



HALYK GROUP FINANCIAL RESULTS PRESENTATION 1Q 2016

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

17 May 2016

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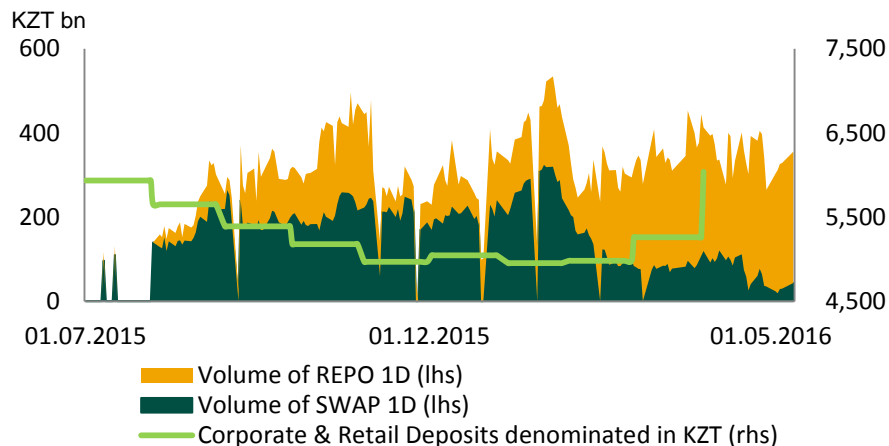
Annexes



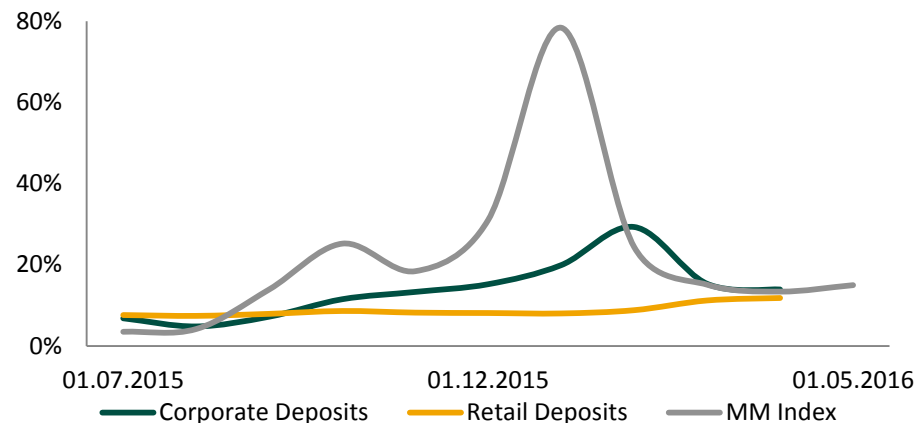
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Market Backdrop⁽¹⁾: Improving KZT liquidity

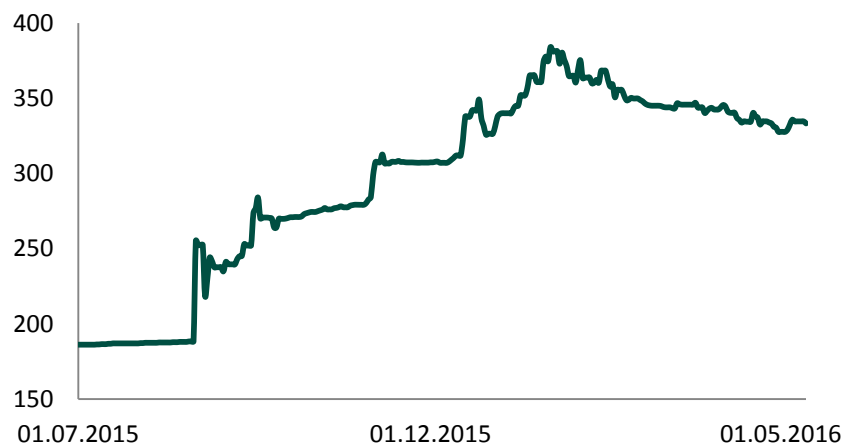
Sector Liquidity: Deposits and KASE / NBK Instruments



Banking Sector Rates for KZT Funding⁽²⁾



USD/KZT Exchange Rate



Comments

- Cap on KZT retail deposits interest rates increased from 10% to 14% on 2 February 2016;
- KZT liquidity has improved starting from March 2016 thanks to stabilization of the exchange rate;
- Depreciation of KZT reversed in February-March 2016 due to growing oil prices;
- Interest rates on MM funds in KZT slid down in February 2016 (including T-bills repo and USD/KZT swaps) and drove interest rates on corporate deposits in KZT lower;
- On 5 May, 2016 the National Bank of Kazakhstan has decided to lower the base rate from 17% to 15% with a symmetric interest rate corridor of +/- 1 percentage points.

(1) Source: the NBK, Bank

(2) MM Index (Money Market Index) – composite indicator of the money market which represents a deal-volume-weighted value of average weighted interest rates (of yield) on currency swap transactions USD/KZT and autorepo transactions in government securities of the Republic of Kazakhstan opened for one business day.

1Q 2016 Performance Highlights



KZT bn

	1Q 2016	1Q 2015	Y-o-Y, %	4Q 2015	Q-o-Q, %
Net income	18.3	27.0	(32.2%)	28.3	(35.4%)
Net interest income ⁽¹⁾	31.3	36.7	(14.7%)	36.0	(13.1%)
Transactional banking fees	13.5	12.1	11.5%	14.4	(6.6%)
RoAE, p.a.	13.7%	22.8%		21.4%	
RoAA, p.a.	1.7%	3.9%		2.8%	
Cost of risk ⁽²⁾ , p.a.	0.7%	(0.3%)		0.4%	
NIM ⁽³⁾ , p.a.	4.3%	6.6%		5.3%	

⁽¹⁾ before impairment charge.

⁽²⁾ impairment charge on loans to customers / monthly average balances of gross loans to customers, on consolidated IFRS basis.

⁽³⁾ net interest income / average interest earning assets (monthly average balances of cash and cash equivalents (less cash on hand and correspondent accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit institutions, available-for-sale investment securities, net loans to customers), on consolidated IFRS basis.

1Q 2016 Performance Highlights



KZT bn

	31 Mar 2016	31-Dec-15	YTD, %
Gross loans	2,425.8	2,481.2	(2.2%)
Net loans	2,117.5	2,176.1	(2.7%)
Total assets	4,387.3	4,454.9	(1.5%)
Total deposits	2,971.2	3,043.7	(2.4%)
Total equity	541.9	529.9	2.3%
Provisions / gross loans	12.7%	12.3%	
Loans / deposits ratio ⁽¹⁾	71.3%	71.5%	
Liquid assets / total assets ⁽²⁾	35.6%	36.1%	
NPLs 90 days+ / gross loans ⁽³⁾	12.9%	10.3%	

⁽¹⁾ net loans to customers / amounts due to customers, on consolidated IFRS basis.

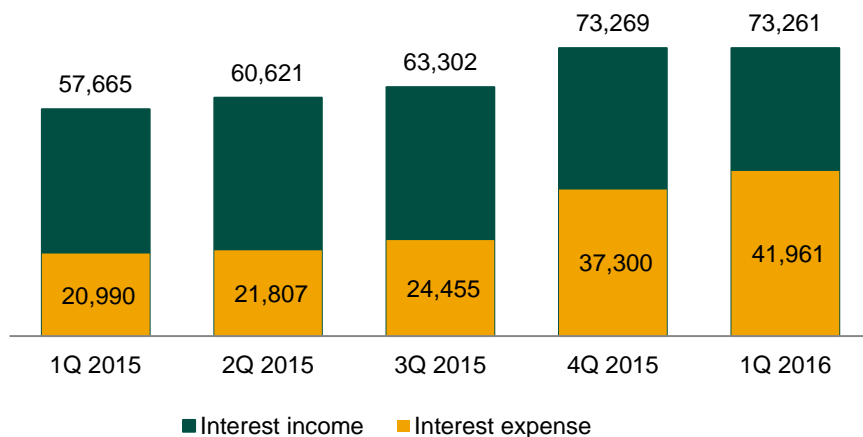
⁽²⁾ (cash and cash equivalents, the NBK notes, Treasury bills of the Ministry of Finance of Kazakhstan, Treasury bills of governments of other countries, Notes of national banks of other countries, Bonds of quasi-sovereign banks) / total assets, on consolidated IFRS basis.

⁽³⁾ total NPLs 90 days+ (total principal amount of loans and accrued interest with principal and/or interest overdue by more than 90 days) / gross loan portfolio, unconsolidated (Bank only), IFRS.

Interest Income

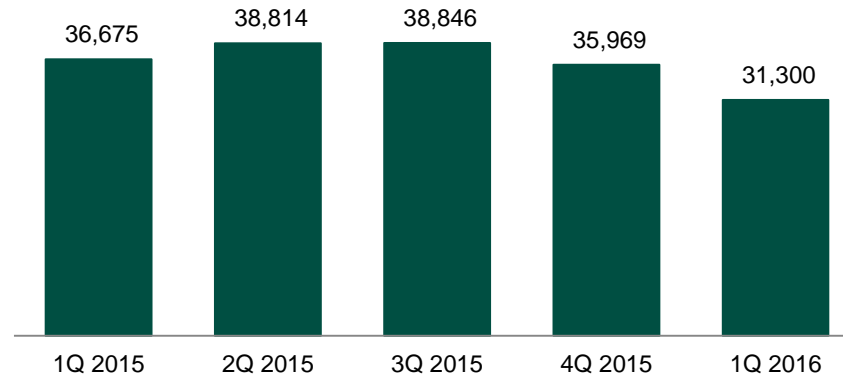
Interest Income and Interest Expense

KZT mln

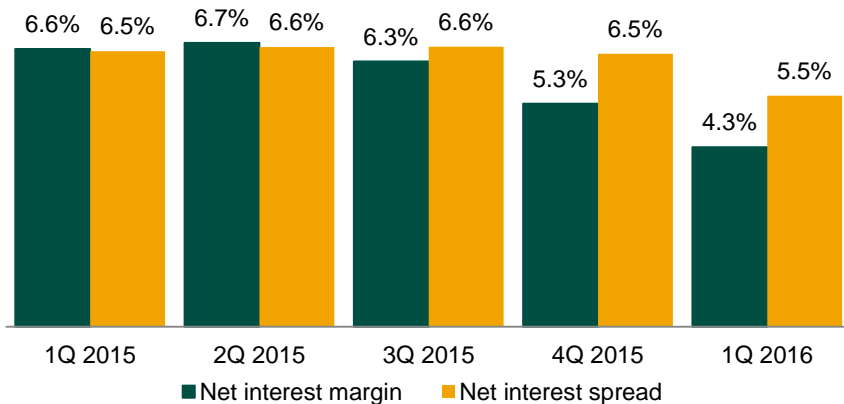


Net Interest Income ⁽¹⁾

KZT mln



Net Interest Margin ⁽²⁾ and Net Interest Spread ⁽³⁾



Comments

- NIM and Net Interest Spread decreased due to somewhat lower rates on loans and increase of interest expense;
- Despite higher interest income received (in cash) in 1Q 2016 vs. 4Q 2015, interest income accrued was lower due to prepayment of some large ticket loans.
- Interest expense grew due to limited KZT liquidity in the market and hence higher interest rates on money market funds and corporate deposits;

⁽¹⁾ before impairment charge.

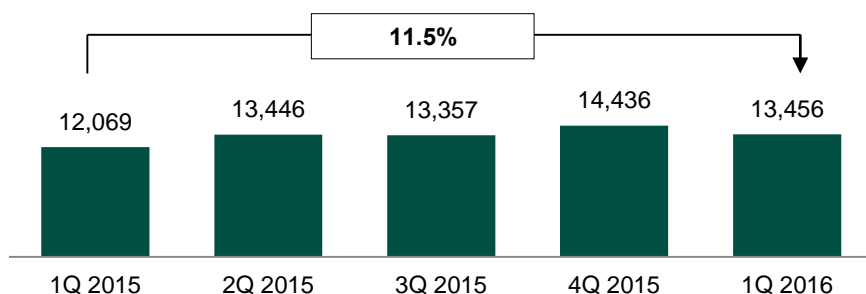
⁽²⁾ net interest income / average interest earning assets (monthly average balances of cash and cash equivalents (less cash on hand and correspondent accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit institutions, available-for-sale investment securities, net loans to customers), on consolidated IFRS basis.

⁽³⁾ average interest rate on interest earning assets, less average interest rate on average interest bearing liabilities, on consolidated IFRS basis.

Stable Growth of Fee and Commission Income

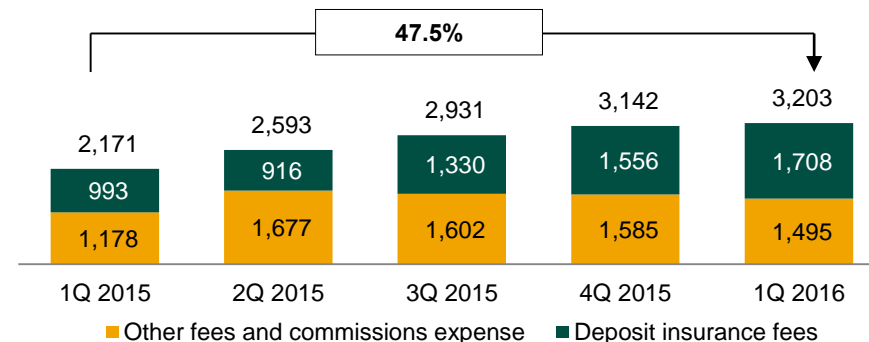
Total Transactional Banking Fees

KZT mln



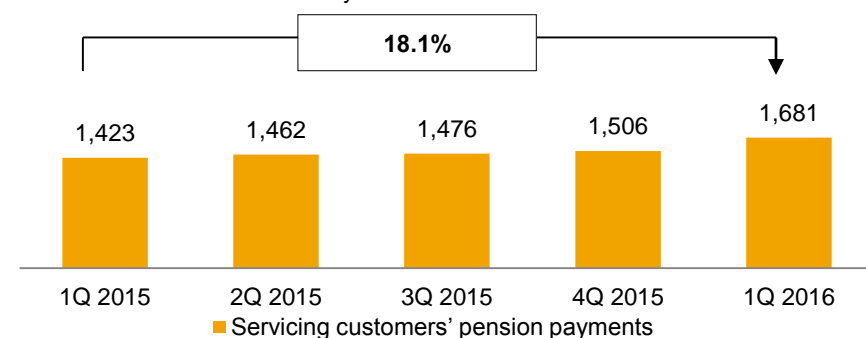
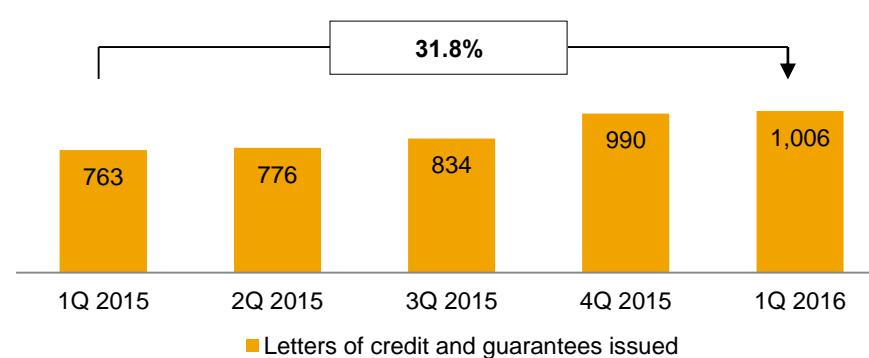
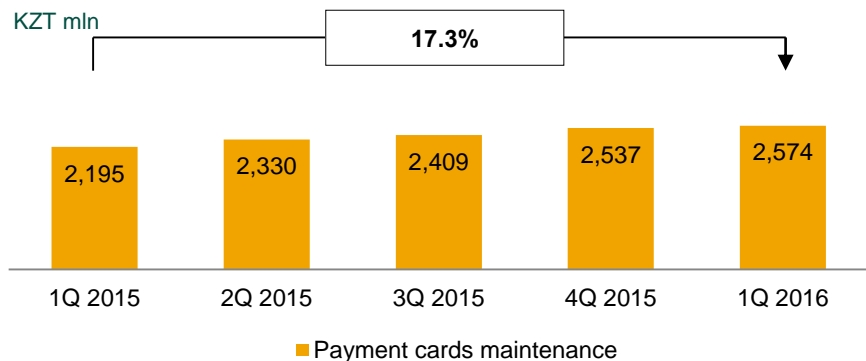
Fee and Commission Expense

KZT mln



Breakdown of Selected Transactional Banking Fees

KZT mln

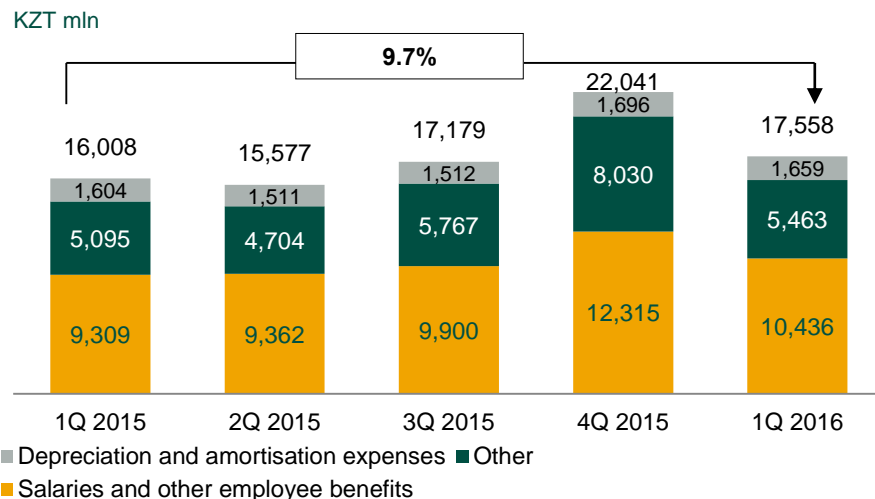


Comments

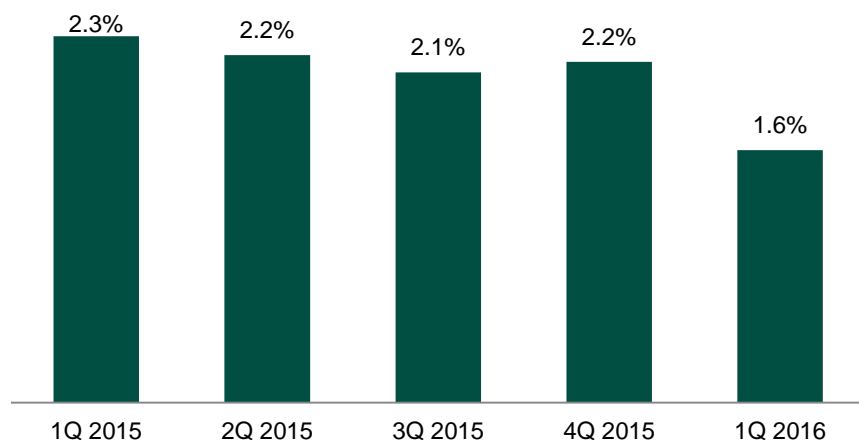
- Increase of deposit insurance fees payable to Kazakhstan Deposit Insurance Fund was mainly due to revaluation of USD denominated deposits as a result of KZT devaluation.

Operating Cost Growth Lower than Inflation

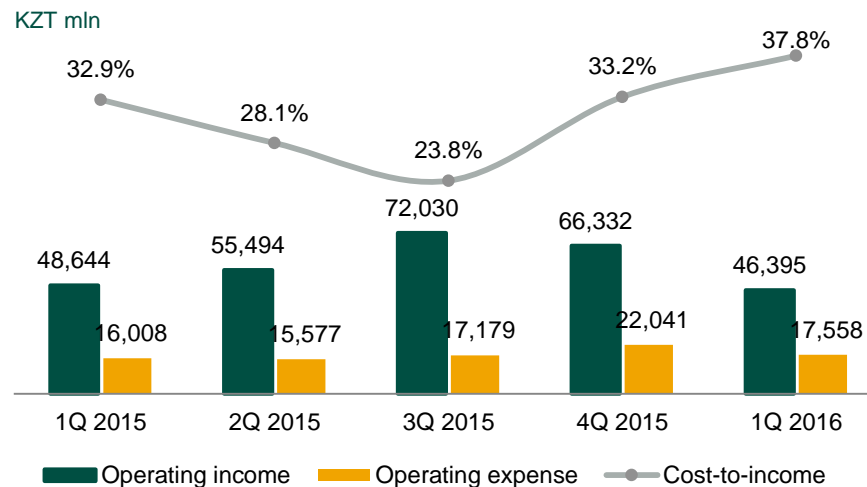
Operating Expenses



Cost-to-Average Assets ⁽²⁾



Cost-to-Income ⁽¹⁾



Comments

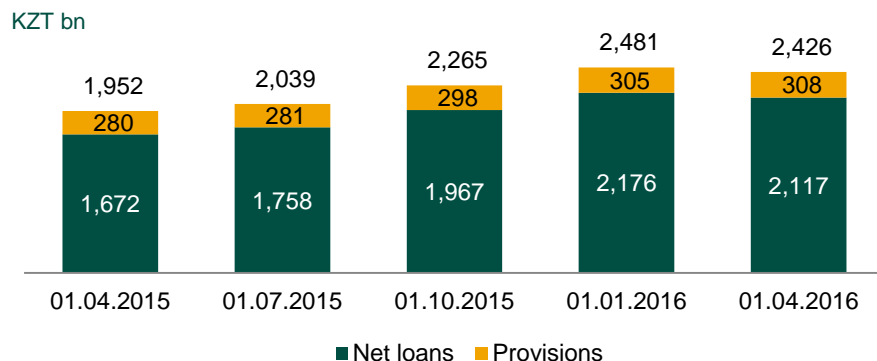
- Cost-to-income ratio increased to 37.8% for 1Q 2016 from 32.9% for 1Q 2015 as a result of lower operating income in 1Q 2016, mainly driven by interest expense growth and increase in operating expenses;
- Growth of operating expenses in 1Q2016 was mainly due to increase in salaries of some categories of the Bank's employees and incentive bonus scheme introduced as of 1 January 2016 (but not yet paid out);
- Operating expenses grew less than the inflation rate, which reached 15.1% for 1 April 2015 - 1 April 2016;
- Cost-to-Average Assets decreased to 1.6% due to increase of average monthly assets in 1Q 2016.

⁽¹⁾ operating expense / operating income (net interest income before impairment charge, net fees and commissions, other non-interest income, less insurance claims incurred, net of reinsurance, and expenses for insurance reserves), annualised, on consolidated IFRS basis.

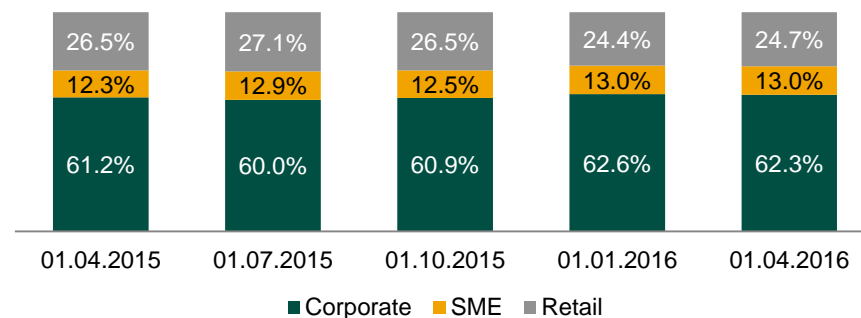
⁽²⁾ operating expense / average monthly assets, annualised, on consolidated IFRS basis.

Loan Growth Constrained by Limited KZT Funding

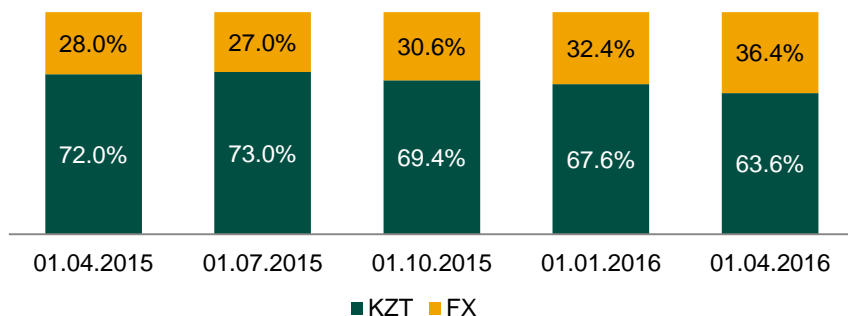
Total Gross Loans



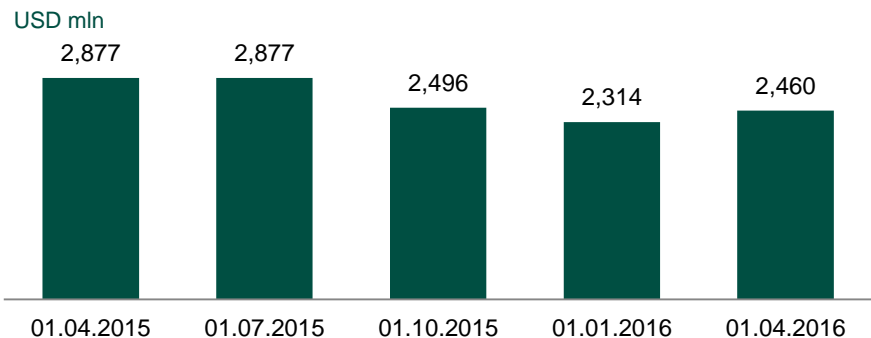
Total Gross Loans by Sectors



Total Net Loans by Currencies



Gross Loans Denominated in USD

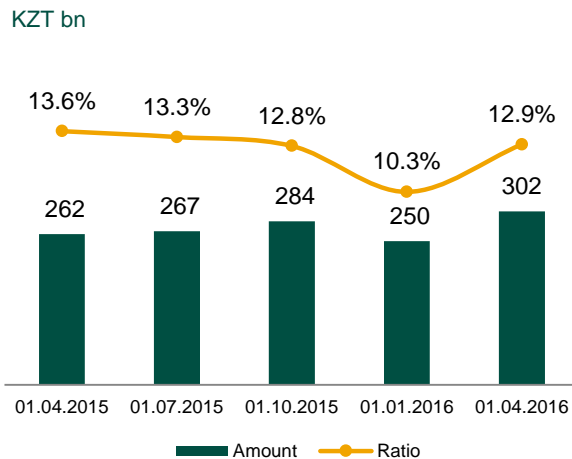


Comments

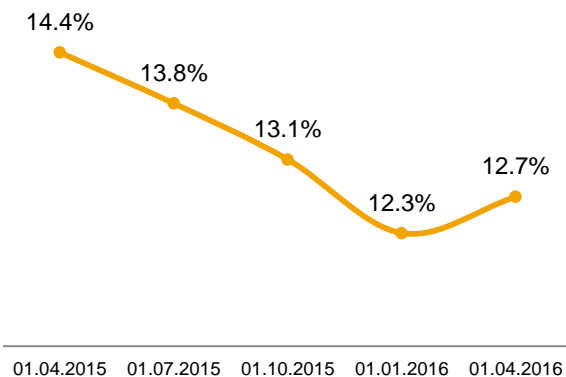
- Loan growth was constrained by limited KZT funding and low demand as a result of higher interest rates;
- In light of limited KZT funding some loans were issued in USD to few corporate borrowers with FX revenues.

Cost of Risk: Back to Normalised Level

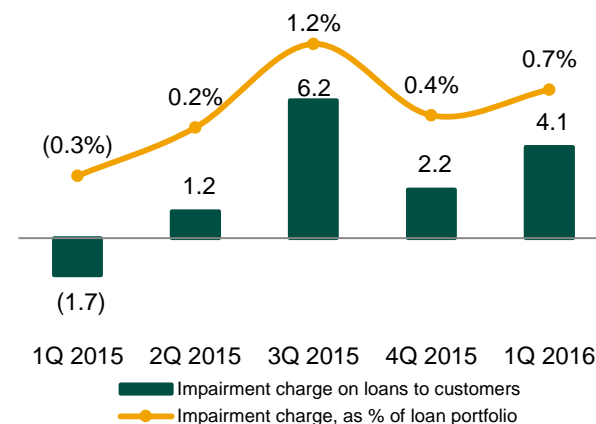
NPL 90 days+ ⁽¹⁾ Dynamics



Provisioning Rate⁽²⁾



Cost of Risk ⁽³⁾



Asset Quality Assessment by Rating Agencies

	Risk Position	S&P Local Currency - LT	Moody's Solvency - Asset Risk	Moody's Long Term Rating	Fitch Asset Quality	Fitch Long Term Rating
JSC Halyk Bank	Adequate	BB	caa1	Ba2	b+	BB
TsesnaBank	Adequate	B+	Not rated	Not rated	Not rated	B+
SB Sberbank	Not rated	Not rated	No data	Ba2	b	BB+
Kaspi Bank	Moderate	BB-	No data	B1	Not rated	Not rated
Bank CenterCredit	Moderate	B	caa2	B2	b	B
JSC Eurasian Bank	Moderate	B	Not rated	Not rated	Not rated	Not rated
Bank RBK	Moderate	B-	Not rated	Not rated	Not rated	Not rated
ATF Bank	Not rated	Not rated	No data	Caa2	ccc	B-
Fortebank	Weak	B	caa3	Caa1	Not rated	Not rated
Kazkommertsbank	Weak	CCC+	caa3	B3	cc	CCC

Source: Halyk Bank, the NBK, Rating Agencies

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

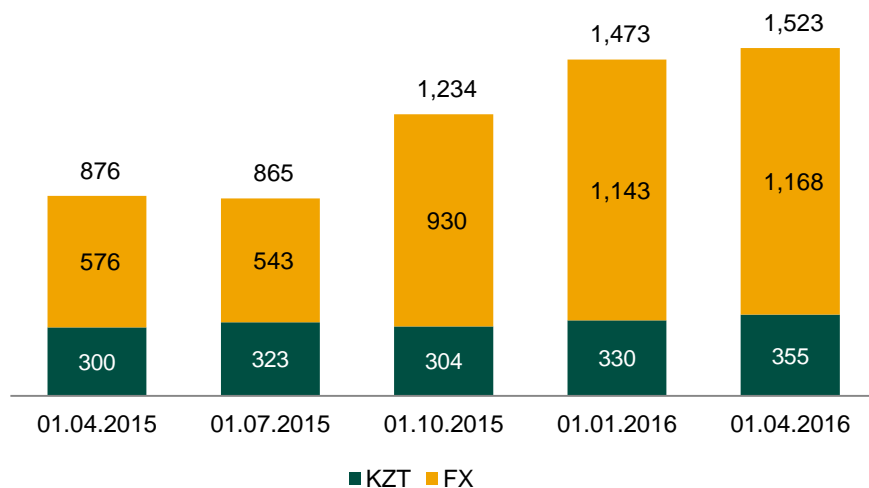
⁽²⁾ IFRS provisions/gross loans

⁽³⁾ impairment charge on loans to customers / monthly average balances of gross loans to customers, annualised, on consolidated IFRS basis.

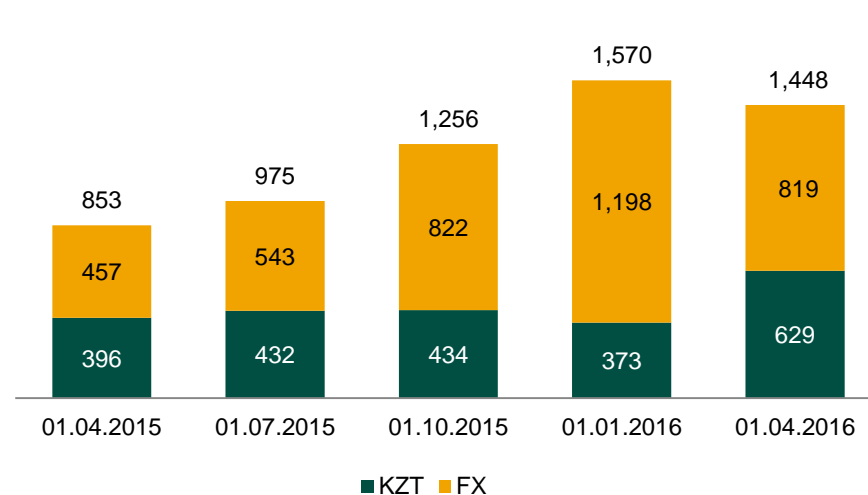
Funding Base: Dollarisation Reversing

Retail Deposits by Currencies

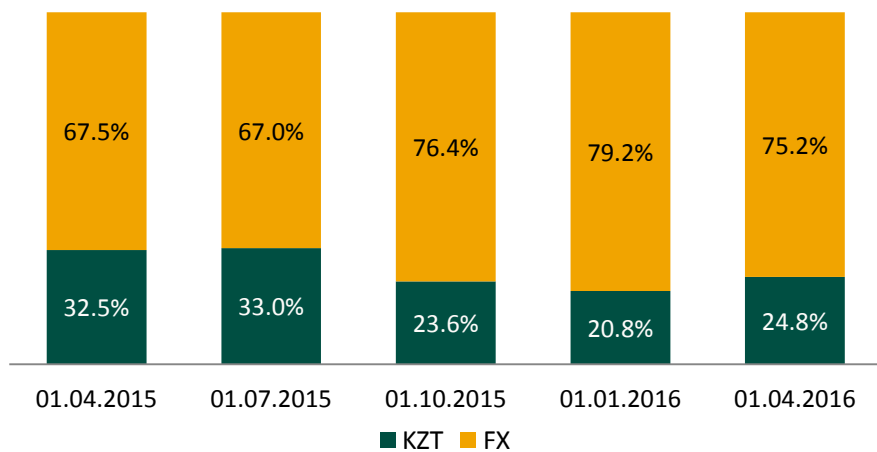
KZT bn



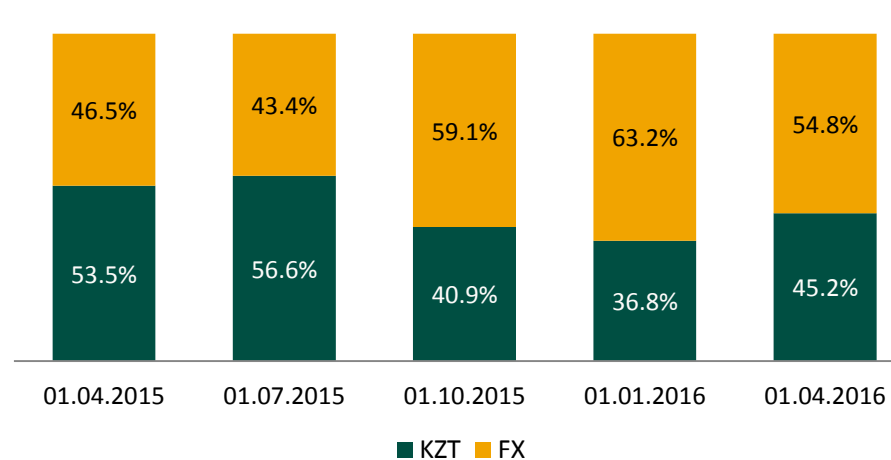
Deposits of Legal Entities by Currencies



Banking Sector Retail Deposits by Currencies⁽¹⁾



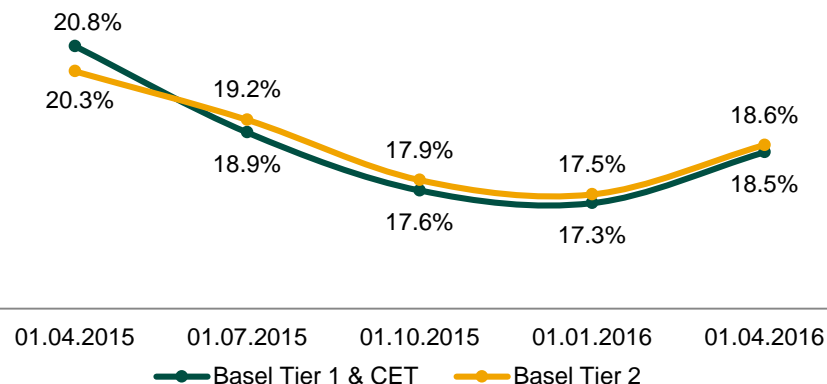
Banking Sector Deposits of Legal Entities by Currencies⁽¹⁾



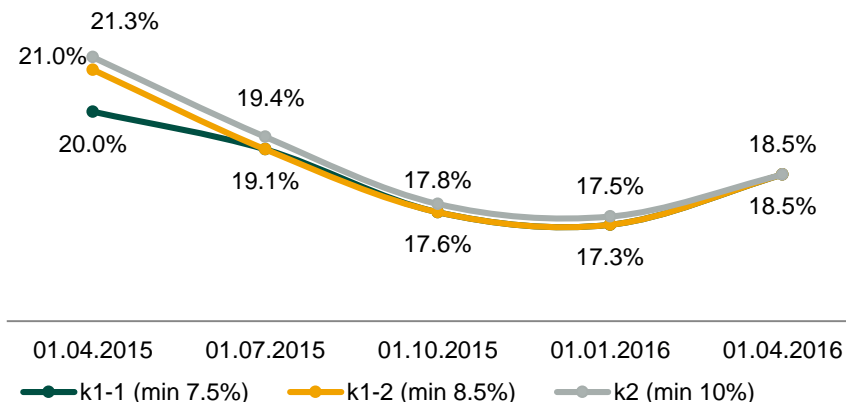
⁽¹⁾ Source: the NBK

Capital: Best Assessment by Rating Agencies

Basel Capital Adequacy Ratios



NBK Capital Adequacy Ratios



Capitalization Assessment by Rating Agencies

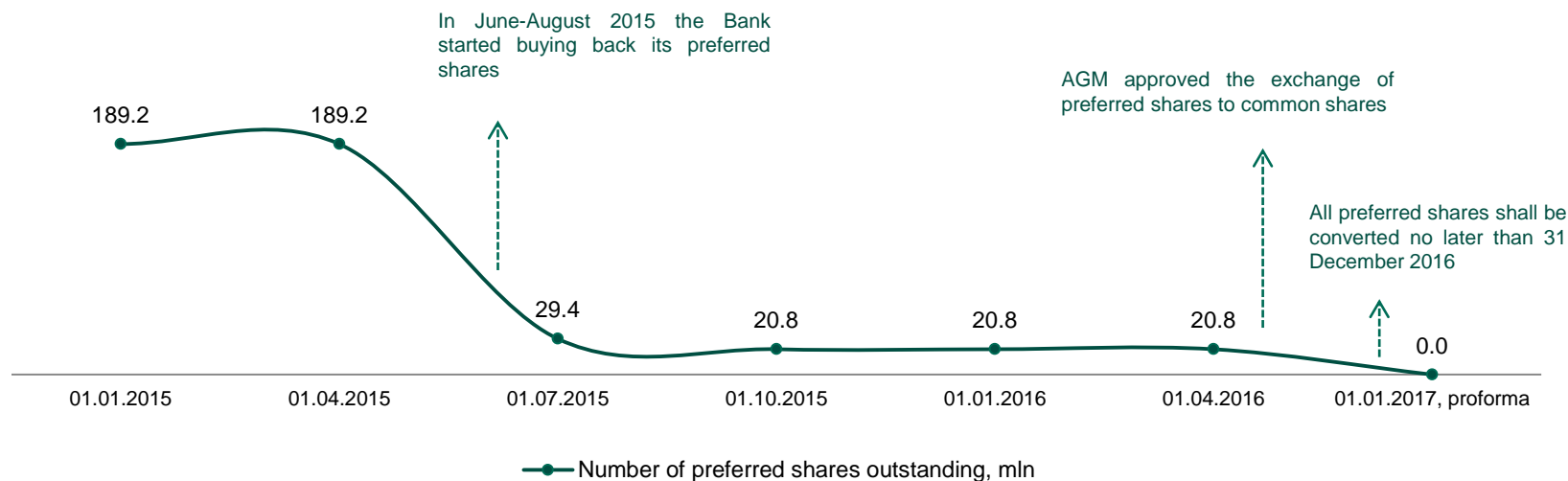
	S&P Capital and Earnings	Moody's Solvency - Capital	Fitch Capitalisation & Leverage
JSC Halyk Bank	Adequate	ba2	bb
SB Sberbank	Not rated	No data	b+
Fortebank	Moderate	ba3	Not rated
JSC Eurasian Bank, Kaspi Bank, Bank RBK	Moderate	Not rated/ No data	Not rated
Bank CenterCredit	Weak	caa1	b
ATF Bank	Not rated	No data	b-
TsesnaBank	Weak	Not rated	Not rated
Kazkommertsbank	Very Weak	caa3	ccc

Comments

- Starting from 1 January 2016 NBK has tightened the regulatory capital requirements for second-tier banks: increase in risk-weighting of certain types of loans, including FX and unsecured consumer loans, additional deductions from share capital of investments in subordinated debt of subsidiaries, etc.;
- Despite tightening of the NBK requirements, capital adequacy ratios improved significantly thanks to decrease in risk-weighted assets and net profit earned in 1Q 2016;
- Almost entire capital is a high quality core capital as a result of limited use of Tier 2 instruments.

Buy-back and Conversion of Preferred Shares

Preferred shares ⁽¹⁾



Exchange of preferred shares into common shares

- In light of changing regulatory treatment of preferred shares in Kazakhstan, the Bank decided in 2Q 2015 to buyback entirely all preferred shares;
- Most of preferred shareholders participated to the buyback, but some owners of small-sized holdings did not express interest in the buyback chiefly due to transaction costs being relatively high compared to the size of the holdings;
- AGM on 22 April 2016 with participation of common and preferred shareholders resolved to convert remaining preferred shares into common shares;
- The conversion ratio was set at 1 preferred share to 4 common shares based on market prices as of 22 April 2016;
- The conversion resulted in minimal dilution to common shareholders given the relatively small number of preferred shares being converted vs. common shares (ca 21 mln vs. 10 bn);
- The buyback and the subsequent conversion are EPS accretive for common shareholders: no (nondeductible for tax purposes) preferred dividend in the future and better diluted EPS for common shareholders.

⁽¹⁾ convertible and non-convertible preferred shares.

Outlook for 2016

	Actual 2015	Actual 1Q 2016	Guidance for 2016 (as presented on 14 March 2016), area of	Guidance for 2016 (updated), area of
Gross loan portfolio growth	28.3%	(2.2%)	12-15%	Unchanged
Net loan portfolio growth	32.0%	(2.7%)	12-15%	Unchanged
Consolidated net income (KZT bn)	120.3	18.3	60.0-80.0	Unchanged
Cost of risk ⁽¹⁾ , p.a.	0.4%	0.7%	1.0-2.0%	1.00%
Cost-to-income ratio	29.2%	37.8%	33.0-36.0%	Unchanged
NIM, p.a.	6.2%	4.3%	5.0-5.5%	Unchanged
RoAE, p.a.	24.4%	13.7%	11.0-15.0%	Unchanged

⁽¹⁾ impairment charge on loans to customers / monthly average balances of gross loans to customers, on consolidated IFRS basis.

Speakers



Umut Shayakhmetova
CEO



Aliya Karpykova
Deputy CEO, Finance
and Accounting



Murat Koshenov, CFA
Deputy CEO, Corporate
Banking



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



Yertai Salimov
Deputy CEO,
Operations and
Treasury

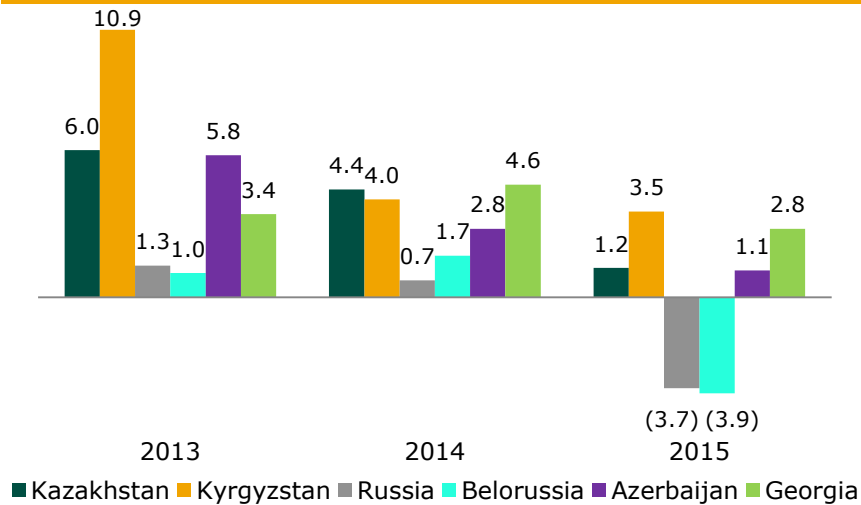


Almas Makhanov
Chief Risk Officer and
Compliance Controller

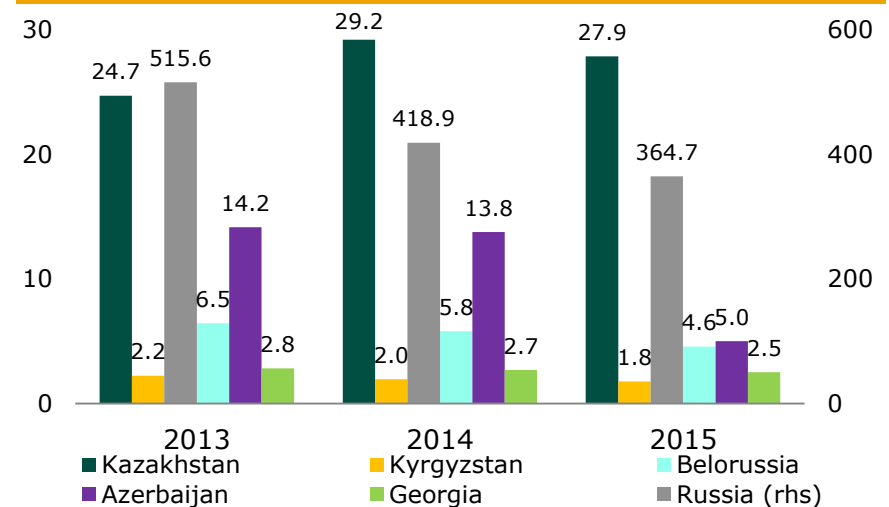
Q & A session

Annex: Macroeconomic Overview⁽¹⁾

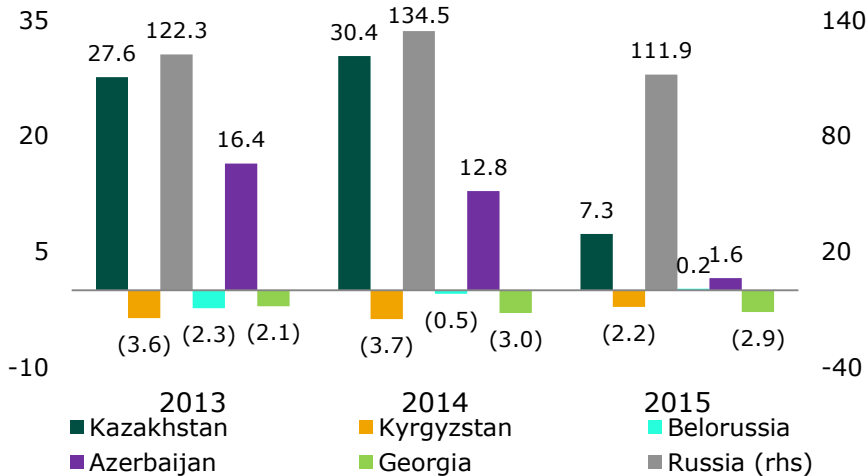
Real GDP Growth, %



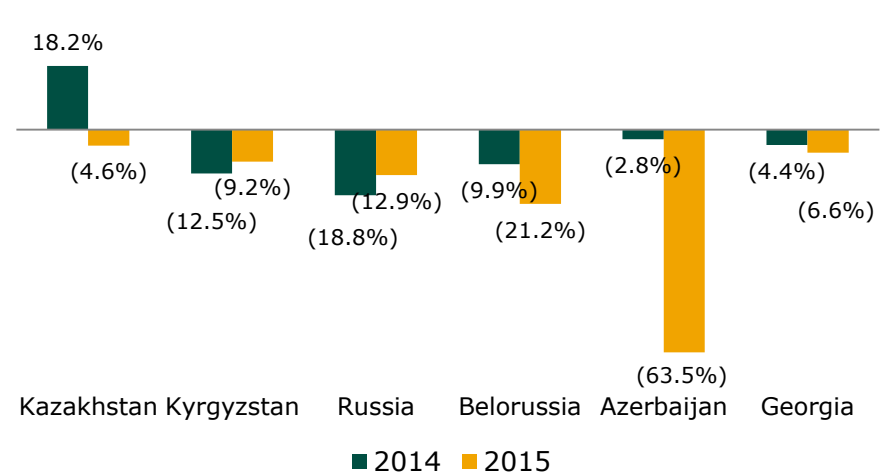
FX Reserves, USD bn



Balance of Trade, USD bn



FX Reserves Growth, %



⁽¹⁾ Source: Statistical Committee of Kazakhstan, National Statistical Committee of Kyrgyzstan, Federal Service of State Statistics of Russian Federation, National Statistical Committee of Belorussia, State Statistical Committee of Azerbaijan, National Statistical Office of Georgia, the NBK, National Bank of Kyrgyzstan, Central Bank of Russian Federation, National Bank of Belorussia, National Bank of Azerbaijan, National Bank of Georgia.

Annex: Halyk Bank – Key Strengths



Big size of balance sheet able to sustain regulatory ratios and support big volumes of payments

- Total Assets comprised – KZT 4,387 bn;
- Total Equity comprised – KZT 542 bn;
- K1-1 regulatory capital adequacy ratio comprised – 18.5% (min 7.5%);
- K1-2 regulatory capital adequacy ratio comprised – 18.5% (min 8.5%);
- K2 regulatory capital adequacy ratio comprised – 18.5% (min 10%);
- Solid capitalisation (under Basel): CET – 18.5%, Tier 1 – 18.5%, Tier 2 – 18.6%

Systemically and Socially Important Universal Financial Services Group in Kazakhstan

- Leading Kazakhstan universal financial services group with the largest customer base and largest distribution network in Kazakhstan;
- # 1 by total equity, total retail deposits, retail current accounts, corporate current accounts;
- 9.4 mn retail accounts.

Winning Franchise as Attested Throughout the Crisis

- Peer comparison – strong asset quality, stable funding, and robust capitalisation;
- Testament to prescient pre-crisis strategy of conservative foreign borrowing, deposits-led funding, strict lending practices, and focus on non-lending revenue generation;
- Gained market share in key business segments;
- Highest long term credit ratings (except for banks with foreign participation in equity of the Bank) in Kazakhstan: Ba2 / BB / BB.

Annex: Halyk Bank – Key Strengths (continued)



Robust Financial Standing

- Comfortable liquidity: Liquid Assets/Total Assets – 35.6%;
- High-quality funding base: Loan/Deposits – 0.71x, debt securities' share – 15.6%;
- Sufficient provisioning: NPLs 90 days+ stabilised at 12.9%, coverage of NPL 90 days+ with provisions – 99.2%;

Loyal Customer Funding Base

- “Safe haven” for depositors during the crisis;
- 79.2% of funding in deposits, 32.7% of which are zero interest demand deposits ;
- 15.6% of total liabilities in debt securities with no material repayments until 2017.

Diversified Revenue Generation and Sustained Cost Efficiency

- Revenue generation well supported by diversified fee and commissions income from transactional banking, comprising 20.4% of total revenue in 1Q 2016;
- Well-managed expenses: Cost-to-Income ratio – 37.8%.

Largest Distribution Network

- Largest branch network – 516 outlets, 561 multi-kiosks, 2,251 ATMs, 21,483 POS terminals;
- Almost 2x larger than the closest competitor.

Annex: Recent Developments



Changes to the Board of Directors

- *On 22 April 2016 the Annual General Shareholders' Meeting of the Bank has adopted a resolution on early termination of powers of the member of the Board of Directors of JSC Halyk Bank Mr. Ulf Wokurka from 22 April 2016 and election of the member of the Board of Directors of JSC Halyk Bank Mr. Saidenov Anvar Galimullayevich as the independent director.*

Exchange of preferred shares to the common shares:

- *Exchange of outstanding preferred shares and preferred shares convertible into common shares for the common shares of the Bank was adopted on the Annual General Shareholders' Meeting of the Bank held on 22 April 2016.*

Dividend payment on preferred shares:

- *The Annual General Shareholders' Meeting the Bank has resolved to pay dividends on preferred shares and preferred shares convertible to common shares in the amount of KZT 338.2mln.*

Repayment of local bond:

- *On 25 April 2016, the Bank made a scheduled repayment of KZT 4.0bn 10-year subordinated local bond bearing a coupon of 15% minus inflation rate.*

Rating confirmation:

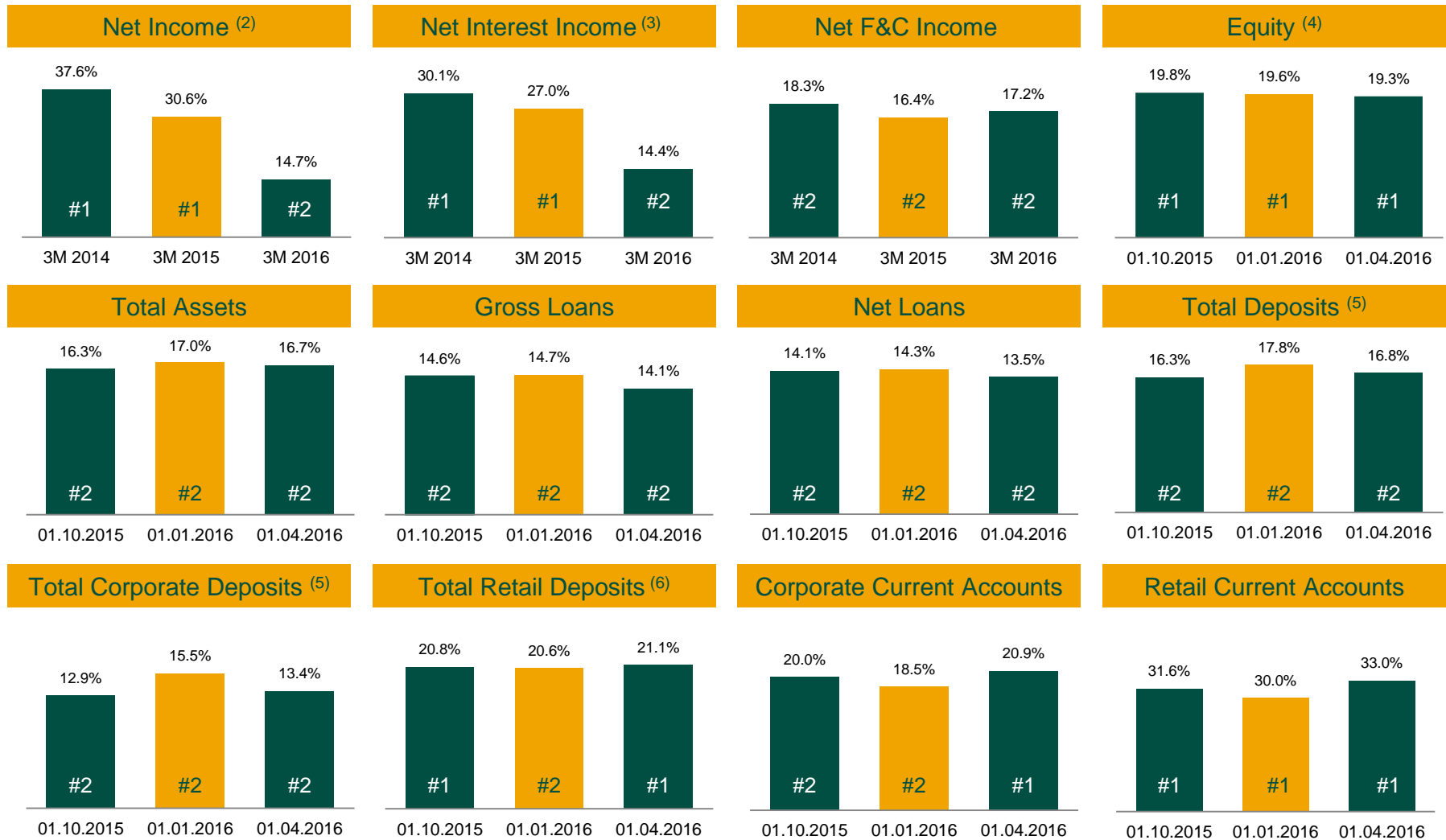
- *On 27 April 2016 Moody's international rating agency confirmed the Bank's long-term bank deposit rating at Ba2.*

Awards:

- *JSC Halyk Finance was acknowledged the winner in "The Best Sovereign Bond in EMEA" and "The Best Financial Institution Bond" nominations by EMEA Finance, international financial publication.*

⁽¹⁾ please see the full list of resolutions adopted on the Annual General Shareholders' Meeting of JSC Halyk Bank held on 22 April 2016 on the corporate website of the Bank: <http://www.halykbank.kz/en/investor-relations/information-for-shareholders/5925> .

Annex: Market Position (1)



(1) starting from 1 July, 2015 BTA was excluded from the banking system.

(2) excl. banks with negative income.

(3) after impairment charge, excl. negative net interest income.

(4) excl. banks with negative equity.

(5) excl. term deposits of SAPF; consist of term deposits and current accounts.

(6) consist of term deposits and current accounts.

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

Annex: P&L Summary

Dynamics

KZT mln	1Q 2016	1Q 2015	Y-o-Y, %	4Q 2015	Q-o-Q, %
Interest income	73,261	57,665	27.0%	73,268	(0.01%)
Interest expense	(41,961)	(20,990)	99.9%	(37,300)	12.5%
Net interest income ⁽¹⁾	31,300	36,675	(14.7%)	35,968	(13.0%)
Impairment charge ⁽²⁾	(4,504)	1,662	(3.7x)	(3,576)	26.0%
Net interest income	26,796	38,337	(30.1%)	32,392	(17.3%)
Transactional banking fees ⁽³⁾	13,456	12,070	11.5%	14,436	(6.8%)
Insurance business ⁽⁴⁾	76	705	(89.2%)	1,377	(94.5%)
FX operations ⁽⁵⁾	2,551	862	195.9%	11,315	(77.5%)
Operating expenses	(17,558)	(16,008)	9.7%	(22,041)	(20.3%)
Net income	18,290	26,972	(32.2%)	28,337	(35.5%)
RoAE ⁽⁶⁾ , p.a.	13.7%	22.8%		21.4%	
RoAA ⁽⁶⁾ , p.a.	1.7%	3.9%		2.8%	

⁽¹⁾ before impairment charge.

⁽²⁾ total impairment charge, including impairment charge on loans to customers, amounts due from credit institutions, available-for-sale investment securities and other assets.

⁽³⁾ fees and commission income (fees for bank transfers - settlements, payment cards maintenance, cash operations, bank transfers – salary projects, servicing customers' pension payments, letters of credit and guarantees issued, maintenance of customers accounts and other).

⁽⁴⁾ insurance underwriting income (gross insurance premiums written, net change in unearned insurance premiums, ceded reinsurance share) less insurance claims incurred, net of reinsurance (insurance payments, insurance reserves expenses, commissions to agents).

⁽⁵⁾ FX operations (net gain from financial assets and liabilities at fair value through profit or loss, net (loss)/gain on foreign exchange operations).

⁽⁶⁾ annualised.

Annex: Balance Sheet Summary

KZT mln	31 Mar 2016	31 Dec 2016	Change YTD, %
Total assets	4,387,262	4,454,938	(1.5%)
Cash and cash equivalents	1,385,336	1,404,680	(1.4%)
Amounts due from credit institutions	37,951	44,993	(15.7%)
T-bills	130,305	165,040	(21.0%)
Other securities & derivatives	430,086	390,550	10.1%
<i>Gross loan portfolio</i>	2,425,847	2,481,183	(2.2%)
<i>Stock of provisions</i>	(308,364)	(305,114)	1.1%
Net loan portfolio	2,117,483	2,176,069	(2.7%)
Other assets	286,101	273,606	4.6%
Total liabilities	3,845,357	3,925,010	(2.0%)
Total deposits, including:	2,971,221	3,043,731	(2.4%)
<i>retail deposits</i>	1,523,109	1,473,430	3.4%
<i>term deposits</i>	1,315,135	1,276,609	3.0%
<i>current accounts</i>	207,974	196,821	5.7%
<i>corporate deposits</i>	1,448,112	1,570,301	(7.8%)
<i>term deposits</i>	685,453	868,833	(21.1%)
<i>current accounts</i>	762,659	701,468	8.7%
Debt securities	600,984	597,525	0.6%
Amounts due to credit institutions	144,835	168,258	(13.9%)
Other liabilities	128,317	115,496	11.1%
Equity	541,905	529,928	2.3%

Annex: Key Financial Indicators

	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015
Amounts due to customers / total liabilities	77.3%	77.5%	75.8%	74.2%
Loans / deposits ratio ⁽¹⁾	71.3%	71.5%	79.0%	95.6%
Liquid assets / total assets ⁽²⁾	35.6%	36.1%	32.0%	27.1%
IFRS Provisioning rate ⁽³⁾	12.7%	12.3%	13.1%	13.8%
Basel Common Equity Tier 1 ⁽⁴⁾	18.5%	17.3%	17.6%	18.9%
Basel Tier 1 ⁽⁴⁾	18.5%	17.3%	17.6%	18.9%
Basel Tier 2 ⁽⁴⁾	18.6%	17.5%	17.9%	19.2%
Regulatory Tier 1 capital adequacy ratio (k1) ⁽⁵⁾	18.5%	17.3%	17.6%	19.1%
Regulatory Tier 1 capital adequacy ratio (k1-2) ⁽⁵⁾	18.5%	17.3%	17.6%	19.1%
Regulatory Tier 2 capital adequacy ratio (k2) ⁽⁵⁾	18.5%	17.5%	17.8%	19.4%

⁽¹⁾ net loans to customers / amounts due to customers, on consolidated IFRS basis.

⁽²⁾ (cash and cash equivalents, 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) / total assets, on consolidated IFRS basis.

⁽³⁾ allowance for loan impairment / gross loan portfolio, on consolidated IFRS basis.

⁽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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015
Number of branches and outlets	516	521	526	529
Number of ATMs	2,251	2,251	2,257	2,263
Number of POS-terminals	21,483	20,169	18,928	18,462
Information and transaction terminals (<i>multiservice kiosks</i>)	561	561	577	584
Payment terminals	577	577	287	287
Clients of internet banking, <i>individuals</i>	765,493	699,952	615,909	550,507
Clients of internet banking, <i>legal entities</i>	14,888	14,888	15,09	14,923
SMS banking clients	1,902,744	1,762,592	1,590,001	1,473,931
Telebanking clients	115,134	103,259	90,516	79,13
Payment card holders	5,154,047	5,037,860	4,894,817	4,645,661
Payroll project clients (<i>legal entities</i>)	22,904	22,866	22,79	22,712
	1Q 2016	4Q 2015	3Q 2015	2Q 2015
Cost-to-income ⁽¹⁾	37.8%	33.2%	23.8%	28.1%
Return on average common shareholders' equity (RoAE)	13.7%	21.4%	29.8%	23.7%
Return on average assets (RoAA)	1.7%	2.8%	4.5%	4.0%
Net interest margin	4.3%	5.3%	6.3%	6.7%
Operating expenses / average total assets	1.6%	2.2%	2.1%	2.2%

⁽¹⁾ operating expense / operating income (net interest income before impairment charge, net fees and commissions, other non-interest income, less insurance claims incurred, net of reinsurance, and expenses for insurance reserves), on consolidated IFRS basis.

Annex: Insurance Business

KZT mln	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015
Insurance premiums written, gross	15,761	8,630	13,482	15,293	13,453
Change in unearned insurance premiums, net	(2,509)	1,094	(260)	(2,737)	(3,535)
Ceded reinsurance share	(8,367)	(2,096)	(6,442)	(6,599)	(4,710)
Insurance underwriting income	4,885	7,628	6,780	5,957	5,208
Insurance payments	(2,977)	(2,656)	(2,761)	(2,439)	(2,224)
Insurance reserves	(773)	(1,269)	(1,271)	(1,827)	(790)
Commission to agents	(1,059)	(2,326)	(2,173)	(1,567)	(1,489)
Insurance claims incurred, net of reinsurance	(4,809)	(6,251)	(6,205)	(5,833)	(4,503)
Net insurance underwriting income	76	1,377	575	124	705
Investment income	2,071	9,011	8,761	320	743
Net income of insurance subsidiaries	658	3,332	7,846	(541)	220
	31-Mar-16	31-Dec-15			
Insurance assets	29,704	23,857			
Insurance liabilities	60,953	50,983			

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.