmed ba2
- ....Adjusted Baseline Credit Assessment, affirmed ba2

### ..Outlook Action:

- ....Outlook changed to Positive from Stable

Issuer: Kaspi Bank JSC

### ..Upgrades:

- ....Long-term Bank Deposits, upgraded to Ba2 from Ba3, outlook remains Stable
- ....NSR Long-term Bank Deposits, upgraded to A2.kz from A3.kz

### ..Affirmations:

- ....Long-term Counterparty Risk Ratings, affirmed Ba2
- ....NSR Long-term Counterparty Risk Rating, affirmed A1.kz
- ....Short-term Counterparty Risk Ratings, affirmed NP

....Short-term Bank Deposits, affirmed NP  
....Long-term Counterparty Risk Assessment, affirmed Ba2(cr)  
....Short-term Counterparty Risk Assessment, affirmed NP(cr)  
....Baseline Credit Assessment, affirmed b1  
....Adjusted Baseline Credit Assessment, affirmed b1  
....Senior Unsecured Medium-Term Note Program, affirmed (P)B1  
....Subordinate Regular Bond/Debenture, affirmed B2  
....Subordinate Medium-Term Note Program, affirmed (P)B2  
..Outlook Action:  
....Outlook remains Stable

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in August 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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INVESTORS SERVICE

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