

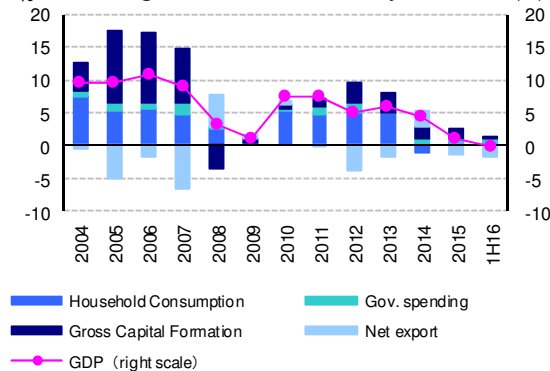
# Central Asia Monthly

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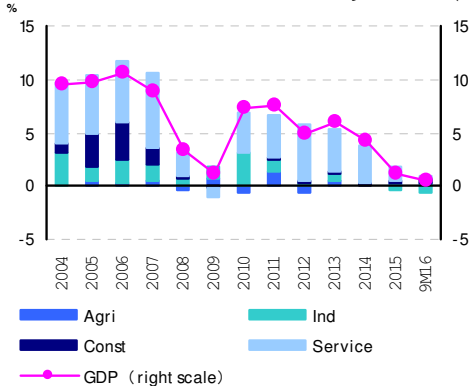
A macroeconomic, financial markets, and banking sector overview

## KAZAKHSTAN Macroeconomic and financial sectors

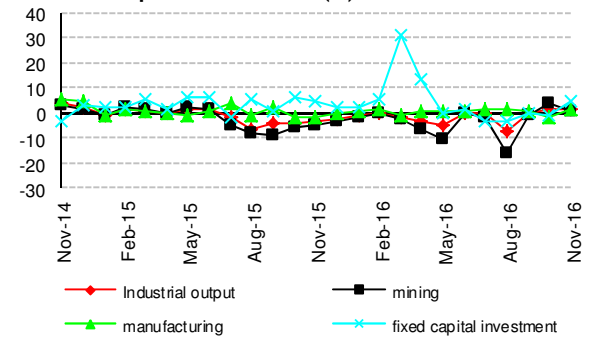
1. GDP growth contribution by final use (%)



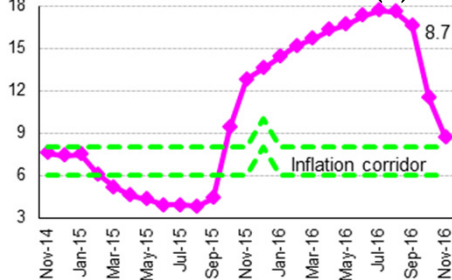
2. GDP Growth Contribution by Sector (%)



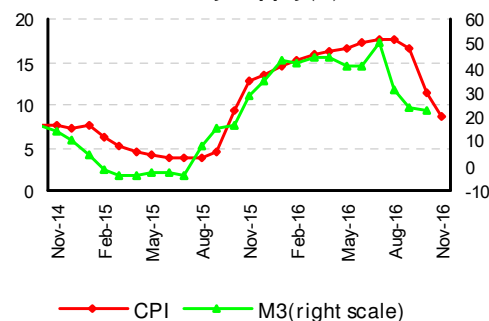
3. Industrial Output/Fixed Capital Investment (%)



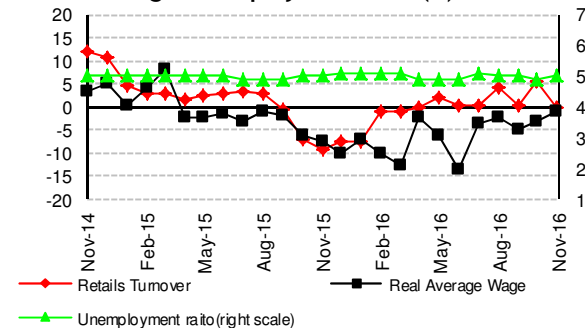
4. CPI and Inflation Corridor (%)



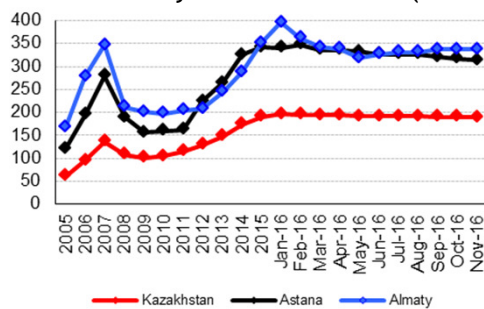
5. CPI and Money supply (%)



6. Retail Turnover/ Average Wage/Unemployment Ratio (%)



7. Secondary Real Estate Prices (th KZT/sq m)



**Comments:** (1). By final use GDP in 1H2016 made  $\uparrow$  0.3%; in household consumption +1.2%, Government spending +2.6%, Gross capital formation +1.5%, Net Export  $\uparrow$  33.2%. Structure of GDP is Household consumption 54.7%, Government spending 24.6%, Gross capital formation 24.6%, Net Export 5.3%. As the result, GDP Growth contribution by Household consumption +0.6%, by Government spending +0.4%, by Gross Capital formation +0.4% and by Net Export  $\uparrow$  1.8%. (2). By Industrial Sector GDP made up +0.4% in 9M2016. Growth by sectors was: in services +0.4%; industry  $\uparrow$  2.1%; agriculture +4.9%; construction +6.9%. Structure of GDP is Service 56.7%, industry 26.3%, Construction 5.9%, Agriculture 4.7%. As a result, contribution to GDP growth by Service is +0.22%, by industry  $\uparrow$  0.55%, by agriculture +0.23%, and by construction +0.4%. (3). Industrial output made up +1.1% YoY in November 2016 ( $\uparrow$  1.4% in Jan-Nov); mining and extraction industries made up +0.9% ( $\uparrow$  3.1% in Jan-Nov), manufacturing +1.3% (+0.5% in Jan-Nov), in utilities +1.2% (+0.3% in Jan-Nov). Fixed capital investments in November 2016 made up +4.7% YoY (+13.7 in Jan-Nov). (4-5). CPI made up +1.2% MoM; 8.7% YoY in November 2016 (+15.2% in Jan-Nov). Money supply in October 2016 +0.7% MoM, (+22.5% YoY) and made up KZT19.3trillion (or USD58.2bn). (6). Retail turnover unchanged in November 2016 YoY (+0.5% in Jan-Nov). Unemployment ratio increased by 0.1% and stood at 5.0% in November 2016. Real average wage in November 2016  $\uparrow$  0.9% YoY ( $\uparrow$  2.4% in Jan-Nov) and nominal wage +7.7%YoY (+12.5% in Jan-Nov). (7). In November 2016 secondary real estate price total in Kazakhstan decreased  $\uparrow$  0.6%MoM and made up KZT188,800/1 sq m (+1.0% YoY); prices in Astana  $\uparrow$  1.3% to KZT313,200/1 sq m ( $\uparrow$  8.3% YoY) and in Almaty unchanged and stood at KZT337,300/1 sq m (+6.7% YoY).

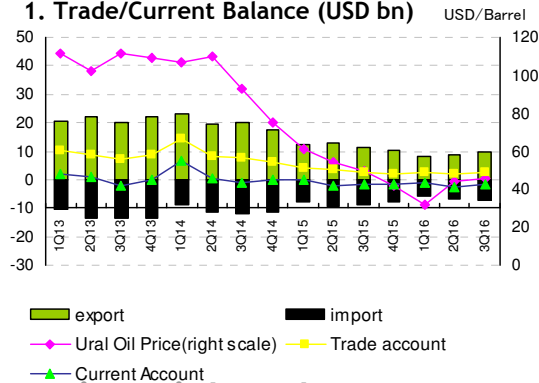
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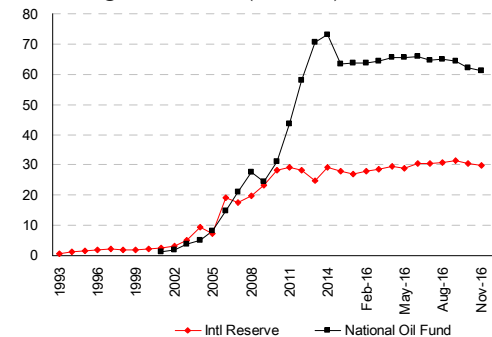
A macroeconomic, financial markets, and banking sector overview

## KAZAKHSTAN External sectors

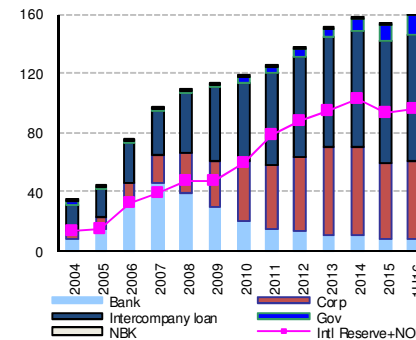
### 1. Trade/Current Balance (USD bn)



### 2. Foreign Reserves (USD bn)



### 3. External Debt (USD bn)

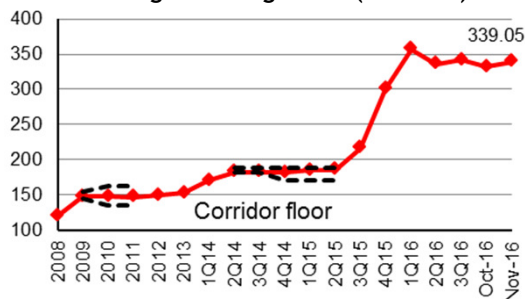


### Long-Term Foreign Currency Sovereign Rating

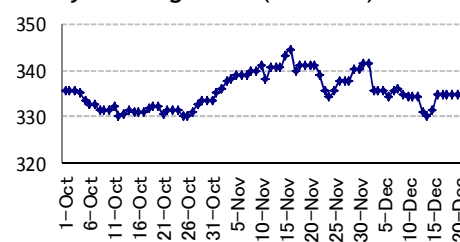
Agency	Rating
Moody's (Apr-16)	Baa3 Negative
S&P (Feb-16)	BBB- Negative
Fitch (Oct-16)	BBB Stable

## Financial Market

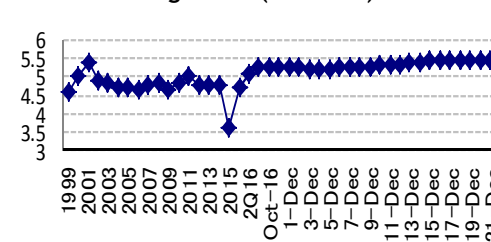
### 4. Average Exchange Rate (KZT/USD)



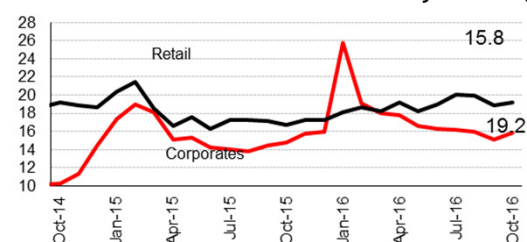
### 5. Daily Exchange Rate (KZT/USD)



### 6. Exchange Rate (KZT/RUB)



### 7. Interest rates for loans to economy in KZT (%)



### Comments:

- (1). Current Account deficit came to USD5.2bn in 9M2016. According to Statistic Agency, external trade in Jan-Oct 2016 amounted USD49.2bn ( $\uparrow$ 24.4%YoY), with export USD29.1bn ( $\uparrow$ 25.9%YoY) and import USD20.1bn ( $\uparrow$ 22.2%YoY).
- (2). Gold and forex reserves, including NBK gross reserves and NOF assets, totaled USD90.8bn in November 2016. NBK gross int'l reserves decreased by 1.58% MoM (+7.03%YTD), totaling USD29.8bn, where forex reserves amounts 20.1bn (+0.54% MoM,  $\uparrow$ 0.92%YTD). National Oil Fund's reserves made up USD61.0bn, decreased by 1.43% MoM ( $\uparrow$ 3.9%YTD) in November 2016.
- (3). In 1H 2016 external debt totaled USD160.4bn (+4.4% YTD); banking sector debt USD7.7bn ( $\uparrow$ 4.0% YTD); government debt USD12.7bn (+12.3% YTD); NBK's debt USD894m ( $\uparrow$ 0.7%YTD); inter-company loans USD85.4bn (4.2% YTD); corporate loans made up USD53.8bn (+4.3% YTD).
- (4-5). Average exchange rate for USD was KZT339.05 in November 2016, or depreciated by 7.04 tenge (or 2.1% MoM). Tenge is under the pressure of lowering oil prices and weaken RUB.
- (6). Average exchange rate of KZT/RUB in November 2016 was KZT5.27 /1RUB, or appreciated by 0.03 tenge (or 0.6% MoM).
- (7). The interest rate for corporate credits increased by 0.7% MoM to 15.8% in average, and also for retails by 0.3% to 19.2% in October 2016.

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## KAZAKHSTAN

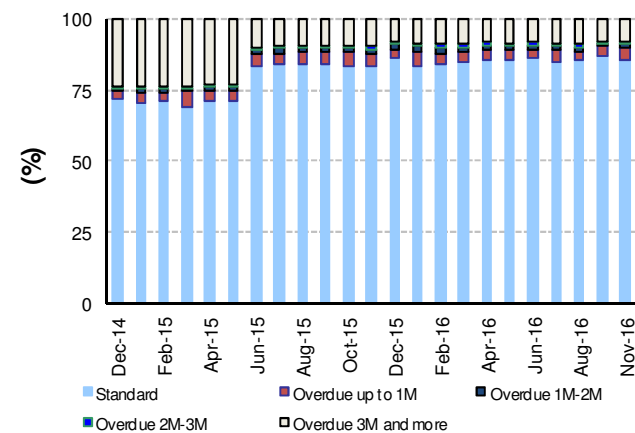
Banking Sector as of November 1, 2016

	Bank	Values for October 2016 (USDm) <sup>1</sup>				MoM Change			
		Assets	Loans	Provis. <sup>2</sup>	Deposits <sup>3</sup>	Assets	Loans	Provis. <sup>2</sup>	Deposits
1	KKB	15,525	11,453	14.17%	10,377	4.2%	1.7%	0.0%	4.4%
2	Halyk	13,314	6,977	12.45%	8,979	5.0%	3.6%	(0.3%)	6.3%
3	Tsesnabank	6,257	4,782	7.28%	4,740	1.2%	3.1%	0.1%	2.8%
4	Sberbank	4,525	2,858	9.65%	3,125	2.4%	0.6%	0.7%	1.9%
5	ATF	4,093	2,047	18.64%	3,122	5.9%	4.7%	(0.9%)	5.9%
6	BCC	4,008	2,645	10.80%	3,016	4.2%	(0.8%)	(0.4%)	5.0%
7	Forte Bank	3,696	1,507	7.26%	2,577	4.1%	2.6%	(0.0%)	7.2%
8	Kaspibank	3,521	2,210	8.97%	2,320	0.0%	1.8%	(0.2%)	6.1%
9	Bank RBK	3,169	2,263	3.88%	2,368	5.1%	3.2%	0.1%	2.1%
10	Eurasian	3,075	2,075	6.63%	2,023	5.7%	2.6%	0.1%	5.8%
<b>Banking sector</b>		<b>76,571</b>	<b>46,760</b>	<b>10.24%</b>	<b>52,092</b>	<b>3.3%</b>	<b>2.2%</b>	<b>(0.0%)</b>	<b>3.5%</b>

Source: FSA, National Bank of Kazakhstan

Notes: (1). KZT values converted at average FX rate in September at 338.62 and in October at 332.01; (2). Provis. as % loan portfolio; MoM reflects change in prov. amounts; (3). Individual and legal entity deposits (excluding SPV deposits)

Loans structure (as of November 1, 2016)



### Comments:

The total assets of 34 commercial banks amounted to USD76.6bn as of November 1<sup>st</sup> 2016, and increased by 3.3% MoM.

Loan-portfolio in October increased by 2.2% and made up USD46.8bn.

In October 2016 the loans portfolio structure was: 85.7% standard loans or in amount of KZT 13.3tn (total amount ▲1.0% YTD), overdue loans up to 30 days 4.5% or in amount of KZT701.7n (+47.1%YTD), overdue loans from 31 to 60 days 1.5% or in amount of KZT240.1bn(▲6.1% YTD), overdue loans from 61 to 90 days 0.7% or in amount of KZT107.0bn(▲27.4% YoY) and NPLs (overdue loans from 91 days and more) 7.6% or in amount of KZT 1.2tn(▲0.3% MoM, ▲5.0% YTD).

Banks' provisions for loans in October made up USD 4.8bn, or 10.2% of loan portfolio (▲0.1% MoM, ▲3.5%YTD).

Total liabilities made up USD68.1bn, or increased by 3.2% MoM in October 2016. Total amount of deposits (excluding banks and SPVs) increased by 3.5% MoM to USD52.1bn.

### Topics:

**Halyk Savings Bank of Kazakhstan** posted a nine-month IFRS report: net profit of 94.001 billion tenge or an increase of 2.2% YoY, assets grew 5.6%YTD to 4.705 trillion tenge, liabilities rose 3.8%YTD to 4.073 trillion tenge.

**EBRD:** to implement 10 projects worth 250bn tenge to finance the construction and reconstruction of heat supply system and upgrading the power supply system in Kyzylorda region. Through ForteBank provides USD60m credit line in local currency to support SMEs. Also, will lend Samruk-Energy the equivalent of up to UER100 million, provided in tenge or roubles, which will be part of the company's balance-sheet optimisation.

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## CENTRAL ASIA AND RUSSIA

### Key Economic Indicators

Country	Population	2015 n.GDP*	GDP per capita*	2015 Trade Volume	Ex. Rate		GDP growth forecast for 2016-2017							
	(M)	(Bn USD)	(USD)	(Bn USD)	(as the end of November 2016)		IMF		EBRD		ADB		WB	
							2016	2017	2016	2017	2016	2017	2016	2017
Kazakhstan	17.7	120.1	6,786.5	75.9	340.30	Kaz. Tenge/USD	▲0.8%	0.6%	0.7%	2.4%	0.1%	1.0%	0.1%	1.9%
Uzbekistan	31.6	61.0	1,931.4	25.2	3,176	Uzb. Soum/USD	6.0%	6.0%	6.5%	6.2%	6.9%	7.3%	7.3%	7.2%
Turkmenistan	5.4	35.8	6,654.0	26.2	3.50	New Manat/USD	5.4%	5.4%	6.5%	7.1%	5.5%	5.5%	5.0%	5.0%
Kyrgyz Republic	5.8	6.7	1,155.2	5.7	69.16	Kyrg. Soum/USD	2.2%	2.3%	1.6%	2.6%	1.0%	2.0%	3.4%	3.1%
Tajikistan	8.4	6.9	830.1	4.3	7.88	Taj. Somoni/USD	6.0%	4.5%	4.5%	4.1%	3.8%	4.0%	4.0%	4.8%
Russia	146	1,103.4	7,541.7	530.4	64.94	Rus. Ruble/USD	▲0.8%	1.1%	▲0.6%	1.2%	N/A	N/A	▲1.2%	▲1.4%

Source: Statistical agencies and central bank websites of each country; GDP projections based on latest IMF, EBRD, ADB, WB, Central Intelligence Agency (CIA) Forecasts

Note: Trade value reflects total trade turnover, ie sum of exports and imports

(\*): exchange rate for calculation as of end of Dec 2015: RUB72.88; KZT339.47; UZS2,810; KGS75.90; TJS6.99. Only the source for Turkmen's data is WB.

### Key Social-Economic Indicators (January - October 2016)

Country	GDP	Industrial output	PPI	Fixed capital investments	Cargo transportation (railways)	Retail turnover	CPI
	%	%	%	%	%	%	%
Kazakhstan	0.1**	(1.7)	16.9	3.5	(3.1)	0.6	15.9
Uzbekistan***	7.8	7.2	N/A	9.6*	N/A	14.2	2.0
Turkmenistan	6.2	1.3	N/A	4.3**	2.0**	16.9	0.43**
Kyrgyz Republic	2.7	(0.6)	8.5	7.9	27.6	6.3	0.6
Tajikistan	6.7***	16.7	5.5	17.9	(6.8)	6.0	5.8
Russia	(0.7***)	0.3	3.6	(2.3)***	0.9	(5.3)	7.4

\*) 2015 to 2014

\*\*) 1H16 to 1H15

\*\*) 9M16 to 9M15

Source: Statistic Agencies

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