

Information Note on Current Situation

Halyk Bank (“Bank”) is closely following the development of the current geopolitical situation and greatly hope that it will stabilize, and the parties will come to a peace agreement. It is worth noting that ongoing events do not have a direct impact on Kazakhstan.

Halyk Group has no direct exposure to Ukraine, neither on any sanctioned entity.

We have clients - legal entities, which have trade relations with Russian counterparties or which logistic routes go through the territory of Russian Federation. According to our initial estimation, at the moment we have not identified the material risks in our credit portfolio related to supply chain disruptions of our borrowers. As the situation is evolving, we continue our assessment.

Since 23 February, 2022, KZT devalued by more than 13% vs. USD. At the same time, it strengthened by more than 17% vs. RUB. It is worth to mention, that over the past 10 years the country experienced several devaluations of a greater magnitude.

It is also important to note, that the share of foreign currency loans is now at a historic low. Around 20% of the Banks' loan portfolio provided in foreign currency, mostly to companies with FX revenues.

In order to prevent the spread of the consequences of an external shock to the country's economy, on 24 February, 2022 the National Bank of Republic of Kazakhstan has increased the base rate from 10,25% to 13,5%. As a result, the interest rates on newly issued loans and newly placed deposits have started to be repriced.

Halyk Group has limited exposure to Russia mostly via its subsidiary – JSC CB Moskommertsbank. It is a small bank, which is not even included in a TOP-100 Russian banks. The bank has an exposure mainly in the retail and SME segment. As of 30 September 2021 and 9 months of 2021, the share of Moskommertsbank in Halyk Group’s total assets and net income was 1.1% and 0.7% respectively, on consolidated IFRS basis. In addition to that, we have exposure to couple of Russian corporates directly on balance sheet of Halyk Bank. Both these corporates operate retail trade centers with combined net exposure of KZT 26.8 bn or 0.5% of net credit portfolio of the Halyk Group.

We are closely following and managing the situation to ensure that the Bank safely goes through these challenging times.

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 11,284.5 bn as at 30 September 2021, Halyk Bank is Kazakhstan's leading lender. The Bank has the largest customer base and broadest branch network in Kazakhstan, with 591 branches and outlets across the country. The Bank operates in Georgia, Kyrgyzstan, Russia and Uzbekistan.

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

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