



## HALYK GROUP FINANCIAL RESULTS PRESENTATION FY 2011

Best Foreign Exchange  
Provider in Kazakhstan,  
Global Finance,  
January 2012

Best Trade Finance Bank  
in Kazakhstan,  
Global Finance,  
January 2012

Best Bank in Kazakhstan,  
Global Finance,  
March 2012

Best Bank in Kazakhstan,  
Emeafinance,  
March 2012

2 April 2012

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## Disclaimer



*Certain information contained in this presentation may include forward-looking statements. Such forward-looking statements are not guarantees of future performance. These statements are based on management's current expectations or beliefs as of the date of this presentation and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The Bank disclaims any intention or obligation to publicly update or revise any forward-looking statements.*

*Basis of calculation: all figures in this presentation are based on IFRS audited financial statements or financial statements reviewed by auditors unless stated otherwise.*

# 2011 Performance Highlights



KZT bn	2011	2010		Y-o-Y, %	4Q 2011	4Q 2010		Q-o-Q, %
Net income	39.5	36.2	↗	9.1%	11.4	10.2	↗	11.7%
Net interest income	48.1	43.6	↗	10.3%	11.3	14.2	↘	(20.4%)
Transactional banking fees	30.1	25.1	↗	19.9%	8.5	6.6	↗	28.8%
Net Pension Fund fees	5.6	10.1	↘	(44.6%)	2.2	4.3	↘	(48.8%)
Net interest margin	4.4%	4.8%	↘		4.6% <sup>(1)</sup>	5.3% <sup>(1)</sup>	↘	
Spread	4.2%	4.5%	↘		4.6% <sup>(1)</sup>	4.9% <sup>(1)</sup>	↘	
RoAE	12.3%	11.8%	↗		13.9% <sup>(1)</sup>	12.5% <sup>(1)</sup>	↗	
Market share in sector's net income <sup>(2)</sup>	40.9%	58.1%	↘		30.3%	49.1%	↘	
	<b>01.01.2012</b>	<b>01.01.2011</b>		<b>Y-o-Y, %</b>	<b>01.01.2012</b>	<b>01.10.2011</b>		<b>Q-o-Q, %</b>
Gross loan portfolio (IFRS)	1,475.5	1,342.5	↗	9.9%	1,475.5	1,379.7	↗	6.9%
Gross loan portfolio (NBK)	1,371.6	1,224.4	↗	12.0%	1,371.6	1,275.1	↗	7.6%
Net loan portfolio (IFRS)	1,184.2	1,089.3	↗	8.7%	1,184.2	1,098.5	↗	7.8%
Net loan portfolio (NBK)	1,046.4	938.8	↗	11.5%	1,046.4	959.1	↗	9.1%
Provisioning rates (IFRS)	19.7%	18.9%	↗		19.7%	20.4%	↘	
Provisioning rates (NBK)	23.7%	23.3%	↗		23.7%	24.8%	↘	
Market share in sector's total assets	17.3%	16.8%	↗		17.3%	16.8%	↗	

<sup>(1)</sup> annualized

<sup>(2)</sup> excluding banks with negative income

## 2011 Key Events

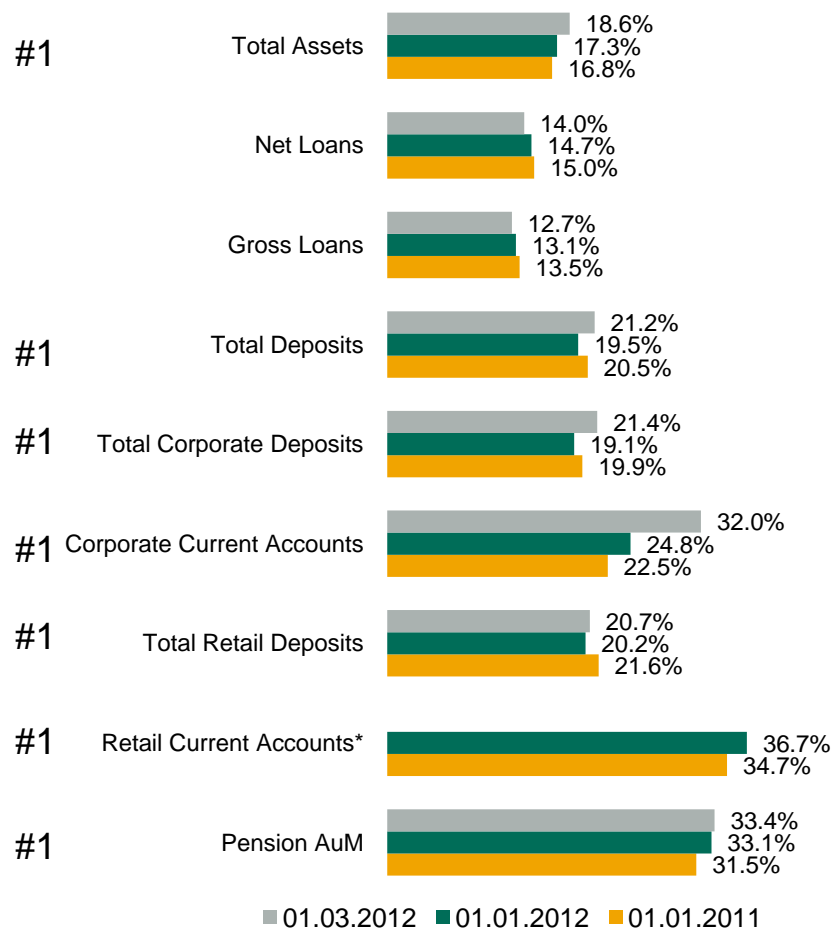
- Fitch Ratings upgraded the Bank's long-term issuer default rating to "BB-" from "B+" on 25 April 2011
- Standard & Poor's upgraded the Bank's long-term issuer credit rating to "BB" from "B+" on 12 December 2011
- Placement of \$500 mln 7.25% Eurobonds due 2021 at a price of 98.263% on 28 January 2011
- Repurchase of 259,064,909 common shares by Halyk and Almex from Samruk-Kazyna on 30 March 2011
- Mr. Ulf Wokurka was appointed as the Independent Director to the Bank's Board of Directors at the AGM held on 21 April 2011
- Mrs. Aliya Karpykova, Director on Finance was appointed as the Deputy CEO responsible for finance and accounting in October 2011 replacing Mrs. Nailiya Abdulina
- Visa Electron ISIC - first student payment cards issued in Kazakhstan
- Launch of joint project with Beeline on payments through mobile phones
- Halyk Finance launched HalykTradePro internet trading platform
- First branch of Halyk Bank Georgia opened in Batumi in October 2011

- The Bank was the first institution among Kazakhstan banks which received the PCI DSS certificate of compliance with international standards of payment card data security in February 2011
- Launch of Halyk Bonus Club loyalty program
- Halyk Bank is a leader among Kazakhstan banks by the number of projects within Business Road Map 2020 program. The Bank approved 195 projects for the total amount of KZT 112.6 bn and already financed 87 projects.
- The Bank was named the "Best service provider" and received the President's Quality of Service Award "Altyn Sapa"
- "Best Bank in Kazakhstan" award from Global Finance (March 2011)
- "Best Bank in Kazakhstan" award from Emeafinance (April 2011)
- "Best Bank in Kazakhstan" award from Euromoney (July 2011)
- "Best Foreign Exchange Provider in Kazakhstan" award from Global Finance (October 2011)
- "Bank of the Year in Kazakhstan" award from The Banker (December 2011)

# Market Position



## Market Shares



\* Data as of 1 March 2012 is not available

Source: NBK (unconsolidated, KAS), Halyk Bank

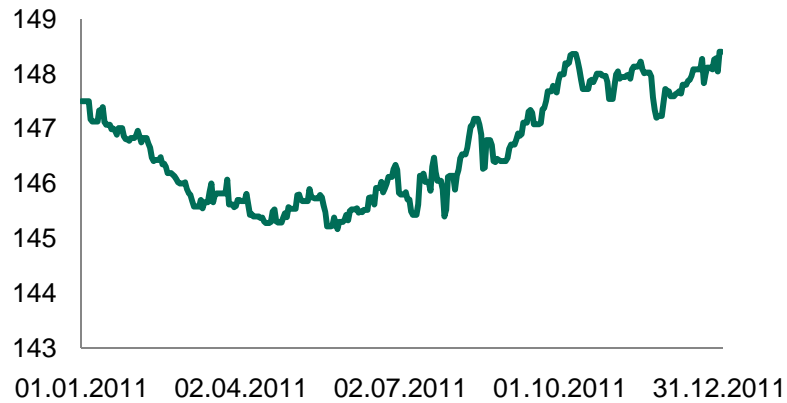
## Market Penetration

	01.01.2012	Growth Y-o-Y, %
Clients of internet banking for individuals	25,407	167.4%
Clients of internet banking for legal entities	10,436	29.3%
Mobile phone banking clients	457,000	18.2%
Telebanking clients	9,543	825.6%
Pension Fund clients	2,265,561	26.8%
Payment card holders*	3,077,327	22.9%
Payroll project clients* (employees of government and private entities)	1,993,119	11.1%
Outlets	589	(6.8%)
ATMs	1,789	6.1%
POS-terminals	5,234	10.1%
Information and transaction terminals (multi-service kiosks)	591	(0.5%)

\* Adjusted for the closed cards

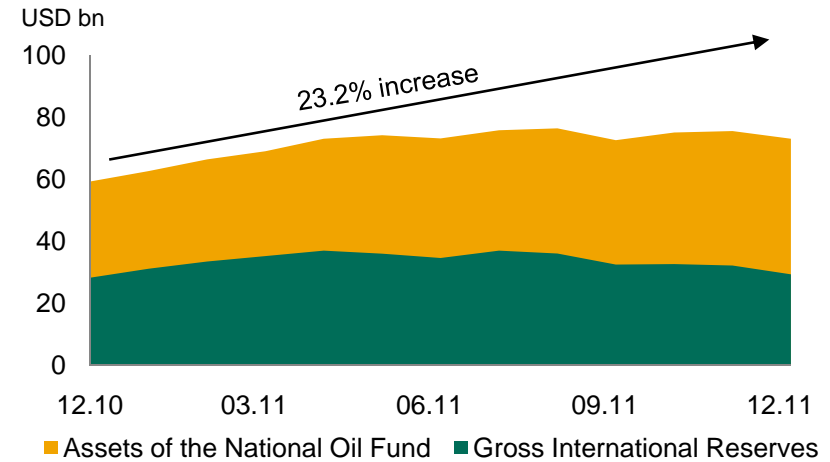
# Macroeconomic Update

## USD/KZT Exchange Rate



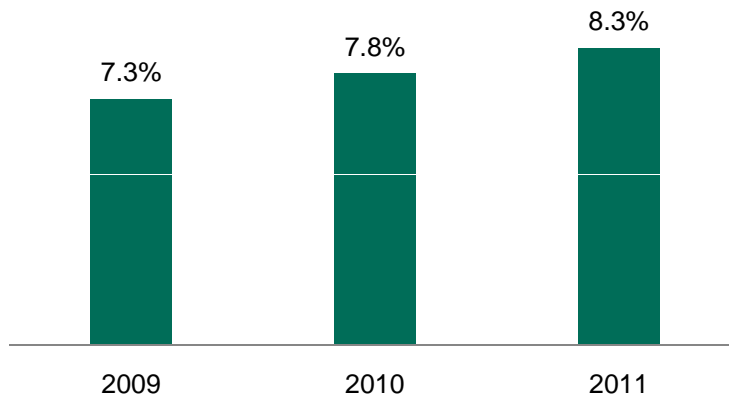
Source: NBK

## International Reserves



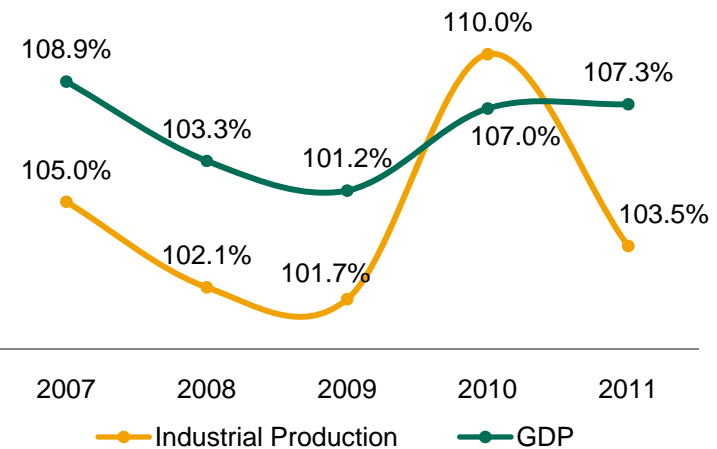
Source: NBK

## Inflation Dynamics



Source: NBK

## Economy Development

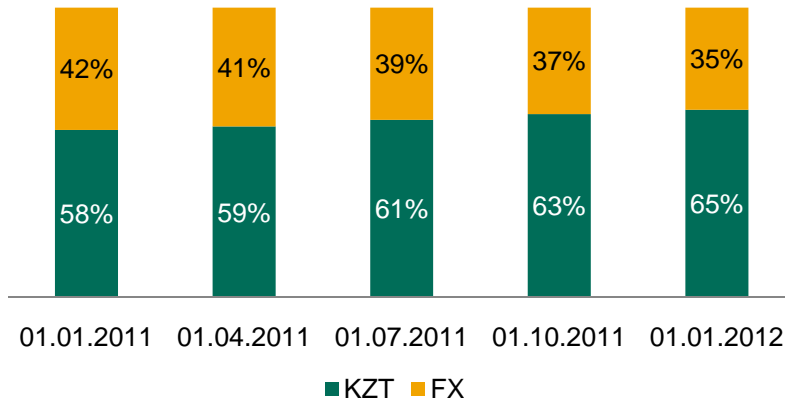


Source: NBK, Economist Intelligence Unit

# Banking Sector Update

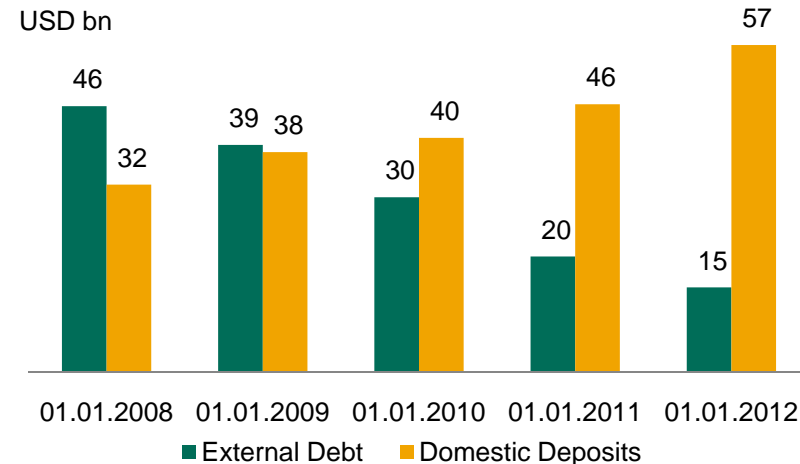


## Bank Loans



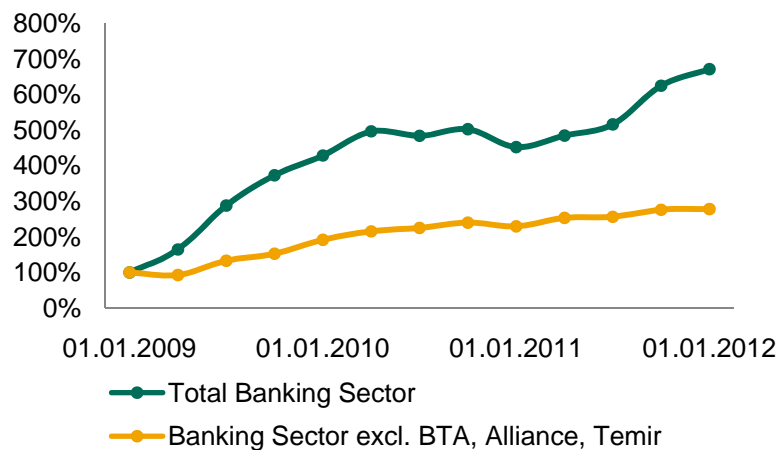
Source: NBK

## Banking Funding Diversification



Source: NBK

## Growth Rate of NPLs 90+



Source: NBK

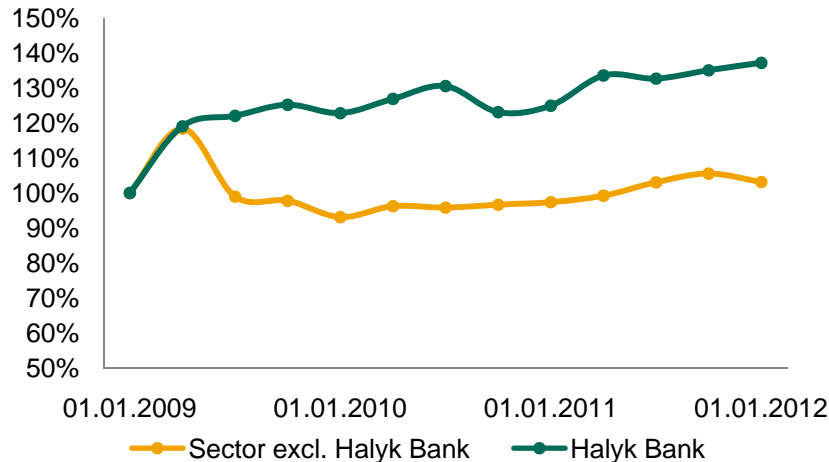
## Sovereign Credit Ratings

- Fitch Ratings – upgraded to BBB, outlook stable in November 2011;
- Standard & Poor's – upgraded to BBB+, outlook stable in November 2011;
- Moody's – Baa2, outlook stable.

# Halyk Bank vs. Banking Sector

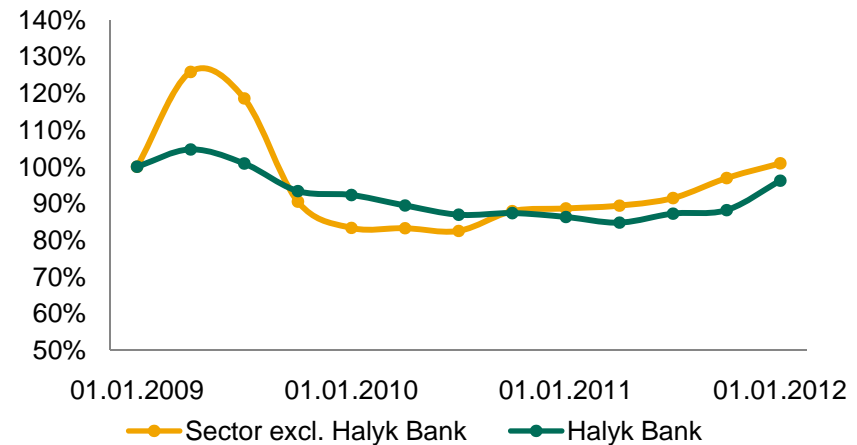


Growth Rate of Total Assets



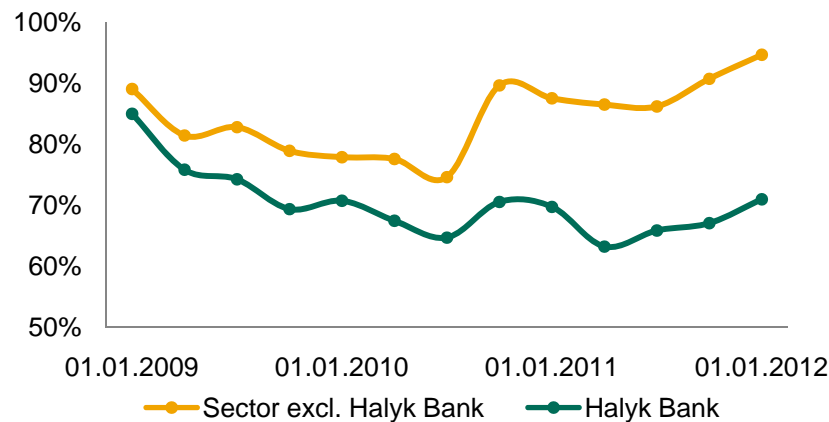
Source: NBK

Growth Rate of Net Loans



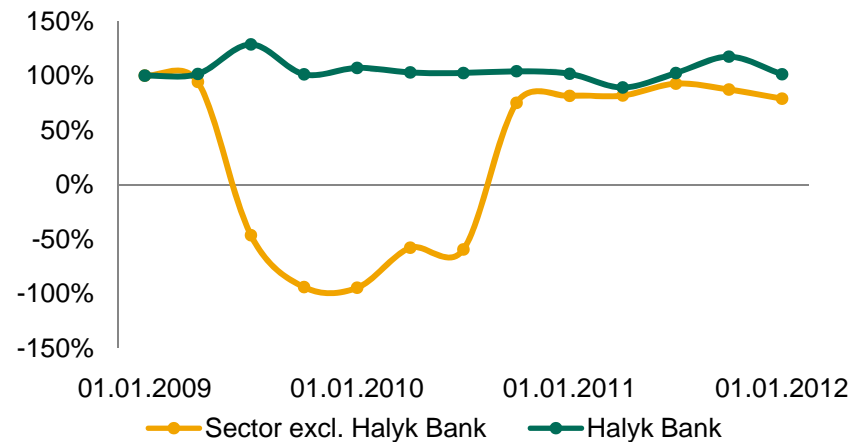
Source: NBK

LTD Ratio Dynamics



Source: NBK

Growth Rate of Equity



Source: NBK

# P&L: Summary



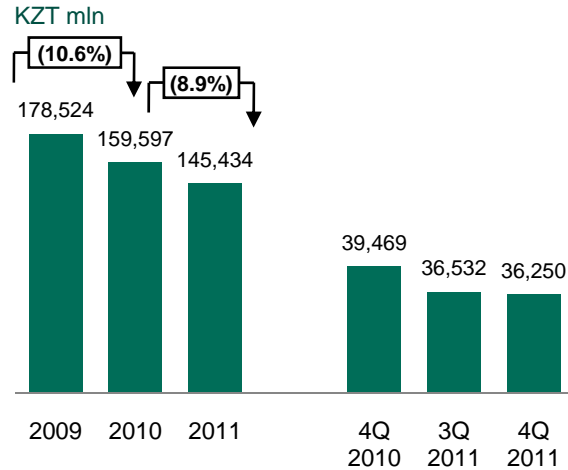
## Dynamics

KZT mln

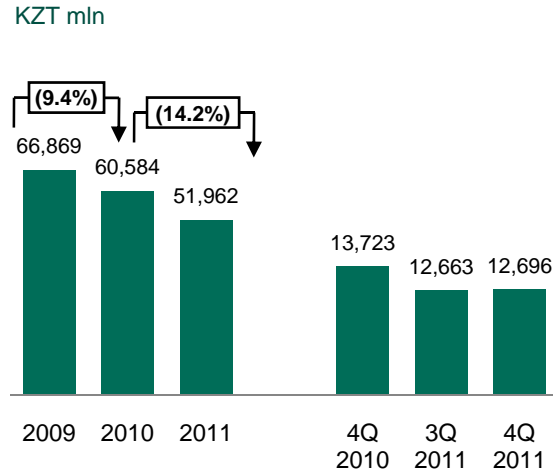
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>4Q 2011</u>	<u>4Q 2010</u>	<u>3Q 2011</u>	<u>2Q 2011</u>	<u>1Q 2011</u>
Interest Income	166,166	178,415	194,005	40,998	44,177	41,804	41,728	41,635
Interest Expense	(78,894)	(86,379)	(103,277)	(19,363)	(19,601)	(19,586)	(20,087)	(19,859)
Net Interest Income before Impairment Charge	87,272	92,036	90,728	21,636	24,576	22,218	21,642	21,776
Impairment Charge	(39,155)	(48,428)	(83,513)	(10,383)	(10,345)	(8,522)	(8,941)	(11,309)
Net Interest Income	48,117	43,608	7,215	11,253	14,231	13,696	12,701	10,467
Net Pension Fund Fees	5,593	10,067	16,103	2,186	4,259	(3,815)	2,181	5,041
Transactional Banking	30,066	25,126	23,611	8,494	6,554	7,595	7,389	6,588
Insurance Business	4,624	4,601	4,721	1,622	1,020	1,570	1,128	305
FX Operations	9,184	7,385	11,440	2,711	1,967	1,395	1,967	3,111
Securities & Derivatives	512	2,096	2,621	655	442	584	(127)	(600)
Operating Expenses	(46,378)	(45,283)	(41,728)	(12,607)	(13,575)	(11,741)	(11,493)	(10,537)
<b>Net Income</b>	<b>39,508</b>	<b>36,216</b>	<b>15,876</b>	<b>11,377</b>	<b>10,215</b>	<b>7,031</b>	<b>10,455</b>	<b>10,646</b>
<b>RoAE</b>	<b>12.3%</b>	<b>11.8%</b>	<b>6.3%</b>	<b>13.9%</b>	<b>12.5%</b>	<b>9.0%</b>	<b>13.5%</b>	<b>13.0%</b>
<b>RoAA</b>	<b>1.8%</b>	<b>1.7%</b>	<b>0.8%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>1.2%</b>	<b>1.9%</b>	<b>1.9%</b>

# P&L: Net Interest Income

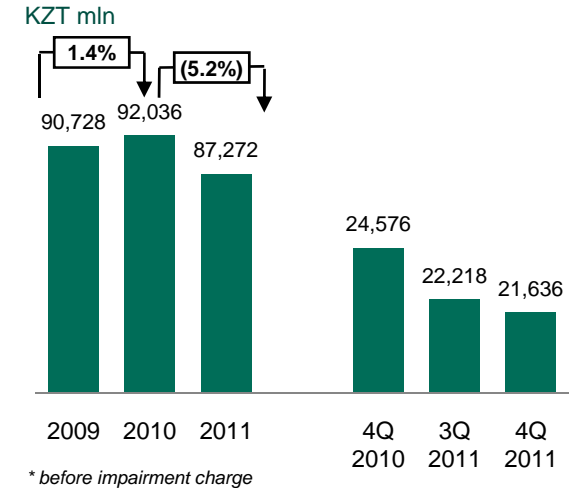
## Interest Income on Loans



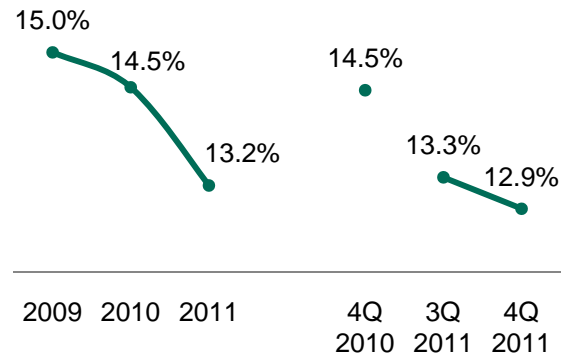
## Interest Expense on Deposits



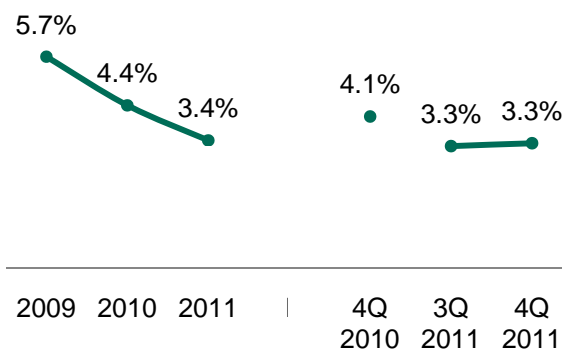
## Net Interest Income\*



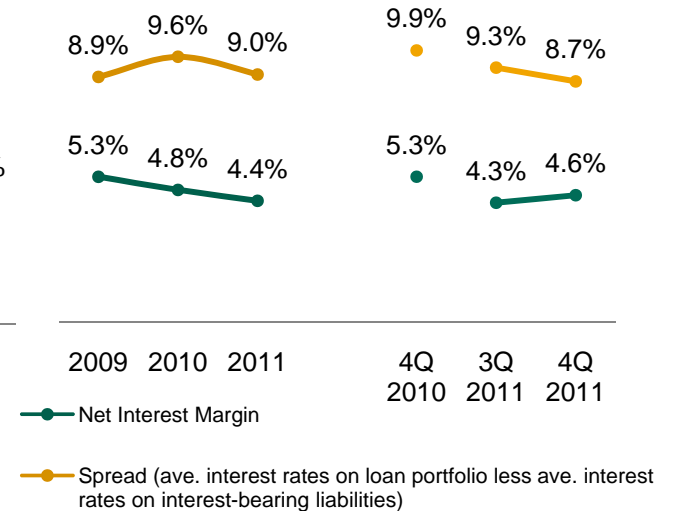
## Rates on Net Loan Portfolio



## Rates on Deposits

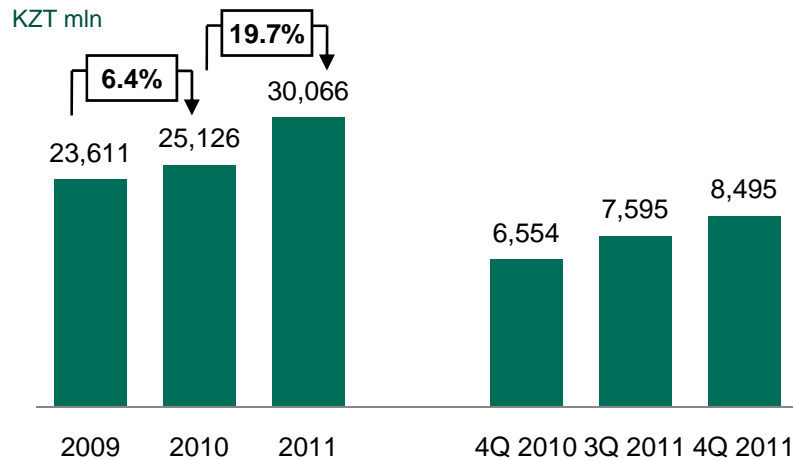


## NIM & Spread

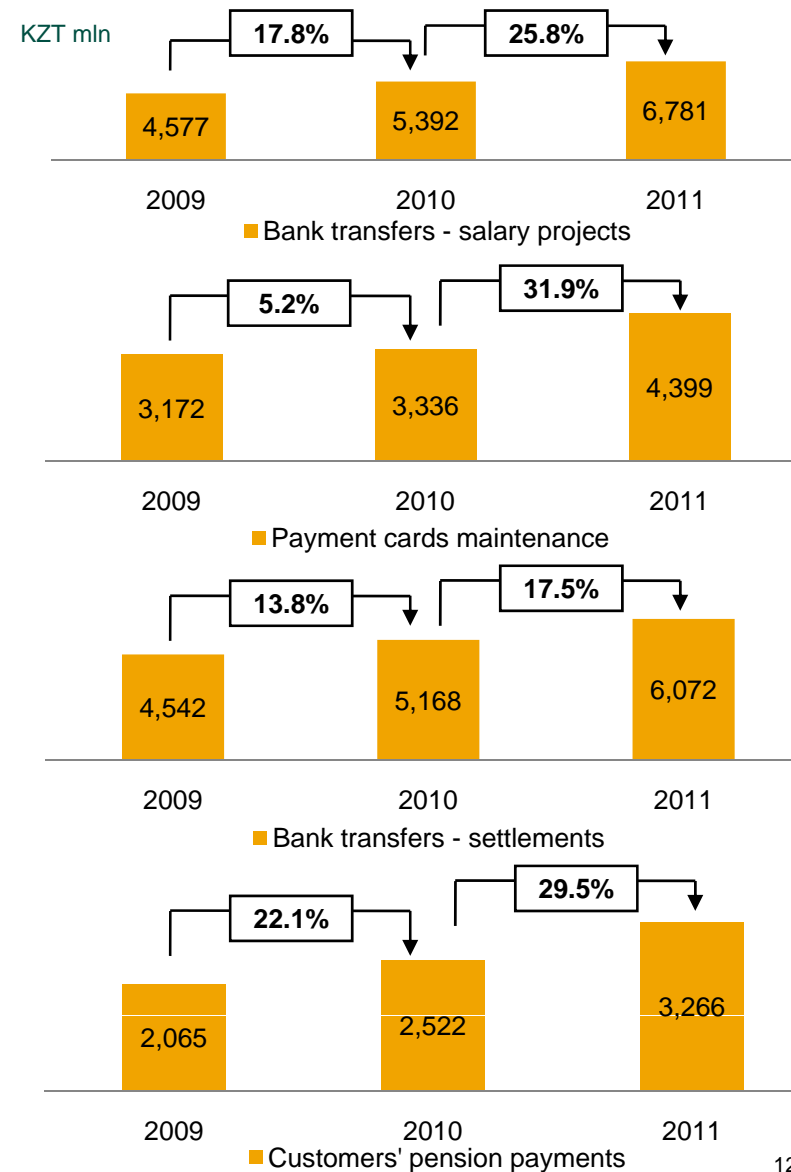


# P&L: Transactional Banking

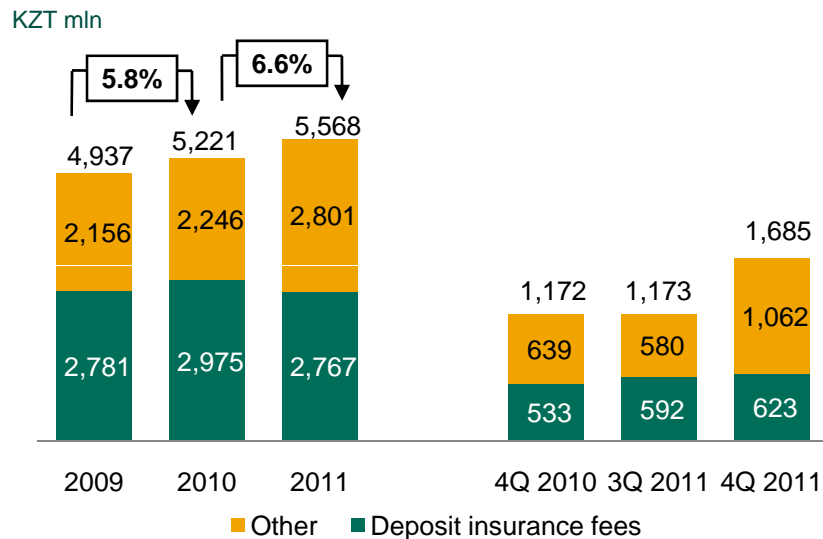
## Total Transactional Banking Fees



## Breakdown of Selected Transactional Banking Fees

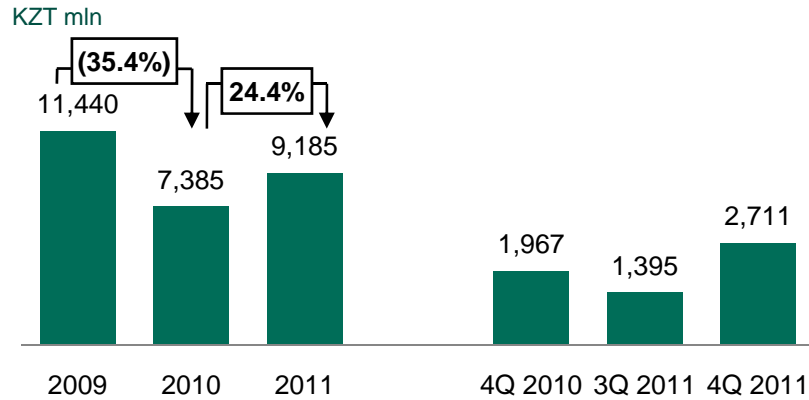


## Fee and Commission Expenses

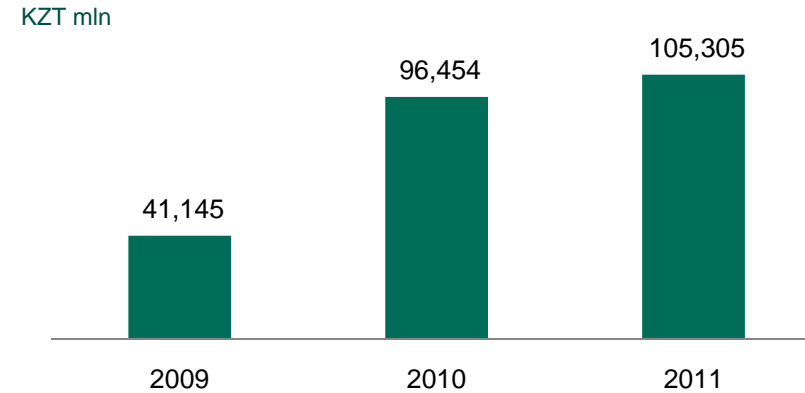


# P&L: Foreign Exchange

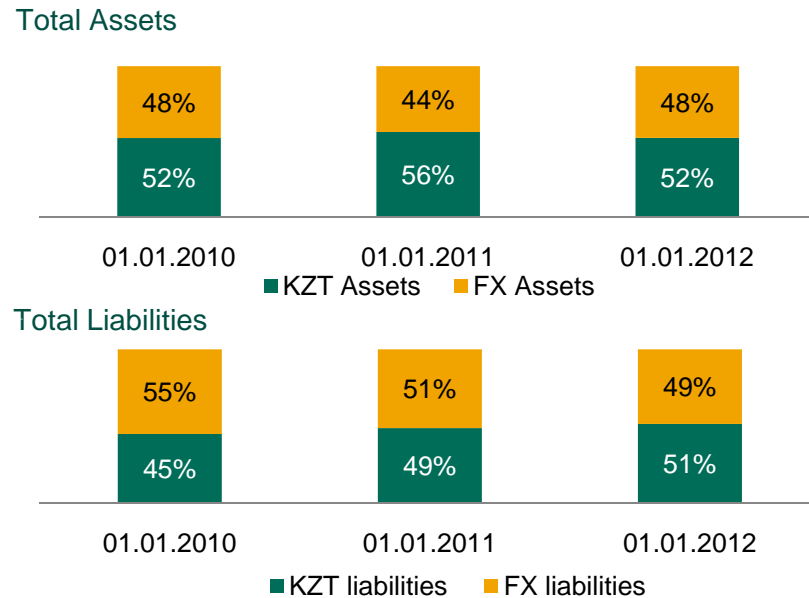
## Net Gain on Foreign Exchange Operations



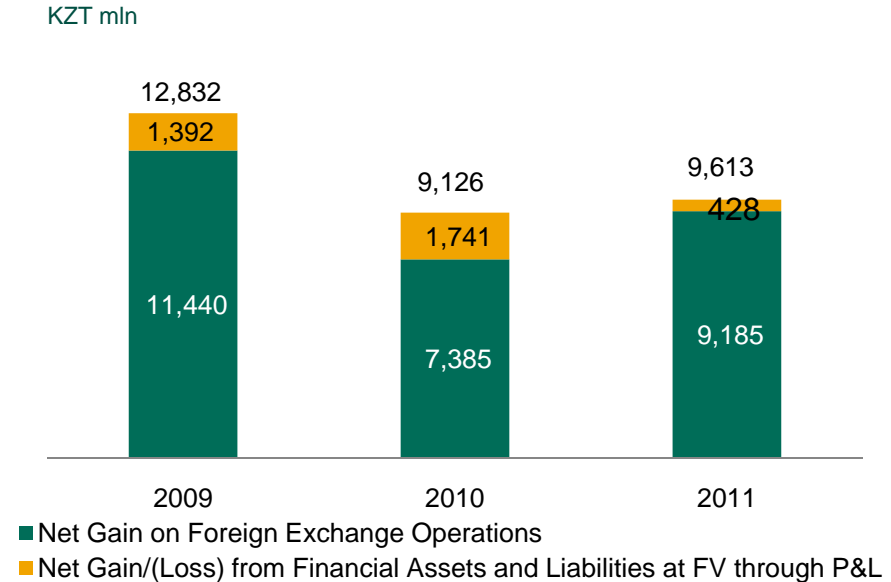
## Average Notional Amounts of Forwards



## Breakdown by Currencies



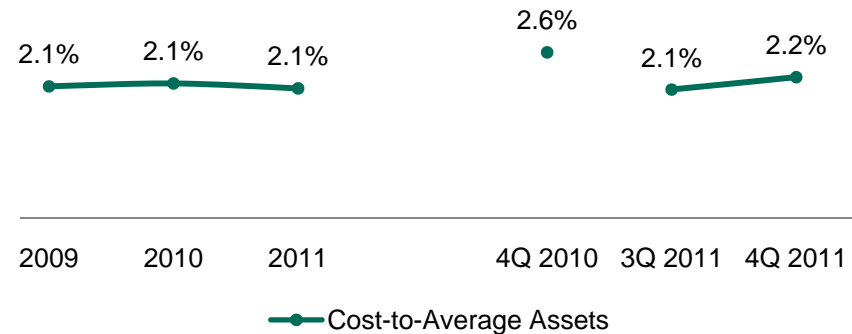
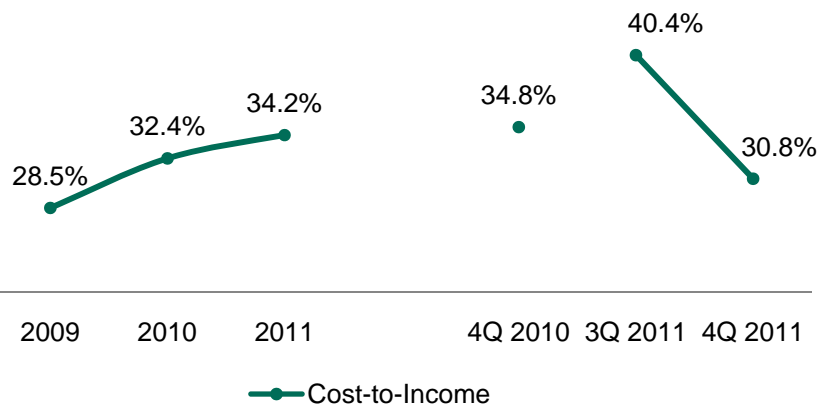
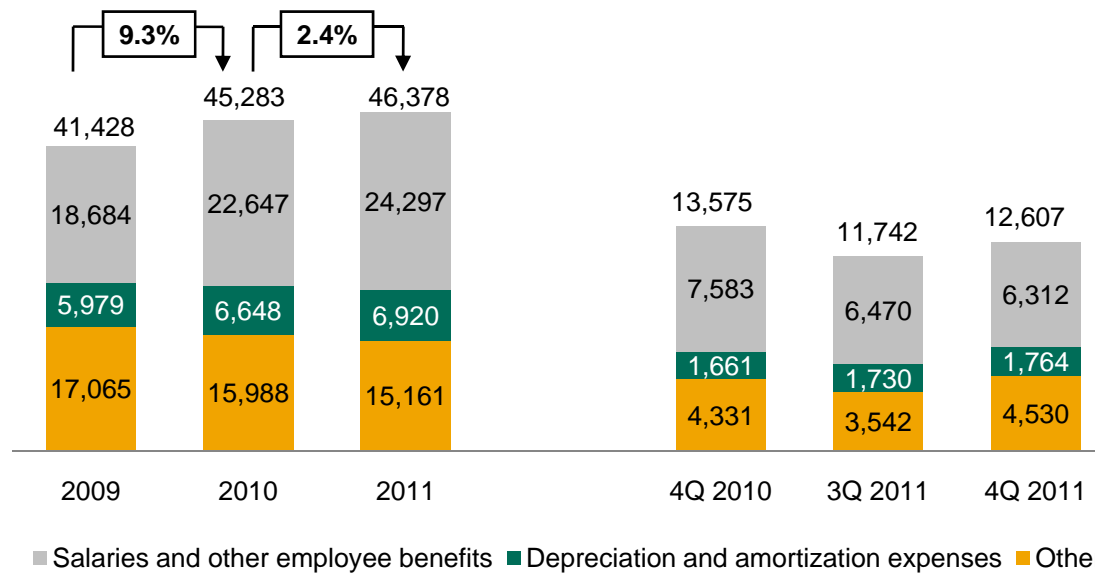
## Net Gain from FX and Securities Operations



# P&L: Operating Expenses

## Dynamics

KZT mln



# Balance Sheet: Summary

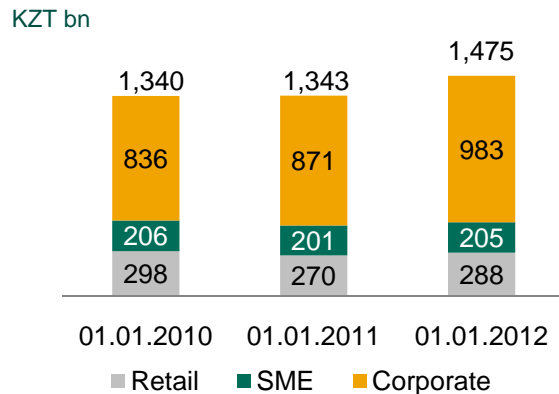


KZT mln	31 Dec 2011	Change Y-o-Y, %	31 Dec 2010	Change Y-o-Y, %	31 Dec 2009
<b>Total Assets</b>	<b>2,273,930</b>	<b>8.4%</b>	<b>2,097,935</b>	<b>3.7%</b>	<b>2,023,009</b>
Cash and Reserves	572,524	36.3%	420,182	(17.1%)	506,571
NBK Notes & T-Bills	218,580	(40.7%)	368,439	98.9%	185,249
Other Securities	169,916	82.1%	93,325	129.4%	40,686
Gross Loan Portfolio	1,475,543	9.9%	1,342,510	0.2%	1,340,336
Stock of Provisions	(291,303)	15.0%	(253,237)	22.3%	(207,101)
Net Loan Portfolio	1,184,240	8.7%	1,089,273	(3.9%)	1,133,235
Other Assets	128,670	1.5%	126,716	(19.4%)	157,268
<b>Total Liabilities</b>	<b>1,963,603</b>	<b>10.3%</b>	<b>1,780,051</b>	<b>2.2%</b>	<b>1,742,057</b>
Total Deposits, including:	1,557,476	10.0%	1,415,755	11.1%	1,274,069
<i>retail deposits</i>	566,233	15.4%	490,877	22.7%	400,080
<i>term deposits</i>	426,219	10.0%	387,510	22.0%	317,527
<i>current accounts</i>	140,014	35.5%	103,367	25.2%	82,553
<i>corporate deposits</i>	991,243	7.2%	924,878	5.8%	873,989
<i>term deposits</i>	420,648	(20.8%)	531,182	(4.5%)	556,287
<i>current accounts</i>	570,595	44.9%	393,696	23.9%	317,702
Debt Securities	311,068	23.4%	252,167	(4.4%)	263,893
Amounts due to Credit Institutions	41,634	(41.7%)	71,403	(58.7%)	172,706
Other Liabilities	53,425	31.2%	40,726	29.7%	31,389
<b>Equity</b>	<b>310,327</b>	<b>(2.4%)</b>	<b>317,884</b>	<b>13.1%</b>	<b>280,952</b>

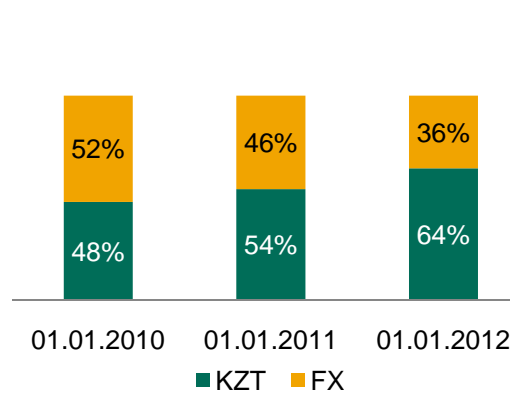
# Balance Sheet: Loan Portfolio

## Dynamics

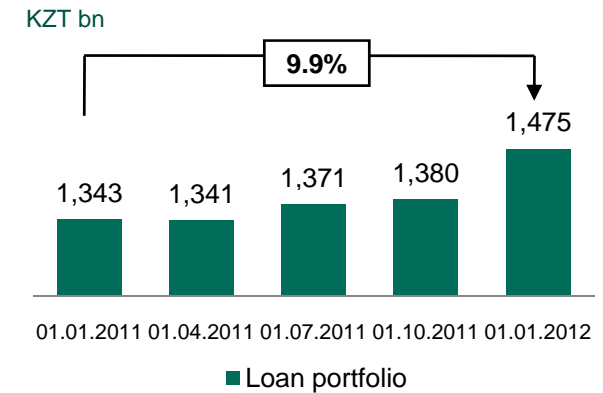
### Breakdown by Businesses



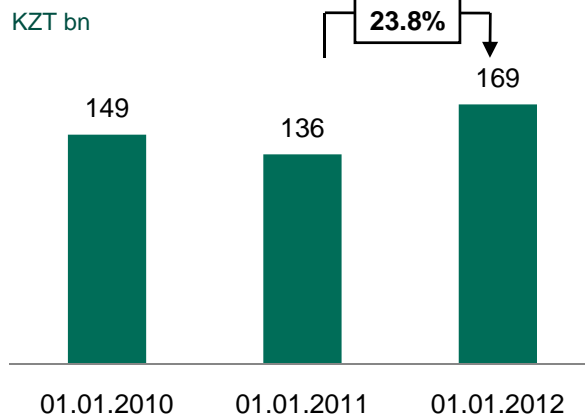
### Breakdown by Currencies



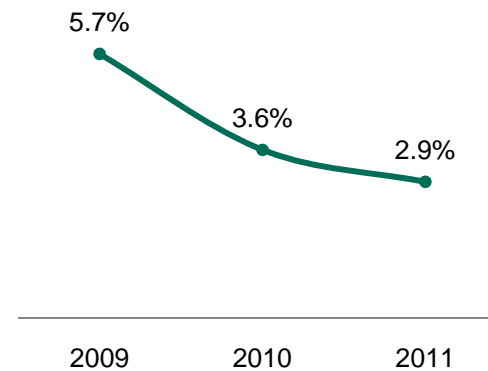
### Quarterly Growth



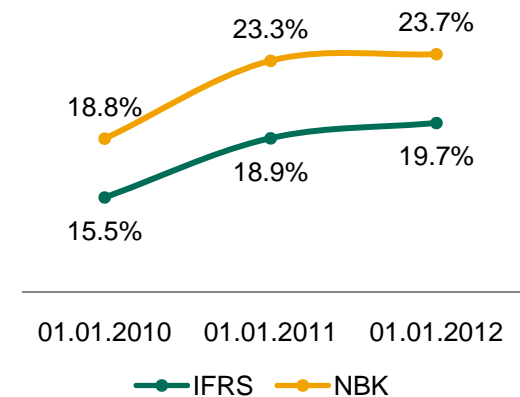
### Consumer Loans



### Impairment Charge, as % of Average Loan Portfolio



### Stock of Provisions / Gross Loans

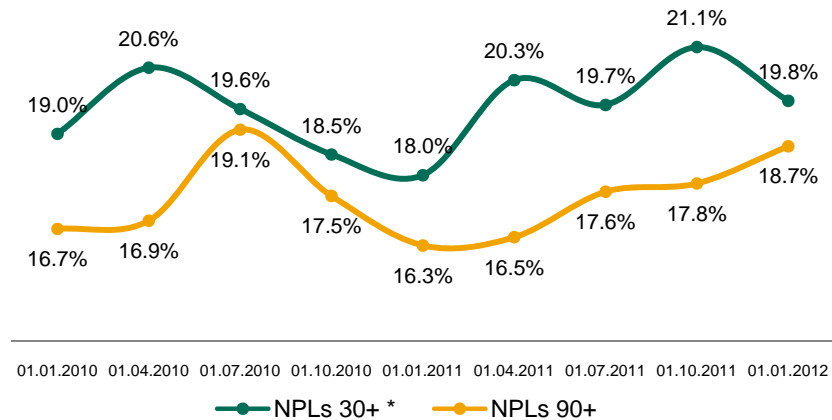
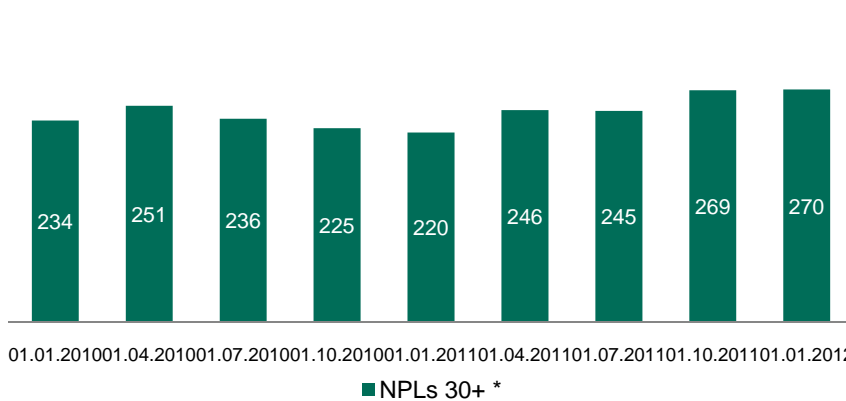


# Balance Sheet: NPLs



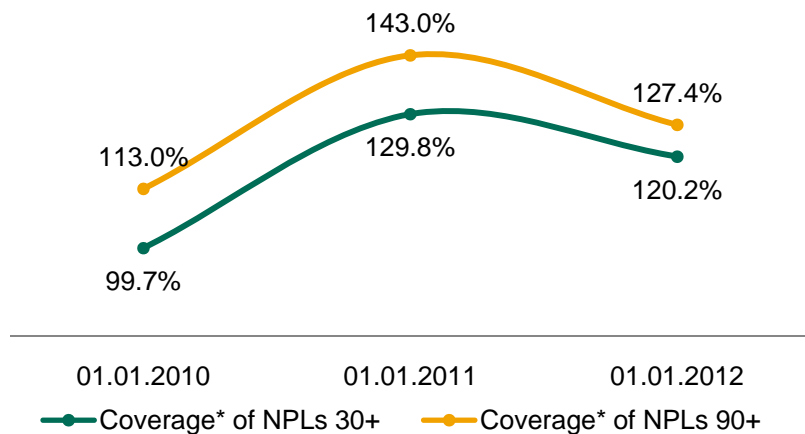
## NPLs Dynamics

KZT bn



\* Total NPLs (total principle amount of loans with principle and/or interest overdue by more than 30 days), unconsolidated, Kazakhstan Accounting Standards  
Source: Halyk Bank, NBK

## NPLs Coverage Ratio



\* coverage by regulatory provisions

## Comments

- During 4Q 2011, NPLs 30 days + decreased from 21.1% to 19.8%.
- NPLs 90 days + increased from 17.8% to 18.7% during 4Q 2011 mainly due to some of NPLs 30 days + becoming overdue by 90 days.

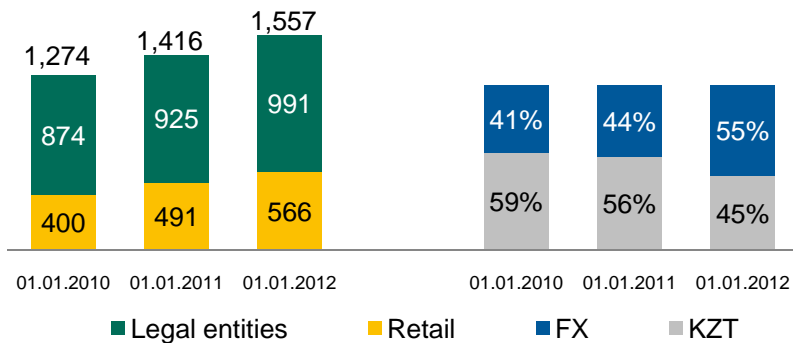
# Balance Sheet: Funding



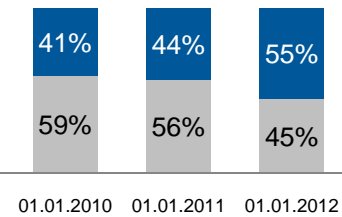
## Breakdown of Deposits

KZT bn

Breakdown by Depositors



Breakdown by Currencies

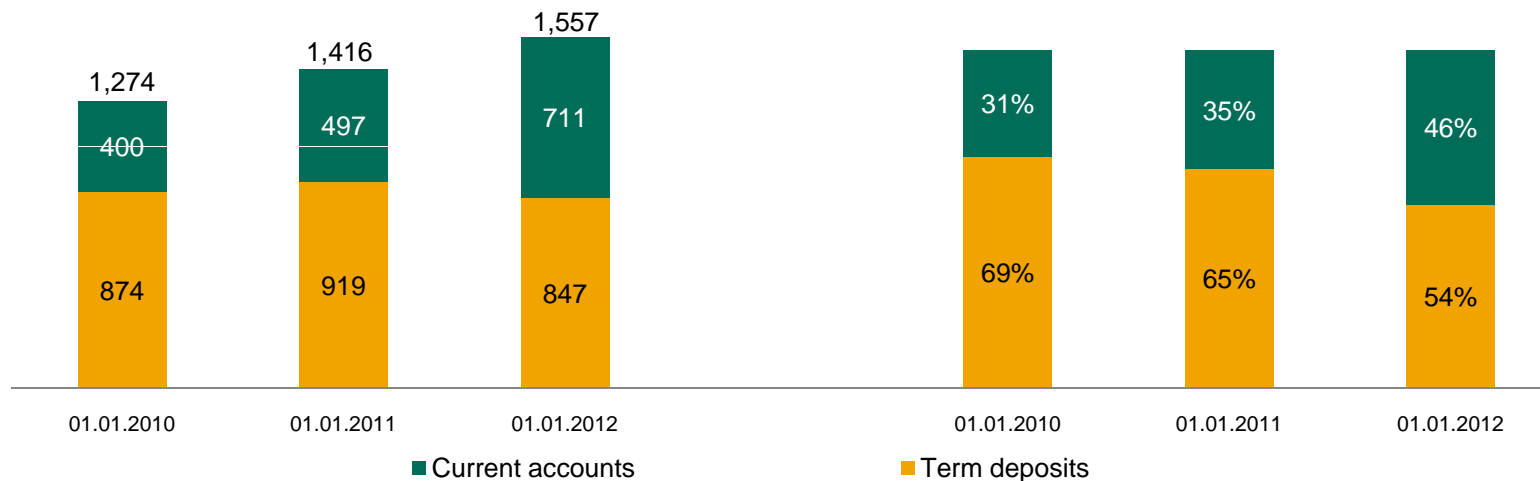


## Comments

- Both retail term deposits and retail current accounts continued to increase during 2011.
- Corporate term deposits decreased during 2011 mainly due to lower interest rates offered by the Bank compared to its peers.
- Corporate current accounts increased during 2011 mainly due to new funds placed with the Bank by its corporate clients, growing volumes of transactional banking business and partial transfer by some clients of their funds from term deposits into current accounts.
- The share of deposits in foreign currency increased from 44% to 55% during 2011 mainly due to customers' shift to FX-denominated deposits.

## Breakdown of Deposits by Type

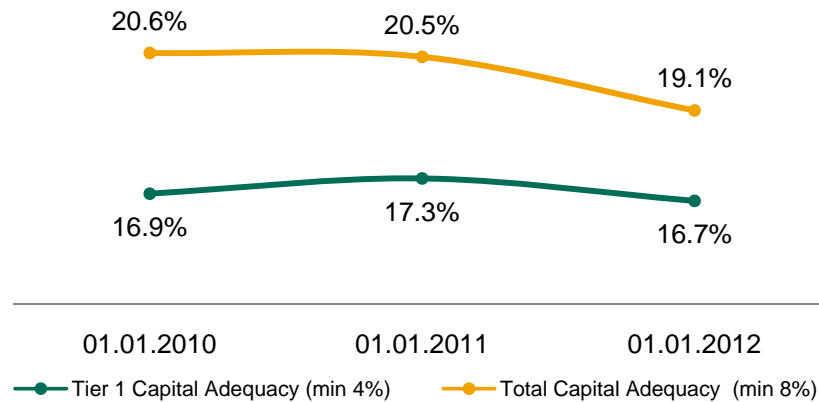
KZT bn



# Balance Sheet: Capitalisation

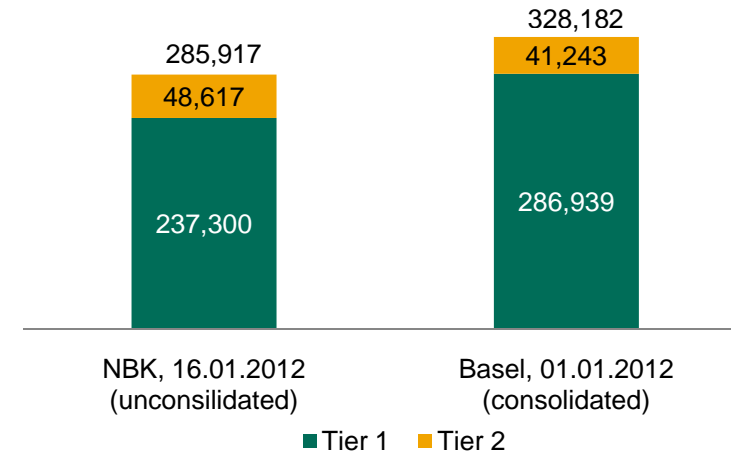


## Basel Capital Adequacy Ratios

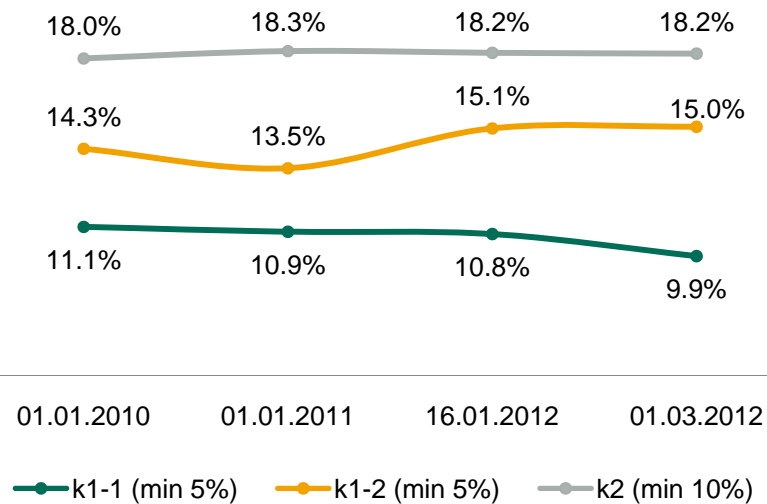


## Capital Structure

KZT mln



## NBK Capital Adequacy Ratios



## Comments

- Capital adequacy ratios decreased during 2011 mainly due to repurchase of common shares from Samruk-Kazyna in March 2011, increase of risk-weighted assets and prepayment of local subordinated bonds for KZT 10 bn in October 2011

# Subsidiaries: Pension Fund



## Dynamics

KZT mln

	2011	2010	2009	4Q 2011	3Q 2011	2Q 2011	1Q 2011
<b>Asset Management Fee (@ 0.05% of AuM)</b>	4,284	3,421	2,550	1,102	1,151	1,049	981
<b>Performance - Linked Fee (@ 15% of Investment Income)</b>	6,472	6,646	13,553		1,281	1,132	4,060
<b>Subtotal for fee and commission income from Pension Fund</b>	<b>10,756</b>	<b>10,067</b>	<b>16,103</b>	1,102	2,432	2,181	5,041
Reverse of performance fee	(5,163)			1,083	(6,246)		
<b>Total Net Income from Pension Fund</b>	<b>5,593</b>	<b>10,067</b>	<b>16,103</b>	<b>2,186</b>	<b>(3,815)</b>	<b>2,181</b>	<b>5,041</b>

In August and September 2011, due to downturn in global financial markets investment income on assets under management was negative, which resulted in recognition of losses incurred from management of pension assets for KZT 6.2 bn. These losses can be offset against future income received by the Pension Fund. As at 31 December 2011, these losses decreased to KZT 5.2 bn. Pension fund and asset management fees for 2011 net of mentioned losses were KZT 5.6 bn.

Source: NBK, Halyk Bank

# Subsidiaries: Insurance Business



## P&L Dynamics

KZT mln	2011	2010	2009
Insurance premiums written, gross	30,401	18,149	14,480
Change in unearned insurance premiums, net	(647)	242	243
Ceded reinsurance share (Cost of reinsurance)	(14,783)	(6,397)	(5,920)
<b>Insurance underwriting income</b>	<b>14,971</b>	<b>11,994</b>	<b>8,803</b>
Insurance reserves	(2,659)	(1,909)	(398)
Insurance payments	(7,466)	(5,358)	(3,679)
Commissions to agents	(222)	(125)	(5)
<b>Insurance claims incurred, net of reinsurance</b>	<b>(10,347)</b>	<b>(7,393)</b>	<b>(4,082)</b>
<b>Net income from insurance operations</b>	<b>4,624</b>	<b>4,601</b>	<b>4,721</b>

## Comments

- #1 market player by gross insurance premiums with 15.2% market share in 2011
- Insurance assets increased 46.1% during 2011
- Insurance liabilities increased 47.0% during 2011
- On 29 February 2012, A.M. Best Company international rating agency upgraded ratings of JSC “Kazakhinstrakh”: financial strength rating – to B++(Good) (the highest rating in Kazakhstan) from B+(Good) and company credit rating – to bbb from bbb-, outlook – stable.

## Trends for 2012



- Flat balance sheet
- Gross loan portfolio growth – 10%
- Consolidated net income – area of KZT 50 bn
- Cost of risk\* – 2.0% (vs. 2.9% in 2011)
- Cost-to-income ratio – 34.2%
- NIM – 4.8%
- RoAE – 15.0%

*(\*) provisioning charge to average gross loans*

# Annual General Shareholders' Meeting



<b>Date</b>	19 April 2012
<b>Time</b>	11.00 a.m. Almaty time
<b>Venue</b>	“Conference Hall”, 109 “V”, Abay Ave., Almaty, the Republic of Kazakhstan
<b>Record date</b>	19 March 2012
<b>Supporting materials</b>	Available at Deutsche Bank Trust Company Americas (the Depository) and on corporate web-site of JSC Halyk Bank at <a href="http://www.halykbank.kz/en/investor-relations/information-for-shareholders/3000">http://www.halykbank.kz/en/investor-relations/information-for-shareholders/3000</a> .

## Annex: Key Financial Indicators



	31 Dec 2011	31 Dec 2010	31 Dec 2009
Amounts due to customers / total liabilities	79.3%	79.5%	73.1%
Loans / deposits ratio <sup>(1)</sup>	0.76x	0.77x	0.89x
Liquid assets <sup>(2)</sup> / total assets	33.3%	36.7%	33.1%
NPLs / gross loans <sup>(3)</sup>	19.8%	18.0%	16.6%
Provisioning rate <sup>(4)</sup>	19.7%	18.9%	15.5%
Regulatory provisioning rate	23.7%	23.3%	18.8%
Tier 1 capital adequacy ratio <sup>(5)</sup>	16.7%	17.3%	16.9%
Total capital adequacy ratio <sup>(5)</sup>	19.1%	20.5%	20.6%
Tier 1 capital adequacy ratio (k1-1) <sup>(6)</sup>	9.2%	10.9%	11.1%
Tier 1 capital adequacy ratio (k1-2) <sup>(6)</sup>	11.9%	13.5%	14.3%
Tier 2 capital adequacy ratio (k2) <sup>(6)</sup>	16.4%	18.3%	18.0%

<sup>(1)</sup> Loans to customers, net / amounts due to customers.

<sup>(2)</sup> On consolidated IFRS basis, liquid assets consist of Cash and cash equivalents, Amounts due from credit institutions, NBK notes, Treasury bills of the Ministry of Finance of Kazakhstan, Treasury bills of the governments of other countries, notes of national banks of other countries, bonds of quasi-sovereign banks.

<sup>(3)</sup> Total NPLs 30+ (total principle amount of loans with principle and/or interest overdue by more than 30 days) / Gross loan portfolio, unconsolidated.

<sup>(4)</sup> Allowance for loan impairment / loans to customers before allowance for loan impairment.

<sup>(5)</sup> As per Guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements.

<sup>(6)</sup> As per the NBK Guidelines, Bank only.

## Annex: Key Financial Indicators (continued)



	31 Dec 2011	31 Dec 2010	31 Dec 2009
Number of branches and outlets	589	632	622
Number of ATMs	1,789	1,686	1,690
Number of POS-terminals	5,234	4,754	3,994
Information and transaction terminals (multiservice kiosks)	591	594	572
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Cost-to-income <sup>(1)</sup>	34.2%	32.4%	28.5%
Return on average common shareholders' equity (RoAE)	12.3%	11.8%	6.3%
Return on average assets (RoAA)	1.8%	1.7%	0.8%
Net interest margin	4.4%	4.8%	5.3%
Operating expenses/average total assets	2.1%	2.1%	2.1%

<sup>(1)</sup> Operating expenses/operating income before impairment charge. Operating income before impairment charge is net interest income before impairment charge, plus fees and commissions, net, and other non-interest income, less insurance claims incurred, net of reinsurance and expenses for insurance reserves.

# Speakers



**Umut Shayakhmetova**  
CEO



**Dauren Karabayev**  
Deputy CEO



**Aliya Karpykova**  
Deputy CEO



**Murat Koshenov**  
Chief Risk Officer and  
Compliance Controller



**Assel Atinova**  
Head of Financial  
Institutions

# Q & A session