

**Rating Action: Moody's affirms Kazakhstan-based KECIC (IFSR Baa2). Outlook revised to Stable from Negative**

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**Global Credit Research - 28 May 2010**

London, 28 May 2010 – Moody's has affirmed the insurer financial strength rating on the Kazakhstan-based State Insurance Company for Export Credit and Investment (Kecic) at Baa2 and assigned a stable outlook. This rating action follows Moody's amendment of the outlook on the ratings of the Government of Kazakhstan to Stable on the 5th April 2010

Kecic's Baa2 insurance financial strength rating (IFSR) reflects its very strong capitalisation, good investment policy and 100% ownership by the Republic of Kazakhstan. In addition it reflects the company's limited underwriting risk, relative to its very strong capital. With the vast majority of its investments being in Kazakhstan government debt, with relatively limited amounts of other local currency deposits, bonds and shares, Moody's expects Kecic's rating to be limited by the rating on the Government of Kazakhstan. The stable outlook therefore mirrors the stable outlook on the ratings of the Government of Kazakhstan.

The amendment of the outlook on the ratings of the Government of Kazakhstan followed growing evidence that the economic downturn is proving shallower than expected, and that the government's credit metrics will emerge relatively unscathed from the country's serious banking crisis.

Kecic is 100% owned by the Government of Kazakhstan through the Samruk-Kazyna wealth fund. In accordance with Moody's GRI (Government Related Issuer) rating methodology, the rating of Kecic reflects a combination of the following inputs: (i) Baseline credit assessment of 9 (on a scale of 1 to 21, where 1 represents the lowest credit risk), (ii) 100% dependence, reflecting the company's operating and financial proximity to the government and (iii) 60% support, reflecting the importance of Kecic in its capacity as Export Credit Agency, offset by its reinsurance activities, business associated with more limited support from the government.

Kecic reported gross written premiums of 458 million Tenge (US\$ 3 million) in the year to 31st December 2009, and a profit after tax of 609 million Tenge. With total equity of 9.182 billion Tenge Moody's regards Kecic as extremely well capitalized in relation to the premium written. More negatively Kecic has sizeable commercial credit and political risk exposures to Kazakhstan and its main trading partners, such as China, Russia, Iran and the Central Asian countries. In addition, the Kazakh insurance market is expected to be increasingly competitive over time.

The last rating action was on 18th May 2009, when the rating was downgraded from Baa1 to Baa2 with a negative outlook

The following ratings were affirmed with a stable outlook:

State Insurance Company for Export Credity and Investment (Kecic) Insurance Financial Strength to Baa2

The principal methodology used in rating the issuer covered by this press release is "Moody's Global Rating Methodology for Property and Casualty Insurers", published in May 2010 which can be found at [www.moody's.com](http://www.moody's.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Kecic, headquartered in Almaty, Kazakhstan, had total assets of Tenge 9.630 billion and total equity of Tenge 9.182 billion as of the 31st of December 2009 (on an IFRS basis).

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