

Official exchange KZT/US\$ rate on 1 April 2012 – 147.77

Summary

Economy

- Inflation will stay at lower end of the forecast in 2012
- Number of real estate transactions increased by 16.4% in January-March 2012 y-o-y

Banking sector

- Fitch Ratings has upgraded the IDRs of Kazkommertsbank and Bank Centercredit
- BTA Bank” announces that it has suspended all payments in respect of its U.S\$5,221,494,216 aggregate initial Reference Amount of Recovery Units

News on Kazkommertsbank:

- **27 April.** Grantum pension fund, subsidiary of KKB, increased pension assets by 7.8% in January-March 2012 to KZT262.2 billion. Grantum has 9.44% market share in total assets, and it's a 4th largest pension fund in Kazakhstan. The number of pension participants increased by 3.6% to 372,827 people. The amount of pension savings per participant increased to KZT703,000 as at 1 April 2012, which is the largest position in Kazakhstan.
- **24 April.** KKB has launched a series of products based on new technical decisions in banking services and electronic commerce, including MasterCard PayPass, the 1st in Kazakhstan international bonus card with contactless payments; co-branding card with popular Kazakh discount service Chocoflife.me; and updated version of mobile application Homebank for iPhone and Android.
- **20 April.** Fitch ratings upgraded long-term issuer default rating of KKB to B from B-. The agency affirmed ratings of Moskommertsbank, Russian subsidiary of KKB, at B-. All ratings have Stable outlook.
- **18 April.** Kazkommertsbank reports its 2011 financial results

2011 highlights

- Net profit is up 7% from KZT 22.0 billion for 2010 to KZT 23.5 billion
- Adjusted Net Interest Margin of 3.3%
- Cost-to-income ratio of 25.9% (20.9% in 2010)
- Retail deposits are up 25.5% year-to-date
- Gross loans are down by 0.3% year-to-date
- Core Tier 1 ratio of 18.6% (16.2% in 2010)
- Total capital ratio of 22.3% (20.1% in 2010)
- Provisioning rate at 24.0% of gross loans
- NPLs of 28.6% of gross loans

Kazakh Banking Sector Developments

P&L

The net loss after tax of Kazakhstan's commercial banks in March 2012 amounted to US\$ 1,025 million, due to faster growth in expenses than in earnings, primarily due to increase in provisioning.

Kazakh commercial banks' aggregate earnings amounted to US\$ 6,478 million up from US\$4,306 in February 2012. The aggregate expenses of the banking system (including corporate tax) were US\$ 7,504 million (US\$4,969 million in February 2011), the majority of which were provision charges, which constituted a 55.8% share of total expenses.

CAPITAL

The Kazakh banking sector's aggregate capital decreased to US\$ 7,870 million as of 1 April 2012 from US\$ 8,199 million as of 1 March 2012, mainly due to negative revaluations of provisions through capital.

ASSETS

Aggregate bank assets stood at US\$ 89,998 million, compared to US\$ 88,853 million last month.

The share of loans to customers decreased to 51.3%. The share of the securities portfolio decreased to 13.4%. The share of highly liquid assets (cash, precious metals and correspondent accounts) decreased to 11.9% from 14.3% due to decrease in correspondent accounts. The share of funds placed with the National Bank within total assets increased to 2.7% in March from 1.4% in February while the share of inter-bank loans and deposits increased to 2.5% from 5.2%.

According to the FSA, loans that were at least 90 days overdue increased to 31.9% in March from 31.8% as at 1 March 2012. The loan loss provisioning rate decreased to 31.1% from 31.5% in February 2012.

LIABILITIES

Aggregate bank liabilities increased to US\$ 82,128 million from US\$ 80,654 million in February 2012.

The structure of liabilities has not changed significantly. The major funding sources are customer accounts with a share of 69.2% of the total liabilities, compared to 67.7% in January.

Customer accounts increased by 4.1% or US\$ 2,259 million to US\$ 56,864 million, due to the increase both in corporate and retail deposits. A major inflow among top 10 banks was seen in Sberbank (+16.4%), ATF (+8.9%) and Halyk (+6.4%), while a major outflow of deposits was seen in Alliance (-7.0%).

The sector's net loans-to-deposits ratio decreased to 81.1% in March 2012 from 84.0% in February 2012.

Major events in the banking sector

- **26 April.** Temirbank's net income in the 1st quarter 2012 declined 4.2 times, and amounted to KZT242.95 million compared to KZT 1.01 billion last year.
- **26 April.** Kaspi bank's net income increased 3.02 times in the 1st quarter 2012 and amounted to KZT2.4 billion compared to KZT 802 million last year.
- **26 April.** Sberbank is planning to increase its net income by 30%to KZT 14.3 billion.
- **25 April.** Entrepreneurship Development Fund "Damu" and BTA Bank launched a free training project for SMEs on the participation in tenders.
- **23 April.** "BTA Bank" announces that it has suspended all payments in respect of its U.S\$5,221,494,216 aggregated initial Reference Amount of Recovery Units.
- **23 April.** The National Bank created legal entity JSC "Problem Loans Fund" and identified criteria for loans of 5th Doubtful and Loss categories eligible for purchase from commercial banks. These should be collateralised loans to residents of the Republic of Kazakhstan. The loans and collaterals on them should be preliminarily valued by independent appraiser, having international experience.
- **19 April.** Fitch Ratings has upgraded the Long-Term Issuer Default Ratings (IDRs) of Kazkommertsbank (KKB) to 'B' from 'B-', and Bank Centercredit (BCC) to 'B+' from 'B'. At the same time, Fitch has upgraded the Long-term IDR of BCC-Moscow, the Russian subsidiary of BCC, to 'B+' from 'B', and affirmed KKB's subsidiary Moskommertsbank (MKB) at 'B-'.
- **17 April.** Temirbank is supporting the idea of merger with Alliance Bank said the CEO of the Bank Mr. Yerzhan Shaikenov.
- **17 April.** Mr. Yerik Balapanov, former Managing Director of Kazkommertsbank was appointed as CEO of BTA Bank.
- **11 April.** Alliance Bank is planning to establish a distressed assets management subsidiary and transfer KZT 45-50 billion assets to it.
- **11 April.** Mr. Maksat Kabashev, CEO of Alliance Bank believes that the merger of Alliant Bank and Temirbank makes sense.
- **3 April.** Halyk Bank is planning to buy back its preferred shares from Samruk-Kazyna in the 2nd quarter 2012.

Major developments in Kazakhstan's economy:

INFLATION

In March 2012, inflation in Kazakhstan was 0.3%. The prices of food products increased by 0.5%, while prices of non-food products and paid services both increased by 0.2%. Annual inflation (March 2012 to March 2011) was 4.6%, and the prices for food products increased by 4.6%, for non-food products by 5.1%, and for paid services by 4.1%.

INDUSTRIAL PRODUCTION

The volume of industrial production in March 2012 compared to March 2011 was 2.9%. The real volume index was 108.6% in the processing industry; the mining industry growth was 99.8%.

UNEMPLOYMENT

The unemployment rate in March 2012 was 5.3%. The number of unemployed people in March 2012 was 469,400. The number of unemployed people registered with authorised employment bodies in March 2012 was 0.7% of the economically active population. The hidden unemployment rate in March 2012 was 0.5% of the economically active population.

INTERNATIONAL RESERVES

In March 2012 the net international reserves (including the net international reserves of the National Bank and National Fund's assets in foreign currency) decreased by 2.6%, to US\$80 billion. The assets of the National Fund increased by 2% in March 2012 to US\$48.3 billion. The net international reserves of the National Bank based on current prices decreased by 8.8% to US\$31.8 billion. The net currency reserves in March 2012 decreased by 9.7% to US\$27.2 billion, while assets held in gold decreased by 2.8% to US\$5.1 billion.

MONEY SUPPLY

The money supply in March 2012 increased by 3.8% to KZT 10,293 billion. The amount of currency in circulation increased by 1.3% to KZT 1,308 billion. The reserve money in March 2012 decreased by 5.4% to KZT 3,283 billion. The narrow reserve money (money supply less term deposits of the banks with the National Bank) decreased by 10.9% to KZT 2,928 billion.

News on Kazakhstan's economy:

- **13 April.** Number of real estate transactions in Kazakhstan increased by 16.4% in January-March 2012 compared to the same period in 2011.
- **11 April.** According to the National Bank estimates, inflation in 2012 might be around 6%, which is the lower part of the corridor. At the same time there might be increase in prices and tariffs for oil products.
- **11 April.** In March 2012 local currency, tenge, depreciated by 0.02% to KZT147.77 per 1 US\$.
- **9 April.** Prices for lease of commercial real estate in Kazakhstan increased by 2.1% in March 2012 compared to December 2011.
- **9 April.** Price per 1 sq.m. of new residential housing in Kazakhstan increased by 0.9% MoM in March 2012 to KZT157,625. Rental price per 1 sq. m. of residential housing amounted to KZT865 (+0.8%).
- **5 April.** In January-February 2012 Samruk-Kazyna NWF income amounted to KZT286 million compared to projected loss of KZT3.2 billion. Income resulted mainly from reduced planned general and administrative expenses.
- **4 April.** Samruk-Kazyna NWF has defined three strategic development priorities for 2012-2022: forming “national champions” out of the holding companies, support to diversification and modernization of national economy and social responsibility.

Annex 1

Kazakhstan's key macroeconomic indicators

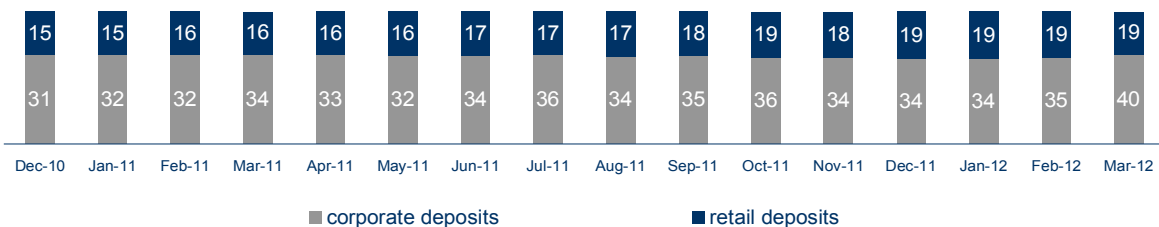
	2007	2008	2009	2010	2011	Mar 12
Domestic economy and financial system						
Real GDP growth, %	108.9	103.2	101.2	107.0	107.5	-
GDP, US\$ million	106 816	131 713	107 197	145 854	183 969	-
Production, % YoY	104.5	102.1	101.7	110.0	103.5	102.9
Unemployment rate, %	7.3	6.6	6.5	5.5	5.4	5.3
CPI, %	118.8	109.5	106.2	107.8	107.4	104.6
Monetary supply M3, US\$ million	38 486	51 894	49 754	57 942	65 708	69 656
Monetary base (reserve money), US\$ million	12 171	12 629	16 510	17 443	19 111	22 215
Real exchange rate	120.30	120.77	148.46	147.50	148.40	147.77
Official refinancing rate, %*	11.0	9.5	7.0	7.0	7.5	6.5*
State finance						
State budget balance, % of GDP	-1.7	-2.1	-3.1	-2.5	-1.3*	-
Sovereign foreign debt, % of GDP	2.0	1.6	2.5	2.8	2.4	-
Sovereign foreign debt / State budget income, %	8.7	6.5	11.4	13.9	14.9	-
Sovereign foreign debt, US\$ million	2 099	2 167	2 218	4 061	4 456	-
Balance of payments						
Current account balance, US\$ million	-8 226	6 978	-3 408	4 319	13 609	-
Current account balance, % of GDP	-7.7	5.3	-2.6	3.0	7.4	-
Capital and finance account balance, US\$ million	8 366	1 219	5 554	416	13 330	-
Capital and finance account balance, % of GDP	7.8	0.9	5.2	0.3	7.2	-
Imports, US\$ million	33 260	38 452	28 672	31 956	42 126	-
Exports, US\$ million	48 351	71 971	43 886	60 838	88 895	-
Foreign assets and liabilities						
Gross foreign debt, US\$ million	96 914	107 713	113 229	119 242	123 849	-
Gross foreign debt, % of GDP	92.4	81.3	98.6	45.2	37.4*	-
National Bank's Net International Reserves, US\$ thousands	17 629	19 872	23 218	27 723	28 762	31 753
National Fund	21 006	27 486	24 368	30 578	43 693	48 277
National Fund and international reserves	38 635	47 358	47 586	58 301	72 455	80 030

* from 2 April 2012

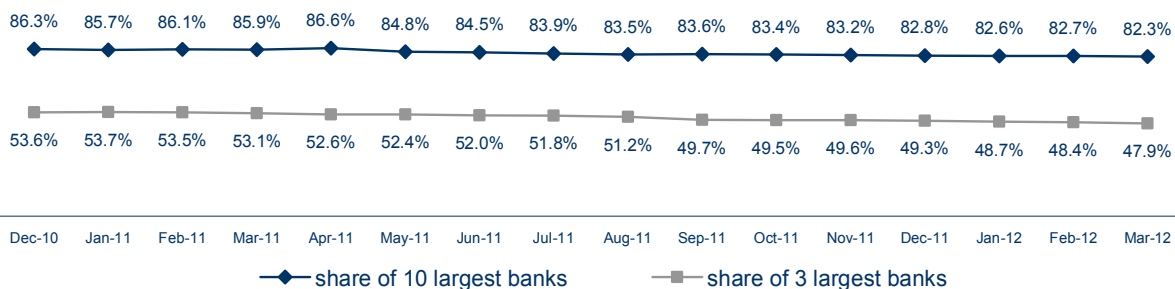
Banking sector indicators

	2006	2007	2008	2009	2010	March 2012
Commercial banks (number)	33	35	37	38	39	-
Bank branches (number)	1 813	2 381	2 546	2 299	2 246	-
Major indicators of the banking sector, US\$ million						
Assets	69 859	97 129	98 432	77 837	81 614	89 998
Capital	6 854	11 846	12 026	-6 601	8 967	7 870
Loans	47 181	73 718	76 534	64 926	60 627	71 630
Provisions for loans	2 342	4 337	8 491	24 458	18 995	22 253
- % of total loans	5.0	5.9	11.1	37.7	30.9	31.1
Deposits	24 979	32 451	38 084	40 441	46 850	56 864
Net profit	801	1 806	89	-19 225	9 904	-1 025
Profitability ratios, %						
NIM	3.3	5.2	5.8	3.1	3.0	3.8
RoAA	1.1	1.9	0.1	11.9	0.12	-
RoAE	11.7	15.3	0.7	-	1.02	-
Banking sector and the economy, %						
Assets / GDP	87.5	90.9	74.6	68.0	61.9	-
Loans / GDP	59.1	69.0	58.0	56.7	46.5	-
Deposits / GDP	31.3	30.4	28.9	37.1	35.2	-

Trends in the deposit base, US\$ billion



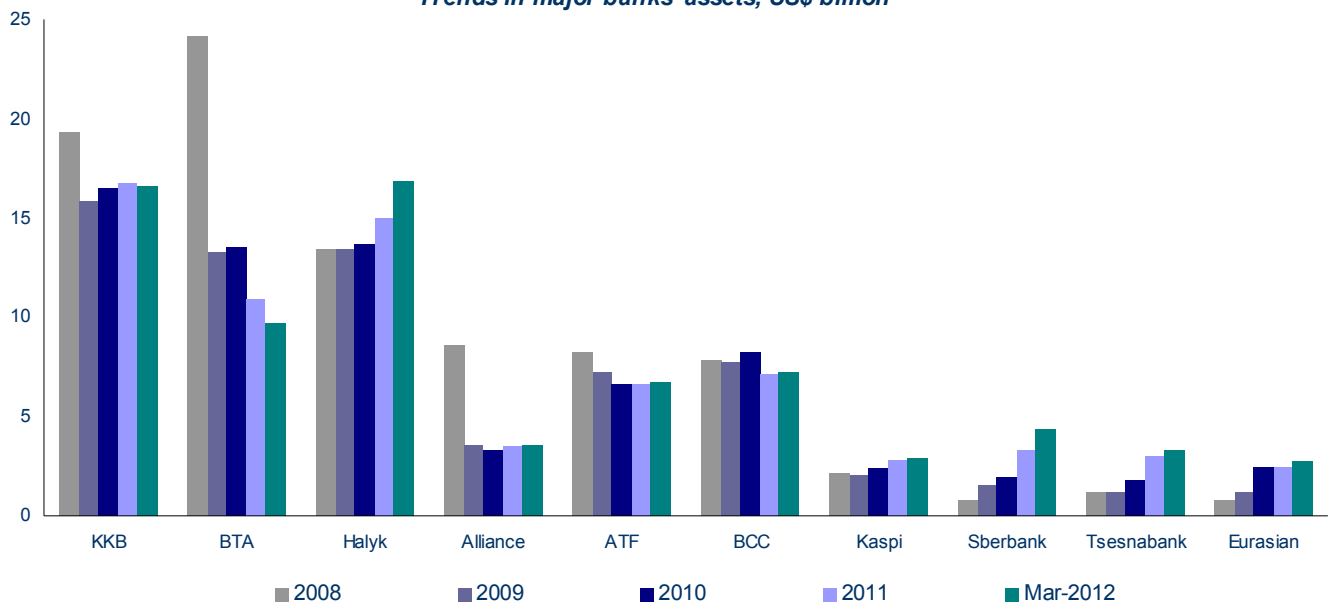
Concentration of banking system assets



Major indicators of the largest Kazakh banks as at 1 April 2012

Bank	Assets		Equity		Loans to customers		Total deposits		Retail deposits		Net profit	Reserves	90 days overdue loans
	US\$ mln	Mar/ Feb	US\$ mln	Mar/ Feb	US\$ mln	Mar/ Feb	US\$ mln	Mar/ Feb	US\$ mln	Mar/ Feb			
KKB	16,541	0.6%	2,989	0.4%	15,694	1.6%	9,307	1.3%	3,861	0.8%	3	36.4%	24.4%
Halyk	16,821	1.7%	2,054	1.6%	9,080	0.3%	12,217	6.4%	4,033	2.1%	74	24.8%	19.0%
BTA	9,731	-2.5%	-2,945	13.0%	13,945	0.1%	4,294	0.2%	1,619	0.7%	519	56.5%	76.2%
BCC	7,252	-2.6%	568	0.3%	5,442	0.0%	4,752	0.0%	2,565	-1.2%	2	16.5%	9.2%
ATF	6,740	3.6%	416	-0.2%	5,613	-1.1%	3,703	9.1%	1,126	3.1%	-40	21.4%	38.9%
Sberbank	3,607	-5.2%	53	-68.2%	3,631	-1.5%	2,051	-7.0%	860	4.4%	-35	46.0%	2.2%
Alliance	4,354	11.1%	401	5.5%	2,768	2.9%	3,296	16.4%	550	2.4%	19	5.4%	52.2%
Tsesnabank	3,333	0.7%	261	1.5%	2,470	-0.2%	2,737	3.7%	770	4.0%	25	3.6%	3.2%
Kaspi	2,906	2.0%	333	1.2%	2,513	1.6%	2,229	1.5%	1,673	2.4%	19	17.8%	16.9%
Eurasian	2,741	2.7%	228	1.5%	1,940	0.8%	1,814	1.7%	521	3.5%	10	9.7%	7.4%
Top 10	72,540	0.8%	4,357	-7.9%	63,097	0.5%	46,400	3.7%	17,579	1.5%	594	32.5%	34.0%
Other banks	17,458	3.5%	3,513	1.5%	8,533	2.0%	10,034	6.1%	1,886	4.8%	58	20.7%	16.3%
Total	89,998	1.3%	7,870	-4.0%	71,630	0.7%	56,434	4.1%	19,466	1.8%	652	31.1%	31.9%

Trends in major banks' assets, US\$ billion



Please note that the information provided in this document is based on data from different sources including, without limitation, published announcements made by various state authorities and other organisations.

The majority of the information contained herein has been selected from different publications released by the National Bank of Kazakhstan, the Statistics Agency of the Republic of Kazakhstan, the Agency of the Republic of Kazakhstan for the Regulation and Supervision of the Financial Market and Financial Organisations, and the official websites of Kazakh banks. None of the managers or directors involved in the preparation of this document has independently verified the information contained herein. Accordingly, no responsibility or liability is accepted by Kazkommertsbank, its employees or directors as to the accuracy of the information provided herein.

The document is directed exclusively to business counterparties. No persons should rely on any information in this document. Neither this document nor any other statement (oral or otherwise) made at any time in connection herewith is an offer, invitation or recommendation to acquire or dispose of any securities or to enter into any transaction. Any readers/users/subscribers are advised to independently review and/or obtain independent professional advice and draw their own regulatory, credit, tax and accounting conclusions in relation to their particular circumstances.

This document may contain forward-looking statements made by official authorities in Kazakhstan, but all readers shall make their own judgement when making a decision on prospects, business developments or investments.

Investor Relations:

Ms. Aliya Nursipatova

Ms. Alma Buirakulova

Tel.+7 727 258 5125

Investor_Relations@kkb.kz