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даму банкі

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на № ____________________

АО «Казахстанская фондовая биржа»

АО «Банк Развития Казахстана» (далее – Банк), в соответствии со статьей 29 Листинговых правил АО «Казахстанская фондовая биржа», сообщает о том, что рейтинговое агентство Moody's Investors Service (далее – Агентство) подтвердило Банку долгосрочные кредитные рейтинги эмитента в иностранной и национальной валютах на уровне «Baa3», прогноз – «Стабильный».

Одновременно долгосрочные рейтинги приоритетных необеспеченных долговых обязательств Банка (ISIN: XS0860582435, XS0248160102, XS0220743776, MYBVI1202859, KZ2C00003002) подтверждены Агентством на уровне «Baa3».

Приложение: Пресс-релиз Агентства от 2 февраля 2016 года на 6 л.

Заместитель Председателя Правления **Е. Когай**

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MOODY'S
INVESTORS SERVICE

Credit Opinion: Development Bank of Kazakhstan

Global Credit Research - 02 Feb 2016

Astana, Kazakhstan

Ratings

Category	**Moody's Rating**
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured	Baa3
Subordinate MTN -Dom Curr	(P)Ba1
Other Short Term -Dom Curr	(P)P-3
DBK Leasing	
Outlook	Stable
Corporate Family Rating	Ba3
Issuer Rating	Ba3
Senior Unsecured -Dom Curr	Ba3
ST Issuer Rating	NP

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Key Indicators

Development Bank of Kazakhstan (Consolidated Financials)[1]

	[2]9-15	[2]12-14	[2]12-13	[2]12-12	[2]12-11	Avg.
Total Assets (KZT billion)	1,822.7	1,306.7	1,014.3	1,066.6	889.9	[3]19.6
Total Assets (USD billion)	6.7	7.2	6.6	7.1	6.0	[3]2.8
Tangible Common Equity (KZT billion)	303.8	310.2	249.2	221.1	208.0	[3]9.9
Tangible Common Equity (USD billion)	1.1	1.7	1.6	1.5	1.4	[3]-5.5
Problem Loans / Gross Loans (%)	-	10.8	24.8	46.7	52.2	[4]33.6
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	-	25.2	36.4	65.9	67.1	[4]48.6
Net Interest Margin (%)	2.1	2.3	1.7	2.3	2.7	[4]2.2
Net Income / Tangible Assets (%)	0.3	0.9	1.9	1.4	-1.9	[4]0.5
Cost / Income Ratio (%)	11.7	21.7	29.7	16.6	19.0	[4]19.7
Market Funds / Tangible Banking Assets (%)	75.6	70.0	68.9	70.7	70.3	[4]71.1
Liquid Banking Assets / Tangible Banking Assets (%)	32.4	37.1	56.3	62.5	64.2	[4]50.5
Gross loans / Due to customers (%)	-	1,527.4	1,137.4	1,161.5	1,116.6	[4]1,235.7

Source: Moody's

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel I; IFRS [3] Compound Annual Growth Rate based on IFRS reporting periods [4] IFRS reporting periods have been used for average calculation

Opinion

SUMMARY RATING RATIONALE

We assign Baa3 long-term local- and foreign-currency issuer and senior unsecured debt ratings to Development Bank of Kazakhstan (DBK), which is a government-related issuer (GRI). The ratings incorporate a three-notches uplift from the issuer's ba3 baseline credit assessment (BCA), reflecting our assessment of high support and very high dependence from the government of Kazakhstan, based on 100% state ownership, its special legal status and a track record of budgetary funding and capital injections by the Kazakhstan's government.

DBK's ratings benefit from the bank's public policy role of a national development bank and regular government support. At the same time, DBK's baseline credit assessment is constrained by worsening operating environment in Kazakhstan, susceptibility to political and social policies (as the result of the bank's special mandate), high single-name concentrations and foreign currency exposure pressuring asset quality, as well as significant dependence on wholesale funding denominated in foreign currency.

DBK reported total assets of KZT1.8 trillion, shareholders' equity of KZT298.5billion and net income of KZT3.6 billion as of third quarter 2015 under consolidated unaudited IFRS.

Rating Drivers

- Public policy role results in high probability of government support, but also creates greater risk of government interference

- Asset quality pressured by high credit concentrations in long-term projects and foreign-currency exposure

- Declined capital adequacy following revaluation of fx assets

- Liquidity profile is currently adequate but sensitive to refinancing risk in the longer term

Rating Outlook

The current outlook on DBK's ratings is stable.

What Could Change the Rating - Up

DBK's rating is closely linked to the rating of the government. Upward potential for DBK's BCA is limited for the next 12 months given currently worsening domestic operating environment and weak macro profile for Kazakhstan, which put pressure on the banks' financial performance.

What Could Change the Rating - Down

DBK's long-term ratings could be downgraded if any actions of the Kazakhstan's authorities were to change Moody's current perception of the probability of government support for the bank and/or in the event of a downgrade of Kazakhstan's sovereign rating.

Negative pressure could be exerted on DBK's standalone credit quality as a result of significant weakening of the bank's financial metrics, including material deterioration of its asset quality and erosion of capital, which might occur if the government's capital injections were to cease or were delayed.

DETAILED RATING CONSIDERATIONS

PUBLIC POLICY ROLE RESULTS IN HIGH PROBABILITY OF GOVERNMENT SUPPORT, BUT ALSO CREATES GREATER RISK OF GOVERNMENT INTERFERENCE

DBK is fully controlled by the Kazakh government through national holding Baiterek. DBK has a special status whereby it is not required to have a banking license to pursue its operations.

DBK was established for the specific purpose of facilitating development of the non-extractive industry sectors in Kazakhstan by providing long-term financing in line with objectives, tasks and strategic directions determined by the Kazakh government. DBK's special status enables it to access key economic development programs and obtain cheaper and longer-term funding derived directly from the Kazakh governments and their affiliates, as well as from the capital markets (the income on local bonds issued by DBK is tax exempt). These advantages have provided the bank with superior negotiation power compared to other banks in Kazakhstan, and have enabled the bank to establish a solid position in the niche of the initial development of strategic industries. At the same time, given its role in Kazakhstan, DBK is subject to politically motivated decisions, which can prevail over risk considerations.

DBK is the key operator of the government-run Industrialization Program with a competitive market position in lending to long-term large-scale industrial projects. In order to facilitate better search and monitoring of mid-size projects DBK has involved local commercial banks, to which it channels government funding according to its mandate.

ASSET QUALITY PRESSURED BY HIGH CREDIT CONCENTRATIONS IN LONG-TERM PROJECTS AND FOREIGN-CURRECNY EXPOSURE

In accordance with its strategic role, DBK focuses on major ventures with the loan portfolio being heavily dominated by large-scale projects resulting in high concentrations with top 20 borrowers accounting for 86% of gross loans or 353% of equity as of year-end 2015 according to bank's management data. DBK's major projects are in the energy infrastructure, machinery, petrochemical, mining and metallurgy, manufacturing and transport industries. The longer-term maturity and often "greenfield' nature of these projects imply a higher-than-average credit risks.

The bank has also high exposure to foreign currency loans (68% of loan book portfolio as of Q3 2015), the risk of which is partially offset by high share of loans to companies with export revenues. However, given declining commodity prices, revenues from exports have also been shrinking, thus pressuring debt servicing capacity of the borrowers. In addition, we expect that further slowdown of economic activity and higher inflation will constrain asset quality.

DBK's problem loans (which include all impaired loans and leases) decreased to 8.9% at of Q32015 from 10.8% as of year-end 2014 (2013: 24.8%). This decline in the past period of 2015 is mainly attributable to loan book growth following revaluation of fx loans after currency devaluation, and in 2014 - due to the sale of problem loans to the government's Investment Fund of Kazakhstan (IFK). In total DBK transferred KZT162 billion gross problem loans to IFK during 2014-2013. Nonperforming loans (NPLs) overdue more than 90 days decreased to 3.9% as of Q3 2015 from 4.7% at year-end 2014 (2013: 14.2%), although in absolute amount they increased. Loan loss reserves amounted to 4.8% of gross loans fully covering overdue loans as of third quarter 2015, but not providing a full coverage over all impaired loans.

DECLINED CAPITAL ADEQUACY FOLLOWING REVALUATION OF FX ASSETS

DBK's tangible common equity-to-assets ratio declined materially to 16.67% as of Q3 2015 from 23.74% as of year-end 2014 mainly due to 50% tenge devaluation over the third quarter of 2015 and consequent revaluation of the bank's fx assets (66% of assets were denominated in foreign currency as of Q3 2015). Following tenge devaluation DBK's capital adequacy was supported by KZT 40 billion Tier 1 capital injection and conversion of existing long-term funds from the Parent company totaling KZT 77.5 billion in to subordinated debt in Q4 2015. These measures enabled DBK to maintain its Tier 1 and total capital adequacy ratios (CAR) at 14.7% and 17% respectively as of YE2015.

We expect DBK's capital adequacy to be under pressure in 2016 given currency volatility amid oil prices' downward trend. DBK is not subject to regulatory capital adequacy requirements, but falling below pre-specified levels of Tier1 and total CAR below 8% under Basel 2 will lead to the breach of covenants on the market borrowings. In case of capital constraint DBK can apply for additional support from the government, as we have seen in the past. The bank has a sound track record of government capital injections, including recent KZT40 billion provided in December 2015, KZT25 billion provided in December 2014 in line with the government strategy for industrial development, KZT30 billion injected in 2013 to support the bank's lending growth, KZT2.7 billion disbursed in 2012 and KZT165 billion in 2009 against asset quality deterioration. Any failure to maintain sound capital adequacy might signal that our assessment of government support should be downwardly revised.

In line with other state-related development institutions, profitability is not a priority for DBK. However, we note that the bank's financial performance is exposed to significant pressure as a result of inherently low net interest margin (NIM) (over the last 3 years NIM averaged at 2%) and increasing provisioning burden. Based on preliminary unaudited financial accounts for 2015 DBK reported marginal profitability with annualized return on assets (ROA) of 0.46%, which is lower compared to the previous three years.

LIQUIDITY POSITION IS ADEQUATE BUT SENSITIVE TO REFINANCING RISK IN THE LONGER TERM

DBK is sensitive to refinancing risk due to significant dependence on capital markets. Wholesale funding comprised around 95% of total funding or 75% of tangible assets as of Q3 2015 under consolidated undaunted IFRS. We also note high share of fx denominated liabilities, exposing the bank to higher funding costs following tenge devaluation. DBK's fx denominated funding represented 67% of total funding as of 1H2015 and approached around 74% as of Q3 2015, according to bank's management data. A substantial portion of wholesale funding is represented by long-term loans from foreign banks, development institutions and export credit agencies (including Chinese counterparties) for financing particular projects, as well as issued bonds, with large debt repayments coming due starting from 2019. Another material share of funding relates to the government financing (9% of total balance-sheet liabilities) for interbank lending and financing of industrial projects, which benefits the bank in terms of lower cost and stable funding source.

In 2016 DBK's upcoming foreign debt repayments total around $200 million (KZT 75 billion using exchange rate as of 26 January 2016). At the same time, the bank's liquid assets including cash and money market instruments accounted for KZT 309 billion as of Q3 2015, being ample to meet the upcoming obligations. Although DBK's liquidity is adequate in the medium term given the long-term nature of funding and currently ample liquidity, we note to refinancing risks in the long-term horizon.

Notching Considerations

GOVERNMENT SUPPORT

DBK is 100% owned by the Kazakh government through the national holding Baiterek and falls under Moody's definition of a Government-Related Issuer (GRI). We believe there is high likelihood of support and very high dependence from the Kazakh government, resulting in a three-notches uplift from the agency's BCA of ba3. In accordance with Moody's rating methodology for GRIs, DBK's ratings reflect a combination of the following inputs: (1) baseline credit assessment of ba3; (2) the Baa2 long-term issuer rating of Kazakhstan; (3) very high correlation between default of the issuer and default of the government; and (4) our assessment of a high probability of government support.

Our assessment of high probability of support reflects DBK's 100% state ownership, its special legal status and a track record of budgetary loans and capital injections by the Kazakhstan's government. The very high correlation between default of DBK and default of the government reflects the bank's dependence on government decisions regarding its investment policy, funding and capitalization, and DBK's high sensitivity to downturns in Kazakhstan's economy as most of the bank's projects are located domestically.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

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