



HALYK GROUP
FINANCIAL RESULTS PRESENTATION
YE 2014

(Moody's – Ba2 / Fitch – BB / S&P – BB+)

17 Mar 2015

Content

➤ Recent Developments	Slide 3
➤ YE 2014 Performance Highlights	Slide 4
➤ Strong Market Position	Slide 5
➤ Solid Interest Income Growth	Slide 6
➤ Continuous Growth of Net Fee and Commission Income	Slide 7
➤ Strict Control Over Operating Costs	Slide 8
➤ Growth of Higher Margin Consumer Loans	Slide 9
➤ Continuous Decrease in NPLs and Cost of Risk	Slide 10
➤ Solid and Diversified Funding Base	Slide 11
➤ Strong Capital	Slide 12
➤ Outlook for 2015	Slide 13
➤ Speakers	Slide 14
➤ Q&A	Slide 15
➤ Annexes	Slides 16-22
➤ Disclaimer	Slide 23

Recent Developments

Changes to the Management

- *Mr. Aivar Bodanov has been appointed Deputy Chairman of the Management Board and elected a member of the Bank's Management Board in accordance with the Resolution of the Bank's Board of Directors dated 16 January 2015. Mr. Aivar Bodanov has been working for the Bank since September 2014;*
- *Mr. Yertay Salimov, has been appointed Deputy Chairman of the Management Board and elected a member of the Bank's Management Board as per the Resolution of the Bank's Board of Directors dated 30 January 2015. Mr. Salimov has been working for the Bank since August 1995;*
- *Mr. Kuat Kusainbekov, has been appointed Deputy Chairman of the Management Board and elected a member of the Bank's Management Board as per the Resolution of the Bank's Board of Directors dated 30 January 2015. Mr. Kusainbekov has been working for Halyk Bank since November 1999.*

Other Changes

- *On December 23, 2014, the Dutch Chamber of Commerce deregistered the Bank's subsidiary HSBK (Europe) B.V. due to its voluntary liquidation;*
- *On December 31, 2015, the Bank decided on voluntary liquidation of its subsidiary JSC "APF of Halyk Bank of Kazakhstan";*
- *On January 21, 2015, Fitch Ratings affirmed the Bank's long-term foreign and local-currency Issuer Default Ratings at "BB";*
- *On February 12, 2015, the Group placed first tranche under local bond programme (KZT 170bn) for the amount of KZT 21.1bn;*
- *On February 13, 2015, Standard & Poor's affirmed the Bank's long-term counterparty credit ratings at "BB+";*
- *On March 3, 2015, the Group placed second tranche under local bond programme (KZT 170bn) for the amount of KZT 30bn.*

YE2014 Performance Highlights

KZT bn	2014	2013	Y-o-Y, %
Net income	114.4	72.4	58.0%
Net interest income ⁽¹⁾	133.1	106.6	24.9%
Transactional banking fees	46.8	41.9	11.7%
RoAE, p.a.	27.1%	20.8%	
RoAA, p.a.	4.1%	2.9%	
Cost of risk, p.a.	0.4%	1.5%	
NIM, p.a.	5.8%	4.9%	

Net interest income growth mainly on the back of improved NIM

Continued growth of transactional banking fee income driven by growing volumes of bank transfers and cash operations

Decreased cost of risk as a result of repayment of large ticket loans and decreased NPL 90+

Repayment of Eurobonds in 2013 and continued growth of consumer loans helped to improve NIM

	31 Dec 2014	31 Dec 2013	YTD, %
Gross loans	1,934.0	1,805.6	7.1%
Net loans	1,648.0	1,482.2	11.2%
Total assets	2,809.3	2,506.4	12.1%
Total deposits	1,848.2	1,766.6	4.6%
Total equity	475.2	392.2	21.2%
Provisions / gross loans	14.8%	17.9%	
Loans / deposits ratio ⁽²⁾	89.2%	83.9%	
Liquid assets ⁽³⁾ / total assets	25.6%	25.4%	
NPLs 90 days+ / gross loans ⁽⁴⁾	11.9%	16.3%	

Loans growth driven by corporate and consumer loans

Equity growth driven by net income earned during 2014 partially offset by dividend payment

Provisions decreased as the Bank wrote-off (transferred off balance sheet) fully provisioned non-performing loans

NPL 90 days ratio in compliance with and well below the NBK requirements (<=15% as at 01.01.2015).

⁽¹⁾ before impairment charge.

⁽²⁾ loans to customers, net / amounts due to customers.

⁽³⁾ on consolidated IFRS basis, liquid assets consist of Cash and cash equivalents, Amounts due from credit institutions, the NBK notes, Treasury bills of the Ministry of Finance of Kazakhstan, Treasury bills of governments of other countries, Notes of national banks of other countries, Bonds of quasi-sovereign banks.

⁽⁴⁾ Total NPLs 90 days+ (total principal amount of loans overdue by more than 90 days) / Gross loan portfolio, unconsolidated (Bank only), NBK (unconsolidated, KAS).

Strong Market Position

Market Penetration

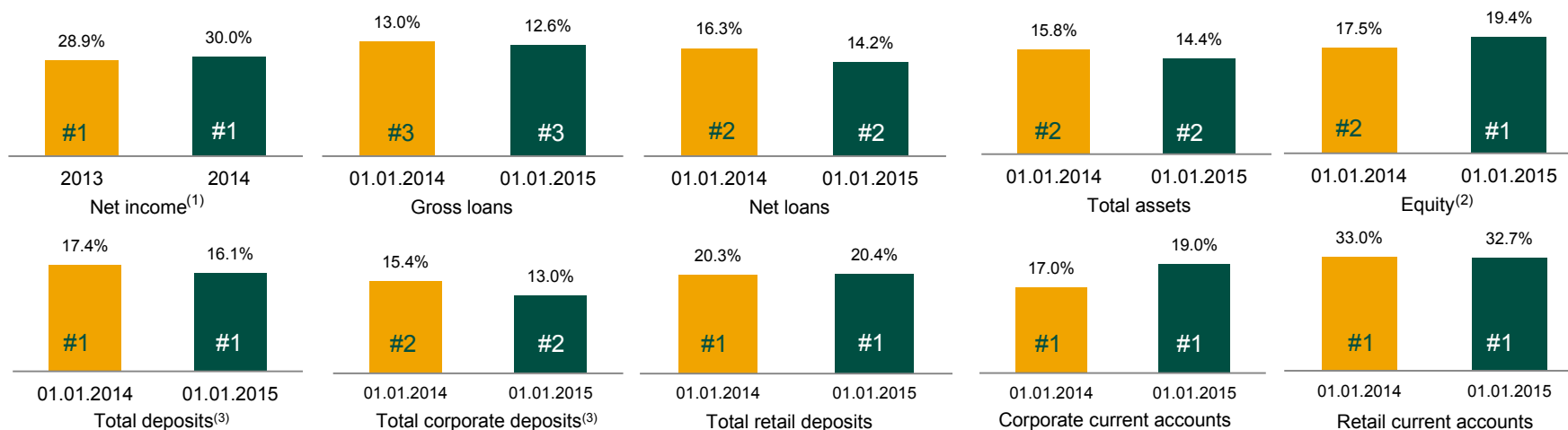
Client Base

	01.01.2015	Growth YTD, %
Clients of internet banking		
<i>individuals</i>	442,439	127.2%
<i>legal entities</i>	14,074	21.8%
Mobile phone banking clients	1,289,099	45.3%
Telebanking clients	63,703	53.3%
Payment card holders	4,412,425	6.5%
Payroll project clients (legal entities)	22,483	2.9%

Distribution Channels

	01.01.2015	Growth YTD, %
Outlets	537	(1.3%)
ATMs	2,270	11.6%
POS-terminals	16,982	52.0%
Information and transaction terminals (multi-service kiosks)	584	(0.7%)

Market Shares



⁽¹⁾ *excl. banks with negative income.*

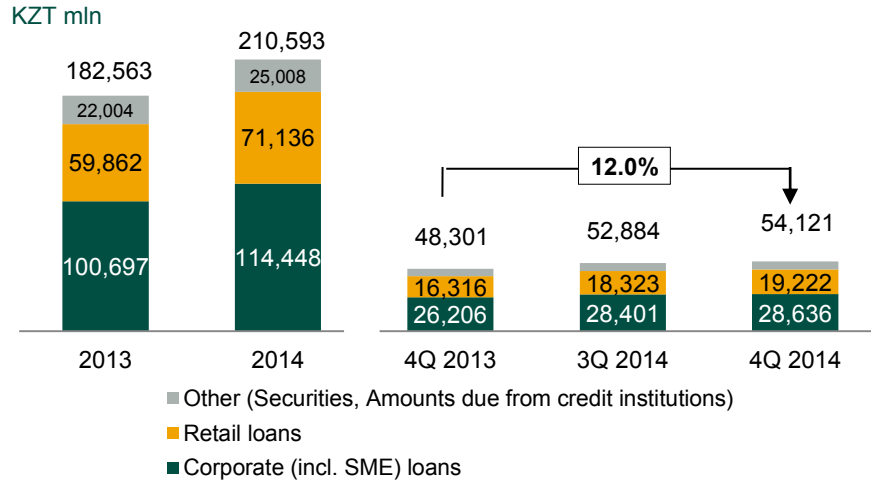
⁽²⁾ *excl. banks with negative equity.*

⁽³⁾ *excl. term deposits of SAPF.*

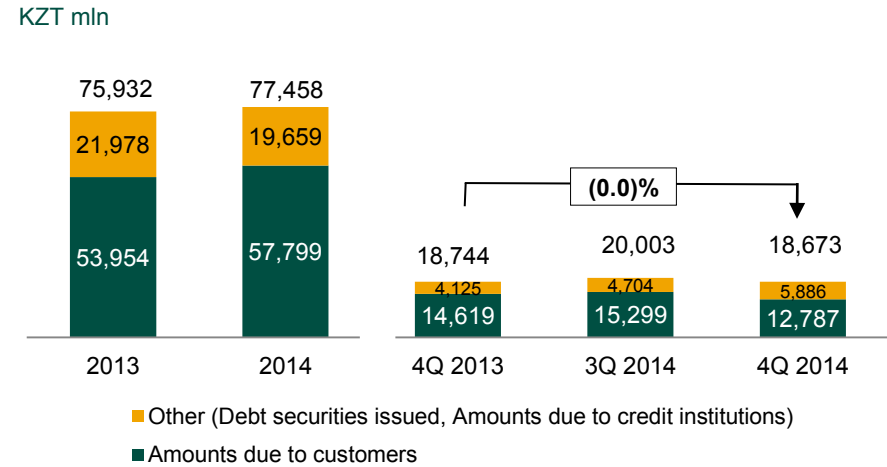
Source: NBK (unconsolidated, KAS), Halyk Bank, SAPF.

Solid Interest Income Growth

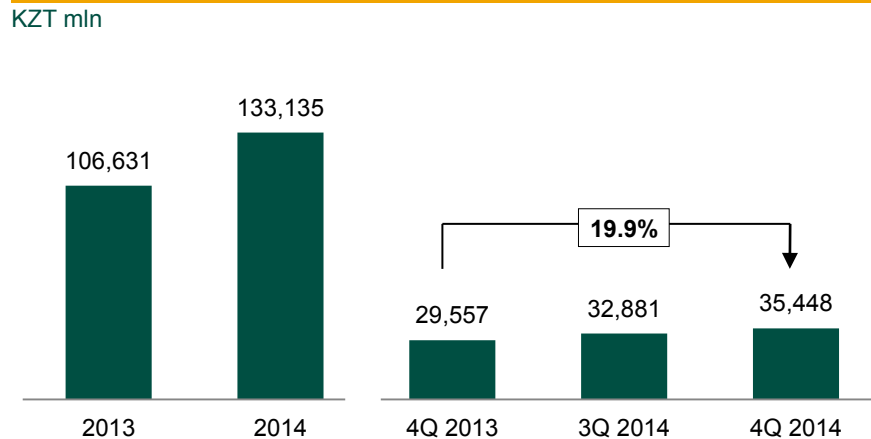
Interest Income



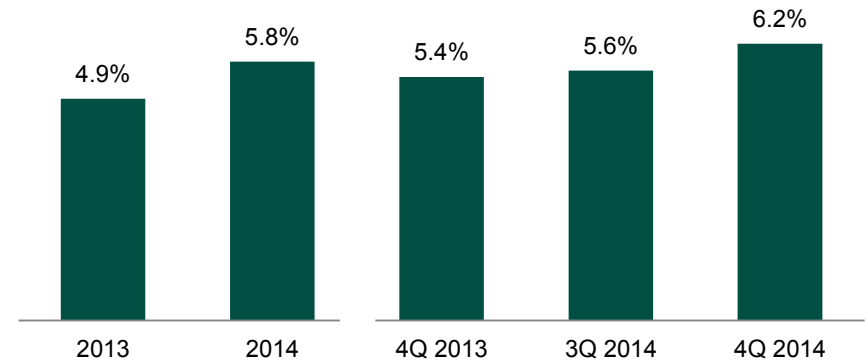
Interest Expense



Net Interest Income ⁽¹⁾



Net Interest Margin ⁽²⁾



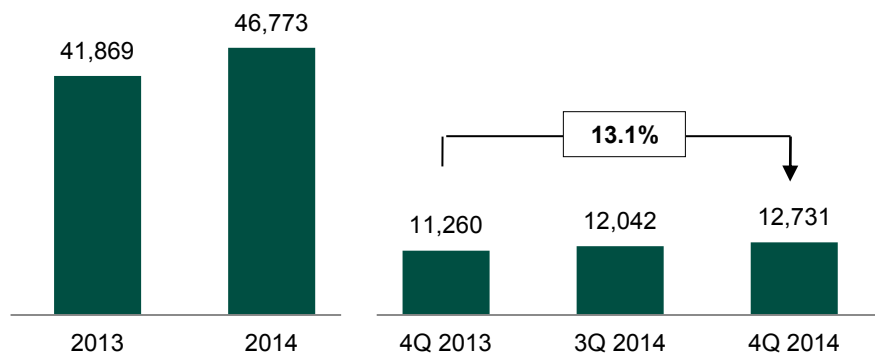
⁽¹⁾ before impairment charge.

⁽²⁾ annualised.

Continuous Growth of Net Fee and Commission Income

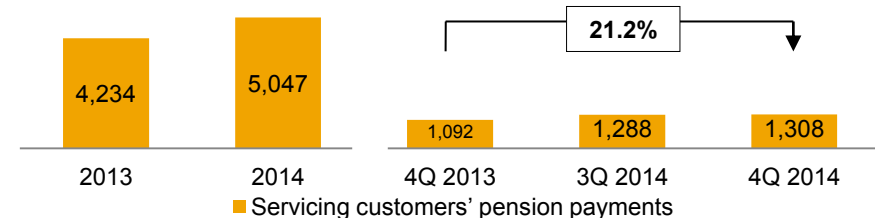
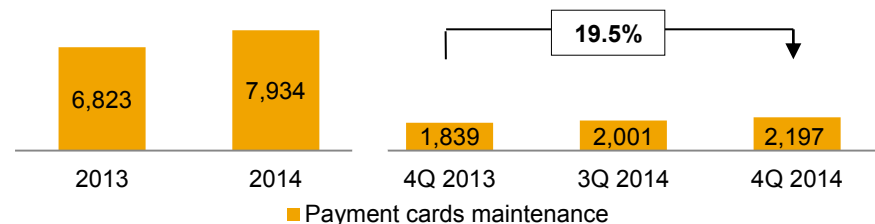
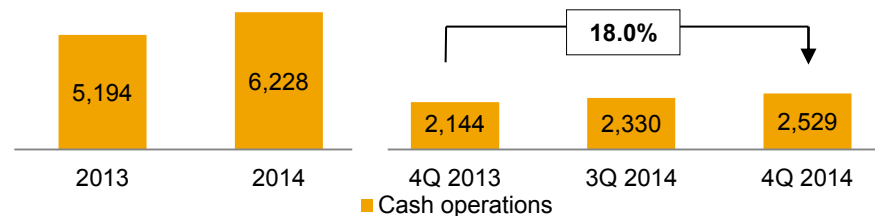
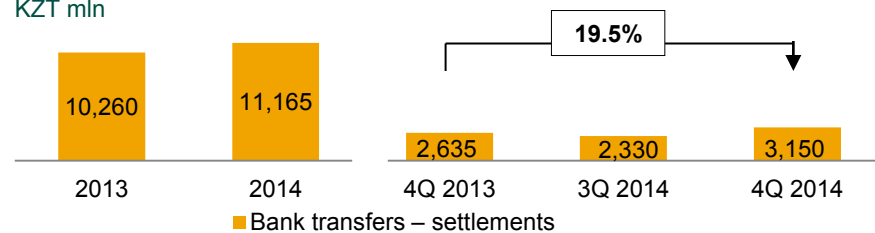
Total Transactional Banking Fees ⁽¹⁾

KZT mln



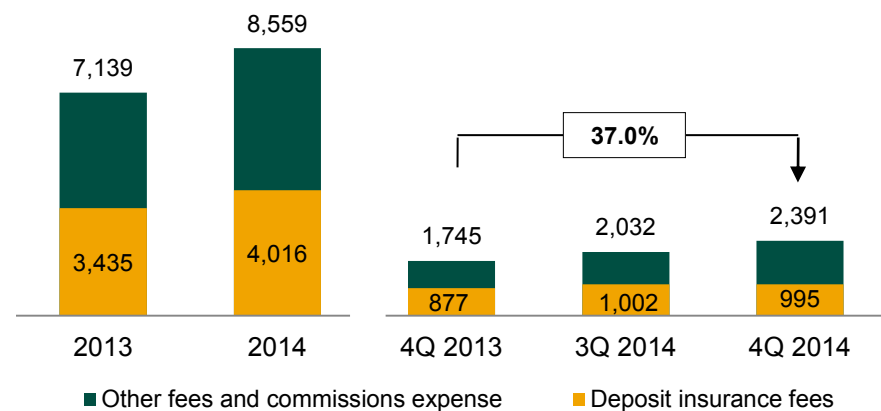
Breakdown of Selected Transactional Banking Fees

KZT mln



Fee and Commission Expense

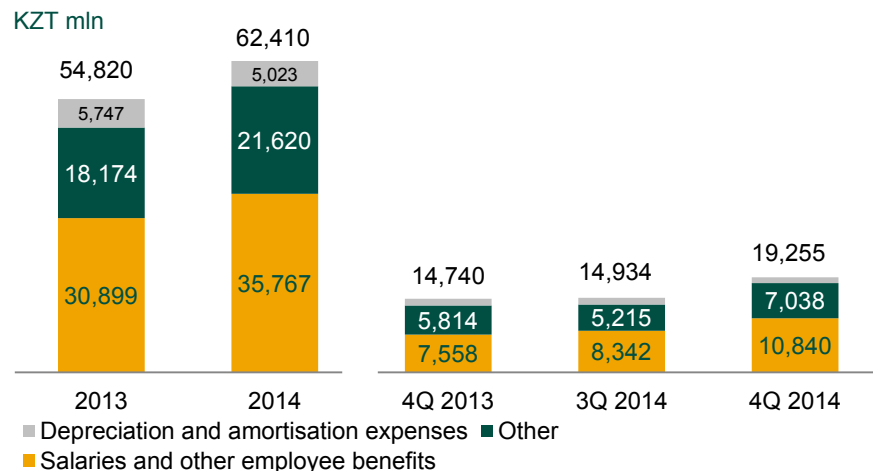
KZT mln



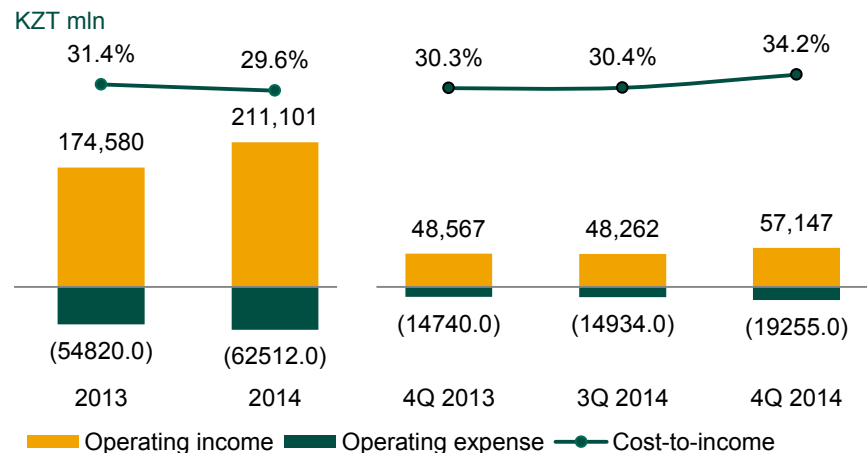
⁽¹⁾ net of Pension Fund.

Strict Control Over Operating Costs

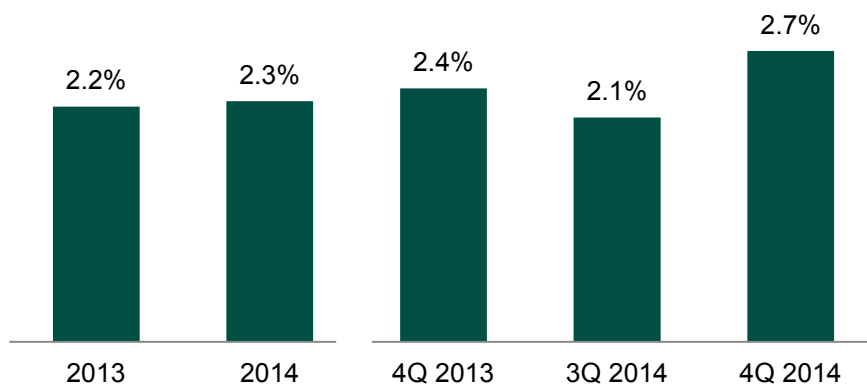
Dynamics



Cost-to-Income



Cost-to-Average Assets ⁽¹⁾



Comments

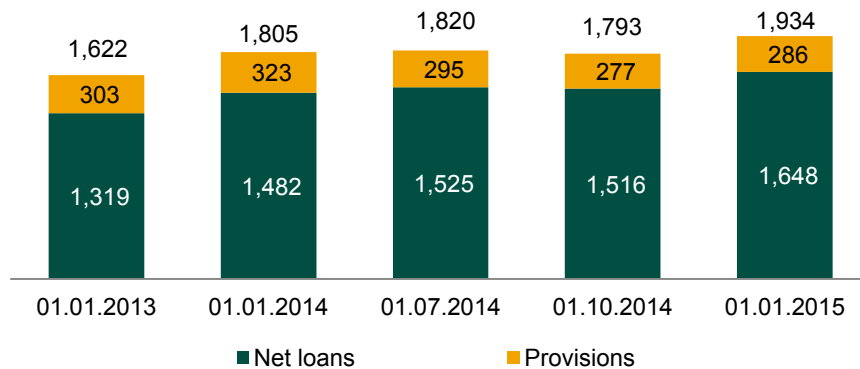
- Operating expenses increased by 14.1% YoY on the back of increase in salaries of the Bank's employees starting from 1 July 2014 and incentive bonuses paid to the Bank's employees in 4Q 2014;
- Operating expenses to average assets ratio mostly stable during 2014.

⁽¹⁾ annualised.

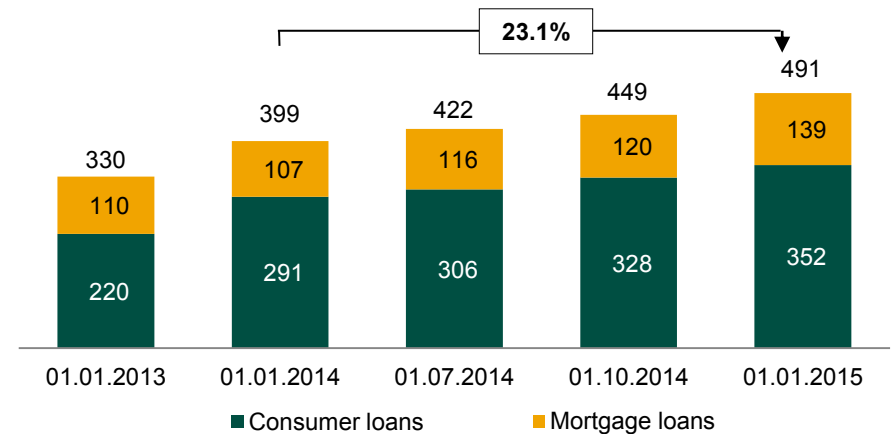
Growth of Higher Margin Consumer Loans

Breakdown of Gross Loans

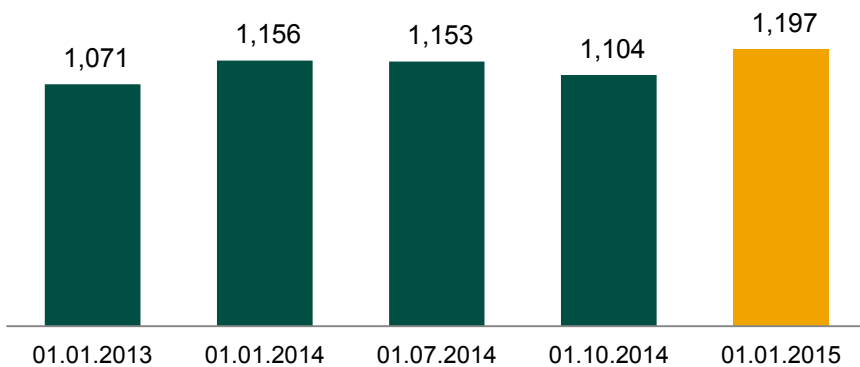
KZT bn



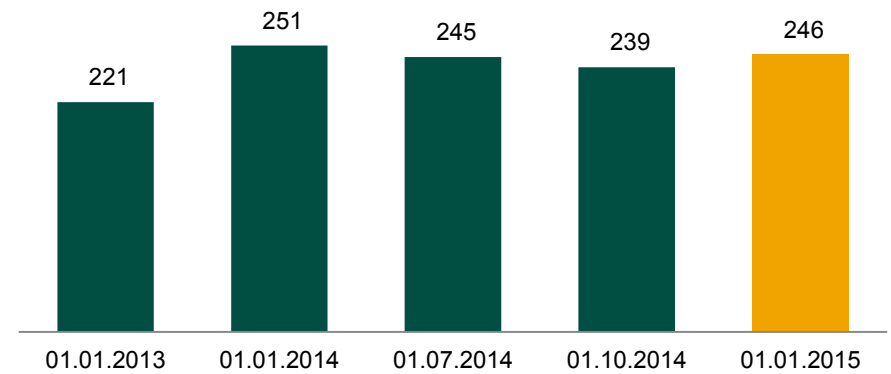
Gross Retail Loans Dynamics



Gross Corporate Loans Dynamics

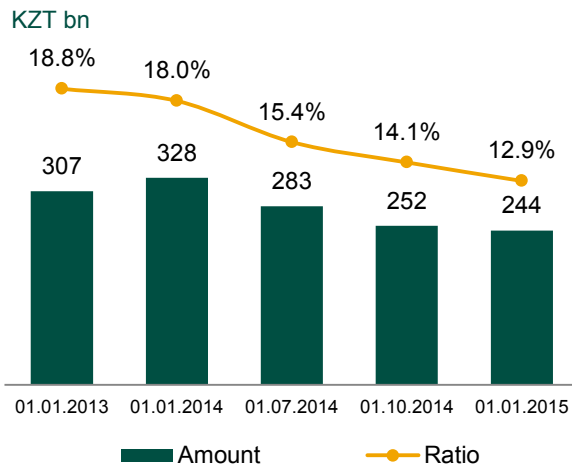


Gross SME Loans Dynamics

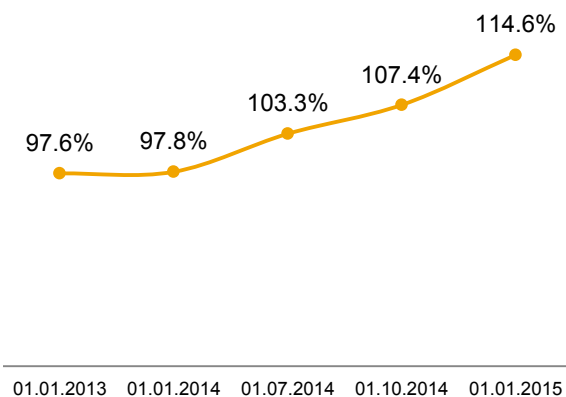


Continuous Decrease in NPLs and Cost of Risk

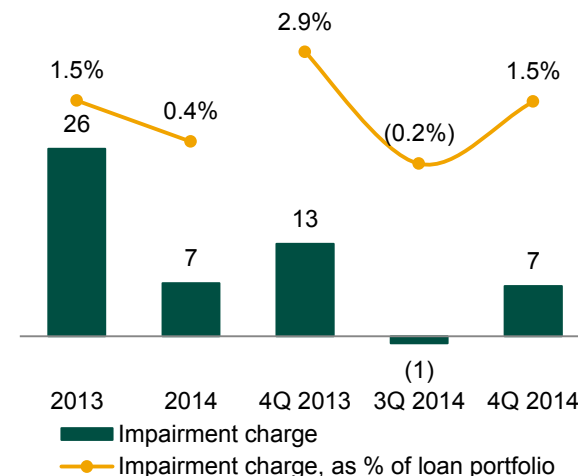
NPL 90 days+ ⁽¹⁾ Dynamics



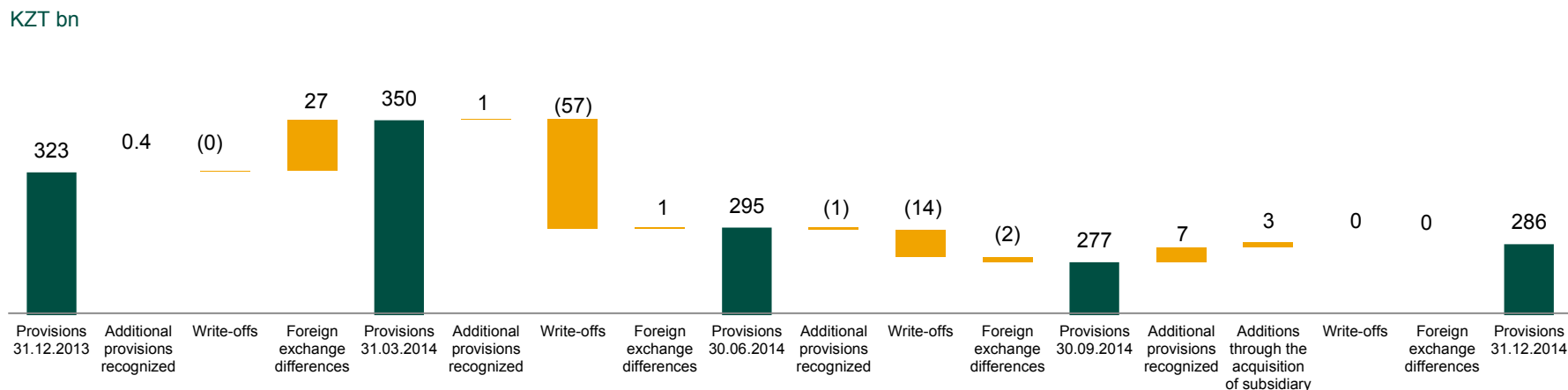
NPL 90 Days+ Coverage ⁽²⁾ Ratio



Cost of Risk ⁽³⁾



Provisions on Loans to Customers



Source: Halyk Bank, NBK

⁽¹⁾ total NPLs (total principle amount of loans and accrued interest with principle and/or interest overdue by more than 90 days), unconsolidated (Bank only), IFRS.

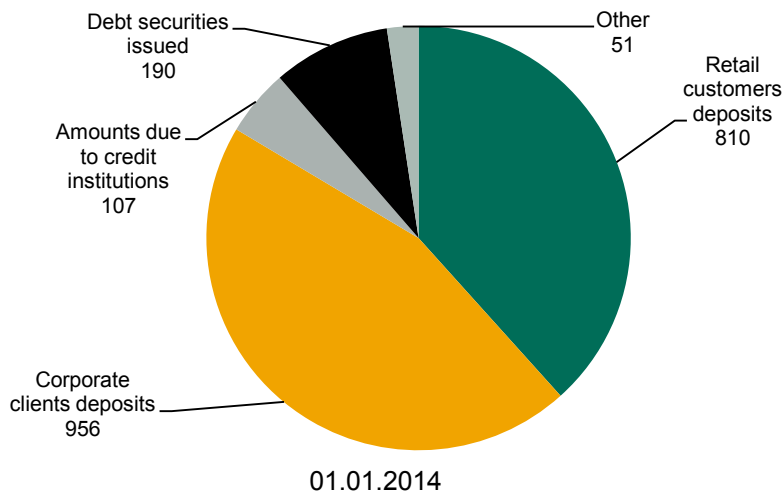
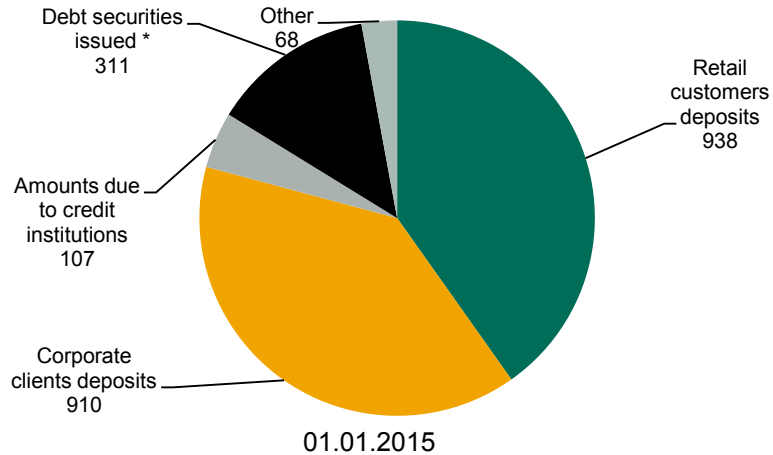
⁽²⁾ coverage of IFRS NPLs by IFRS provisions, unconsolidated (Bank only).

⁽³⁾ impairment charge, as % of average gross loan portfolio, annualised.

Solid and Diversified Funding Base

Breakdown of Liabilities

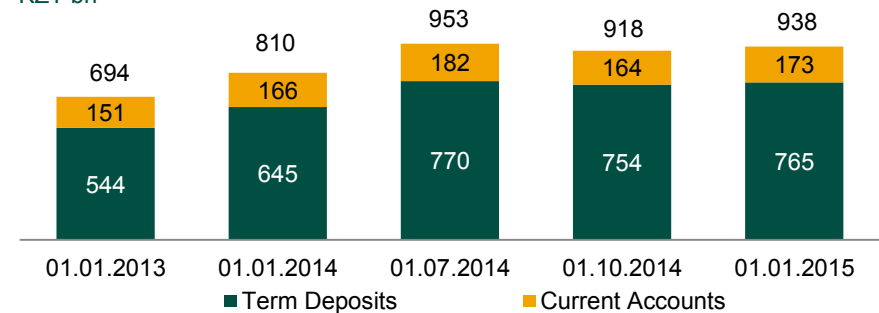
KZT bn



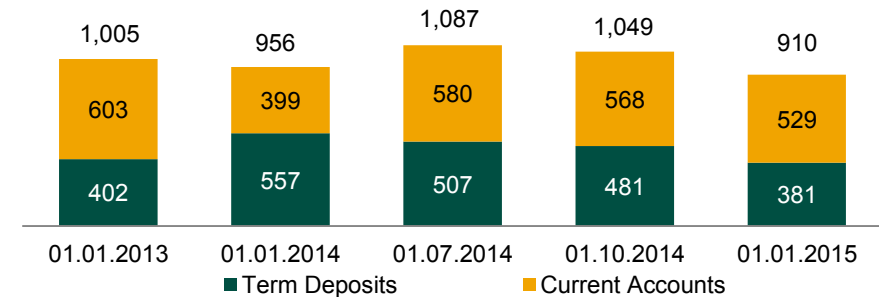
* The Group placed KZT 100bn 7.5% coupon rate senior unsubordinated local bonds maturing in November 2024.

Breakdown of Retail Deposits

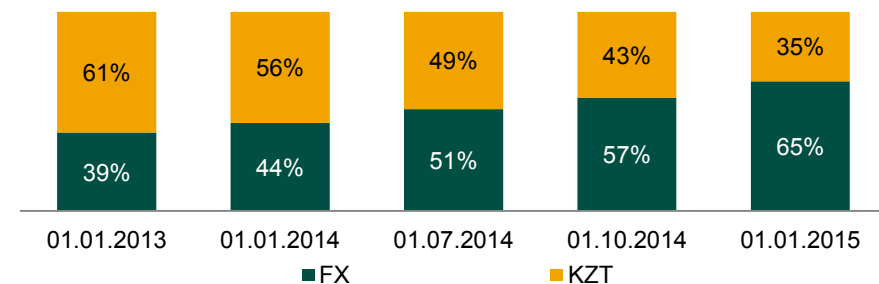
KZT bn



Breakdown of Legal Entities Deposits

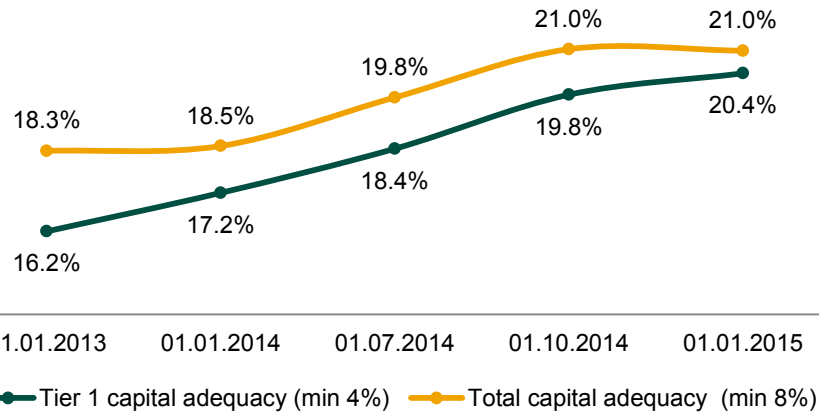


Breakdown of Deposits by Currencies



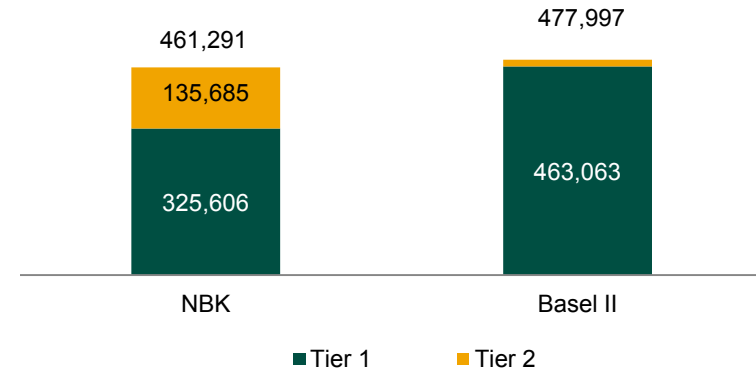
Strong Capital

Basel Capital Adequacy Ratios

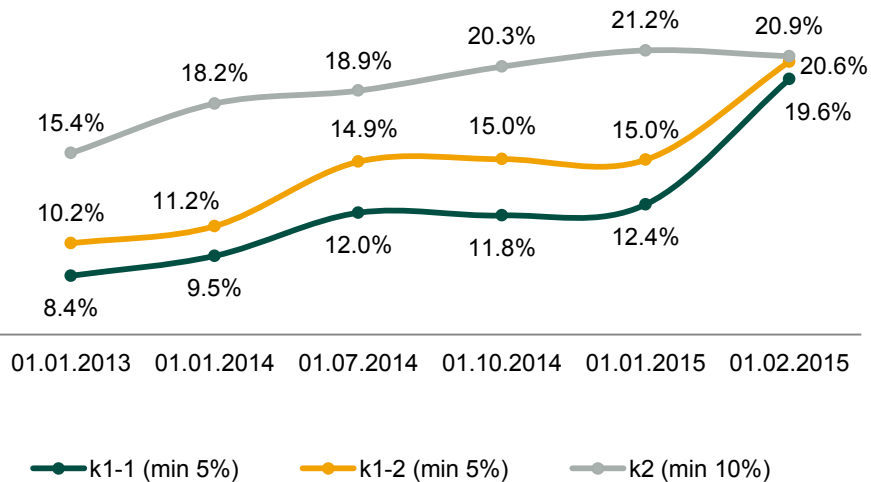


Capital Structure, 31 Dec 2014

KZT mln



NBK Capital Adequacy Ratios



Comments

- Regulatory and Basel capital adequacy ratios increased due to net income received during 4Q 2014.

Outlook for 2015

	Guidance for 2015, area of	Actual 2014
➤ Gross loan portfolio growth	10%-12%	7.1%
➤ Net loan portfolio growth	10%-12%	11.2%
➤ Consolidated net income (KZT bn)	100.0	114.4 ⁽²⁾
➤ Cost of risk ⁽¹⁾ , p.a.	1.0%	0.4%
➤ Cost-to-income ratio	Flat	29.6%
➤ NIM, p.a.	Flat	5.8%
➤ RoAE, p.a.	Over 20%	20.8%

Dividend History

	2012	2013
Dividends per common share	KZT 1.12	KZT 1.70
<i>payout ratio</i>	17.5%	25.6%

Dividend policy – 15-50% of consolidated net income for common shares.

⁽¹⁾ Impairment charge to average gross loans.

⁽²⁾ Including Pension Fund (Net income KZT 105.2 bn plus KZT 9.2bn attributable to Pension Fund).

Speakers



Umut Shayakhmetova
CEO



Aliya Karpykova
Deputy CEO, Finance
and Accounting



Murat Koshenov, CFA
Deputy CEO, Corporate Banking



Dauren Karabayev, CFA
Deputy CEO, Treasury,
International Activities
and the Bank's Subsidiaries



Almas Makhanov
Chief Risk Officer and
Compliance Controller

Q & A session

Annex: P&L Summary

Dynamics

KZT mln

	2014	2013	Y-o-Y, %	4Q 2014	4Q 2013	Y-o-Y, %
Interest income	210,593	182,563	15.4%	54,121	48,301	12.0%
Interest expense	(77,458)	(75,932)	2.0%	(18,673)	(18,744)	(0.4%)
Net interest income ⁽¹⁾	133,135	106,631	24.9%	35,448	29,557	19.9%
Impairment charge	(7,387)	(26,021)	(71.6%)	(6,974)	(12,846)	(45.7%)
Net interest income	125,748	80,610	56.0%	28,474	16,711	70.4%
Net Pension Fund fees	11,865	9,537	24.4%	-	3,200	-
Transactional banking	46,773	41,869	11.7%	12,731	11,260	13.1%
Insurance business	4,483	5,478	(18.2%)	1,302	1,640	(20.6%)
FX operations	13,469	9,422	43.0%	5,655	1,347	319.8%
Operating expenses	(62,410)	(54,820)	14.0%	(19,255)	(14,740)	30.6%
Net income	114,377	72,409	58.0%	22,380	16,236	37.8%
RoAE ⁽²⁾ , p.a.	27.1%	20.8%		19.6%	17.5%	
RoAA ⁽²⁾ , p.a.	4.1%	2.9%		3.2%	2.6%	

⁽¹⁾ before impairment charge.

⁽²⁾ annualised.

Annex: Balance Sheet Summary

KZT mln

	31 Dec 2014	31 Dec 2013	Change YTD, %
Total assets	2,809,782	2,506,414	12.1%
Cash and reserves	588,762	530,589	11.0%
Amounts due from credit institutions	27,095	25,809	5.0%
T-bills	175,356	128,743	36.2%
Other securities & derivatives	211,067	221,809	(4.8%)
<i>Gross loan portfolio</i>	<i>1,934,031</i>	<i>1,805,556</i>	<i>7.1%</i>
<i>Stock of provisions</i>	<i>(286,018)</i>	<i>(323,311)</i>	<i>(11.5%)</i>
Net loan portfolio	1,648,013	1,482,245	11.2%
Other assets	159,489	117,219	35.7%
Total liabilities	2,334,561	2,114,235	10.4%
Total deposits, including:	1,848,213	1,766,648	4.6%
<i>retail deposits</i>	<i>938,199</i>	<i>810,436</i>	<i>15.8%</i>
<i>term deposits</i>	<i>764,935</i>	<i>644,732</i>	<i>18.6%</i>
<i>current accounts</i>	<i>173,264</i>	<i>165,704</i>	<i>4.6%</i>
<i>corporate deposits</i>	<i>910,014</i>	<i>956,212</i>	<i>(4.8%)</i>
<i>term deposits</i>	<i>380,810</i>	<i>557,059</i>	<i>(31.6%)</i>
<i>current accounts</i>	<i>529,204</i>	<i>399,153</i>	<i>32.6%</i>
Debt securities	311,009	189,515	64.1%
Amounts due to credit institutions	107,192	107,395	(0.2%)
Other liabilities	68,147	50,677	33.6%
Equity	475,221	392,179	21.2%

Annex: Key Financial Indicators

	31 Dec 2014	30 Sep 2014	30 Jun 2014	31 Dec 2013
Amounts due to customers / total liabilities	79.2%	82.6%	86.0%	83.6%
Loans / deposits ratio ⁽¹⁾	89.2%	77.1%	74.7%	83.9%
Liquid assets ⁽²⁾ / total assets	25.6%	32.7%	30.4%	25.4%
IFRS Provisioning rate ⁽³⁾	14.8%	15.4%	16.2%	17.9%
Regulatory provisioning rate	15.7%	16.2%	16.5%	18.5%
Basel Tier 1 capital adequacy ratio ⁽⁴⁾	20.4%	19.8%	18.4%	17.2%
Basel Total capital adequacy ratio ⁽⁴⁾	21.1%	21.0%	19.8%	18.5%
Regulatory Tier 1 capital adequacy ratio (k1-1) ⁽⁵⁾	12.4%	11.8%	12.0%	9.5%
Regulatory Tier 1 capital adequacy ratio (k1-2) ⁽⁵⁾	15.0%	15.0%	14.9%	11.2%
Regulatory Tier 2 capital adequacy ratio (k2) ⁽⁵⁾	21.2%	20.3%	18.9%	18.2%

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

⁽²⁾ 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.

⁽³⁾ Allowance for loan impairment / loans to customers before allowance for loan impairment.

⁽⁴⁾ As per Guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements.

⁽⁵⁾ As per the NBK Guidelines, Bank only.

Annex: Key Financial Indicators (continued)



	31 Dec 2014	30 Sep 2014	30 Jun 2014	31 Dec 2013
Number of branches and outlets	537	538	541	544
Number of ATMs	2,270	2,081	1,957	2,034
Number of POS-terminals	16,982	15,483	14,004	11,172
Information and transaction terminals (multiservice kiosks)	584	583	588	588
Number of the Group's full-time equivalent employees	10,984	10,777	10,759	11,198
	4Q 2014	3Q 2014	2Q 2014	1Q 2014
Cost-to-income*	34.2%	30.4%	29.9%	24.2%
Return on average common shareholders' equity (RoAE)	19.6%	26.1%	25.5%	38.7%
Return on average assets (RoAA)	3.2%	4.0%	3.7%	5.6%
Net interest margin	6.2%	5.6%	5.6%	5.6%
Operating expenses / average total assets	2.7%	2.1%	2.1%	2.0%

(1) 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.

Annex: Annual General Shareholders' Meeting



Date	April 23, 2015
Time & Venue	11.00 a.m. Almaty time, “Conference Hall”, 109 “V”, Abay Ave., Almaty, Kazakhstan
Record Date	March 23, 2015
Voting for GDR Holders	Via Depositary Bank procedures
Agenda	<ul style="list-style-type: none">➤ Approval of the agenda of the Annual General Shareholders' Meeting of JSC Halyk Bank;➤ Approval of JSC Halyk Bank's annual financial statements for the year ended 31 December 2014;➤ Approval of distribution of JSC Halyk Bank's net income for the year 2014. Adoption of a resolution on payment of dividends on JSC Halyk Bank's common shares. Approval of the amount of dividend per common share of JSC Halyk Bank;➤ Consideration of 2014 Performance Report of the Board of Directors of JSC Halyk Bank.➤ Approval of amendments to the Charter of JSC Halyk Bank;➤ Approval of amendments to the Corporate Governance Code of JSC Halyk Bank;➤ Approval of amendments to the Regulations on the Board of Directors of JSC Halyk Bank;➤ Informing shareholders on the amount and structure of remuneration of the members of the Board of Directors and the Management Board of JSC Halyk Bank;➤ Consideration of shareholders' claims to actions of JSC Halyk Bank and its officials, and results thereof.

Annex: Key events 2014

- In January 2014, Fitch international ratings agency upgraded the Bank's long-term issuer default rating to "BB" from "BB-";
- In January 2014, LLC Halyk Project, the Bank's subsidiary, managing doubtful and loss assets, opened a trading house in Almaty. This was the first project aimed at improving the Bank's loan portfolio quality;
- In March 2014, the Bank started collecting education deposits within the frame of State Education Accumulative System;
- In April 2014, the Bank drew a long-term KZT 20 bn loan from JSC Entrepreneurship Development Fund DAMU in accordance with the Government's programme to finance small and medium enterprises operating in certain industries;
- In April 2014, the Annual General Shareholders Meeting elected Messrs. Alexander Pavlov, Arman Dunaev, Christof Ruehl, Frank Kuijlaars, Mazhit Yessenbayev, Ulf Wokurka and Umut Shayakhmetova new members of the Board of Directors of JSC Halyk Bank for 3 years due to expiry of powers and authority of the previous Board of Directors of JSC "Halyk Bank";
- In June 2014, the Bank announced on decreasing the share of non-performing loans in its loan portfolio from 16.5% as at 1 May 2014 to 14.8% as at 1 June 2014, thus becoming the first commercial bank in Kazakhstan complying with 15% NPL 90+ maximum level set by the regulator;
- In July 2014, Standard & Poor's international rating agency upgraded the Bank's long-term credit rating to "BB+" from "BB";
- In July 2014, Mrs. Zhannat Satubaldina, was elected a new member of the Bank's Management Board;
- In September 2014, Mrs. Saule Kishkimbayeva, the Deputy Chairwoman in charge of corporate lending business, resigned at her own initiative and Mr. Murat Koshenov was appointed a new Deputy Chairman of the Management Board;
- In September 2014, the Bank drew a long-term KZT 51.5 bn loan from JSC National Managing Holding KazAgro to restructure/refinance loan and leasing debt of the Bank's borrowers operating in agricultural sector;
- In October 2014, the Bank's Georgian subsidiary JSC "Halyk Bank Georgia" opened a new branch in Tbilisi and purchased a new office building in Batumi;
- In November 2014, the Bank placed with JSC Single Accumulated Pension Fund KZT 100bn 7.5% coupon rate local bonds maturing in November 2024;
- In November 2014, the Bank and UnionPay International (UPI, China) international payment system, launched Altyn UnionPay and Altyn UnionPay Gold unique co-brand payment cards joint project;
- In November 2014, the Bank completed the transaction on the purchase of 100% ownership in JSC "HSBC Bank Kazakhstan", the subsidiary bank of HSBC Bank plc.

Annex: Awards 2014

- In January 2014 Global Financial Review, international financial online-publication, acknowledged the Bank the winner in “Best Bank in Kazakhstan 2013” nomination;
- In February 2014 EMEA Finance, international financial magazine, acknowledged the Bank’s subsidiary, JSC “Halyk Finance”, the winner in “Best Corporate Bond in EMEA” nomination;
- In February 2014 Global Finance, international financial publication, named JSC “Halyk Finance” the winner in “Best Investment Bank in Kazakhstan 2014” nomination;
- In February 2014 JSC Entrepreneurship Development Fund DAMU acknowledged the Bank “the Best Bank” in “outstanding results in subsidy programmes” and “outstanding results in loan guarantee programmes” nominations;
- In April 2014 EMEA Finance, international financial magazine, acknowledged JSC “Halyk Finance” the winner in “Best Investment Bank in Kazakhstan” nomination;
- In June 2014 Kazakhstan Stock Exchange acknowledged the Bank the winner in “Strive for the transparency” nomination;
- In July 2014 the Bank was acknowledged Kazakhstan card market leader according to “Major card issuers and acquirers” global survey published by Nilson Report, the globally recognised payment system industry bulletin;
- In August 2014 Asian Banking & Finance, international financial magazine, named the Bank “Best Retail Bank in Kazakhstan 2014”;
- In September 2014 “Global Brands” magazine nominated the Bank “Best Banking Performer, Kazakhstan” 2014;
- In December 2014 rating agency “Expert RA Kazakhstan” awarded the Bank the laureate Diploma in “Best annual report in financial sector” nomination.

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.