

Official exchange KZT/US\$ rate on 1 December 2011 – 147.69

Summary

Economy

- GDP growth for 9M11 was 7.2%
- Inflation in 2011 was 7.4%

Banking sector

- BTA announced its intention to begin 2nd restructuring
- S&P revised its ratings on 11 Kazakhstan-based banks after applying new bank ratings criteria

News on Kazkommertsbank

- **23 December.** Kazkommertsbank and Export-Import Bank of Korea have signed a bilateral loan agreement for US\$30 million to finance import of goods and services from the Republic of Korea. Under the terms of the agreement, Exim Bank of Korea is to open a two-year revolving credit line for Kazkommertsbank.
- **13 December.** On 12 December 2011 Standard & Poor's international rating agency upgraded long-term issuer credit rating of Kazkommertsbank to 'B+' from 'B'. At the same time, the short-term rating of KKB was upgraded to 'B' from 'C'. The outlook on ratings is stable. The upgrade follows a review of Kazkommertsbank under Standard & Poor's revised bank criteria published on November 9, 2011.
- **12 December.** Kazkommertsbank announced that the Board of Directors of the Bank has appointed Mr. Rustam Nabirov as a new member of the Management Board responsible for risk management. Rustam Nabirov, 34, graduated from Kazakh State University n.a. Al-Farabi with a degree in international economic relations. He received his MBA from Emory University in USA. In 2001-2004 Mr. Nabirov worked as credit analyst in ABN Amro Kazakhstan. He joined Kazkommertsbank in 2004, since then he held various senior positions in corporate banking. In 2010 Mr. Nabirov was appointed as a Director of Risk Management Department.
- **5 December.** Kazkommertsbank announced on payment of dividends on preference shares. According to the Shares Issue Prospectus, the dividends on preference shares of the Bank are fixed at 0.04 USD per one preference share. The payment of dividend on preference shares started on 12 December 2011. The completion date for the list of shareholders eligible for payment of dividends on preference shareholders was 12 November 2011. Dividends were be paid for the calendar year via a transfer to the bank accounts of the preference shareholders.

Kazakh Banking Sector Developments

P&L

The net loss after tax of Kazakhstan's commercial banks in November 2011 was US\$523 million compared to US\$84 million in October 2011, due to faster growth in expenses than in earnings, primarily because of provisioning.

Kazakh commercial banks' aggregate earnings amounted to US\$ 28,320 million up from US\$25,805 in October 2011. The aggregate expenses of the banking system (including corporate tax) were US\$ 28,707 million (US\$ 25,782 million in October 2011), the majority of which were provision charges, which constituted a 58.6% share of total expenses.

CAPITAL

The Kazakh banking sector's aggregate capital decreased to US\$ 8,733 million as of 1 December 2011 from US\$ 9,414 million as of 1 November 2011, mainly due to decrease in BTA's capital (by US\$ 475 million).

ASSETS

Aggregate bank assets stood at US\$ 86,194 million, compared to US\$ 88,082 million.

The share of loans to customers increased slightly to 52.3%. The share of the securities portfolio decreased to 14.4% from 14.9% in October 2011. The share of highly liquid assets (cash, precious metals and correspondent accounts) decreased to 12.3% from 12.7% due to decrease in correspondent accounts. The share of funds placed with the National Bank within total assets further decreased to 1.0% in November from 1.4% in October and 2.0% in September as well as the share of inter-bank loans and deposits, which decreased to 3.5% from 3.8%.

According to the FSA, loans that were at least 90 days overdue decreased to 31.0% in November from 31.4% as at 1 November 2011. The loan loss provisioning rate decreased as well, to 32.6% from 33.2% in October 2011.

LIABILITIES

Aggregate bank liabilities decreased to US\$ 77,461 million from US\$ 78,669 million in October 2011.

The structure of liabilities has not changed significantly. The major funding sources are customer accounts with a share of 68.1% of the total liabilities, a slight decrease from 68.6% in October.

Customer accounts decreased by 2.3% or US\$ 1,250 million to US\$ 52,744 million, due to seasonal decrease in corporate deposits almost in all major banks. A major outflow of deposits among top 10 banks was seen in ATF (-12.1%), while a major inflow was seen in Alliance (+5.7%).

The sector's net loans-to-deposits ratio increased to 85.4% in November 2011 from 82.5% in October 2011.

Major events in the banking sector

- **29 December.** Standard & Poor's assigned its 'B+/B' long- and short-term counterparty credit ratings to JSC Bank Centercredit (BCC) under its revised bank criteria (published on Nov. 9, 2011). The outlook is stable. The ratings on BCC reflect the bank's adequate business position, weak capital and earnings, moderate risk position, average funding, and adequate liquidity.
- **30 December.** The auction to sell state owned stake in Nurbank on KASE closed today with no bids. 25 652 preferred shares or 0.24% of total placed shares of Nurbank were on sale since 8 February 2011.
- **27 December.** Standard & Poor's assigned a 'CCC+' long-term and 'C' short-term counterparty credit rating to JSC Zaman-Bank. The ratings on Zaman-Bank reflect the bank's weak business position, very strong capital and earnings, weak risk position, below average funding, and adequate liquidity.
- **27 December.** Minority shareholders of BTA Bank may seize the beginning of 2nd restructuring of the bank's liabilities, says the head of National Bank – Grigoriy Marchenko.
- **23 December.** Fitch Ratings downgraded Kazakhstan-based BTA Bank's (BTA) Long-term Issuer Default Ratings (IDR) to 'C' from 'CCC'. The downgrade follows announcements by BTA that it would recommend a second restructuring of the bank's liabilities to its shareholders (the previous was completed in 2010), and by deputy chairman of the board of the national welfare fund Samruk Kazyna (SK) (BTA's majority shareholder) Aidan Karibzhanov, that SK intends to support the proposal. Fitch understands from the statement that the restructuring would primarily affect BTA's issued debt, which stood at 33% of BTA's liabilities at end-Q311 according to IFRS financial statements.
- **23 December.** Standard & Poor's assigned 'B/C' long-and short-term counterparty credit ratings and 'kzBB' Kazakhstan national scale rating to Kassa Nova Bank JSC. The outlook is stable. The ratings on Kassa Nova reflect the 'bb-' anchor for a commercial bank operating only in Kazakhstan, as well as the bank's weak business position, very strong capital and earnings, moderate risk position, below-average funding, and moderate liquidity.
- **22 December.** BTA Bank announced that a general shareholders' meeting of the Bank is called to be held on January 26, 2012 in Almaty. The agenda includes issue relating to the necessity to restructure certain parts of the Bank's financial indebtedness in order to reach an arrangement with its creditors. The proposed restructuring will relate to the Bank's liabilities to its creditors under outstanding obligations entered into during the restructuring completed in 2010.
- **12 December.** Standard & Poor's Ratings Services said today that it revised its ratings on 11 Kazakhstan-based banks after applying new bank ratings criteria.
 - Ratings of Kazkommertsbank, Halyk and Eurasian Bank were raised (from B to B+, B+/BB and B/B+, respectively)
 - The outlook on rating of AsiaCredit, Nurbank and Tsesna Bank were changed from Stable to Negative
 - Ratings of Alliance (B-), HSBC Kazakhstan (BBB), Delta (B), Kazinvestbank (B-) and Temir (B) remained unchanged
- **07 December.** Moody's Investors Service has today downgraded BTA Bank's (BTA) long-term local and foreign-currency deposit ratings to Caa2 from B3, the long-term foreign-currency senior unsecured debt rating to Ca from Caa2 and the long-term foreign-currency subordinated debt rating to C from Caa3. The downgrades were prompted by Moody's assessment that BTA's credit profile has weakened, reflecting a lack of a return to profitability, capital deficit and a possible further debt restructuring.

Major developments in Kazakhstan's economy:**INFLATION**

In November 2011, inflation in Kazakhstan was 0.6%. The prices of food products increased by 0.8%, while prices of non-food products and paid services both increased by 0.4%. Annual inflation (November 2011 to November 2010) was 7.8%, and the prices for food products increased by 10.27%, for non-food products by 5.3%, and for paid services by 7.2%.

Inflation for 2011 (December 2011 to December 2010) was 7.4%. The prices for food products increased by 9.1%, for non-food products by 5.3% and for paid services by 7.3%. Average annual inflation (January-December 2011 to January-December 2010) was 8.3%.

INDUSTRIAL PRODUCTION

The volume of industrial production in November 2011 compared to November 2010 was 3.8%. The real volume index was 101.6% in the mining industry and 106.7% in the processing industry.

UNEMPLOYMENT

The unemployment rate in November 2011 was 5.4%. The number of unemployed people in November 2011 was 482,800. The number of unemployed people registered with authorised employment bodies in November 2011 was 0.9% of the economically active population. The hidden unemployment rate in November 2011 was 0.4% of the economically active population.

INTERNATIONAL RESERVES

In November 2011 the net international reserves (including the net international reserves of the National Bank and National Fund's assets in foreign currency) increased by 0.6%, to US\$74.9 billion. The assets of the National Fund increased by 2.1% in November 2011 to US\$43.3 billion. The net international reserves of the National Bank based on current prices decreased by 1.4% to US\$31.6 billion. The net currency reserves in November 2011 decreased by 1.5% to US\$28.1 billion, while assets held in gold decreased by 0.8% to US\$4.0 billion.

MONEY SUPPLY

The money supply in November 2011 decreased by 2.2% to KZT 9,607 billion. The amount of currency in circulation decreased by 2% to KZT 1,235 billion. The reserve money in November 2011 decreased by 3.3% to KZT 2,964 billion. The narrow reserve money (money supply less term deposits of the banks with the National Bank) decreased by 1.3% to KZT 2,837 billion.

GDP

GDP growth for 9M11 compared to 9M10 was 7.2% to KZT18,210 billion (US\$123,298 million).

News on Kazakhstan's economy:

- **26 December.** Umirzak Shukeyev (former first Vice-Premier) was appointed as a CEO of Samruk-Kazyna National Wealth Fund.
- **21 December.** Kazakhstan Mortgage Company (KMC) will become private company after 2016 in line with the requirements of the Law on competition. According to existing loan agreement with Credit Suisse the Ministry of Finance should retain 50% plus one share ownership in the company till the maturity of the loan in 2016. Thus, the company aims to decide on selling the remaining stake in 2012.
- **7 December.** Number of registered real estate transactions increased by 17.9% in January-November 2011 compared to January-November 2010. In November 2011 number of registered real estate transactions decreased by 5.8% compared to October 2011.
- **6 December.** In November 2011 Kazakhstan tenge appreciated by 0.1%, and the exchange rate was at 147.69 tenge per US dollar.

Kazakhstan's key macroeconomic indicators

	2006	2007	2008	2009	2010	Nov 11
Domestic economy and financial system						
Real GDP growth, %	110.7	108.9	103.2	101.2	107.0	107.2*
GDP, US\$ million	76 355	106 816	131 713	107 197	145 854	123 298*
Production, % YoY	107	104.5	102.1	101.7	110.0	103.8
Unemployment rate, %	7.8	7.3	6.6	6.5	5.5	5.4
CPI, %	108.4	118.8	109.5	106.2	107.8	107.8
Monetary supply M3, US\$ million	27 492	38 486	51 894	49 754	57 942	65 049
Monetary base (reserve money), US\$ million	11 223	12 171	12 629	16 510	17 443	20 071
Real exchange rate	133.77	120.30	120.77	148.46	147.50	147.69
Official refinancing rate, %*	9.0	11.0	9.5	7.0	7.0	7.5
State finance						
State budget balance, % of GDP	0.5	-1.7	-2.1	-3.1	-2.5	-1.3*
Sovereign foreign debt, % of GDP	4.1	2.0	1.6	2.5	2.8	3.3*
Sovereign foreign debt / State budget income, %	17.9	8.7	6.5	11.4	13.9	17.9*
Sovereign foreign debt, US\$ million	3 125	2 099	2 167	2 218	4 061	4 029*
Balance of payments						
Current account balance, US\$ million	-1 999	-8 226	6 978	-3 408	4 319	11 299*
Current account balance, % of GDP	-2.6	-7.7	5.3	-2.6	3.0	6.6*
Capital and finance account balance, US\$ million	16 201	8 366	1 219	5 554	416	7 547*
Capital and finance account balance, % of GDP	21.2	7.8	0.9	5.2	0.3	4.4*
Imports, US\$ million	24 120	33 260	38 452	28 672	31 956	30 281*
Exports, US\$ million	38 762	48 351	71 971	43 886	60 838	66 490*
Foreign assets and liabilities						
Gross foreign debt, US\$ million	74 014	96 914	107 713	113 229	119 242	122 865**
Gross foreign debt, % of GDP	91.4	92.4	81.3	98.6	45.2	37.4**
National Bank's Net International Reserves, US\$ thousands	19 127	17 629	19 872	23 218	27 723	31 617
National Fund	14 092	21 006	27 486	24 368	30 578	43 270
National Fund and international reserves	33 219	38 635	47 358	47 586	58 301	74 887

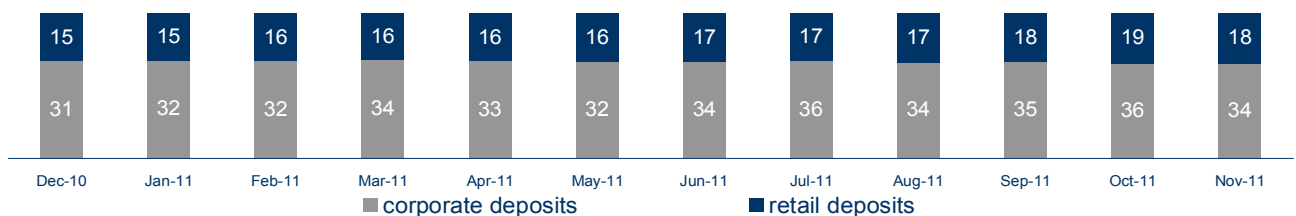
* 9M11

** end of 3Q11

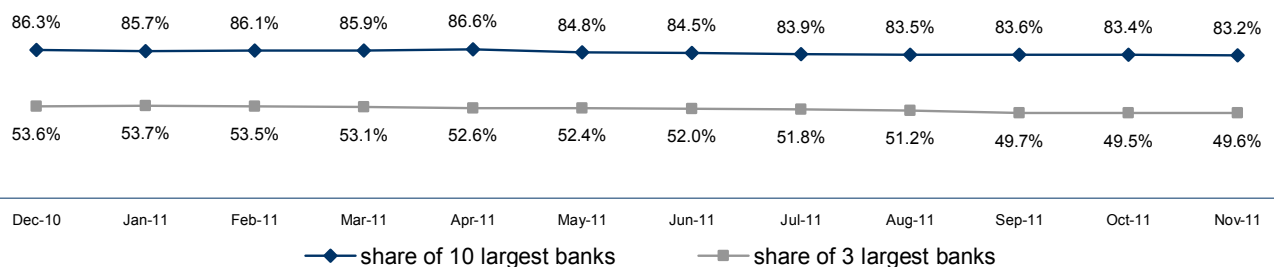
Banking sector indicators

	2006	2007	2008	2009	2010	Nov 2011
Commercial banks (number)	33	35	37	38	39	38
Bank branches (number)	1 813	2 381	2 546	2 299	2 246	2 275
Major indicators of the banking sector, US\$ million						
Assets	69 859	97 129	98 432	77 837	81 614	86 194
Capital	6 854	11 846	12 026	-6 601	8 967	8 733
Loans	47 181	73 718	76 534	64 926	60 627	69 296
Provisions for loans	2 342	4 337	8 491	24 458	18 995	22 579
- % of total loans	5.0	5.9	11.1	37.7	30.9	32.6
Deposits	24 979	32 451	38 084	40 441	46 850	52 744
Net profit	801	1 806	89	-19 225	9 904	-523
Profitability ratios, %						
NIM	3.3	5.2	5.8	3.1	3.0	3.9
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	48.4
Loans / GDP	59.1	69.0	58.0	56.7	46.5	38.9
Deposits / GDP	31.3	30.4	28.9	37.1	35.2	29.4

Trends in the deposit base, US\$ billion



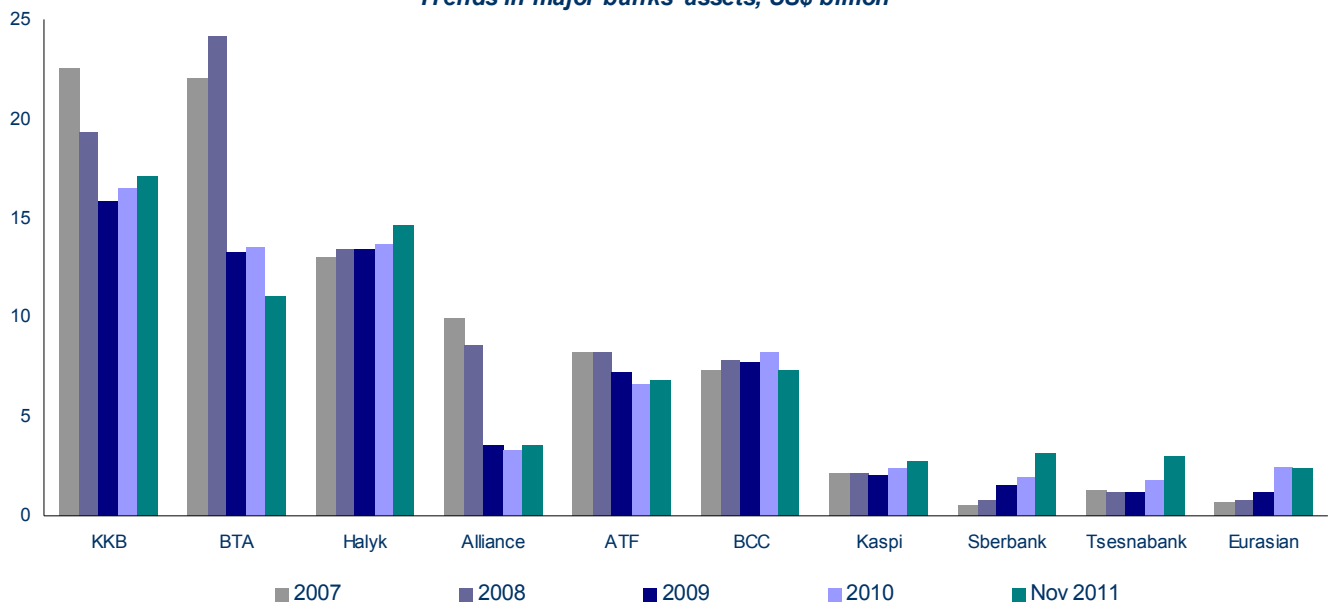
Concentration of banking system assets



Major indicators of the largest Kazakh banks as at 1 December 2011

Bank	Assets		Equity		Loans to customers		Total deposits		Retail deposits		Net profit	Reserves	90 days overdue loans	
	US\$ mln	Nov/Oct	US\$ mln	Nov/Oct	US\$ mln	Nov/Oct	US\$ mln	Nov/Oct	US\$ mln	Nov/Oct			US\$ mln	% of gross loans
KKB	17,097	-1.4%	2,932	-6.9%	15,120	0.0%	9,544	-0.6%	3,575	0.1%	7	35.1%	23.6%	
Halyk	14,628	-1.3%	1,933	-1.3%	8,805	1.5%	9,847	-3.2%	3,691	1.4%	222	24.8%	19.7%	
BTA	11,042	-3.7%	-1,575	43.2%	14,139	0.1%	5,178	-2.8%	2,064	-0.9%	-162	62.6%	69.1%	
BCC	7,293	-0.9%	565	2.5%	5,383	-0.4%	4,575	-4.1%	2,412	-1.2%	11	16.0%	8.9%	
ATF	6,768	-9.2%	437	-0.6%	5,910	2.0%	3,625	-12.1%	999	1.8%	-208	19.1%	33.9%	
Alliance	3,579	1.0%	-46	65.3%	3,766	-0.1%	2,104	5.7%	722	4.5%	134	46.0%	52.5%	
Sberbank	3,184	-0.2%	339	6.1%	2,224	4.7%	2,566	-0.3%	435	3.8%	50	5.8%	2.2%	
Tsesnabank	2,994	4.8%	229	1.7%	2,272	7.4%	2,442	9.5%	632	3.3%	29	3.4%	3.7%	
Kaspi	2,742	1.0%	307	0.6%	2,348	2.3%	2,064	0.2%	1,457	1.0%	57	16.9%	15.7	
Eurasian	2,419	1.1%	226	0.6%	1,775	2.1%	1,473	0.5%	405	-0.9%	35	10.1%	8.0%	
Top 10	70,290	-2.6%	5,347	-10.6%	61,743	3.1%	43,417	-4.1%	16,392	3.1%	175	33.8%	32.7%	
Other banks	15,898	-0.3%	3,385	-1.5%	7,548	-10.7%	8,871	6.9%	1,580	-18.2%	126	22.9%	17.7%	
Total	86,188	-2.2%	8,732	-7.3%	69,291	1.4%	52,288	-2.4%	17,973	0.8%	301	32.6%	31.0%	

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