

## Kazkommertsbank reports its 2013 financial results

08.04.2014

8 April 2014, Almaty, Kazakhstan – JSC Kazkommertsbank (“KKB” or the “Bank”) (LSE: KKB; KASE: KKGB), one of the largest banks in Kazakhstan and Central Asia, today announces its audited consolidated IFRS financial results for the year ended 31 December 2013.

### Highlights of the 2013 results:

- Net income amounted to KZT 52.5 billion compared to net loss of KZT 132.3 billion in 2012
- Total assets increased by 6.6% to KZT 2,586 billion from KZT 2,425 billion as at year end 2012
- Total deposits increased by 10.5% to KZT 1,682 billion
- Tier 1 Capital Adequacy ratio at 15.5%
- Total Capital Adequacy ratio at 17.8%
- Adjusted Net Interest Margin at 4.9%
- Net fees and commissions income increased by 18.3% compared to 2012
- Operating expenses reduced by 3.4% compared to 2012
- Cost-to-income ratio improved to 18.9% from 21.5% in 2012
- Provisioning rate on loan portfolio at 34.0%

### Ms. Nina Zhussupova, CEO of Kazkommertsbank, commented:

*“We are pleased to report another year of solid results. The Bank’s key operating indicators have improved and net profit for the year 2013 doubled compared to the net profit in 2011.”*

### Contact details:

#### Kazkommertsbank

Aliya Nursipatova, Investor Relations  
Tel.: +7 (727) 258-51-25  
E-mail: [investor\\_relations@kkb.kz](mailto:investor_relations@kkb.kz)

Larissa Kokovinets, Director, Public Relations  
Tel.: +7 (727) 258-54-56  
E-mail: [pr@kkb.kz](mailto:pr@kkb.kz)

#### Instinctif Partners

Klavdiya Badieva, Consultant  
Tel: +44 (0)20 7866 7878; M +44 (0)7824 304 078  
Email: [Klavdiya.Badieva@instinctif.com](mailto:Klavdiya.Badieva@instinctif.com)

Leonid Fink, Partner  
Tel: +44 (0)20 7457 2015; M +44 783767 4444  
E-mail: [Leonid.Fink@instinctif.com](mailto:Leonid.Fink@instinctif.com)

Tony Friend, Managing Partner  
Tel: +44 (0)20 7457 2001; M +44 (0)77 9886 4995  
E-mail: [Tony.Friend@instinctif.com](mailto:Tony.Friend@instinctif.com)



---

**KKB RESULTS FOR YEAR ENDED 31 DECEMBER 2013**

**Net interest income**

Net interest income before provisions for impairment losses increased 15.1% to KZT 141.5 billion in 2013 compared to KZT 123.0 billion in 2012.

**Non-interest income**

Net non-interest income decreased to KZT 32.1 billion in 2013 compared to KZT34.8 billion in 2012, due to a one-time dividend received in 2012.

Fee and commission income increased by 14.8% to KZT 31.5 billion in 2013 from KZT 27.5 billion in 2012. Increase in fee and commission income was mainly attributable to growth in commissions on banking cards operations by 22.9%.

**Operating expenses**

Operating expenses decreased by 3.4% to KZT 32.7 billion in 2013 compared to KZT 33.9 billion in 2012. This was mainly due to the decrease in staff expenses by 5.2% or KZT 921 million.

**Impairment losses**

The provisions for credit impairment losses represented 34.0% of gross loans as at 31 December 2013 compared with 32.7% as at 31 December 2012. The provisioning charge amounted to KZT 71.6 billion in the 2013 compared to KZT 286.3 billion 2012 (KZT 90.3 billion excluding KZT 196 billion one-off provisioning charges in the 4 quarter 2012).

Non-performing loans (NPLs) were 32.4% of the gross loan book as at 31 December 2013. KKB defines NPLs as total exposure to clients with overdue payments of 30 days and more for corporate clients, and 60 days and more for retail customers.

The accrued interest income on corporate customer loans where there are no expected cash flows to the Bank in the next few years amounted to KZT 43.9 billion in 2013, compared to KZT 42.3 billion in 2012. Management has established an allowance for loan losses against this interest. For more details please refer to the Note 5 of the financial statements.

**Taxation**

In 2013 the Bank recorded a tax expense of KZT9.7 billion compared to a tax credit of KZT32.9 billion in 2012. The effective tax rate was 15.6%.

**Capital ratios**

On a consolidated basis, the Bank's Core Tier 1 ratio was 15.5% and the Total capital ratio was 17.8% at 31 December 2013.

---

## Business line performance

### **Corporate and SME banking**

Corporate loans were KZT 1,630 billion as at 31 December 2013 compared to KZT 1,685 billion as at 31 December 2012. The share of corporate loans in the Bank's total net portfolio decreased to 85.8% as at 31 December 2013 from 88.8% at the end of 2012.

As of 31 December 2013, corporate deposits (excluding deposits under the Kazakh Government's stabilisation programmes) were KZT 925 billion compared to KZT 789 billion at 31 December 2012. The share of corporate deposits in the Bank's total customer accounts was 55.0% compared to 51.9% as at the end of 2012.

### **Retail banking**

Retail deposits increased by 3.7% to KZT 683.7 billion from KZT 659.4 billion at 31 December 2012.

As of 31 December 2013, the Bank had 23 branches and 128 outlets in Kazakhstan. In addition, it has an extensive alternative distribution network. The number of ATMs and POS terminals was 1,356 and 17,147, accordingly.

Retail loans (net) increased by 26.9% to KZT 270.6 billion, as at 31 December 2013, compared to KZT 213.2 billion, as at 31 December 2012, mainly due to the increase in net consumer loans. The share of net retail loans in the total net loan portfolio was 14.2% as at the end of 2013 (11.2% at YE2012).

### **Update on the BTA deal**

On 23 December 2013, JSC Sovereign Wealth Fund "Samruk-Kazyna" ("SK" or the "Fund") together with the Consortium of Investors consisting of Kazkommertsbank and Mr. Kenes Rakishev announced that they signed preliminary non-binding agreement to initiate the sale and purchase of shares in JSC BTA Bank ("BTA") held by the Fund. On 31 January 2014, the Fund, KKB and Mr. Kenes Rakishev signed agreements to purchase a 46.5% equity stake in BTA Bank each.

On February 5 and 21, 2014, the Board of Directors and Extraordinary General Meeting of Kazkommertbank's Shareholders, respectively, approved the transaction. According to the terms and conditions defined by the Transaction Documents, SK is to transfer its remaining 4.26% in BTA to KKB under a Trust Agreement providing KKB with over 50% voting rights and operational control of BTA. Purchase price of KZT 72 075 million to be paid by KKB for its 46.5% stake in cash: KZT 31 billion at closing and KZT 41 075 million no later than 1 July 2017.

Further information can be found at <http://en.kkb.kz>.



---

**Contact details:**

**Kazkommertsbank**

Aliya Nursipatova, Investor Relations  
Tel.: +7 (727) 258-51-25  
E-mail: [investor\\_relations@kkb.kz](mailto:investor_relations@kkb.kz)

Larissa Kokovinets, Director, Public Relations  
Tel.: +7 (727) 258-54-56  
E-mail: [pr@kkb.kz](mailto:pr@kkb.kz)

**Instinctif Partners**

Klavdiya Badieva, Consultant  
Tel: +44 (0)20 7866 7878; M +44 (0)7824  
304 078  
Email: [Klavdiya.Badieva@instinctif.com](mailto:Klavdiya.Badieva@instinctif.com)

Leonid Fink, Partner  
Tel: +44 (0)20 7457 2015; M +44 783767  
4444  
E-mail: [Leonid.Fink@instinctif.com](mailto:Leonid.Fink@instinctif.com)

Tony Friend, Managing Partner  
Tel; +44 (0)20 7457 2001; M +44 (0)77  
9886 4995  
E-mail: [Tony.Friend@instinctif.com](mailto:Tony.Friend@instinctif.com)

**About Kazkommertsbank**

*Kazkommertsbank (KKB) is one of the largest banks in Kazakhstan and Central Asia with total assets of KZT 2,586 billion (US\$16.7 billion equivalent) at 31 December 2013.*

*In addition to its core banking business (retail and corporate) KKB has subsidiaries active in pension fund management, asset management, insurance and brokerage. KKB also has foreign subsidiaries in the Russian Federation, Kyrgyzstan and Tajikistan.*

*Major shareholders of Kazkommertsbank include Central Asian Investment Company and Chairman of the Board Mr. Nurzhan Subkhanberdin, Alnair Capital Holding, the Kazakh Government through the Samruk-Kazyna National Welfare Fund and the European Bank for Reconstruction and Development. KKB's predecessor, Medeu Bank, was founded in July 1990, and re-registered as Kazkommertsbank in October 1991. KKB completed an IPO in GDR form on the London Stock Exchange in November 2006, the first CIS bank to do so, in a deal totaling US\$845 million. The Bank's shares are listed on the Kazakhstan Stock Exchange.*