



## PRESS RELEASE

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### **Kazkommertsbank announces the receipt of prescriptive orders from the Regulator**

**6 April 2017, Almaty** – JSC Kazkommertsbank (“KKB” or the “Bank”) announces that on 5 April 2017 it received prescriptive orders №13-3-13/657 and №13-3-13/656 from the National Bank of the Republic of Kazakhstan (the “NBK”).

As per order №13-3-13/657, the NBK instructed the Bank to submit to the NBK by 10 April 2017 an action plan to address the sufficiency of loan loss reserves, with reference to the results of the inspection carried out by the NBK during the course of November 2015 to February 2016 whereby the amount of additional loan loss provisions (as of 1 October 2015) was estimated at KZT 908 billion, of which KZT 783 billion related to the Bank's loan to JSC BTA Bank (the “BTA Loan”).

Pursuant to order №13-3-13/656, the NBK instructed KKB to implement certain corrective measures, including, among other things, limitations on payments of dividends and bonuses, as well as asset disposals. By 17 April 2017 KKB is required to submit to the NBK an action plan aimed at strengthening the Bank's internal controls and risk management systems, outlining the implementation of the above measures.

The management of the Bank is currently in the process of developing the respective action plans in consultation with the NBK.

As reported earlier, on 2 March 2017, the Government of the Republic of Kazakhstan, the NBK, JSC Samruk-Kazyna, Problem Loans Fund, KKB and its major shareholders, JSC Halyk Bank (“Halyk”) and JSC BTA Bank entered into a memorandum of understanding which set forth the framework and conditions under which an acquisition of an equity stake in KKB by Halyk may be completed, and stipulates certain measures which should address possible risks connected with the BTA Loan.

It should be noted that, according to the official statement by the NBK dated 2 March 2017, *“according to the Memorandum, JSC Halyk Savings Bank of Kazakhstan contemplates an acquisition of an equity stake in JSC Kazkommertsbank. In order to facilitate the efficient execution of the potential acquisition of the equity stake in JSC Kazkommertsbank, the Government of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan, in turn, contemplate the provision of the financial support through an acquisition of problem assets by the Problem Loans Fund.”*



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