



КАЗАХИНСТРАХ

САҚТАНДЫРУ КОМПАНИЯСЫ
СТРАХОВАЯ КОМПАНИЯ

НАЛУК БРОШЕРА

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АО «Казакстанская фондовая биржа»

О подтверждении рейтинга

Акционерное общество АО «Казакхинстрах» выражает Вам свое почтение и желает успехов в Вашей профессиональной деятельности.

В соответствии с п.п. и), 4) п. 2 статьи 29 Листинговых правил АО «Казакстанская фондовая биржа» Общество направляет информацию о подтверждении рейтинга:

- Присвоенный ранее международным рейтинговым агентством А.М.ВЕСТ рейтинг финансовой устойчивости АО "Казакхинстрах" на уровне «В++» (Good/Хороший) и кредитный рейтинг эмитента на уровне «bbb» подтверждён. Прогноз обоих рейтингов остается негативным.

Приложение: форма раскрытия информации о рейтинге (А.М.ВЕСТ), копия.

С уважением,

Председатель Правления АО «Казакхинстрах»

Тлеугабылов О.Т.

Исп. Асылбекова Ф.Х.
тел.: + 7 727 331 50 72. вш. 2057
asylbekova.f@kis.com.kz

«Казакхинстрах» АҚ, Қазакстан Республикасы, 050008, Алматы қ., Абай даңғылы, 109в
Тел.: +7 (727) 2 599 899, 331 50 72 e-mail: info@kis.com.kz www.kazakhinstrakh.kz

АО «Казакхинстрах», Республика Казакстан, 050008, г. Алматы, ул. Абая, 109в
Тел.: +7 (727) 2 599 899, 331 50 72 e-mail: info@kis.com.kz www.kazakhinstrakh.kz

«KazakhinStrakh» JSC, 109v, Abai St., 050008, Almaty, Republic of Kazakhstan
Tel: +7 (727) 2 599 899, 331 50 72 e-mail: info@kis.com.kz www.kazakhinstrakh.kz

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CONTACTS: Yevgine Green
Financial Analyst
+44 20 7397 0316
yevgine.green@ambest.com

Catherine Thomas
Senior Director, Analytics
+44 20 7397 0281
catherine.thomas@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Jim Peavy
Director, Public Relations
+1 908 439 2200, ext. 5644
james.peavy@ambest.com

A.M. Best Affirms Credit Ratings of Halyk-Kazakhinstrakh, Insurance Subsidiary Company of Halyk Bank of Kazakhstan, JSC

LONDON, 27 April 2017—A.M. Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating (Long-Term ICR) of “bbb” of **Halyk-Kazakhinstrakh, Insurance Subsidiary Company of Halyk Bank of Kazakhstan, JSC** (Kazakhinstrakh) (Kazakhstan). The outlook of these Credit Ratings (ratings) remains negative. Kazakhinstrakh is a wholly owned subsidiary of JSC Halyk Bank (Halyk Bank), a leading retail bank in Kazakhstan.

The rating affirmations reflect Kazakhinstrakh’s excellent risk-adjusted capitalisation, solid business profile in its domestic market and good technical track record. Offsetting rating factors include the company’s relatively high client concentration and exposure to a high level of country risk in Kazakhstan. The negative outlook reflects concern around the adequacy of its risk management practices, particularly in view of its growing risk appetite and the operating challenges it faces in the competitive Kazakh non-life insurance market. In addition, there is uncertainty with regard to the company’s ability to retain its business volume following recent legislative changes in the public health care sector.

Kazakhinstrakh has a solid competitive position as Kazakhstan’s third largest non-life insurer and writes a portfolio of business that is relatively diversified compared with peers. However, recent legislative changes to public health care funding could reduce demand significantly for voluntary medical insurance, and adversely

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affect the company's premium volumes and market position. The company is currently a leader in this segment, which provided a significant portion of its net written premiums in 2016. In order to maintain business volume, the company is planning to further expand in the retail sector, leveraging on Halyk Bank's wide network of branch offices to promote its product range. In A.M. Best's opinion, there is a degree of uncertainty around the potential success of this initiative, as plans to utilise the bank's distribution network have been in the pipeline for several years but have yet to deliver material premium growth.

A.M. Best has concerns regarding the adequacy of Kazakhinstrakh's risk management in view of the elevated economic risk in Kazakhstan. In addition, the company is gradually increasing its retention for certain lines of voluntary property business following the easing of the regulatory limit on single risk retention, but has not increased the limits of the catastrophe programme in 2017 to reflect growing exposures. A.M. Best will continue to closely monitor the company's appetite for catastrophe risk and the appropriateness of its reinsurance protection.

In spite of the increase in catastrophe exposure, Kazakhinstrakh's risk-adjusted capitalisation remains at an excellent level, supported by strong internal capital generation. The company delivered a good underwriting performance in 2016 with a combined ratio of 92.4% (2015: 106.6%). Prior to 2015, the company had a good track record of positive underwriting performance.

Kazakhinstrakh's financial strength is not considered to be currently affected by the vulnerable credit profile of its parent, Halyk Bank. This reflects A.M. Best's consideration of the regulatory protection that restricts extraction of capital from the insurer to its detriment.

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office

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responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Understanding Best's Credit Ratings.

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