



# HALYK GROUP FINANCIAL RESULTS PRESENTATION 9M & 3Q 2017

(Moody's – Ba1 / Fitch – BB / S&P – BB)

20 November, 2017

# 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;*

*- for comparison purposes, the statement of profit or loss for 9M 2017 & 9M 2016; 3Q 2017 & 3Q 2016 are shown in this presentation without Altyn Bank based on IFRS financial statements;*

*- the statement of profit or loss review for 2Q 2017 and statement of financial position as at 01.07.2017 are shown in this presentation together with investments in Altyn Bank, had no reclassification been made.*

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# Speakers



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Almas Makhanov  
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Ulf Wokurka  
CEO, KKB

# KKB Status Update



<b>Background</b>	<ul style="list-style-type: none"><li>On 5 July 2017 Halyk Bank completed the acquisition of 96.81% of ordinary shares of JSC Kazkommertsbank (“KKB”), including 86.09% from the Kenges Rakishev for a consideration of KZT1, and 10.72% from Samruk Kazyna for a consideration of KZT1</li></ul>
<b>Post-transaction actions</b>	<ul style="list-style-type: none"><li>On 29 August 2017 all settlements under mandatory tender offer on purchase of KKB’s ordinary and preference shares, as well as global depositary receipts of KKB announced on 10 July 2017 have been completed</li><li>As of 29 August 2017 Halyk Bank held 99.72% of KKB’s outstanding ordinary shares and 23.55% of KKB’s outstanding preference shares</li><li>Halyk Bank changed substantially KKB’s Management Board and Board of Directors</li><li>Policies, risk and cost control brought to the standard of Halyk Bank’s. Halyk Bank’s employees were transferred to KKB to take key risk and cost control positions. Key employees of KKB responsible for business development and new technologies retained their positions</li><li>On 15 November 2017 KKB completed additional capitalisation for KZT65.2 bn. 700,171,633 shares representing 25.05% of increased number of shares were acquired by HG Almex</li></ul>
<b>Rating actions</b>	<ul style="list-style-type: none"><li>On 27 June 2017 Moody’s upgraded KKB’s deposit ratings from B3 to Ba2; senior unsecured debt from Caa2 to B1; changed outlook to “Stable” on 28-Jul-17 following the revision of Kazakhstan’s government rating outlook</li><li>On 18 July 2017 S&amp;P raised long-term counterparty credit rating on KKB to 'B+' from 'B-'; outlook negative</li><li>31 August 2017 Fitch upgraded KKB’s long-term default rating to 'BB-' from 'CCC'; outlook stable</li></ul>
<b>Next on the agenda</b>	<ul style="list-style-type: none"><li>Professional advisers were hired to help developing Business and IT strategy for the enlarged Halyk Group</li><li>Strategy review is to be finalised by the Year End 2017</li></ul>

# Performance Highlights of KKB



KZT bn

	KKB, consolidated					
	9M 2017	6M 2017	3Q 2017 (before acquisition)	3Q 2017 (post acquisition)	3Q 2017 (total)	2Q 2017
Total Net income	(375.9)	(576.6)	184.6 <sup>(1)</sup>	+ 16.1	= 200.7	(614.4)
Net interest income <sup>(2)</sup>	61.3	44.8			16.6	23.5
Fee and commission Income	39.4	25.3			14.1	13.3
Cost of risk <sup>(3)</sup> , p.a.	17.0%	22.9%			0.6%	47.4%
NIM <sup>(4)</sup> , p.a.	2.1%	2.2%			2.3%	2.4%

	KKB, consolidated			01.07.2017	01.10.2017	pro-forma 15.11.2017
	01.10.2017	01.07.2017				
Interest earning assets <sup>(5)</sup>	2,972.0	3,658.2	Regulatory capital	565.3	157.7	405.2
Gross loans	1,736.0	4,231.6	Capital adequacy ratios:			
Net loans	786.6	3,182.2	k1	9.4%	13.1%	18.1%
Total assets	3,521.4	4,101.3	k1-2	10.0%	15.0%	20.1%
Total deposits	2,495.6	2,665.5	k2	12.5%	10.3%	27.2%
Total equity	200.1	(198.1)	➤ As a result of additional capitalisation, at 15 November 2017 KKB's capital adequacy ratio (k2) KKB equalled to 27.2%, which is one of the highest ratio among Kazakh banks. The need for additional capitalisation was based on constantly increasing regulatory requirements and implementation of IFRS 9, starting from 1 January 2018. It will also help to restore and further increase KKB's loan portfolio.			
Provisions / gross loans	54.7%	24.8%				
Loans / deposits ratio <sup>(6)</sup>	112.4%	129.1%				
Liquid assets / total assets <sup>(7)</sup>	67.1%	10.9%				
NPLs 90 days+ / gross loans <sup>(8)</sup>	48.0%					

<sup>(1)</sup> gain of KZT 169.8 bn from initial recognition of financial instruments as a result of change in terms of deposit from Problem Loans Fund plus income of KZT 14.8 bn from the recovery of provisions under BTA loan (upon write-off).

<sup>(2)</sup> before impairment charge.

<sup>(3)</sup> impairment charge on loans to customers / quarterly average balances of gross loans to customers, on consolidated IFRS basis.

<sup>(4)</sup> net interest income / quarterly interest earning assets (quarterly 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.

<sup>(5)</sup> 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.

<sup>(6)</sup> average annual balance of net loans to customers / average annual balance of amounts due to customers, on consolidated IFRS basis.

<sup>(7)</sup> (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.

<sup>(8)</sup> 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.

## Halyk Group financial results 9M& 3Q 2017

# 9M & 3Q 2017 Performance Highlights

KZT bn

							Excluding KKB			
	9M 2017	9M 2016 <sup>(4)</sup>	Y-o-Y, %	3Q 2017	3Q 2016 <sup>(4)</sup>	Q-o-Q, %	9M 2017	Y-o-Y, %	3Q 2017	Q-o-Q, %
Net income	135.4	94.0	44.0%	56.5	36.9	53.2%	118.1	25.6%	39.3	6.5%
Net interest income <sup>(1)</sup>	166.8	125.2	33.2%	68.0	46.1	47.5%	148.7	18.8%	49.9	8.2%
Fee and commission Income	58.9	42.3	39.2%	28.9	14.7	96.6%	45.8	8.3%	15.8	7.5%
RoAE, p.a.	24.4%	22.0%		28.6%	24.1%		21.5%		20.3%	
RoAA, p.a.	2.9%	2.8%		2.9%	3.1%		3.0%		3.0%	
Cost of risk <sup>(2)</sup> , p.a.	1.2%	1.0%		1.7%	1.4%		0.9%		0.9%	
NIM <sup>(3)</sup> , p.a.	4.8%	5.6%		4.8%	5.6%		5.3%		5.4%	

- Halyk Bank is on track to achieve its targeted financial results
- First synergy effect of integration with KKB
- Group Business and IT strategy development is in progress
- Transaction on sale of 60% of Altyn Bank is under way pending Chinese regulatory approvals

<sup>(1)</sup> before impairment charge.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> financial indicators (ROAE, ROAA, Cost of risk, NIM) for 9M 2016 and 3Q 2016 are calculated taking into account Altyn Bank.

# 9M & 3Q 2017 Performance Highlights

KZT bn

						Excluding KKB	
	01.10.2017	01.01.2017	YTD, %	01.07.2017	Q-o-Q, %	01.10.2017	YTD, %
Interest earning assets <sup>(1)</sup>	6,579	3,915	68.0%	4,018	63.7%	3,863	(1.3%)
Gross loans <sup>(2)</sup>	3,413	2,604	31.1%	2,577	32.4%	2,630	1.0%
Net loans	3,123	2,320	34.6%	2,292	36.3%	2,337	0.7%
Total assets	8,675	5,348	62.2%	5,276	64.4%	5,352	0.1%
Total deposits	6,076	3,821	59.0%	3,881	56.6%	3,580	(6.3%)
Total equity	827	666	24.2%	755	9.5%	800	20.1%
Provisions / gross loans <sup>(2)</sup>	8.5%	10.9%		11.1%		11.2%	
Loans / deposits ratio <sup>(3)</sup>	57.6%	69.0%		61.5%		63.2%	
Liquid assets / total assets <sup>(4)</sup>	47.7%	46.8%		46.5%		41.8%	
NPLs 90 days+ / gross loans <sup>(5)</sup>	13.4%	10.2%		10.2%		10.5% <sup>(6)</sup>	

<sup>(1)</sup> 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.

<sup>(2)</sup> as at 1 October 2017, loans to customers before allowance for impairment losses include net loans of KKB recognised by the Bank at fair value of KZT781 bn + changes in KKB gross loan portfolio from acquisition date to 30 September 2017 of KZT2 bn.

<sup>(3)</sup> average annual balance of net loans to customers / average annual balance of amounts due to customers, on consolidated IFRS basis.

<sup>(4)</sup> (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.

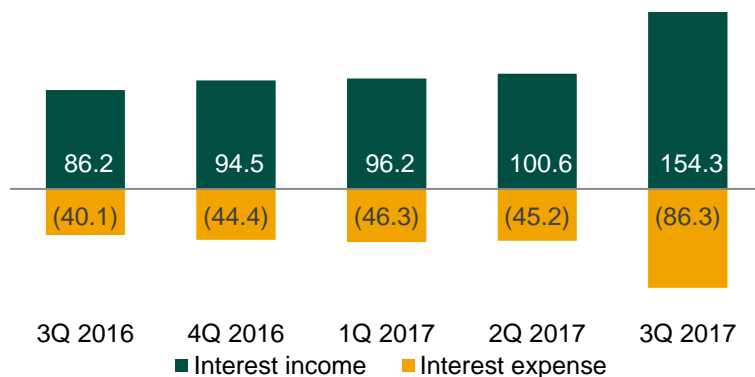
<sup>(5)</sup> the aggregate Halyk Bank + KKB NPLs 90 days+ (total principal amount of loans and accrued interest with principal and/or interest overdue by more than 90 days) / gross loan portfolio, Banks only.

<sup>(6)</sup> 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 (Halyk Bank only), IFRS. As at 01.10.2017, NPLs 90 days+ ratio of KKB equaled to 48.1%; coverage ratio – 113.9%.

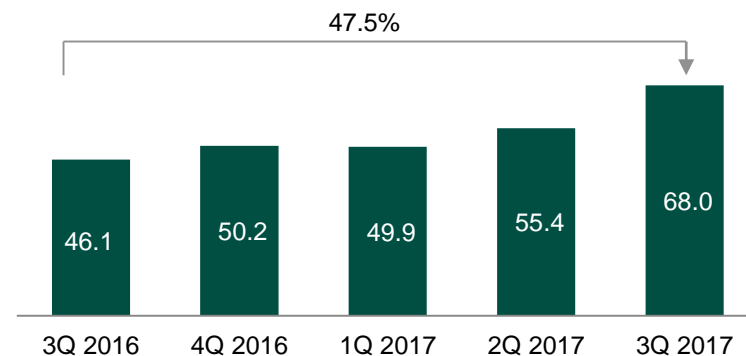
# Interest Income

## Interest Income and Interest Expense

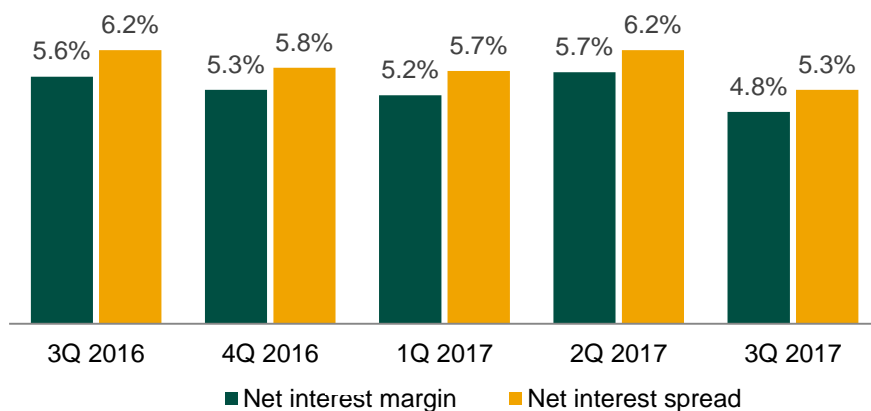
KZT bn



## Net Interest Income <sup>(1)</sup>



## Net Interest Margin <sup>(2)</sup> and Net Interest Spread <sup>(3)</sup>



## Commentary

- Net Interest Margin in 3Q 2017 vs. 2Q 2017 decreased from 5.7% to 4.8% mainly due to faster growth in average interest earning assets compared to increase in net interest income on the back of lower net interest margin of KKB and reclassification of Allyn Bank's interest earning-assets into assets held for sale.
- Net Interest Spread in 3Q 2017 vs. 2Q 2017 declined from 6.2% to 5.3% due to higher growth of interest expense compared to interest bearing liabilities on the back of higher cost of funds in KKB.

<sup>(1)</sup> before impairment charge.

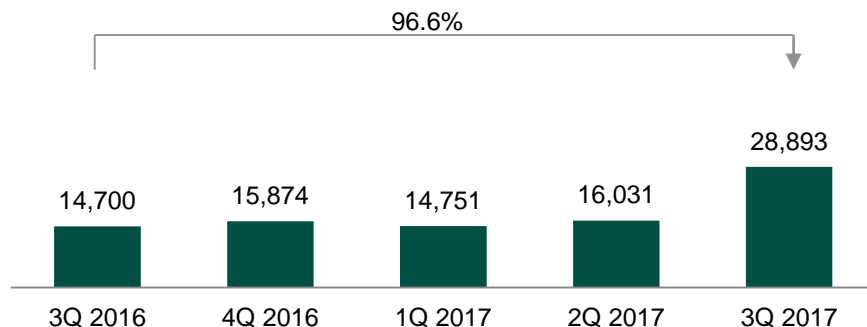
<sup>(2)</sup> net interest income / average interest earning assets (monthly average balances of cash and cash equivalents (less cash on hand and correspondent accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit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

<sup>(3)</sup> average interest rate on interest earning assets, less average interest rate on average interest bearing liabilities, on consolidated IFRS basis. Net Interest Spread for the previous periods are calculated taking into account Allyn Bank.

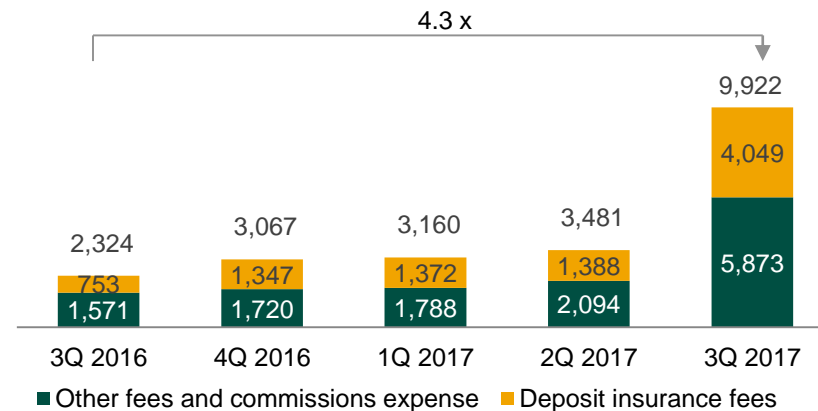
# Fee and Commission Income

## Fee and Commission Income

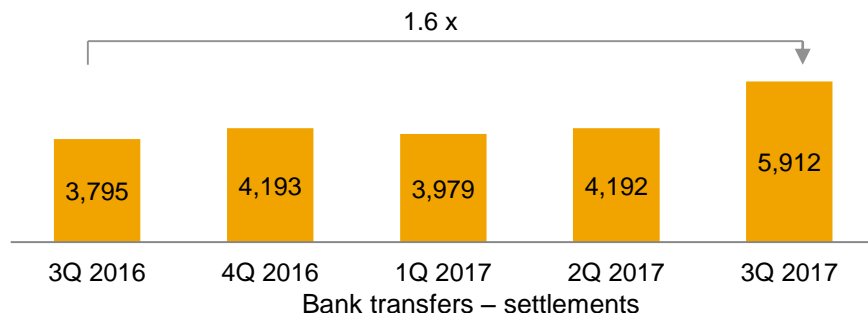
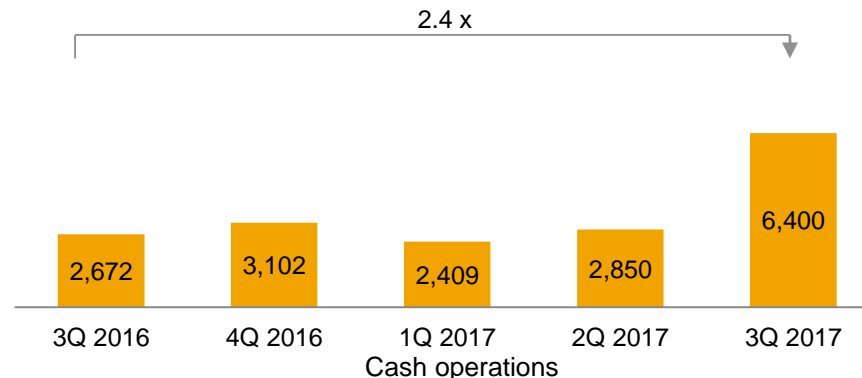
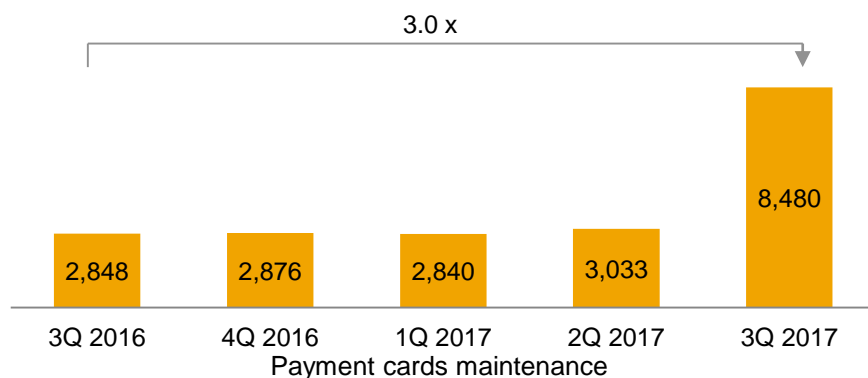
KZT mln



## Fee and Commission Expense



## Breakdown of Selected Fee and Commission Income

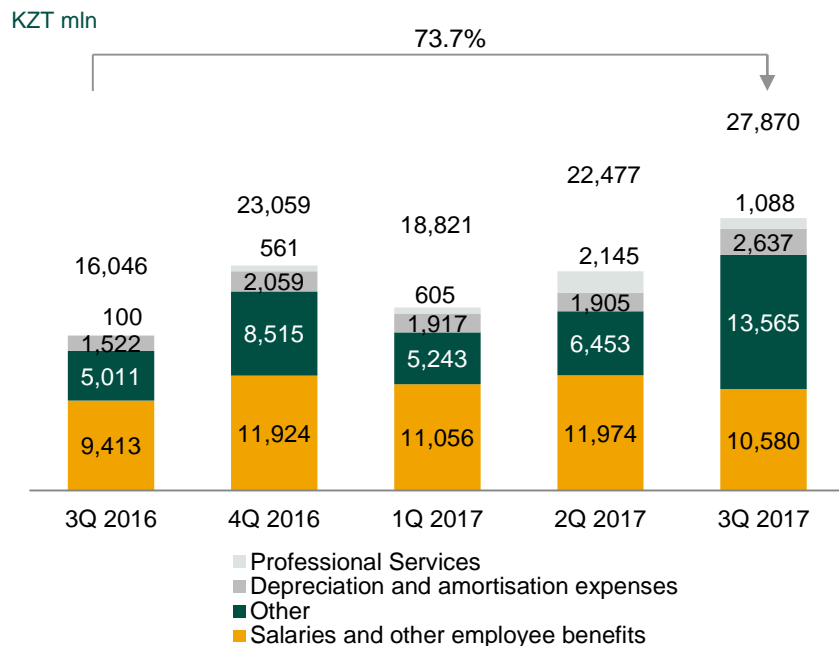


## Commentary

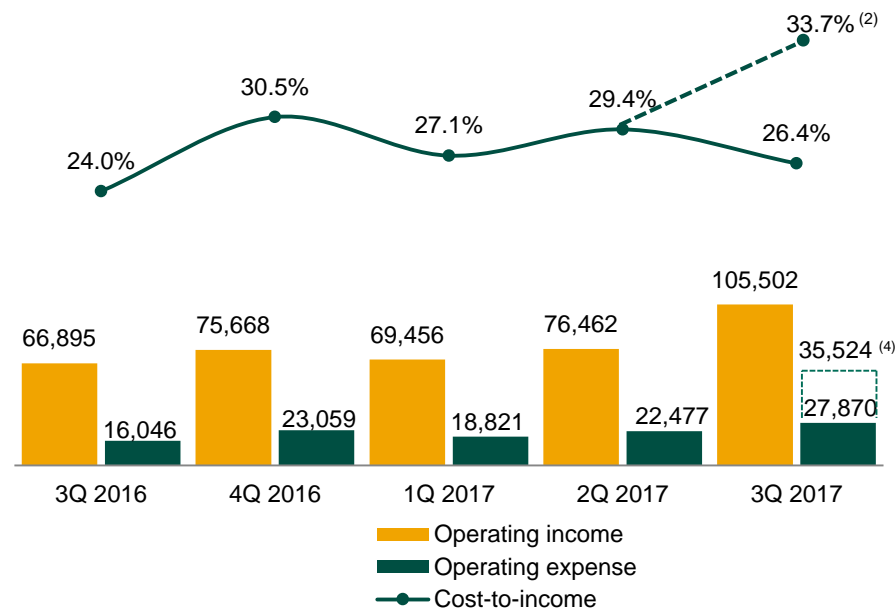
- The y-o-y increase in deposit insurance payable to the Kazakhstan Deposit Insurance Fund in 3Q 2017 was mainly due to higher rates for KKB on the back of its lower credit ratings.

# Operating Costs

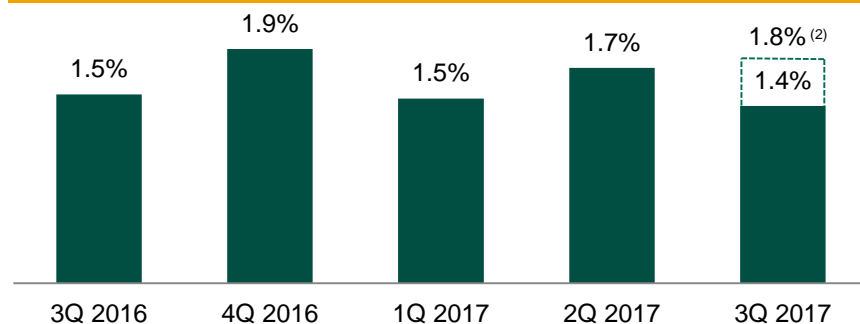
## Operating Expenses



## Cost-to-Income <sup>(1)</sup>



## Cost-to-Average Assets <sup>(3)</sup> <sup>(4)</sup>



## Commentary

- Salaries and other employee benefits in 3Q 2017 vs. 2Q 2017 decreased from KZT11,974 mln to KZT10,580 mln due to reversal of bonus reserves previously accrued by KKB. Net of this reversal, the operating expenses for 3Q 2017 would be KZT35,524 mln, cost to income – 33.7%, cost to average assets – 1.8%.

<sup>(1)</sup> operating expense (operating expenses, impairment loss of assets held for sale) / 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.

<sup>(2)</sup> net of KKB 's reversed accrual bonuses to employees for KZT7,654 mln.

<sup>(3)</sup> operating expense / average monthly assets, annualised, on consolidated IFRS basis.

<sup>(4)</sup> cost-to-average assets for the previous periods are calculated taking into account Altyn Bank.

# Consolidation of Loan Portfolio



KZT bn

	Halyk, consolidated, excluding KKB, as at 01.10.2017	KKB, consolidated as at 01.10.2017	Pro-forma Halyk + KKB as at 01.10.2017 <sup>(2)</sup>	Adjustment as per IFRS 3 as at 05.07.2017 <sup>(2)</sup>	Halyk, consolidated, as at 01.10.2017 <sup>(2)</sup>
Gross Loan	2,630	1,736	4,366	(953)	3,413
Provisions	(293)	(950)	(1,243)	953	(290)
NPL 90 days + amount	275	834	1,109	(653)	456
NPL 90 days + ratio <sup>(1)</sup>	10.5%	48.1%	25.4%		13.4%
Coverage NPL90+ (IFRS)	106.7%	113.9%	112.1%		63.7%
Provisioning Rate	11.1%	54.7%	28.5%		8.5%

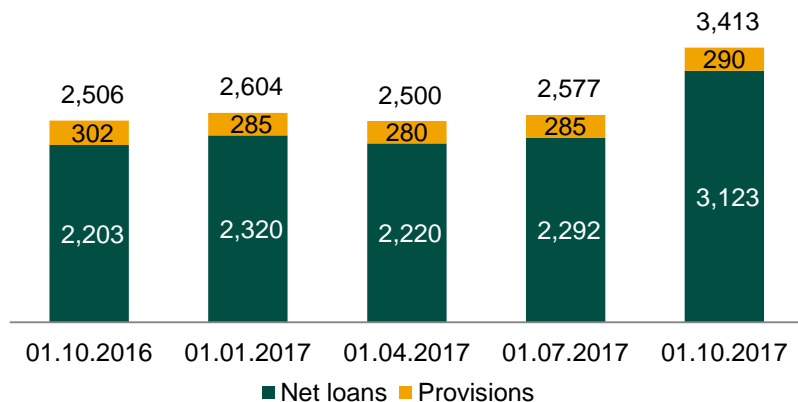
<sup>(1)</sup> total NPLs 90 days+ (total principal amount of loans and accrued interest with principal and/or interest overdue by more than 90 days) / gross loan portfolio, Banks only, IFRS.

<sup>(2)</sup> as at 1 October 2017, loans to customers before allowance for impairment losses include net loans of KKB recognised by the Bank at fair value of KZT781 bn + changes in KKB gross loan portfolio from acquisition date to 30 September 2017 of KZT2 bn. These loans are presented in the table above net of allowance for impairment losses of KZT953 bn. If KKB loans were represented in consolidated financial statement of Halyk Bank on gross base (before allowance for impairment losses), then loans before allowance for impairment losses would be KZT4,366 bn.

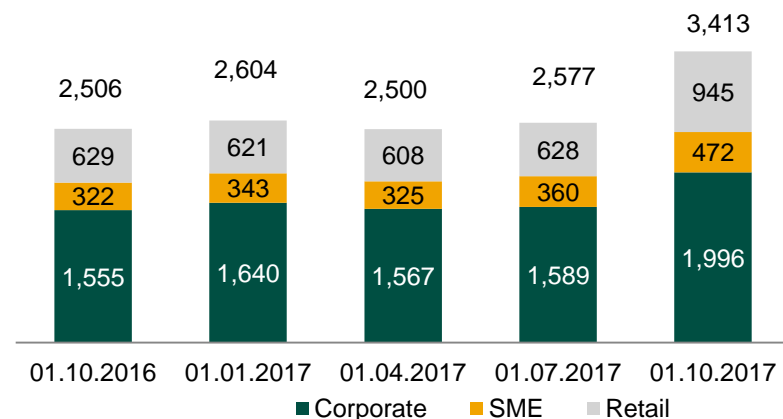
# Loan Portfolio

## Total Gross Loans <sup>(1)</sup>

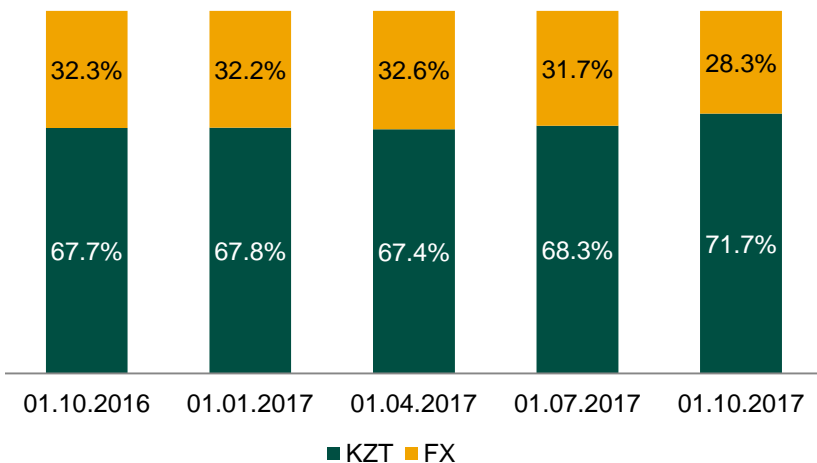
KZT bn



## Total Gross Loans by Sectors

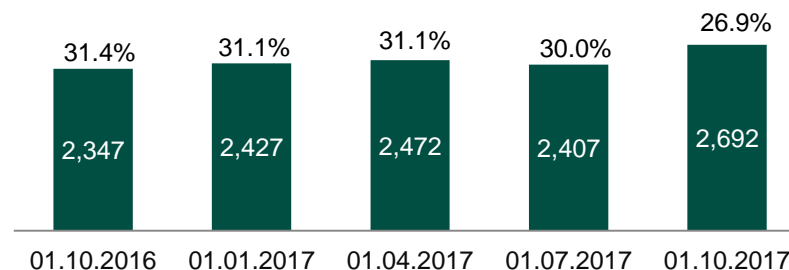


## Total Net Loans by Currencies



## Gross Loans Denominated in USD

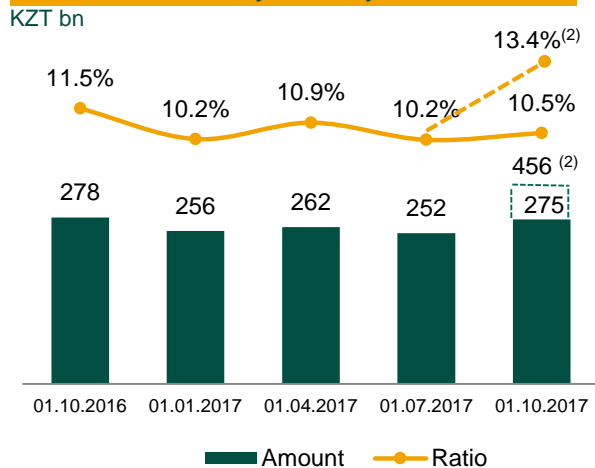
USD mln



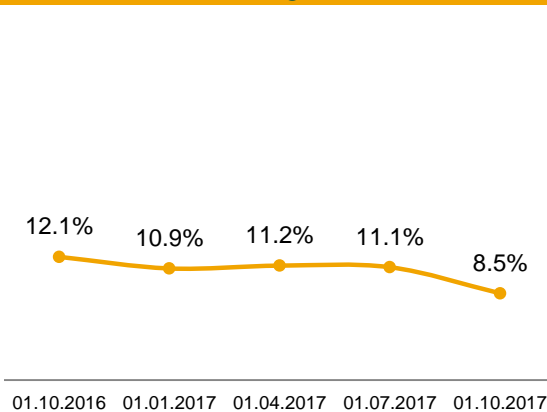
<sup>(1)</sup> as at 1 October 2017, loans to customers before allowance for impairment losses include net loans of KKB recognised by the Bank at fair value of KZT781 bn + changes in KKB gross loan portfolio from acquisition date to 30 September 2017 of KZT2 bn.

# Cost of Risk

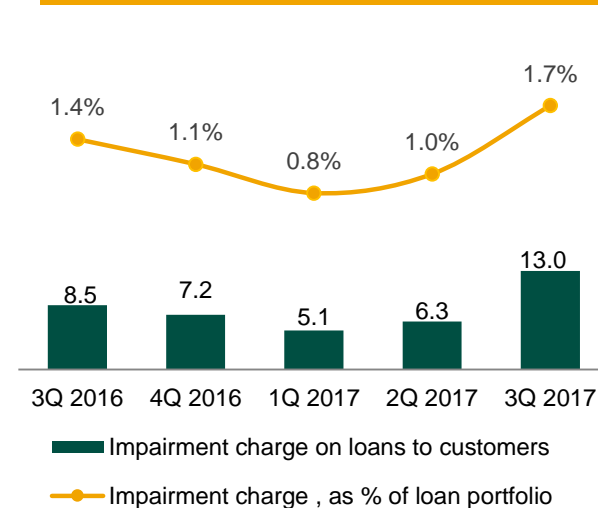
## NPL 90 days+ <sup>(1)</sup> Dynamics



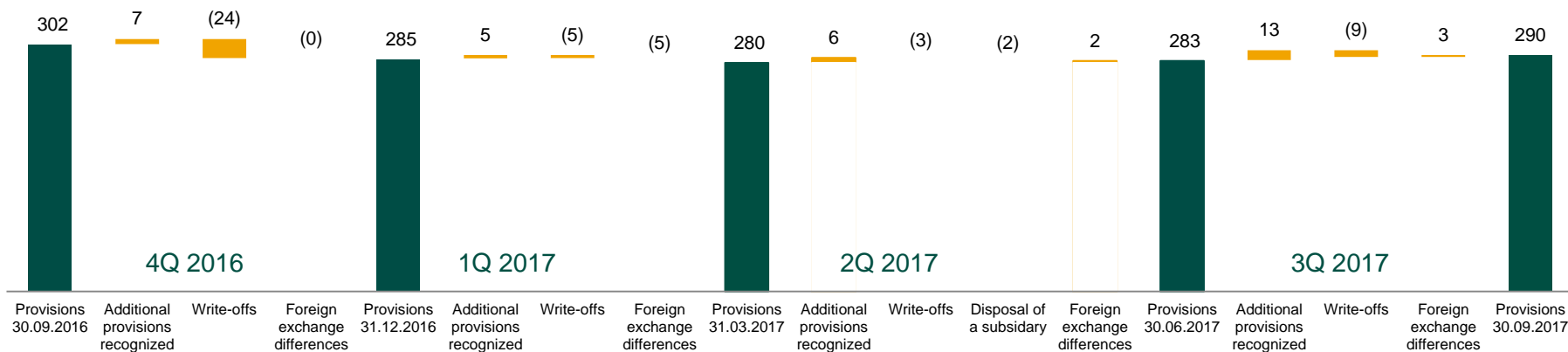
## Provisioning Rate <sup>(3)</sup>



## Cost of Risk <sup>(4)</sup>



## Provisions on Loans to Customers



Source: Halyk Bank, NBK

<sup>(1)</sup> 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 (Halyk Bank only), IFRS.

<sup>(2)</sup> as at 01.10.2017, the aggregate Halyk Bank + KKB NPLs 90 days+ amount was, KZT456 bn; NPLs 90 days+ ratio equaled to 13.4%; coverage ratio – 63.7% (based on IFRS 3).

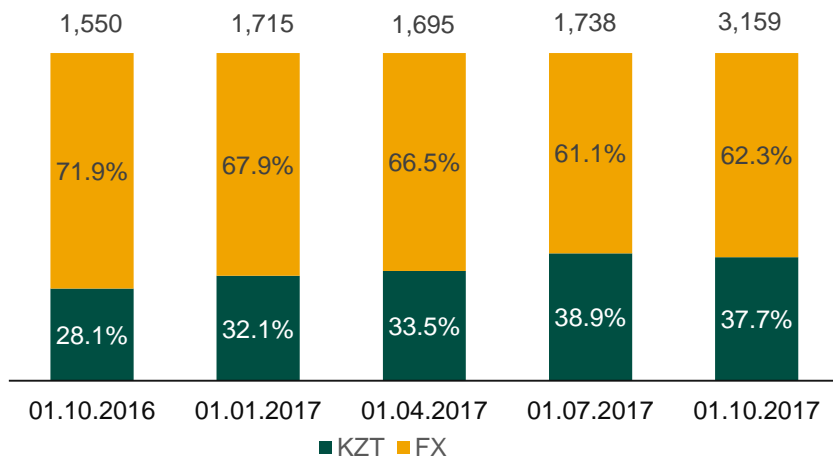
<sup>(3)</sup> IFRS provisions/gross loans.

<sup>(4)</sup> impairment charge on loans to customers / monthly average balances of gross loans to customers, annualised, on consolidated IFRS basis.

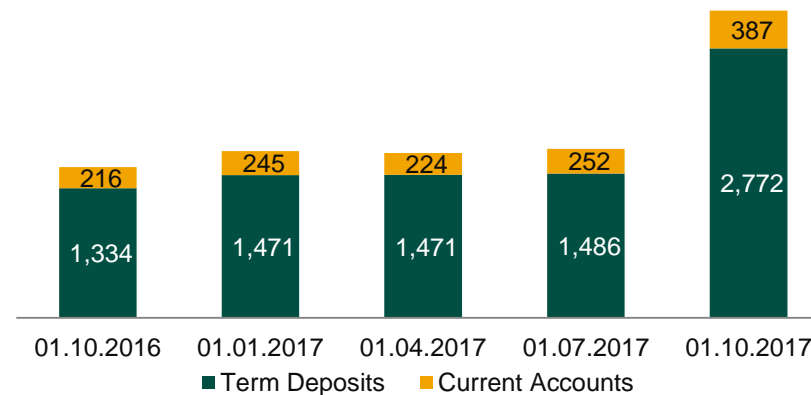
# Funding Base

## Retail Deposits by Currencies

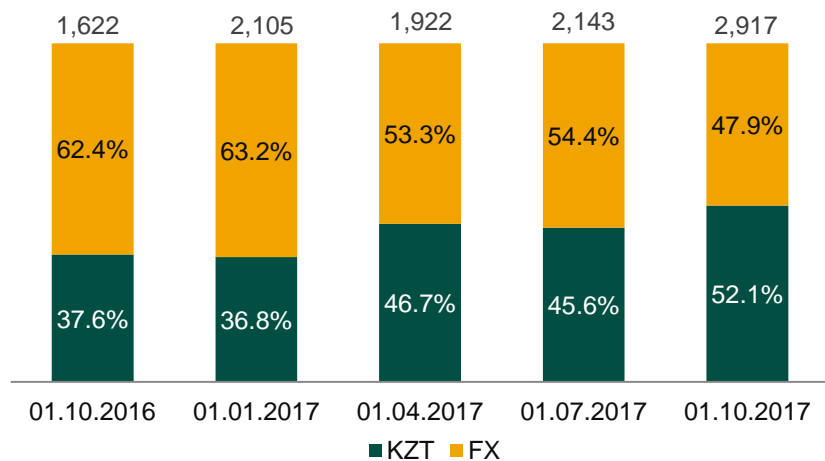
KZT bn



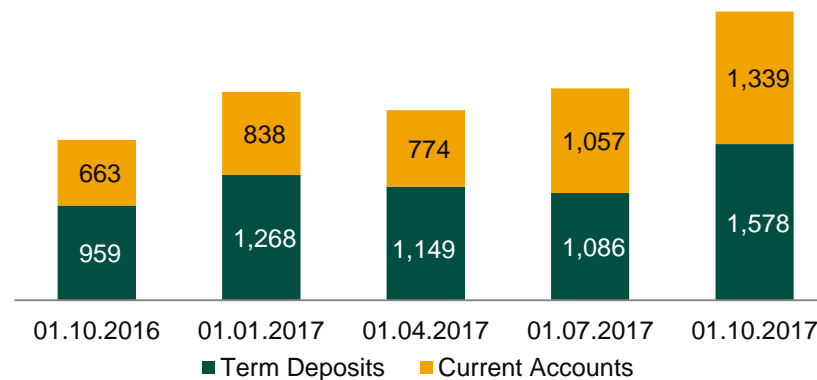
## Retail Deposits



## Deposits of Legal Entities by Currencies

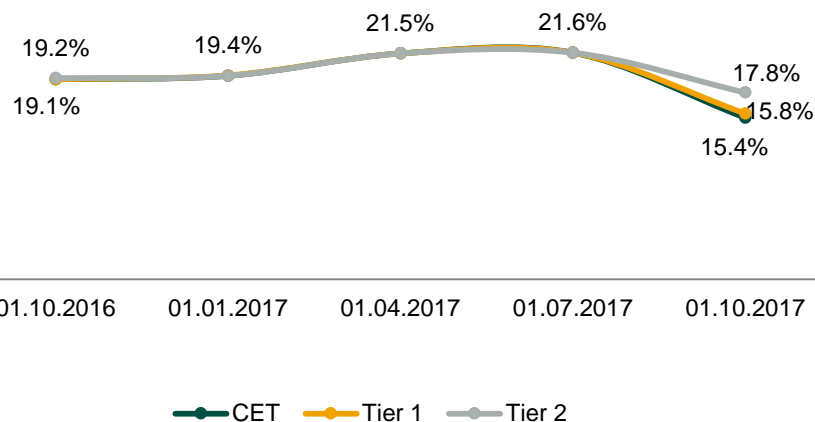


## Deposits of Legal Entities

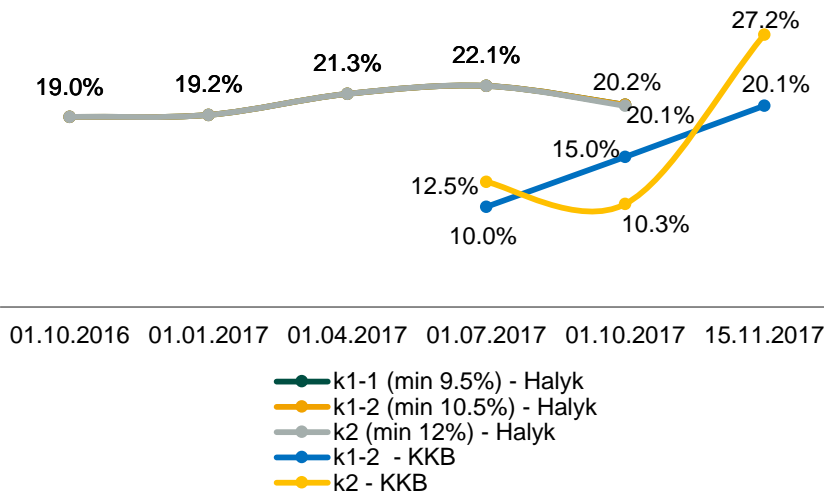


# Solid Capital Position

Capital Adequacy Ratios, consolidated<sup>(1)</sup>

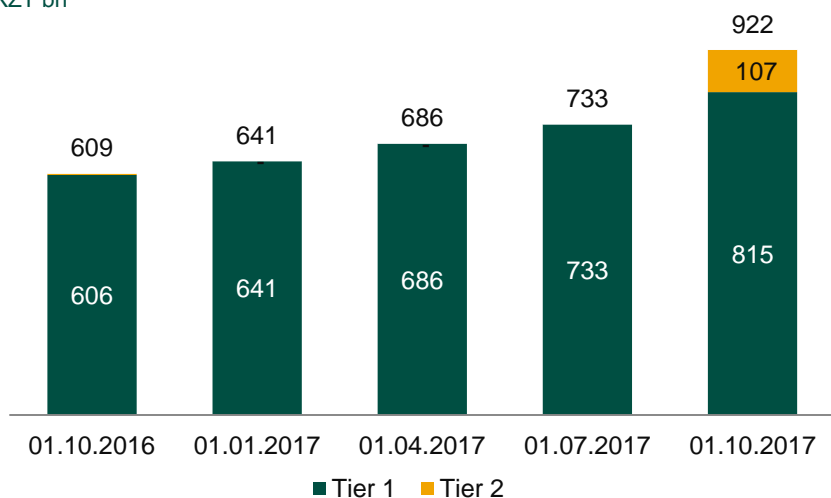


Capital Adequacy Ratios of Halyk and KKB, Banks only<sup>(1)</sup>

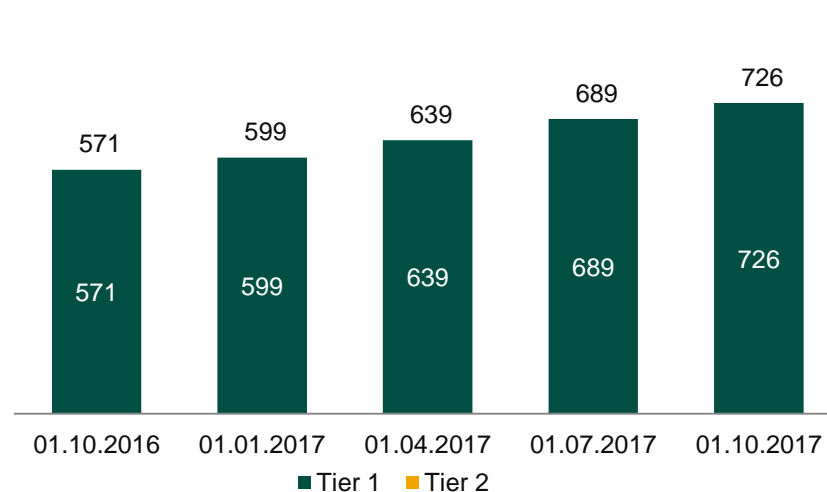


Capital Structure, consolidated<sup>(2)</sup>

KZT bn



Capital Structure, Halyk Bank only<sup>(2)</sup>



<sup>(1)</sup> starting from 1 January 2016, the Bank calculates its capital (both consolidated and unconsolidated) taking into an account the principals, methods and coefficients employed by Basel III Committee.

<sup>(2)</sup> the entire capital is a high quality core capital as a result of limited use of Tier 2 instruments.

# Outlook for 2017

	Actual 2016	Actual 9M 2017	Updated guidance for 2017 incl. KKB, area of
Net loan portfolio growth	6.6%	34.6%	35.4%
Consolidated net income (KZT bn)	131.4	135.4	≈ 170.0
Cost of risk <sup>(1)</sup> , p.a.	1.0%	1.2%	1.3%
Cost-to-income ratio	28.5%	27.2%	30.8%
NIM, p.a.	5.5%	4.8%	4.8%
RoAE, p.a.	22.3%	24.4%	22.4%

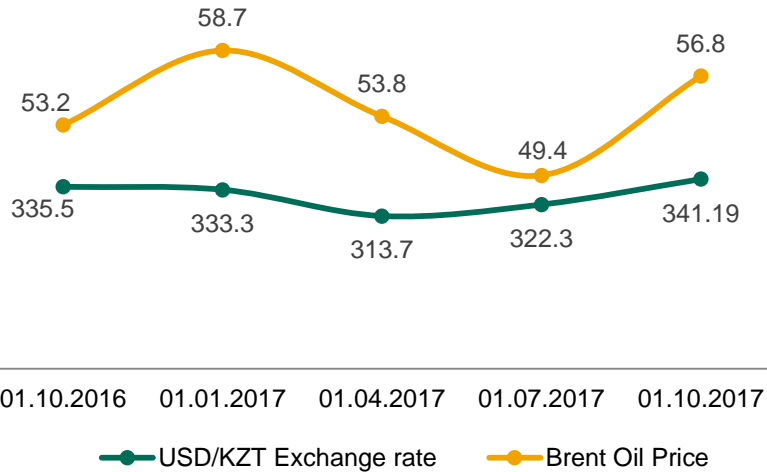
<sup>(1)</sup> impairment charge on loans to customers / monthly average balances of gross loans to customers, on consolidated IFRS basis.

# Q & A session

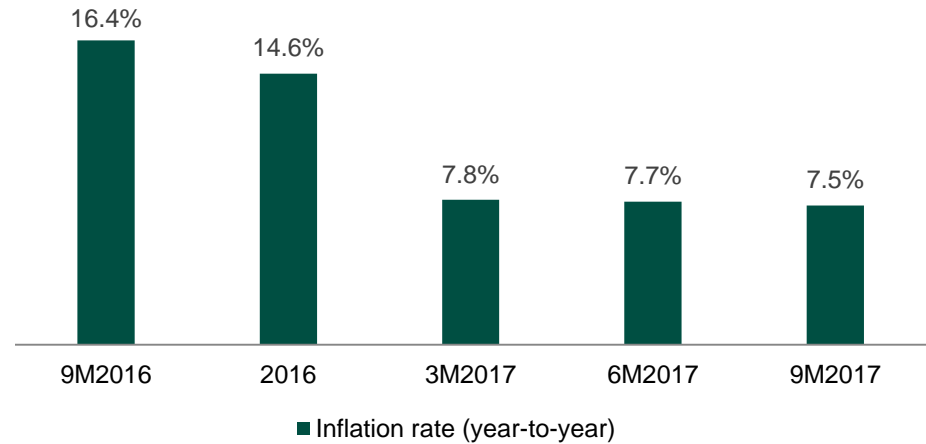
# Appendices

# Macroeconomic Data – Kazakhstan

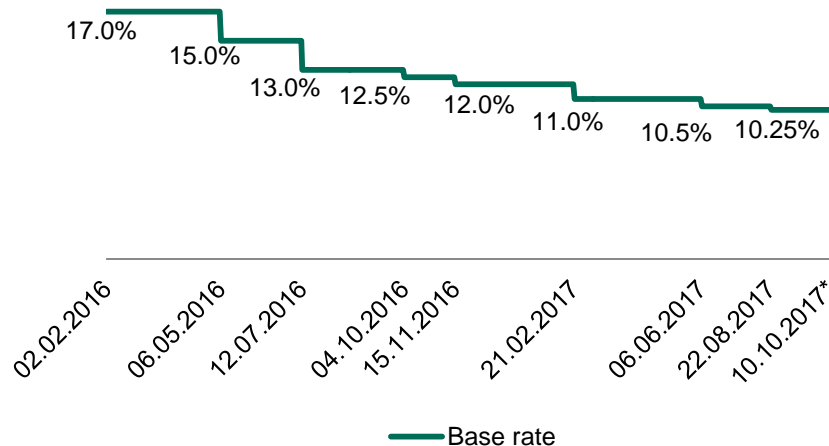
## Exchange Rate



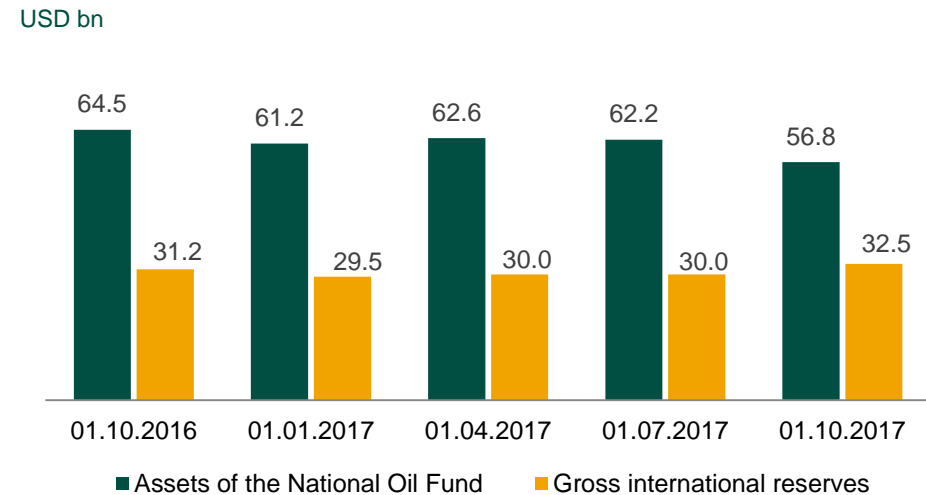
## Inflation Rate



## Base Rate



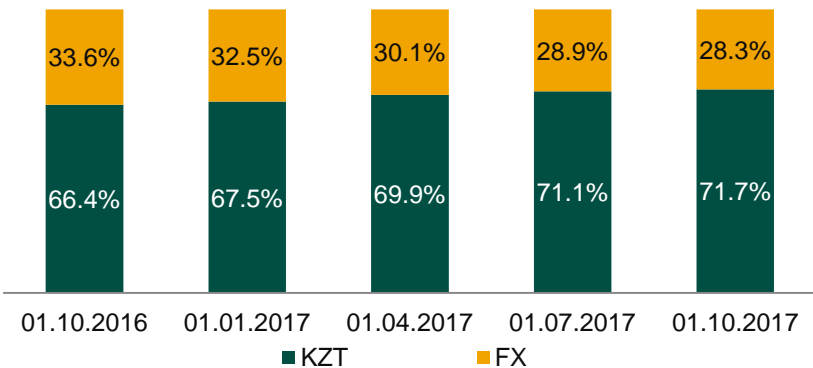
## International Reserves



# Banking Sector of Kazakhstan

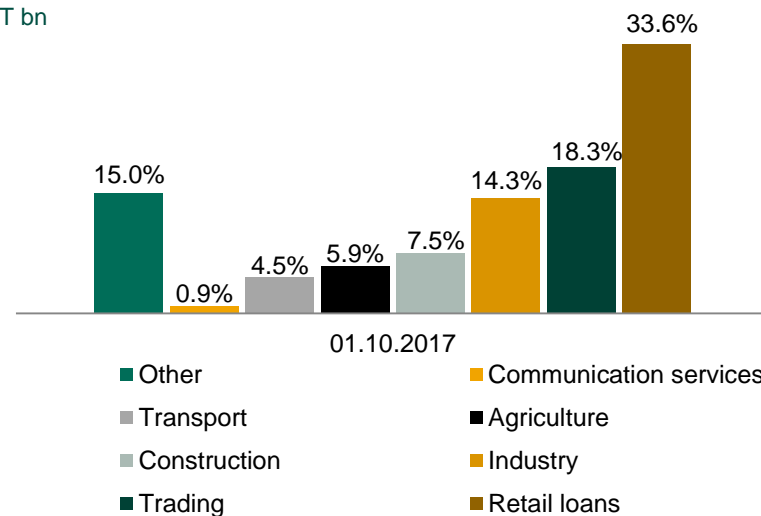


### Loans by Currency

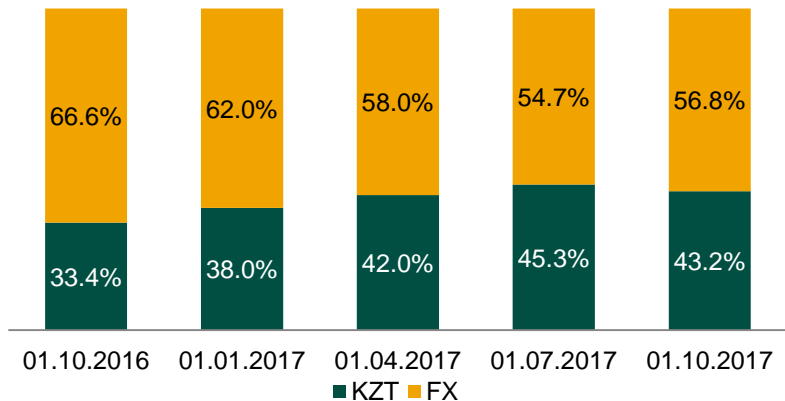


### Loans by Sectors

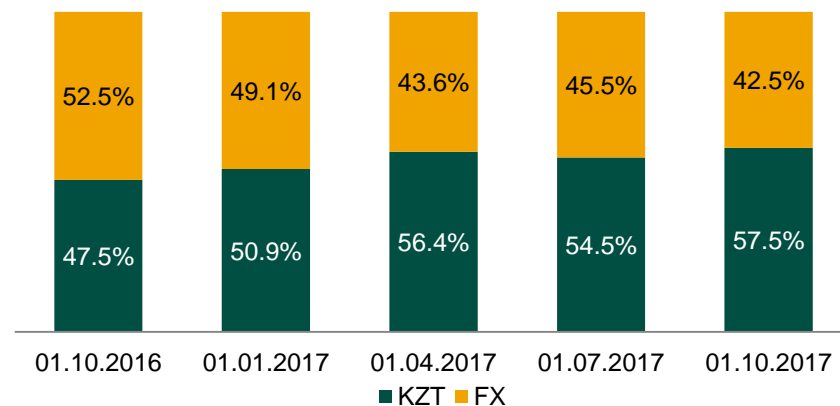
KZT bn



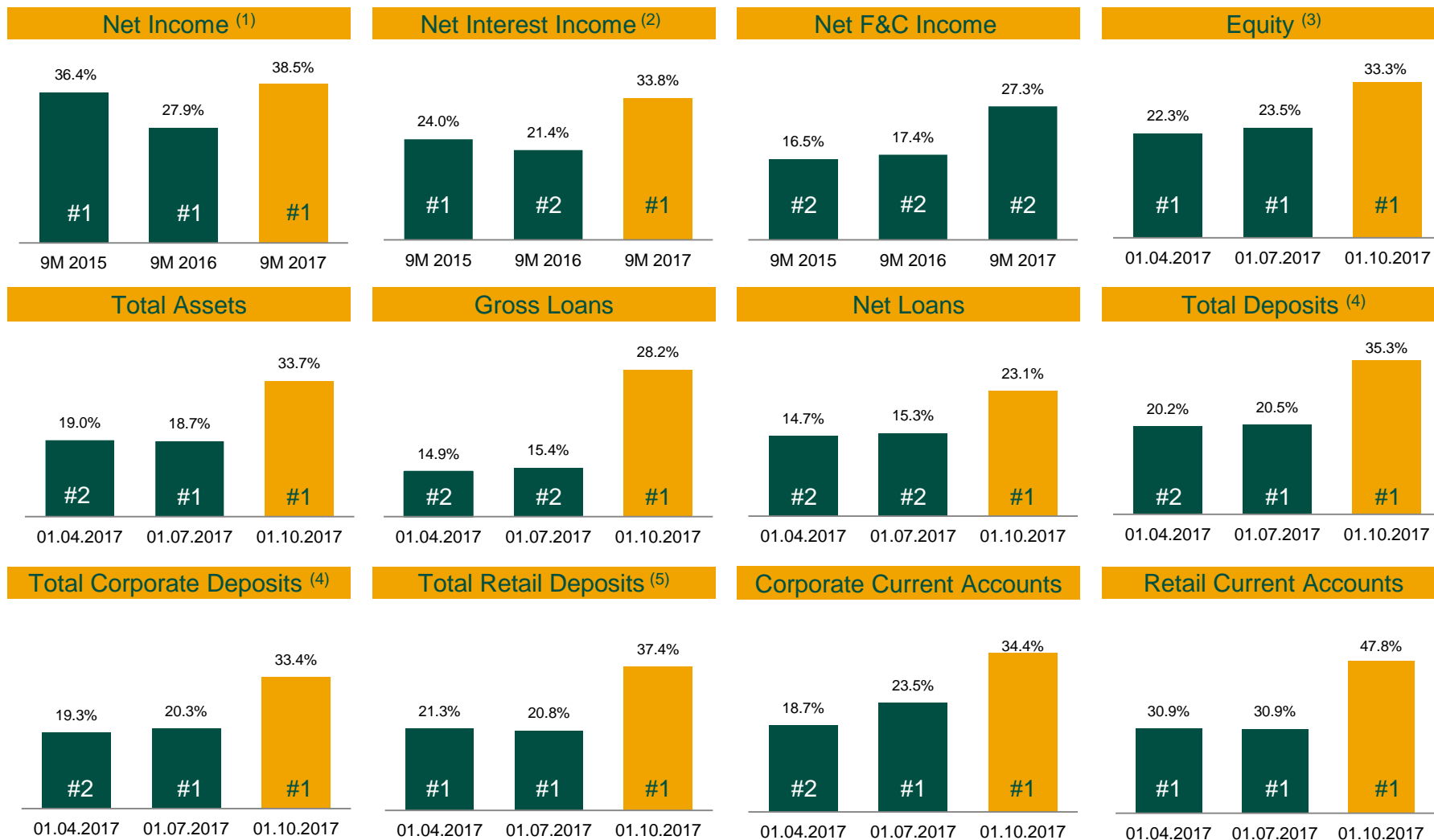
### Banking Sector Retail Deposits by Currencies



### Banking Sector Deposits of Legal Entities by Currencies



# Halyk Bank + KKB's Market Position



<sup>(1)</sup> excl. banks with negative income.

<sup>(2)</sup> after impairment charge, excl. negative net interest income.

<sup>(3)</sup> excl. banks with negative equity.

<sup>(4)</sup> excl. term deposits of SAPF; consists of term deposits and current accounts.

<sup>(5)</sup> consists of term deposits and current accounts.

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

# P&L Summary

## Dynamics

KZT mln

	9M 2017	9M 2016	Y-o-Y, %	3Q 2017	2Q 2017 <sup>(5)</sup>	Q-o-Q, %	3Q 2016	Y-o-Y, %
Interest income	339,052	244,046	38.9%	154,347	100,629	53.4%	86,175	79.1%
Interest expense	(172,236)	(118,844)	44.9%	(86,314)	(45,197)	91.0%	(40,092)	2.2x
<b>Net interest income before impairment charge</b>	<b>166,816</b>	<b>125,202</b>	<b>33.2%</b>	<b>68,033</b>	<b>55,432</b>	<b>22.7%</b>	<b>46,083</b>	<b>47.6%</b>
Fee and commission income	58,880	42,292	39.2%	28,893	16,031	80.2%	14,700	96.6%
Fee and commission expense	(16,029)	(8,427)	90.2%	(9,922)	(3,481)	2.9x	(2,324)	4.3x
<b>Net fee and commission income</b>	<b>42,851</b>	<b>33,865</b>	<b>26.5%</b>	<b>18,971</b>	<b>12,550</b>	<b>51.2%</b>	<b>12,376</b>	<b>53.3%</b>
Insurance income <sup>(1)</sup>	3,560	1,899	87.5%	2,358	563	4.2x	759	3.1x
FX operations <sup>(2)</sup>	(48,165)	11,731	(5.1x)	(61,699)	(572)	107.8x	6,174	(11x)
Income from derivative operations and securities <sup>(3)</sup>	60,364	(6,533)	10.2x	67,627	4,212	16.1x	(2,376)	29.5x
Other non-interest income	9,439	3,968	2.4x	7,174	1,409	5.1x	1,219	5.9x
Impairment charge and reserves <sup>(4)</sup>	(23,691)	(18,645)	27.1%	(13,171)	(5,492)	2.4x	(8,117)	62.3%
Operating expenses	(66,114)	(47,065)	40.5%	(27,870)	(22,477)	24.0%	(16,046)	73.7%
Income tax expense	(17,431)	(16,457)	5.9%	(7,524)	(5,225)	44.0%	(5,395)	39.5%
<b>Net Profit from continuing operations</b>	<b>127,629</b>	<b>87,965</b>	<b>45.1%</b>	<b>53,899</b>	<b>40,400</b>	<b>33.4%</b>	<b>34,677</b>	<b>55.4%</b>
<b>Profit for the period from discontinued operations</b>	<b>7,742</b>	<b>6,036</b>	<b>28.3%</b>	<b>2,590</b>	-	<b>100.0%</b>	<b>2,187</b>	<b>18.4%</b>
<b>Net Profit</b>	<b>135,371</b>	<b>94,001</b>	<b>44.0%</b>	<b>56,489</b>	<b>40,400</b>	<b>39.8%</b>	<b>36,864</b>	<b>53.2%</b>

<sup>(1)</sup> 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).

<sup>(2)</sup> net gain on foreign exchange operations.

<sup>(3)</sup> net gain from financial assets and liabilities at fair value through profit or loss and net realised gain/(loss) from available-for-sale investment securities.

<sup>(4)</sup> total impairment charge, including impairment charge on loans to customers, amounts due from credit institutions, available-for-sale investment securities and other assets, as well as provisions against letters of credit and guarantees issued.

<sup>(5)</sup> financial results for 2Q 2017 are presented taking into account Altyn Bank.

# Balance Sheet Summary



KZT mln

	30-Sep-17	31-Dec-16	Change YTD, %
<b>Total assets</b>	<b>8,674,584</b>	<b>5,348,483</b>	<b>62.2%</b>
Cash and reserves	1,726,932	1,850,641	(6.7%)
Amounts due from credit institutions	77,056	35,542	2.2x
T-bills & NBK Notes	1,974,180	586,982	3.4x
Other securities & derivatives	799,117	341,379	2.3x
Gross loan portfolio	3,413,180	2,604,335	31.1%
Stock of provisions	(290,110)	(284,752)	1.9%
Net loan portfolio	3,123,070	2,319,583	34.6%
Other assets	393,021	204,059	92.6%
Assets classified as held-for-sale	581,208	10,297	56.4x
<b>Total liabilities</b>	<b>7,847,901</b>	<b>4,682,890</b>	<b>67.6%</b>
Total deposits, including:	6,076,281	3,820,662	59.0%
retail deposits	3,159,493	1,715,448	84.2%
term deposits	2,772,441	1,470,536	88.5%
current accounts	387,052	244,912	58.0%
corporate deposits	2,916,788	2,105,214	38.6%
term deposits	1,578,268	1,267,589	24.5%
current accounts	1,338,520	837,625	59.8%
Debt securities	988,774	584,933	69.0%
Amounts due to credit institutions	154,892	162,134	(4.5%)
Other liabilities	255,055	115,161	2.2x
Liabilities directly associated with assets classified as held for sale	372,899	-	100.0%
<b>Equity</b>	<b>826,683</b>	<b>665,593</b>	<b>24.2%</b>

# Key Financial Indicators

	30-Sep-17	30-Jun-17 <sup>(7)</sup>	31-Mar-17 <sup>(7)</sup>	31-Dec-16 <sup>(7)</sup>
Amounts due to customers / total liabilities	77.4%	85.8%	80.5%	81.6%
Loans / deposits ratio <sup>(1)</sup>	51.4%	59.1%	61.4%	60.7%
Liquid assets / total assets <sup>(2)</sup>	47.7%	46.6%	47.5%	46.8%
IFRS Provisioning rate <sup>(3)</sup>	8.5%	11.1%	11.2%	10.9%
Coverage NPL90+ (IFRS) <sup>(4)</sup>	63.7%	108.5%	102.6%	106.7%
Common Equity Tier 1 capital adequacy ratio <sup>(5)</sup>	15.4%	21.6%	21.5%	19.4%
Tier 1 capital adequacy ratio <sup>(5)</sup>	15.8%	21.6%	21.5%	19.4%
Tier 2 capital adequacy ratio <sup>(5)</sup>	17.8%	21.6%	21.5%	19.4%
k1 capital adequacy ratio <sup>(6)</sup>	20.2%	22.1%	21.3%	19.2%
k1-2 capital adequacy ratio <sup>(6)</sup>	20.2%	22.1%	21.3%	19.2%
k2 capital adequacy ratio <sup>(6)</sup>	20.1%	22.1%	21.3%	19.2%

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

<sup>(2)</sup> (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.

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

<sup>(4)</sup> as at 01.10.2017, coverage ratio of KKB – 113.9%.

<sup>(5)</sup> consolidated.

<sup>(6)</sup> Bank only.

<sup>(7)</sup> financial indicators are calculated taking into account Altyn Bank.

# Key Financial Indicators (continued)



	Halyk Bank + KKB		Halyk Bank only		
	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16	30-Sep-16
Number of branches and outlets	719	504	506	509	509
Number of ATMs	4,599	2,367	2,368	2,364	2,368
Number of POS-terminals	72,747	23,455	23,657	23,937	23,766
Information and transaction terminals (multiservice kiosks)	397	408	431	461	498
Payment terminals	1,082	576	577	577	576
Clients of internet banking, <i>individuals</i>	2,688,324	1,045,138	980,854	918,210	847,988
Clients of internet banking, <i>legal entities</i>	81,603	16,170	15,824	15,065	14,168
SMS banking clients	2,861,603	1,912,326	1,811,636	1,746,655	1,629,917
Telebanking clients	179,613	163,018	155,510	147,487	135,028
Payment card holders	8,590,537	5,619,107	5,508,576	5,461,886	5,442,717
Payroll project clients (legal entities)	44,631	22,996	23,165	23,001	22,974

	3Q 2017	2Q 2017 <sup>(2)</sup>	1Q 2017 <sup>(2)</sup>	4Q 2016 <sup>(2)</sup>	3Q 2016 <sup>(2)</sup>
Cost-to-income <sup>(1)</sup>	26.4%	29.4%	27.1%	30.5%	24.0%
Return on average common shareholders' equity (RoAE)	28.6%	22.1%	22.4%	23.1%	24.1%
Return on average assets (RoAA)	2.9%	3.1%	3.0%	3.0%	3.1%
Net interest margin	4.8%	5.7%	5.2%	5.3%	5.6%
Operating expenses / average total assets	1.4%	1.7%	1.5%	1.9%	1.5%

<sup>(1)</sup> 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.

<sup>(2)</sup> financial indicators (cost-to-income, RoAE, RoAA, NIM, Cost / Average Assets Ratio) are calculated taking into account Altyn Bank.