

## Kazkommertsbank reports its 2014 half year results

30 September 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 six months ended 30 June 2014.

### Highlights of the 1H 2014 results:

- Kazkommertsbank completed the purchase of 46.5% of BTA common shares. Meanwhile, JSC NWF Samruk-Kazyna transferred its remaining 4.26% in JSC BTA Bank to the Bank under a trust agreement providing the Bank with operational control of JSC BTA Bank.
- As the transaction was completed on the last day of the reporting period, it affected only the balance sheet of consolidated financial statements for the period ended 30 June 2014.
- Total assets increased by 67.9% to KZT 4,341 billion from KZT 2,586 billion as at year end 2013
- Total deposits increased by 46.2% year-to-date to KZT 2,459 billion
- Tier 1 Capital Adequacy ratio at 13.1%
- Total Capital Adequacy ratio at 14.7%
- Adjusted Net Interest Margin at 3.9%
- Net income amounted to KZT 13.9 billion in 1H 2014 compared to KZT 14.8 billion in 1H 2013
- Provisioning rate on loan portfolio at 59.7%

### Net interest income

Net interest income before provisions for impairment losses increased by 3% to KZT 61.5 billion in 1H 2014 compared to KZT 59.7 billion in 1H 2013.

### Non-interest income

Net non-interest income amounted to negative KZT 67 million in 1H 2014 compared to KZT 19.3 billion in 1H 2013, due to negative translation differences as a result of Tenge devaluation.

Fee and commission income remained stable at KZT 14.7 billion in 1H 2014 compared to 1H 2013 due to decreased in commissions on investment management of pension assets. Net transactional fees and commissions income increased by 10.2%.

### Operating expenses

Operating expenses increased by 7.7% to KZT 17.3 billion in 1H 2014 compared to KZT 16.1 billion in 1H 2013. The increase in operating expenses resulted mainly from increase in expenses related to workout of problem loans.

### Impairment losses

The provisions for credit impairment losses represented 59.6% of gross loans as of 30 June 2014 compared to 34.0% as of 31 December 2013. The provisioning charge amounted to KZT 27.4 billion in 1H 2014 compared to KZT 37.6 billion in 1H 2013.

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**Taxation**

In the 1H 2014 the Bank recorded a KZT 3.9 billion tax expense compared to KZT 3.2 billion in 1H 2013. The effective tax rate was 22%.

**Capital ratios**

On a consolidated basis, the Bank's Core Tier 1 ratio was 13.1% and the Total capital ratio was 14.7% at 30 June 2014.

**Business line performance*****Corporate and SME banking***

Corporate loans were KZT 2,151 billion as of 30 June 2014 compared to KZT 1,630 billion as of 31 December 2013. The share of corporate loans in the Bank's total net portfolio decreased to 82.5% as of 30 June 2014 from 85.8% at the end of 2013.

As of 30 June 2014, corporate deposits (excluding deposits under the Kazakh Government's stabilisation programmes) were KZT 1,194 billion compared to KZT 925 billion at 31 December 2013. The share of corporate deposits in the Bank's total customer accounts was 48.6% compared to 55.0% as at the end of 2013.

***Retail banking***

Retail loans (net) increased by 68.3% to KZT 455 billion, as of 30 June 2014, compared to KZT 271 billion, as of 31 December 2013. The share of net retail loans in the total net loan portfolio was 17.5% at the end of 1H 2014 (14.2% at YE2013).

Retail deposits increased by 54.2% to KZT 1,055 billion from KZT 684 billion at 31 December 2013.

As of 30 June 2014, the Bank had 42 branches and 303 outlets in Kazakhstan. In addition, it has an extensive alternative distribution network. The number of ATMs and POS terminals was 2,168 and 20,874, accordingly.



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**Contact details:**

**Kazkommertsbank**

Aliya Nursipatova, Investor Relations

Alma Buirakulova, 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**

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 4,342 billion (US\$23.7 billion) at 30 June 2014.*

*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 totalling US\$845 million. The Bank's shares are listed on the Kazakhstan Stock Exchange.*