

Official KZT/USD exchange rate as at 01.12.08 – 120.35

Executive summary

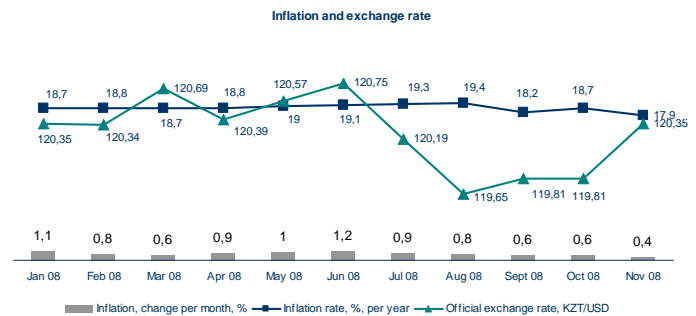
Economy	Banking sector
International reserves of the National Bank (including the National Fund) decreased by 3.1%	Kazakh banks repay external debt according to the existing schedule; no plans for debt restructuring
Inflation in November 2008 was 0.4%, year-to-date inflation was 9.2%	

Kazakhstan Economy

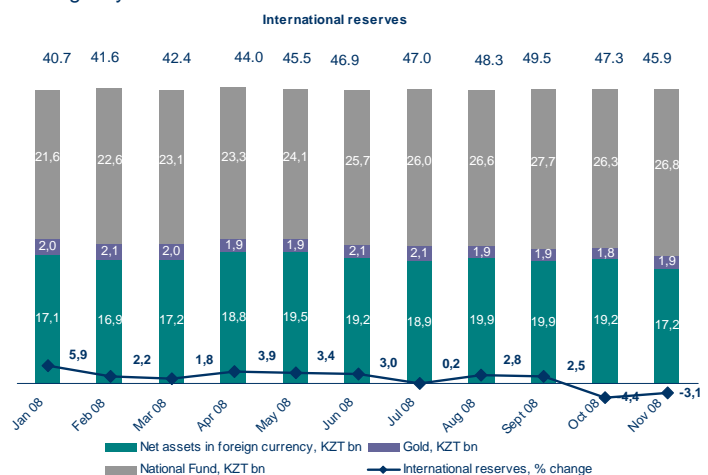
Net international reserves of the National Bank (including the National Fund) have decreased by 3.1%

In November 2008 inflation in Kazakhstan was 0.4%, year-to-date inflation was 9.2%. The prices for food products increased by 0.7%. According to the Agency of statistics, in November 2008 fruits and vegetable prices increased by 2.2%, meat prices by 0.5%, bread and grain product prices increased by 0.2%, eggs by 4.7%, milk by 3.8%, cream by 2.8% and curd by 2.2%. Prices for seed oil decreased by 3.3%, flour by 0.7%. Prices for solid fuel increased by 4.7%, for liquefied gas by 1.6%. Prices for cleansers and detergents increased by 1.9%, for drugs by 1.1%, for clothes and shoes by 1%, for personal hygiene items by 0.9%. Prices for petrol decreased by 16.3%, for diesel fuel by 11.9%. The increase in communal services prices was 1.5%.

November 2008 saw a decrease in the National Bank's international reserves. Net international reserves of the National Bank based on current prices (not including the National Fund) decreased by 9.2% (or US\$ 1,923.7 million) to US\$ 19.1 billion. Foreign currency sales operations in the domestic currency market, reduction in currency balances of commercial bank correspondent accounts held at the National Bank and Government external debt service operations were partly counterbalanced by receipt of currency in Government accounts. As a result, net currency reserves decreased by US\$ 2



Source: Agency on Statistics



Source: National Bank of Kazakhstan

billion, while assets in gold increased by US\$ 96.5 million as a result of the 5.3% growth in global gold prices.

Net international reserves, including the National Fund (which stood at US\$ 26.8 billion according to preliminary estimates) decreased by 3.1% to US\$ 45.9 billion (YTD increase was 18.8%). Reduction in net international reserves of the National Bank in November 2008 caused a decrease in the monetary base of 17.3% (YTD decrease was 11.3%).

Key Developments in Kazakhstan's Economy

- *December 25.* The Board of Directors of KazMunayGas Exploration and Development JSC (subsidiary of KazMunayGas National Company) approved 2009 budget based on average annual oil price of \$40 per barrel of Brent oil.
- *December 24.* Ministry of Economy and Budget Planning expects that GDP growth in 2009-2010 will be from 1% to 3% annually.
- *December 24.* The President of Kazakhstan, Nursultan Nazarbayev, signed the Law on Amendments and additions to the Law on Pensions. The Law was elaborated in line with the President's Address to the people of Kazakhstan on February 6, 2008, and provides for increase in pensions by 25% in 2009.
- *December 24.* Mazhilis (lower chamber of Parliament) approved the draft Law on amendments and additions to the legislative documents on activities of Islamic banks and organization of Islamic financing.
- *December 22.* Staff numbers may be reduced by up to 6% at the Ulba metal production plant in Ust-Kamenogorsk (East Kazakhstan) in 2009.
- *December 20.* The Astana City Mayor believes that it is important to attract state and private investments to address the engineering infrastructure issues in the capital. The imbalance between rapid growth in construction and lagging development of infrastructure is huge with biggest concern about heating and electricity facilities.
- *December 19.* According to Almaty City Municipality, 687 people who prepaid for apartments in Almaty will receive completed apartments before the end of 2008. 3,353 apartments were commissioned during the first 11 months of 2008, which is 4% higher compared to the same period last year. 2,699 apartments were conveyed to people who prepaid for apartments (16% of the total number of people who prepaid for apartments).
- *December 18.* According to the Ministry of Economy and Budget Planning, Kazakhstan maintains its forecasts of oil production at 70 million tons, which was introduced in the three-year budget.
- *December 18.* According to the Ministry of Economy and Budget Planning, based on preliminary figures GDP growth in 2008 will be 4%.
- *December 15.* The National Bank of Kazakhstan and the Financial Supervision Agency in their joint report on financial stability in the country noted the increased risk factors in the sector of state finance.
- *December 14.* Ministry of Economy and Budget Planning has different scenarios for the economy in case of further reduction in oil prices.
- *December 10.* National Bank of Kazakhstan projects current account deficit in 2009, which will be around 2-3% of GDP.
- *December 10.* The Chairman of the National Bank believes that there will not be sharp fluctuations in KZT/USD exchange rate. At the same time, it depends on the trend in the balance of payments in the first half of 2009.
- *December 10.* Monetary base in Kazakhstan in October 2008 decreased by 3.4% to KZT5,685.1 billion (current KZT/USD exchange rate – 120.44).
- *December 10.* According to the Chairman of the National Bank of Kazakhstan, government

initiatives aimed at restructuring foreign debt of Kazakh banks should not be considered as a possible default.

- *December 10.* The Chairman of the National Bank believes that there will not be positive response to the proposal of BTA Bank CEO Mukhtar Ablyzov that the government should guarantee the full amount of corporate and retail deposits.
- *December 10.* The interest rates on loans provided by Kazyna Sustainable Development Fund through commercial banks to construction companies will not be reduced.
- *December 9.* According to the Statistics Agency, prices on the primary real estate market in November 2008 compared to October 2008 decreased by 0.6%, and by 0.9% at the secondary market.
- *December 9.* The Government of Kazakhstan plans to raise up to US\$4 billion from the pension funds to complete the anti-crisis programme.
- *December 4.* The President Nursultan Nazarbayev signed the Law on the State Budget for 2009-2011. On November 26, for the first time in the history of Kazakhstan, the Parliament adopted a three-year republican budget. The total state budget expenses approved were KZT 3 trillion 432.2 billion for 2009, KZT 3 trillion 856.4 billion for 2010, and KZT 3 trillion 992.5 billion for 2011 (current KZT/USD exchange rate – 120.45). The state budget incomes approved were KZT 2 trillion 860.9 billion for 2009, 3 trillion 198.5 billion for 2010, and 3 trillion 477.5 billion for 2011. At the same time, the budget deficits approved were KZT 571.3 billion for 2009 (or 3.4% of projected GDP), KZT657.8 billion for 2010 (3.5% of GDP), and KZT514.9 billion for 2011 (2.4% of GDP).
- *December 3.* The Government of Kazakhstan will provide guarantees to the pension funds for their assets.
- *December 2.* Ministry of Transport and Communication expects reduction in volumes of railway cargo transportation by 4% in 2009 compared to 2008.

Kazakh Banking Sector

Aggregate banking assets in November 2008 decreased by 1%

The aggregate capital of the banking sector decreased by 4.1% during October to US\$ 11.9 billion. The current profit of the banks amounted to US\$ 281 million as of December 1, 2008 with reduction by 48% MoM. Provisions during November 2008 accounted for major increase in expenses and increased by 15.8% to USD 9.2 billion. The aggregate capital adequacy ratio, calculated from balance sheets amounted to 12.1%. The share of fixed assets increased to 16.1% of capital due to reduced capital.

The banks' aggregate liabilities during November 2008 decreased slightly by 1% to US\$ 87.3 billion. The customer accounts decreased by 1%, in term deposits by 2% and in current accounts by 1%. Retail deposits amounted to 31% of customer accounts or US\$ 12.1 billion. Balances at bank correspondent accounts also decrease slightly, their share in the liabilities was 16.4%.

The breakdown of the funding base by sources was as following: customer accounts – 44.8%, debt securities – 25.3%, 16.3% - inter-bank loans and deposits, 5.2% - subordinated debt, 2% - repurchase transactions, 5% - other liabilities.

Aggregate banking assets during November 2008 decreased by 1% to US\$ 99.3 billions. Bank loan portfolios decreased insignificantly by 0.45%, loans-to-assets amounted to 66%. Cash and precious metals, banks correspondent accounts and cash with the National Bank decreased by 26% and amounted to 6.5% of aggregate banking assets. Securities portfolios increased by 7.3% to US\$ 7.8 billion (US\$ 1.7 billion invested to the repurchase operations). Repurchase transactions increased by 17.7% and their share in assets was 1.2%. Inter-bank assets also decreased by 8.5% to US\$ 7.1 billions.

Banking asset quality remains satisfactory. Share of 90 days overdue in November 2008 amounted to 5.22% of aggregate bank loan portfolios. The provisioning rate was adequate at 10.5% of the

aggregate loan portfolio and the volume of provisions fully covers the overdue amounts.

Profit earned by 2nd Tier banks since the beginning of 2008 amounted to US\$ 281 million. Aggregate income amounted to US\$ 21.6 billion, 51.3% of which was represented by interest income. Aggregate expenses of banks amounted to US\$ 21.3 billion, 43% represented by provision expenses. The loan-to-deposit ratio was 167% and the cost-to-income ratio was 42.6%.

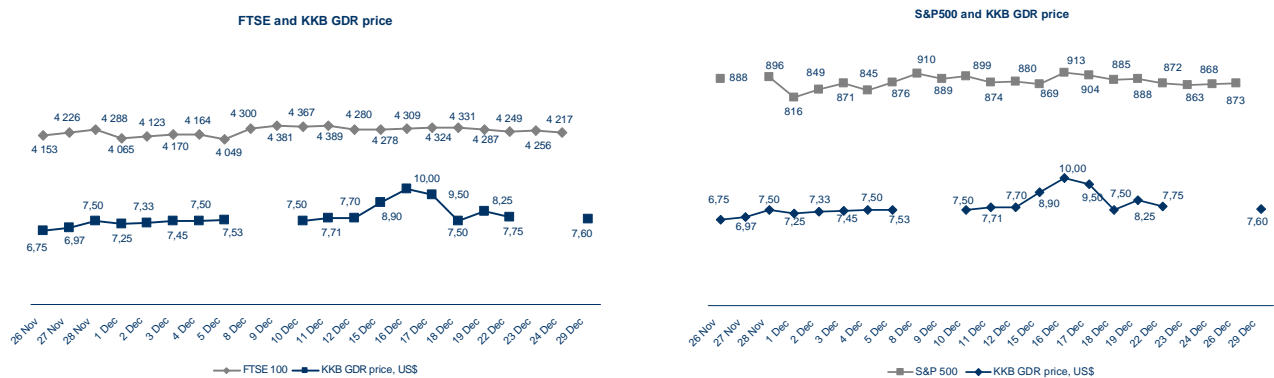
Major events in Kazakh Banking System

- *December 25.* Zhilstroysberbank (the residential construction savings bank, a subsidiary of the state fund SamrukKazyna) increased its charter capital by 60% and received a loan from the Ministry of Finance of KZT 23,560 million (KZT 120.7/USD 1).
- *December 25.* Net profit of Zhilstroysberbank may increase by more than 3.5 times by the end of this year.
- *December 24.* Shareholders Meeting of Kazakh commercial Halyk Bank decided to increase number of common shares to 2.4 billion and preference shares to 600 million. In late October the Government of Kazakhstan had made proposals to shareholders of the 4 major banks: Alliance, BTA, Halyk and Kazkommertsbank to inject additional funds into the share capital of these banks as a measure to support their capital adequacy. It was noted that the participation of the National Fund SamrukKazyna in the capital of these banks will not exceed 25%. The banks accepted the Government's proposal.
- *December 24.* Kazakh commercial BTA Bank is not planning debt restructuring. BTA Bank continues to pay its external liabilities in accordance with redemption schedules and is not negotiating with foreign investors in this regard.
- *December 23.* Starting from the end of January 2009 Zhilstroysberbank will grant loans at reduced rates to resident individuals to purchase apartments in Astana and Almaty as part of the state mortgage and residential sector development programme.
- *December 23.* International rating agency Fitch affirmed the ratings of Astana-Finance and granted ratings to its leasing subsidiary of the same name. The long term issuer default rating (IDR) of Astana-Finance is affirmed at BB with Negative outlook.
- *December 23.* Tsesnabank is increasing its share capital by 15% by placing part of its authorised shares among shareholders. Tsesnabank informs its shareholders about the placement by subscription and preemptive rights execution.
- *December 22.* Kazakh commercial Alliance Bank signed an agreement with government on capitalisation of the bank and its participation in other stabilisation measures undertaken by the Government to support necessary volumes of lending to the real sector of economy.
- *December 22.* As part of the state mortgage and residential sector development programme, a decrease in mortgage rates together with a 2-year grace period on principal for conscientious borrowers was proposed.
- *December 3.* The entrance of SamrukKazyna into the capital of Halyk Bank will not happen before 2009, said the CEO of the bank.
- *December 19.* Kazakh commercial Eurasian Bank repaid 2nd concluding tranche of its syndicated loan, raised on 20 December 2006. the total amount of the loan was US\$110 million and the second tranche was US\$40 million. The first tranche (370 days) of US\$70 million was repaid in December 2007.
- *December 18.* Bank of Tokyo-Mitsubishi UFJ opened a representative office in Kazakhstan, currently being the only representation of Japanese banks in Central Asia.
- *December 11.* Shareholders of Bank Centercredit decided to abstain from financial support proposed by government said the CEO of BCC, Vladislav Li.
- *December 11.* Kazakh commercial Bank Centercredit expects net profit to fall by more than double of its current value and an increase in assets by 5-7% by the end of 2008
- *December 10.* South Korean Kookmin Bank increased its stake in Bank Centercredit's capital from 23% to 30.5%.
- *December 4.* Kazakh National Welfare Fund SamrukKazyna and European Bank for Reconstruction

and Development will create a joint fund, the Kazakhstan Growth Fund.

- *December 3.* Representative of Alnair Capital Holding, the major shareholder of Kazkommertsbank, entered the Board of Directors of the Bank.
- *December 3.* BTA Bank will receive the first privileged loan provided by China's government to member countries of the Shanghai Cooperation Organization via Eximbank of China of US\$ 43.68 million to finance cement plant in Southern Kazakhstan.
- *December 2.* Assets of Kazakh commercial Halyk Bank as of end of September 2008 according to consolidated unaudited financial statements amounted to KZT1,859 trillion (KZT 120.36/USD 1)
- *November 28.* International rating agency Moody's Investor Service changed its rating outlook for the financial stability of Kazakh ATF Bank "D-"to Negative from Stable. Moody's did not change the global rating on deposits in local currency – "Baa2/Prime-2", unsecured debt – "Baa2", subordinated debt – "Ba1", affirming Negative outlook.
- *November 28.* Kazkommertsbank using its preemptive rights purchased 9,870 shares of Ularumit pension fund.

Kazkommertsbank



After a sharp increase in the KKB GDR price at the London Stock Exchange resulting from the Government announcement on the capitalisation of the four major Kazakh banks, including KKB, for the period covered the KKB GDR price was stable. The monthly change in the GDR price for the period covered (from November 26 to December 29, 2008) was positive at 12.6%.

- *December 29.* Grantum pension fund informed that it will achieve positive net income in 2008.
- *December 15.* Kazkommertsbank expanded the remote services for 180,000 Homebank.kz Internet banking clients allowing usage of an electronic digital signature which is similar to the autographic signature of the client.
- *December 2.* Kazkommertsbank presented a new card product for VIP clients, which includes international credit payment card MasterCard® Platinum Diamond decorated with gold and diamond, and Visa Classic charity card decorated with children paintings.

Annex 1
US\$ million

Bank	Assets		Equity		Loans to customers		Deposits		Deposits without SPV		Retail deposits		Net income	Reserves
	30 Nov	Nov/Oct	30 Nov	Nov/Oct	30 Nov	Nov/Oct	30 Nov	Nov/Oct	30 Nov	Nov/Oct	30 Nov	Nov/Oct	30 Nov	% of loans
BTA	24 520	0,01%	3 503	-1,2%	19 438	2,46%	12 543	3,49%	6 769	9,83%	2 232	-1,43%	144	8,24%
KKB	19 661	-1,93%	1 646	-14,3%	17 880	-0,31%	13 247	-2,28%	7 788	-3,78%	2 236	-1,93%	97	18,40%
Halyk	14 530	-6,61%	1 434	-3,0%	9 842	0,43%	10 471	-11,17%	7 971	-14,17%	2 623	-6,84%	134	9,75%
Alliance	8 438	0,03%	1 338	-1,4%	5 688	-3,05%	3 803	-1,28%	1 538	-2,73%	672	2,68%	37	9,09%
ATF	7 899	-3,61%	638	-27,7%	6 663	0,02%	3 056	2,65%	2 603	3,13%	1 030	-4,14%	-226	9,32%
BCC	7 841	0,50%	664	2,8%	5 350	2,60%	5 011	0,05%	3 801	0,09%	1 539	1,15%	52	7,01%
Nurbank	2 440	3,0%	431	-3,8%	2 143	-0,07%	1 568	0,47%	634	1,21%	216	0,53%	-18	6,55%
Temirbank	2 385	-5,9%	315	0,2%	1 842	2,02%	1 568	-8,25%	1 416	-9,13%	197	49,6%	-41	7,89%
Caspian	2 108	11,1%	205	-0,4%	1 078	14,75%	1 217	31,06%	1 217	31,06%	209	13,2%	9	3,96%
Eurasian	1 981	-2,1%	263	8,1%	1 504	0,70%	859	-6,1%	857	-0,66%	316	71,6%	23	8,45%
Subtotal	91 803	-1,84%	10 437	-5,45%	71 430	-0,84%	53 344	-1,97%	34 595	-2,34%	11 270	-1,64%	212	11,00%
Other banks	7 512	3,66%	1 542	2,11%	4 412	2,56%	4 434	2,61%	4 293	2,70%	873	0,68%		3,26%
Total	99 315	-1%	11 979	-4,54%	75 843	0,94%	57 778	-1,63%	38 889	-1,81%	12 142	-1,48%	281	10,50%

Disclaimer:

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

The majority of information contained herein has been extracted from different publications released by the National Bank of Kazakhstan, the Agency of Statistics of the Republic of Kazakhstan, the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations and official web-sites of Kazakh banks and none of the managers or directors involved into preparation of this documents has independently verified the information contained herein. Accordingly, no responsibility or liability is accepted by Kazkommertsbank and its employees and 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 a 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 regulatory, credit, tax and accounting aspects 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 judgment when making a decision prospects, business development and investments.

Analyst:

*Ms. Gulzhan Arystangulova,
Tel.+7 727 2585-286,
Garystangulova@kkb.kz*

Investor Relations:

*Ms. Aliya Nursipatova
Ms. Alma Buirakulova
Tel.+7 727 258 5125
Investor_relations@kkb.kz*