

Moody's Upgrades Halyk Bank to Baa3 from Ba1, outlook Positive

On June 3, 2021, Moody's Investors Service ("Moody's") has upgraded Halyk Bank's long-term bank deposit ratings to Baa3 from Ba1, the outlook is Positive.

The upgrade recognizes the consistent improvements in Halyk's solvency profile along with strong liquidity and proven resilience of the Bank's business model during the recent period of economic weakness caused by the global pandemic.

Moody's noted that, despite the recent economic challenges and the contraction of the local economy by 2.6% in 2020, Halyk's ratio of problem loans (defined as "Stage 3" and "POCI" loans) to gross loans declined to 12.3% as of year-end 2020 from 16% as of year-end 2019 while credit losses held at a relatively low level of 0.43% of average gross loans in 2020 (0.71% in 2019).

Along with the improving asset quality trends, Halyk continued to generate strong profits, reporting 3.6% return on average assets in 2020 (3.7% in 2019). Moody's is now expecting that Halyk's relatively low-cost funding base and good operating efficiency will enable the Bank to preserve its currently strong return on average assets of above 3% in 2021 and beyond.

Moody's also noted that the Bank's deposit base has also demonstrated better granularity in the recent years as the bank's reliance on key group of customers has been decreasing.

A positive outlook recognizes the Bank's strong and improving financial metrics and a likely scenario of operating environment improvements and potentially higher government support capacity that is currently captured in the positive outlook assigned to the sovereign ratings

"I am glad to note that the assigned rating by Moody's is the same level as the sovereign rating of Kazakhstan. Having now the investment grade rating from two international rating agencies is the strong evidence of the continuous success of the Bank's investment story and resilience of its business model being repeatedly proved through the different crisis cycles" – noted the CEO of Halyk Bank Umut Shayakhmetova.,

About Halyk Bank

Halyk Bank is Kazakhstan's leading financial services group, operating across a variety of segments, including retail, SME & corporate banking, insurance, leasing, brokerage and asset management. Halyk Bank has been listed on the Kazakhstan Stock Exchange since 1998, on the London Stock Exchange since 2006 and Astana International Exchange since October 2019.

With total assets of KZT 10,389.6 bn as at 31 March 2021, Halyk Bank is Kazakhstan's leading lender. The Bank has the largest customer base and broadest branch network in Kazakhstan, with 600 branches and outlets across the country. The Bank operates in Georgia, Kyrgyzstan, Russia, Tajikistan and Uzbekistan.

For more information on Halyk Bank, please visit <https://www.halykbank.com>

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