



HALYK GROUP FINANCIAL RESULTS PRESENTATION 1H & 2Q 2017

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

22 August, 2017

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, both statement of profit or loss review and statement of financial position are shown in this presentation together with investments in Altyn Bank, had no reclassification been made.*

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Speakers



Umut Shayakhmetova
CEO



Aliya Karpykova
Deputy CEO, Finance
and Accounting



Murat Koshenov, CFA
Deputy CEO, Corporate
Banking, International
Activities



Almas Makhanov
Chief Risk Officer and
Compliance Controller

Halyk Group financial results 1H & 2Q 2017

1H & 2Q 2017 Performance Highlights

	Including Altyn Bank						Excluding Altyn Bank			
	1H 2017	1H 2016	Y-o-Y, %	2Q 2017	2Q 2016	Q-o-Q, %	1H 2017 ⁽⁴⁾	Y-o-Y, % ⁽⁴⁾	2Q 2017 ⁽⁴⁾	Q-o-Q, % ⁽⁴⁾
Net income	78.9	57.1	38.1%	40.4	34.2	18.1%	73.7	38.4%	37.8	16.3%
Net interest income ⁽¹⁾	105.3	83.8	25.6%	55.4	46.7	18.8%	98.8	24.9%	51.9	19.2%
Fee and commission Income	30.8	28.3	8.6%	16.0	14.9	7.7%	30.0	8.7%	15.6	7.6%
RoAE, p.a.	22.2%	20.8%		22.1%	24.2%					
RoAA, p.a.	3.0%	2.6%		3.1%	3.1%					
Cost of risk ⁽²⁾ , p.a.	0.9%	0.9%		1.0%	1.0%					
NIM ⁽³⁾ , p.a.	5.5%	5.6%		5.7%	6.0%					

⁽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.

⁽⁴⁾ for more details please refer to page 15 of the presentation and Note 13 to the Financial Statements for the six months ended 30 June 2017.

1H & 2Q 2017 Performance Highlights



	Including Altyn Bank					Excluding Altyn Bank
	01.07.2017	01.01.2017	YTD, %	01.04.2017	Q-o-Q. %	01.07.2017 ⁽⁵⁾
Interest earning assets ⁽¹⁾	4,018	3,915	2.6%	3,941	2.0%	3,701
Gross loans	2,577	2,604	(1.1%)	2,500	3.1%	2,478
Net loans	2,292	2,320	(1.2%)	2,220	3.3%	2,195
Total assets	5,276	5,348	(1.4%)	5,201	1.4%	4,814
Total deposits	3,881	3,821	1.6%	3,617	7.3%	3,482
Total equity	755	666	13.4%	710	6.4%	755
Provisions / gross loans	11.1%	10.9%		11.2%		11.4%
Loans / deposits ratio ⁽²⁾	61.5%	69.0%		62.2%		62.1%
Liquid assets / total assets ⁽³⁾	46.5%	46.8%		47.5%		43.9%
NPLs 90 days+ / gross loans ⁽⁴⁾	10.2%	10.2%		10.9%		

⁽¹⁾ 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.

⁽²⁾ average annual balance of net loans to customers / average annual balance of amounts due to customers, on consolidated IFRS basis.

⁽³⁾ (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.

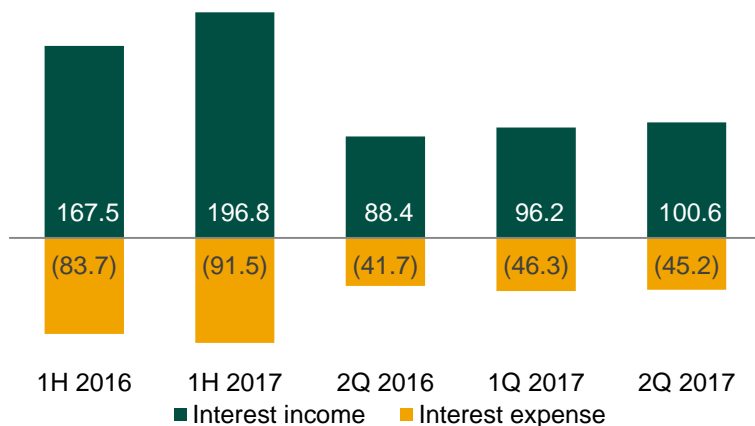
⁽⁴⁾ total NPLs 90 days+ (total principal amount of loans and accrued interest with principal and/or interest overdue by more than 90 days) / gross loan portfolio, unconsolidated (Bank only), IFRS.

⁽⁵⁾ for more details please refer to page 15 of the presentation and Note 13 to the Financial Statements for the six months ended 30 June 2017.

Interest Income

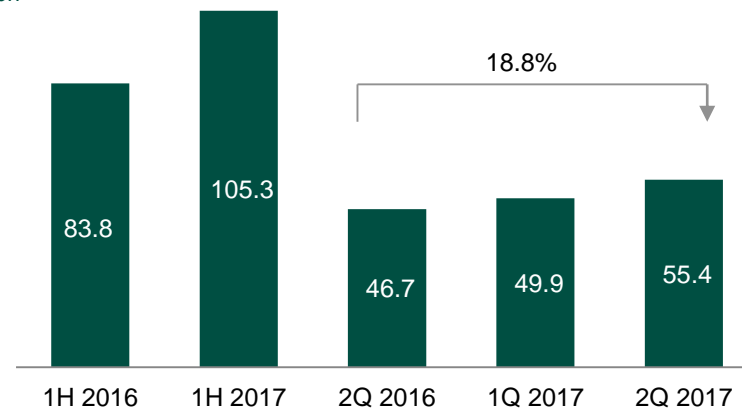
Interest Income and Interest Expense

KZT bn

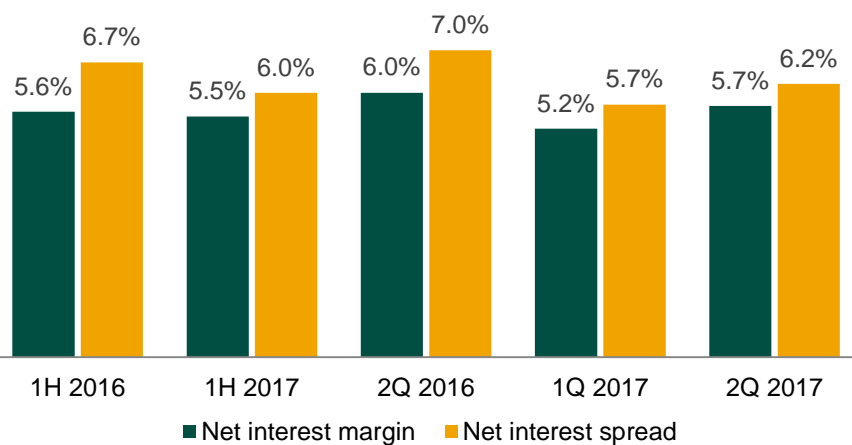


Net Interest Income ⁽¹⁾

KZT bn



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



Commentary

- Net Interest Margin in 2Q 2017 vs. 1Q 2017 increased from 5.2% p.a. to 5.7% p.a. on the back of repayment USD 638mln Eurobond issue bearing a coupon of 7.25% p.a. on 3 May 2017 and higher interest income from the securities portfolio

⁽¹⁾ before impairment charge.

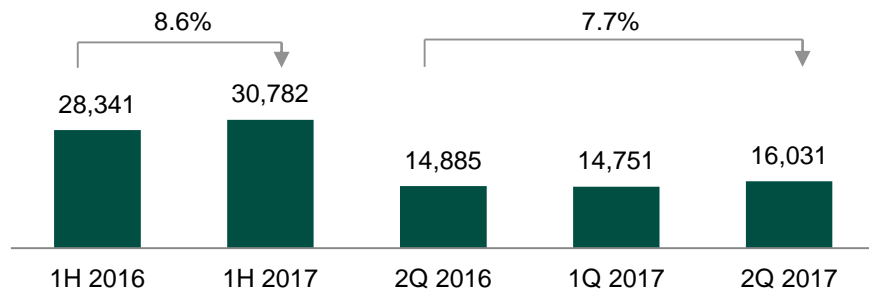
⁽²⁾ net interest income / average interest earning assets (monthly average balances of cash and cash equivalents (less cash on hand and correspondent accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit institutions, 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.

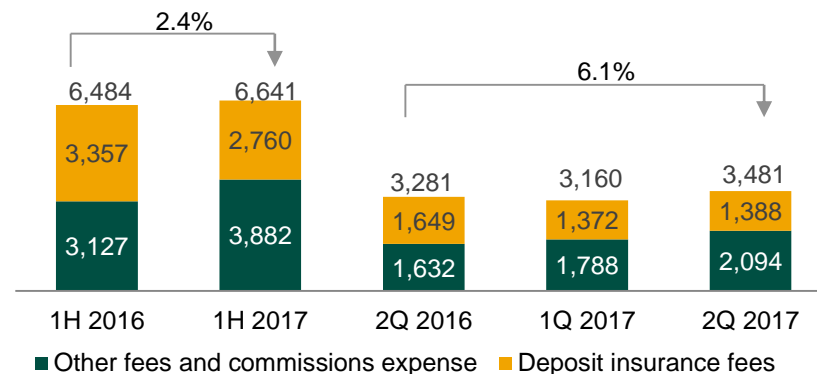
Fee and Commission Income

Fee and Commission Income

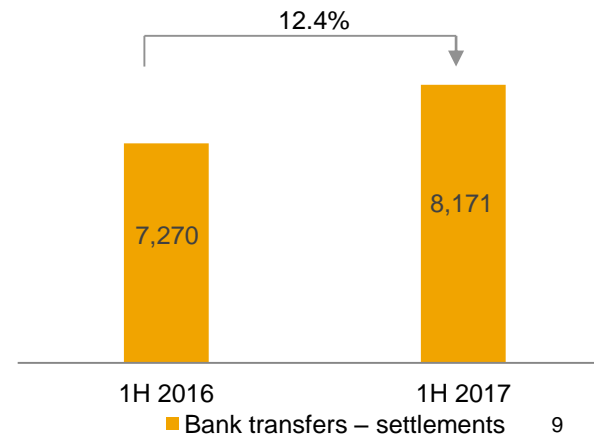
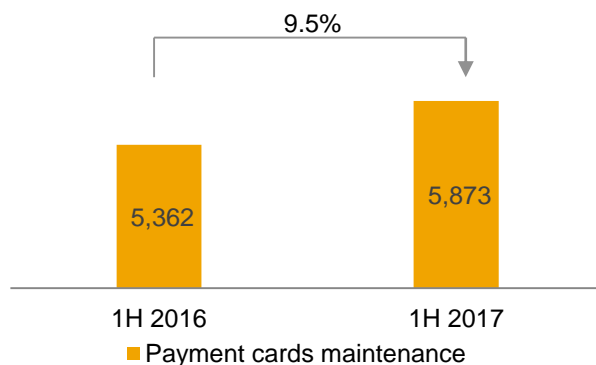
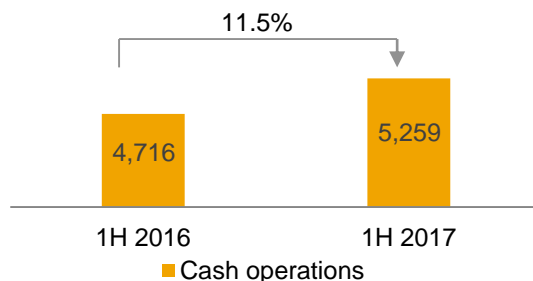
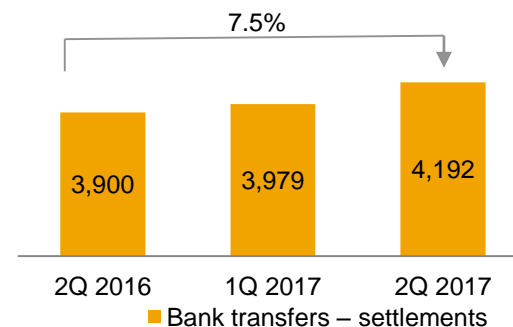
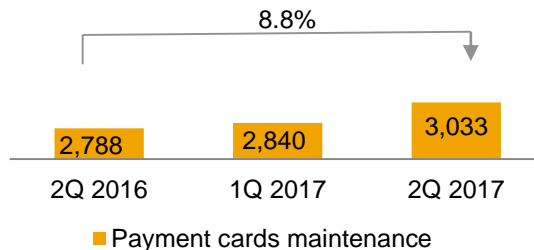
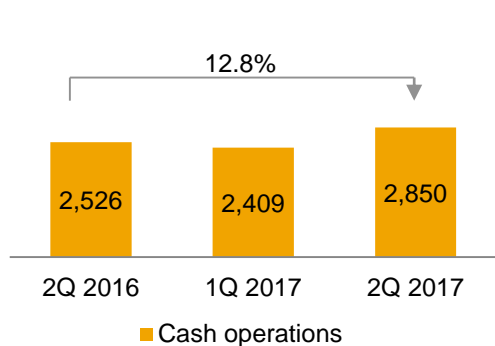
KZT mln



Fee and Commission Expense

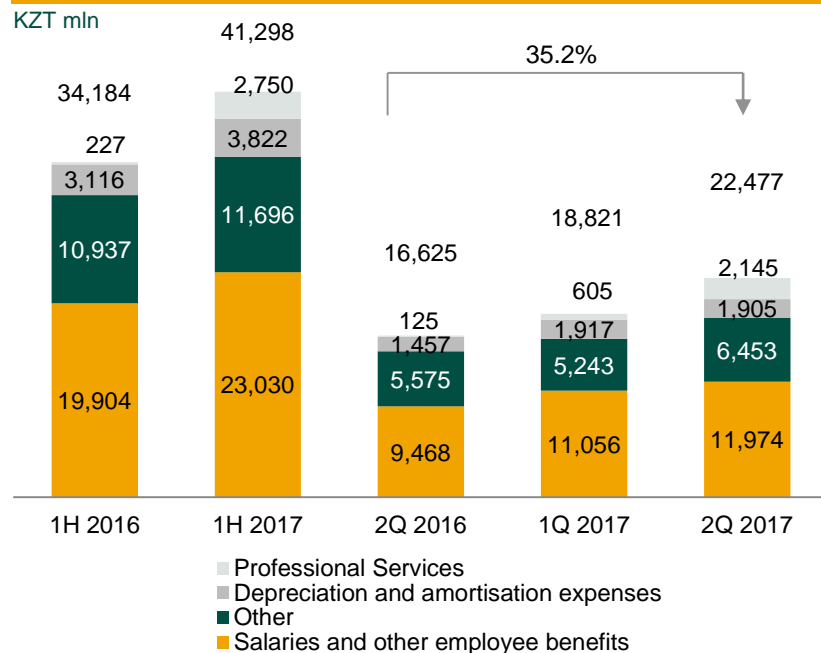


Breakdown of Selected Fee and Commission Income

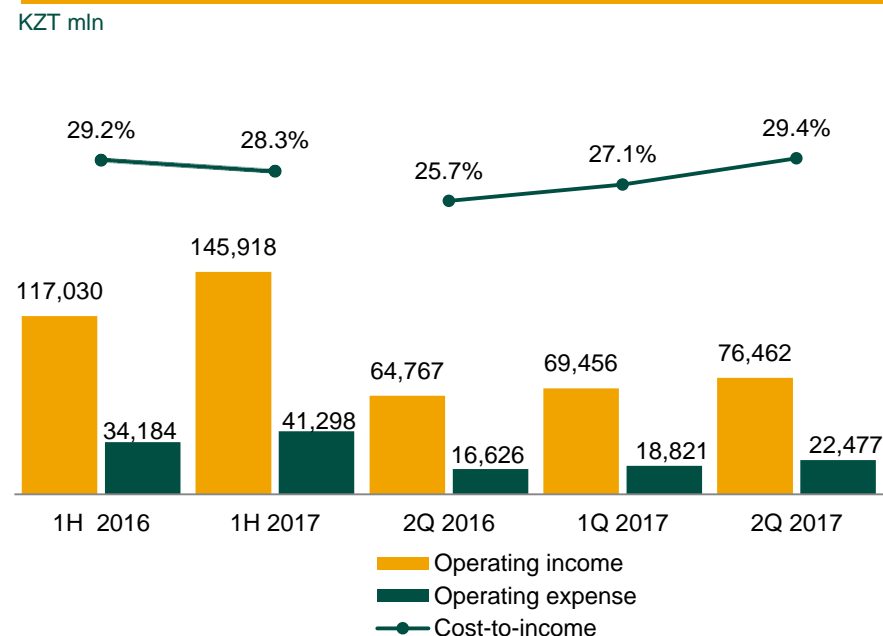


Operating Costs

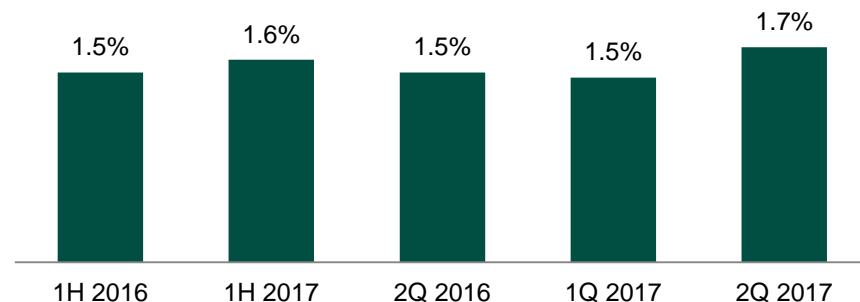
Operating Expenses



Cost-to-Income ⁽¹⁾



Cost-to-Average Assets ⁽²⁾



Commentary

- Cost-to-income ratio was higher in 2Q 2017 compared with 2Q 2016 as a result of higher operating expenses due to increase in salaries and growth of professional services expenses on ongoing transactions on sale of 60% in Altyn Bank and acquisition of 96.81% in KKB.

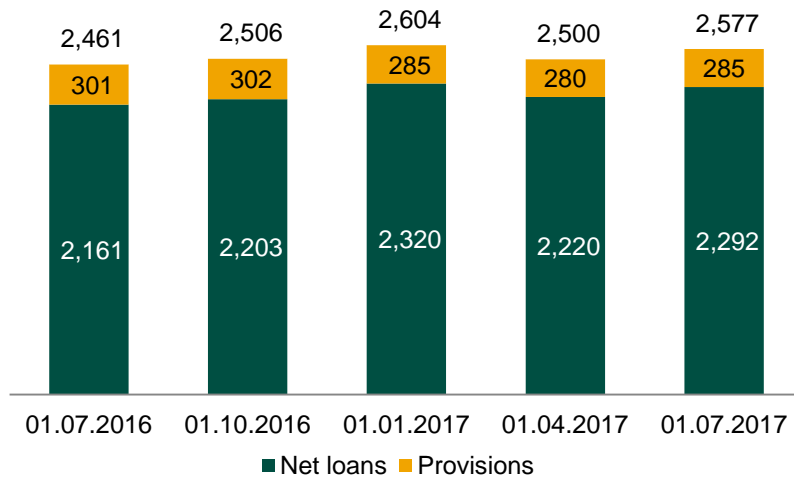
⁽¹⁾ operating expense (operating expenses, impairment loss of assets held for sale) / operating income (net interest income before impairment charge, net fees and commissions, other non-interest income, less insurance claims incurred, net of reinsurance, and expenses for insurance reserves), annualised,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

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

Loan Portfolio

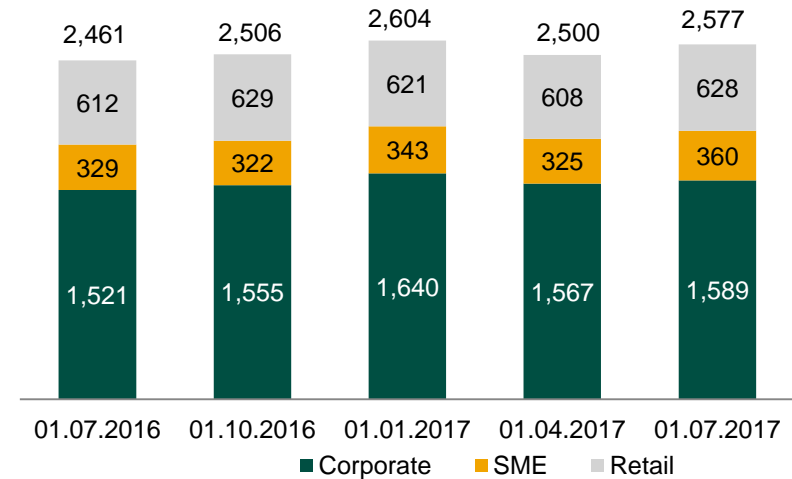
Total Gross Loans

KZT bn

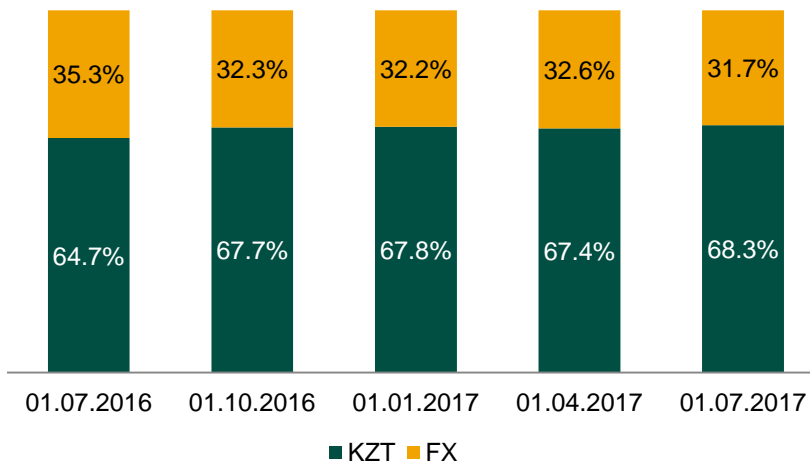


Total Gross Loans by Sectors

KZT bn

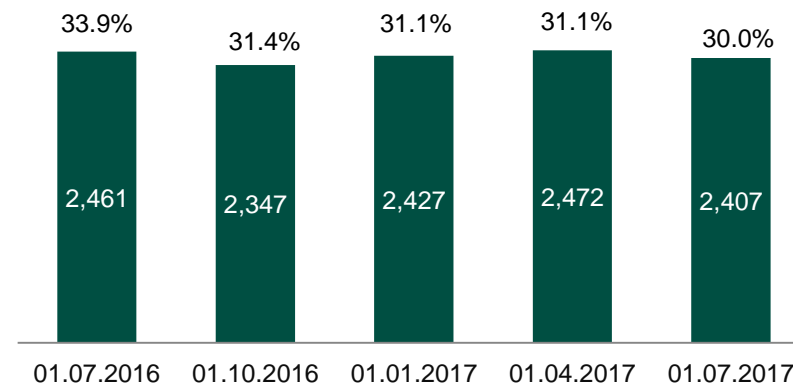


Total Net Loans by Currencies



Gross Loans Denominated in USD

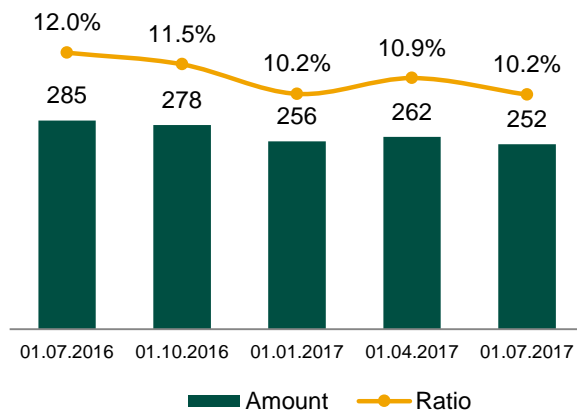
USD mln



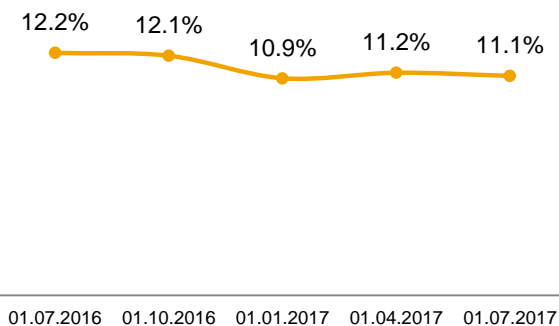
Cost of Risk

NPL 90 days+ ⁽¹⁾ Dynamics

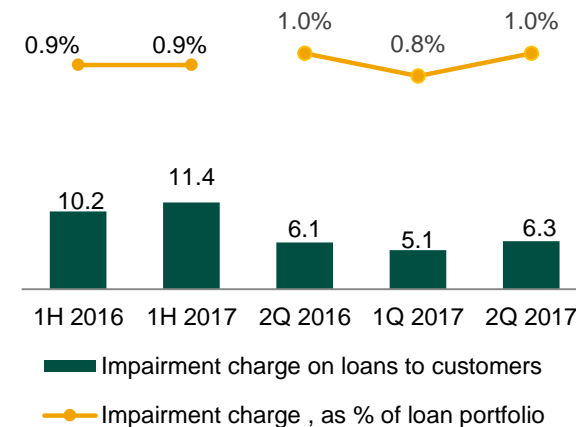
KZT bn



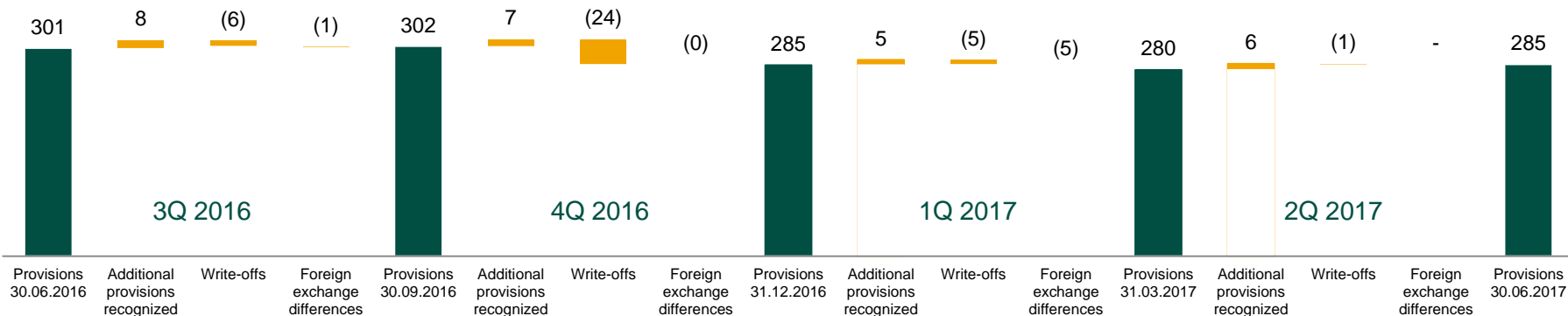
Provisioning Rate ⁽²⁾



Cost of Risk ⁽³⁾



Provisions on Loans to Customers



Source: Halyk Bank, NBK

⁽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.

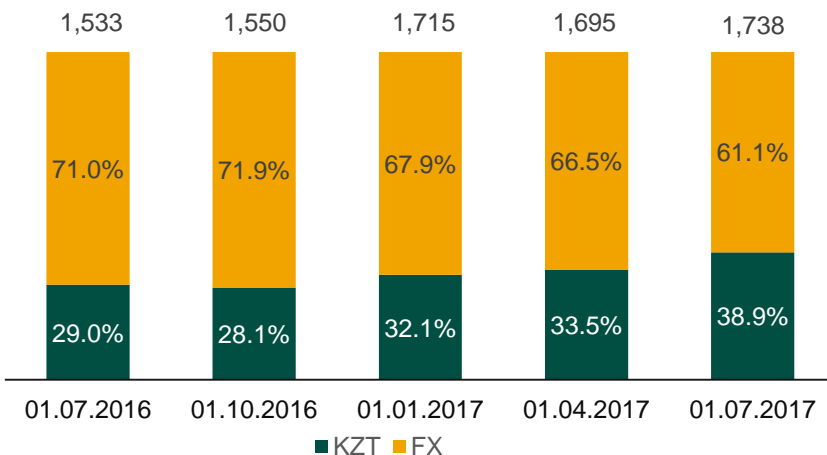
⁽²⁾ IFRS provisions/gross loans.

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

Funding Base

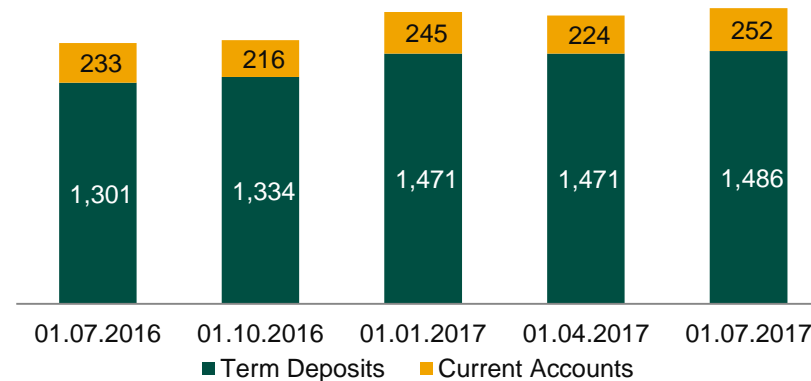
Retail Deposits by Currencies

KZT bn

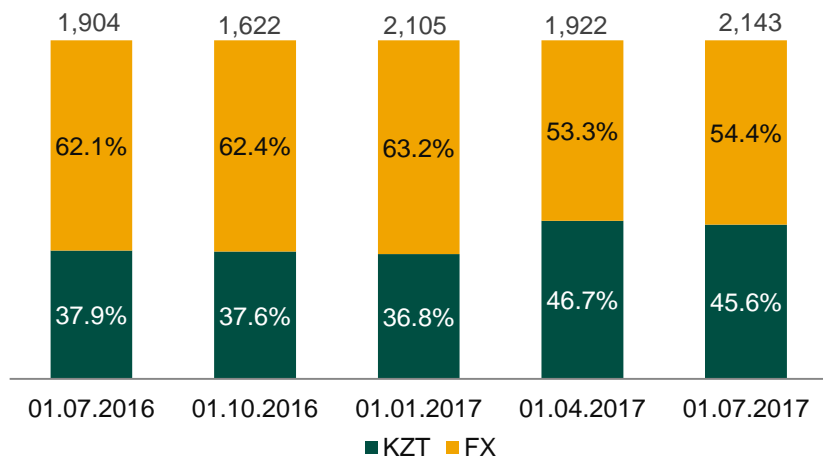


Retail Deposits

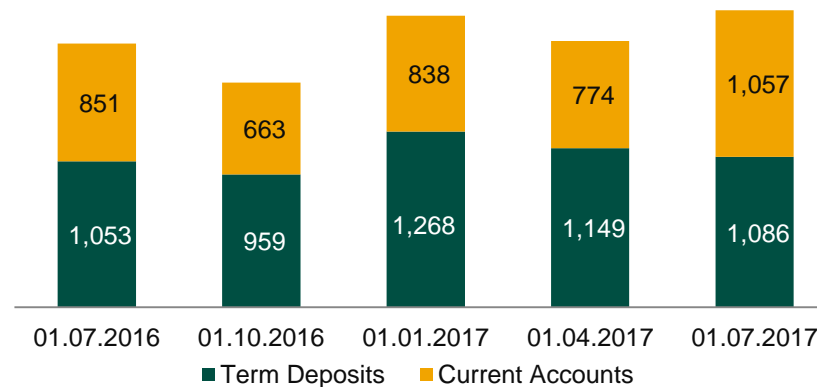
KZT bn



Deposits of Legal Entities by Currencies

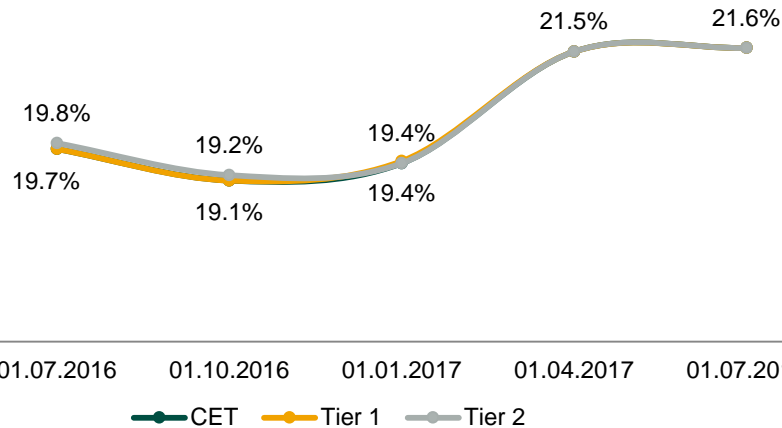


Deposits of Legal Entities

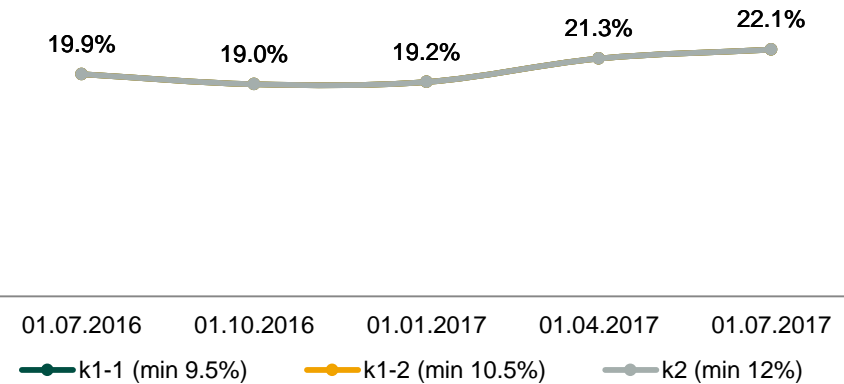


Solid Capital Position

Capital Adequacy Ratios, consolidated ⁽¹⁾

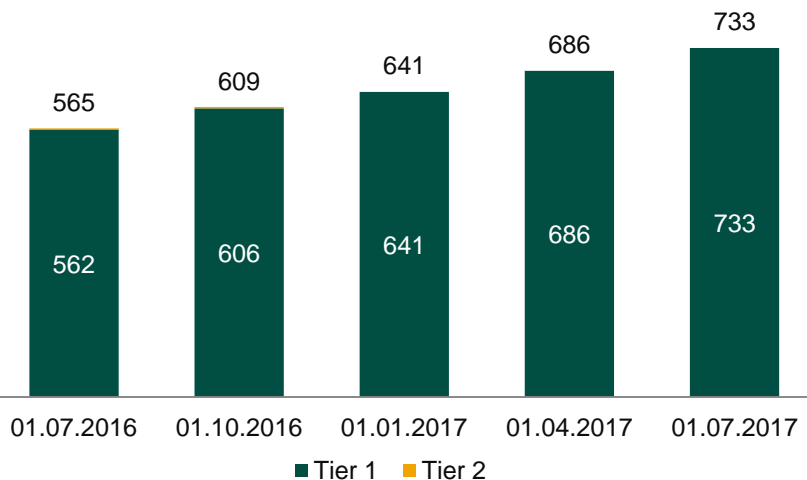


Capital Adequacy Ratios, Bank only ⁽¹⁾

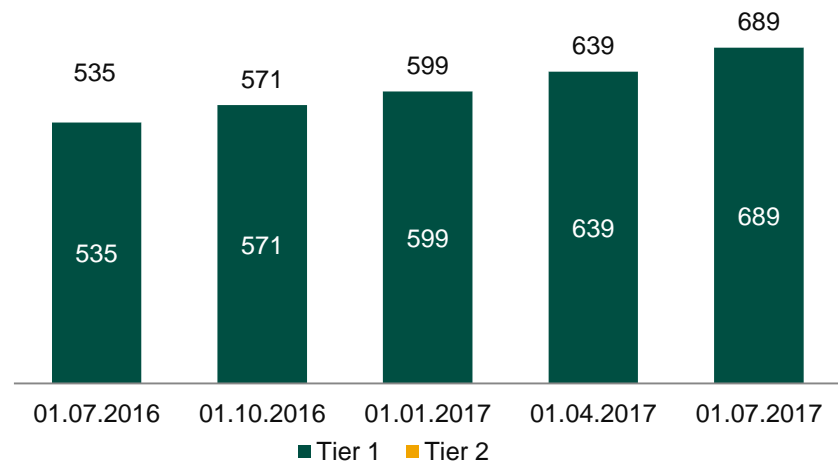


Capital Structure, consolidated ⁽²⁾

KZT bn



Capital Structure, Bank only ⁽²⁾



⁽¹⁾ 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.

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

Sale of 60% in Altyn Bank

Overview of the deal

- On 3 November 2016 Halyk signed Memorandum of Understanding with China CITIC Bank to sell 60% of Halyk's shares in Altyn Bank;
- On 7 June 2017 Halyk entered into an agreement with China CITIC Bank and China Shuangwei Investment Co. in relation to the sale of 60% of the share capital in Altyn Bank

Terms of purchase

- Sale of shares by Halyk to China CITIC Bank and China Shuangwei Investment Co. (i.e. Halyk cashes out)

Timeline of transaction

- 2H 2017

Share of Altyn Bank in Halyk

- 6.5% of total net income, 8.7% of total assets, 9.1% of total liabilities

Reclassification of Altyn Bank

- According to the decision of the Group's management, investments in Altyn Bank have been reclassified to an asset held for sale in accordance with IFRS 5 as of 30 June 2017;
- Results of Altyn Bank's operations were reclassified into discontinued operations in the statement of profit and loss

Acquisition of majority stake in Kazkommertsbank

Transaction Update



Completion

- 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

Pre- and post-transaction actions

Date	Action
1 July 2017	Repayment by KKB of KZT41bn owed to Samruk-Kazyna for the shares in BTA Bank under the 2014 acquisition of BTA Bank
3 July 2017	Repayment of the loan by JSC BTA Bank (“BTA Bank”) to KKB in the amount of KZT2.4tn
3 July 2017	In order to balance the open currency position as a result of the BTA Bank loan repayment KKB has entered into a KZT1tn 1 year FX swap with NBRK
3 July 2017	KKB acquired a KZT1tn issue of Sovereign Bonds of the Republic of Kazakhstan
3 July 2017	KKB’s KZT625bn NBRK stabilization loan has been repaid
3 July 2017	KKB’s liabilities under the securities REPO transactions in the amount of KZT202bn have also been repaid
4 July 2017	KZT250bn Problem Loan Fund (“PLF”) deposit terms have been adjusted (the interest rate reduced from 5.5% to 0.1% and the term extended to 1st July 2037) creating KZT170bn gain for KKB
10 July 2017	Halyk Bank announced a tender offer for the outstanding common and preference KKB shares (including GDRs which basic assets are common and preference KKB shares, respectively)
11 July 2017	KKB’s Board of Directors takes a decision on offering 1,339,379,809 common shares to shareholders to exercise their pre-emptive purchase right at KZT142.67 per common share and KZT285.34 per GDR

Pre-emptive rights issue and MTO results

Date	Action
12 July 2017	The Bank realised its pre-emptive right and purchased 1,296,698,676 common shares of KKB for a total of KZT185 bn.
10 August 2017	<ul style="list-style-type: none"> Halyk announced the results of its tender offer for outstanding common and preference KKB shares (including GDRs which basic assets are common and preference KKB shares, respectively). The Bank has accepted for purchase 13,687,609 ordinary shares at KZT142.67 per share, 130,521 preference shares at KZT71.55 per share, 3,081,552 GDRs representing such issued common shares of KKB at USD0.86 per GDR and 14,655,549 GDRs representing such issued preference shares of KKB at USD0.43 per GDR Subject to settlement of all applications submitted by KKB’s shareholders under the tender offer and pre-emptive purchase right, Halyk’s stake in KKB’s common and preference shares in circulation is estimated to be 99.61% and 23.55%, respectively

KKB balance sheet



(KZTbn)	KKB BS (30 Jun '17)	SK liability repayment	Repo funding repayment	NBRK loan repayment	Due diligence adjustments	BTA Loan repayment	BTA loan partial write-off	PLF deposit terms restructuring	Acquisition of Sovereign and NBRK Bonds	Halyk Bank equity injection	Other operational activity	KKB BS (12 Jul '17)
Assets	4,598											3,434
Loan portfolio	3,660				(408)	(2,400)	(65)				(19)	767
Gross loans	4,211					(2,400)	(65)				(26)	1,720
(-) Provisions	(551)				(408)						7	(952)
Net loans	3,660				(408)	(2,400)	(65)				(19)	767
Cash and equivalents	204	(41)	(157)	(625)		2,400			(1,300)	185	1	667
Securities	293				(2)				1,300		3	1,593
Other assets	442				(135)						99	406
Liabilities	4,157											3,253
Customer accounts	2,637							(170)			15	2,482
Amounts due to credit institutions	740	(41)		(625)							(6)	68
Financial liabilities	159		(157)								(2)	0
Debt securities issued	595										8	603
Other liabilities	27										73	100
Equity	441				(545)		(65)	170		185	(5)	181

KKB's balance sheet has been substantially de-risked as a result of the transaction

- Additional loan loss provisions with provisions / gross loans ratio of 55%
- KZT1tn of low-risk Sovereign Bonds with 0% risk-weighting and strong liquidity position
- NBRK stabilization funding repaid
- Capital adequacy restored to peers' levels
- As at 1 August 2017, NPLs 90 days+ / gross loans ⁽¹⁾ was 43%
- As at 1 August 2017, coverage NPL90+ was 128%

(a) Illustrative, figures based on 700H reports as of 30-June-2017, adjusted for publicly announced transactions

⁽¹⁾ 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.

Standalone Regulatory Capital Impact



Capital impact, Halyk Bank standalone

	Pre transaction as at 1 Jul 2017	Post transaction as at 1 Aug 2017
Regulatory capital	689	698
RWA	3,118	3,239
K1-1 ratio	22.1%	21.5%

Capital impact, KKB standalone

	Pre transaction as at 1 Jul 2017	Post transaction as at 1 Aug 2017
Regulatory capital	565	174
RWA	4,526	1,548
K1-1 ratio	9.4%	12.7%

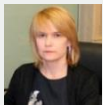
KKB Governance Update – Management Board

KKB management team has welcomed new members with vast experience in controlling and finance, while key business executives were retained



Ulf Wokurka
CEO

- Mr. Wokurka held various managerial positions at Deutsche Bank AG, the largest financial institution in Germany. He served as a Director of Structured trade and export financing covering Middle East, Russia and CIS in Deutsche Bank's Headquarters
- Mr. Wokurka served as a Member of the Board of Directors of various public and private entities in Kazakhstan such as Kazpost, Development Bank of Kazakhstan, Kazyna Capital Management, BTA Bank and Halyk Bank



Larissa Zdanovich
Deputy Chairman of the MB

- Larissa P. Zdanovich has more than 20-years' banking experience and held various positions in finance, budgeting and corporate management of financial institutions in Kazakhstan and other countries
- In 2009, she has been representing BTA Bank in Board of Directors of subsidiaries and associated companies such as JSC BTA Life, JSC BTA Insurance, and JSC Insurance Company London-Almaty
- Since 2013 she served as an Advisor at JSC Halyk Bank Kazakhstan



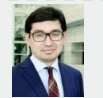
Zhannat Satubaldina
Deputy Chairman of the MB

- Ms. Satubaldina has extensive experience in public and private companies in controlling, finance, and banking.
- In 2006-2007, Ms. Satubaldina was a member of the Boards of Directors of JSC Pension Fund of Halyk Bank of Kazakhstan
- In 2009-2014, Ms. Satubaldina was the Deputy CFO at the JSC North Caspian Operating Company, and the Deputy CFO of KMG-Kashagan B.V., and later until 2016 she was the Deputy Chairperson of JSC Halyk Bank of Kazakhstan



Ulan Baizhanov
Deputy Chairman of the MB

- Mr. Baizhanov has held various managerial positions in the public sector and national companies in Kazakhstan for more than 25 years
- In August 2015, he has been elected as the President of the Law Enforcement Academy under the General Prosecutor's Office of Kazakhstan. He holds the diplomatic rank of the 2nd class Counsellor and the special civil service rank of the Senior Justice Counsellor, and he is an honorary employee of the prosecutor office




Dauren Sartayev
Deputy Chairman of the MB

- Mr. Sartayev has been a Managing Director since June 2016 supervising corporate business, SME, and branch network development
- Mr. Sartayev started his career in 2004 in Kazkommertsbank in capacity of SME Lending Manager at Pavlodar branch and was promoted to the Head of SME Lending Division of Almaty Branch. In 2010 he switched over to Temirbank, where he worked as the Head of the Loan Risks Division, Director of Ust-Kamenogorsk Branch, Director of the Distressed Loans Department at the head office



Nurlan Zhagiparov
Managing Director

- As the member of the Management Board Mr. Zhagiparov supervises retail business, innovative technologies, IT, internet-banking and business processes, including development of innovative technologies, bank cards, call centres and Homebank
- Since joining the Bank in 2002, he has held different positions in the Innovative Technologies Department and in 2005 he became the Head of this Department. In 2010 he also became an Executive Director at the Bank. In June 2014 Mr. Zhagiparov had been appointed as a Managing Director - member of the Management Board.

 New board members

KKB Governance Update – Board of Directors

The entirely new KKB Board of Directors has been appointed on 31-Jul-2017, including the new independent Chairman



Arman Dunayev
Chairman, ID

- In 2004 Mr. Dunayev was the First Vice-Minister of Finance of Kazakhstan, and later was appointed the Minister of Finance of Kazakhstan
- In 2008 Mr. Dunayev became the Deputy CEO of newly created “Samruk-Kazyna”, and later in 2011-2012 he was the Advisor to the CEO of “Samruk-Kazyna”
- Mr. Dunayev is the Board member in a number of domestic and foreign institutions, including Halyk Bank



Ulf Wokurka
Board member, CEO

- Mr. Wokurka held various managerial positions at Deutsche Bank AG, the largest financial institution in Germany. He served as a Director of Structured trade and export financing covering Middle East, Russia and CIS in Deutsche Bank’s Headquarters
- Mr. Wokurka served as a Member of the Board of Directors of various public and private entities in Kazakhstan such as Kazpost, Development Bank of Kazakhstan, Kazyna Capital Management, BTA Bank and Halyk Bank



Azamat Joldasbekov
Board member, ID

- Since 2009 Mr. Joldasbekov has been a Non-Executive Director in a number of financial institutions, including, among other, Temirbank (2009–2016), Alliance Bank (2014–2015), ForteBank (2015–2016) and Housing Construction Savings Bank of Kazakhstan (2017)
- Since May 2012 Mr. Joldasbekov has been the Board member (Stock Exchange Committee) at the Kazakhstan Stock Exchange, including the membership as the President of the Stock Exchange (2013-2014)



Askar Yelemessov
Board member, ID

- Mr. Yelemessov is the Board member of a number of public and private financial institutions. In 2007-2013 he was the Chairman of the Board of Directors and the Advisor to CEO at Troika Dialogue Kazakhstan
- From June 2007 through April 2011 he has been the Board member of Halyk Bank
- From June 2014 through April 2016 he was the Chairman of the Board of the Association of Financiers of Kazakhstan



Aliya Karpykova
Board member

- Ms. Karpykova joined Halyk Bank as a Managing Director supervising the risk management activities. Subsequently became the CFO (2010 – 2011). From October 2011 she has been the Deputy CEO / Member of the Management Board of Halyk Bank
- Ms. Karpykova was awarded with the Kurmet (2016) and the Merited Financier (2013) orders, as well as with the “20th Anniversary of Tenge” jubilee medal (2013) for her active professional and social activities.



Saule Kishkimbayeva
Board member

- In 2005 Ms. Kishkimbayeva was the Managing Director – Director of the Corporate Lending Department #2 at Halyk Bank. In 2009-2014 she was the Deputy CEO of Halyk Bank
- From May 2016 through May 2017 she was the CEO of one of the Halyk Bank’s subsidiary “Halyk Project”

Ratings Update

		Current Halyk rating
Moody's	<ul style="list-style-type: none"> Initial rating action (27 June 2017): <ul style="list-style-type: none"> Halyk: deposit ratings upgraded from Ba2 to Ba1 and affirmed senior unsecured debt at Ba3 KKB: deposit ratings upgraded from B3 to Ba2; senior unsecured debt from Caa2 to B1 Outlook on both banks changed to “Stable” on 28-Jul-17 following the revision of Kazakhstan’s government rating outlook 	<p>Local and foreign LT deposits Ba1</p> <p>Outlook Stable</p>
S&P	<ul style="list-style-type: none"> Latest rating action (18 July 2017): <ul style="list-style-type: none"> Halyk: S&P affirmed its 'BB/B' long- and short-term counterparty credit ratings on Halyk KKB: S&P raised and long-term counterparty credit rating on KKB to 'B+' from 'B-' The outlook is negative on both banks 	<p>LT foreign issuer rating BB</p> <p>Outlook Negative</p>
Fitch	<ul style="list-style-type: none"> Latest rating action (9 March 2017): <ul style="list-style-type: none"> Halyk’s 'BB' long-term default rating and KKB’s ‘CCC’ long-term default rating were placed on Rating Watch Negative following the announcement on the signing of the Memorandum of Understanding Further rating action expected in due course 	<p>LT issuer default rating BB</p> <p>Outlook Negative</p>

Halyk Group Post-transaction



Creation of the largest player in Kazakhstan	<ul style="list-style-type: none"> Combined bank creates a No 1 player in Kazakhstan with c 38% market share by assets, c 38% market share by retail deposits and 34% by corporate deposits Creation on #7 bank in the CIS by total assets and #3 bank in the CIS by total assets among commercial banks
Integration with KKB	<ul style="list-style-type: none"> Certain integration initiatives were already launched (integration of ATM network: cash-out and cash-in without any additional commissions) Upcoming steps: New business and IT strategy for enlarged Group will be developed by the end of 2017 with a help of professional advisors Focus on retaining and further developing of best business practices in Halyk and KKB
Synergy potential	<ul style="list-style-type: none"> Cost savings opportunities in: optimisation of procurement and marketing; optimisation of branch, ATM and POS networks; adoption of best practices in cost management Opportunity to optimise KKB's funding costs by way of re-pricing and repayment of expensive funding Extended regional presence and sectoral coverage (brokerage and insurance) with potential to create additional synergies on similar markets

Synergy potential on similar markets

Banks		
	Halyk	KKB
Georgia	Halyk Bank Georgia	–
Kyrgyzstan	Halyk Bank Kyrgyzstan	–
Russia	NBK-Bank	CB Moskommertsbank
Tajikistan	–	Kazkommertsbank Tajikistan

Insurance and Brokerage		
	Halyk	KKB
Life Insurance Company	Halyk-Life	Kazkommerts Life
General Insurance Company	Kazakhinstrakh	Kazkommerts-Polis
Brokerage services	Halyk Finance	Kazkommerts Securities

Outlook for 2017

	Actual 2016	Actual 1H 2017	Previous guidance for 2017, area of	Updated guidance for 2017 ex. KKB, area of ⁽³⁾
Net loan portfolio growth	6.6%	(1.2%)	7.4%	6.4% ⁽¹⁾
Consolidated net income (KZT bn)	131.4	78.9	140.0	> 150.0
Cost of risk ⁽²⁾ , p.a.	1.0%	0.9%	1.0%	0.9%
Cost-to-income ratio	28.5%	28.3%	29.5%	29.2%
NIM, p.a.	5.5%	5.5%	5.5%	5.4%
RoAE, p.a.	22.3%	22.2%	> 20.0%	> 20.0%

⁽¹⁾ after the sale of 60% stake in JSC "Altyn Bank" and total deconsolidation of its loan portfolio net loan portfolio growth outlook – 1.5%.

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

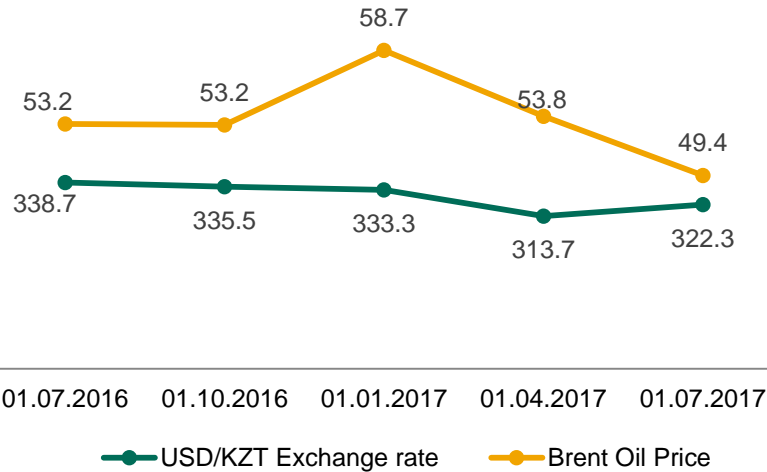
⁽³⁾ taking into account the sale of 60% stake in JSC "Altyn Bank" in 3Q 2017 and not taking into account KKB. At the moment KKB performs review and analysis of its risk and budget policies in order to align them with the requirements of Halyk Group and will update its outlook for 2017 accordingly. Consolidated guidance for 2017 will be provided during Halyk Group presentation of financial results for 9 months 2017.

Q & A session

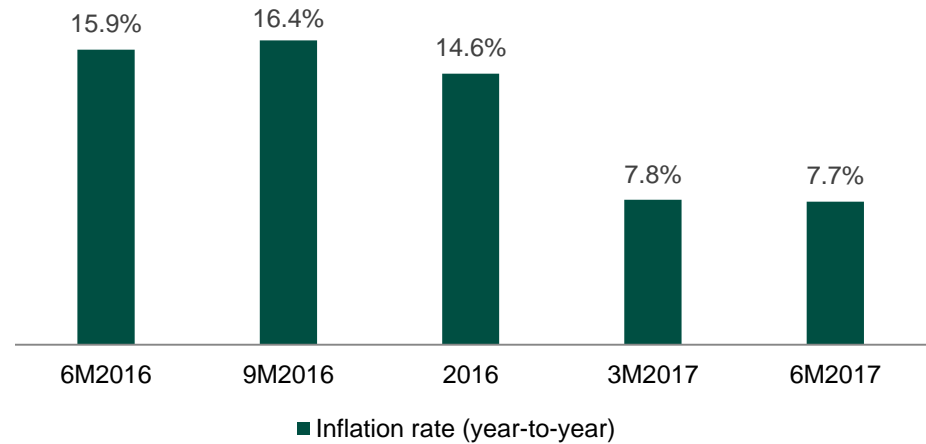
Appendices

Macroeconomic Data – Kazakhstan

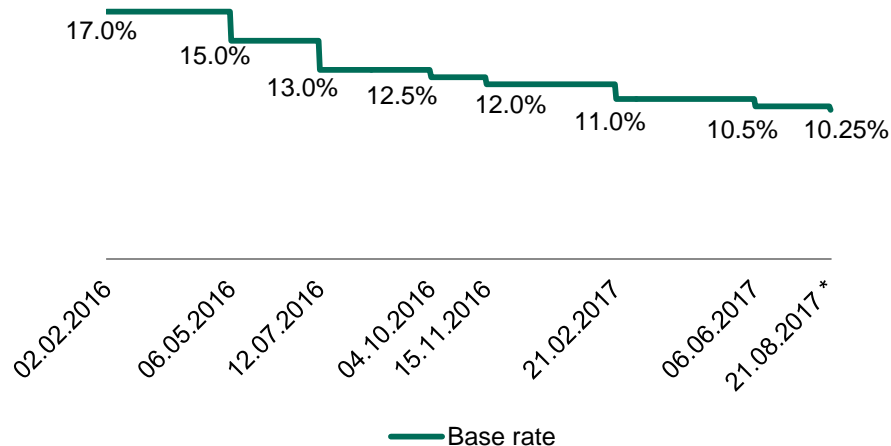
Exchange Rate



Inflation Rate

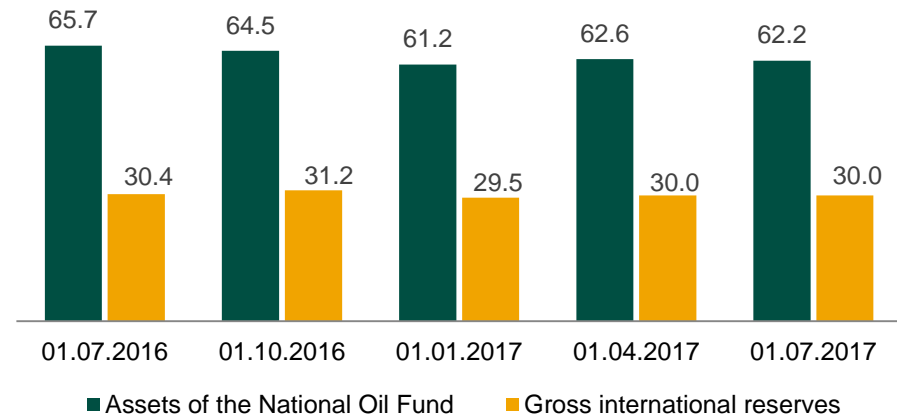


Base Rate



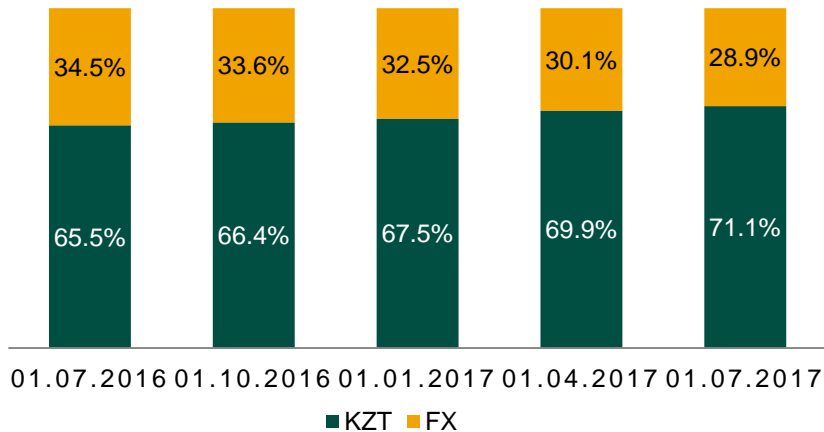
International Reserves

USD bn

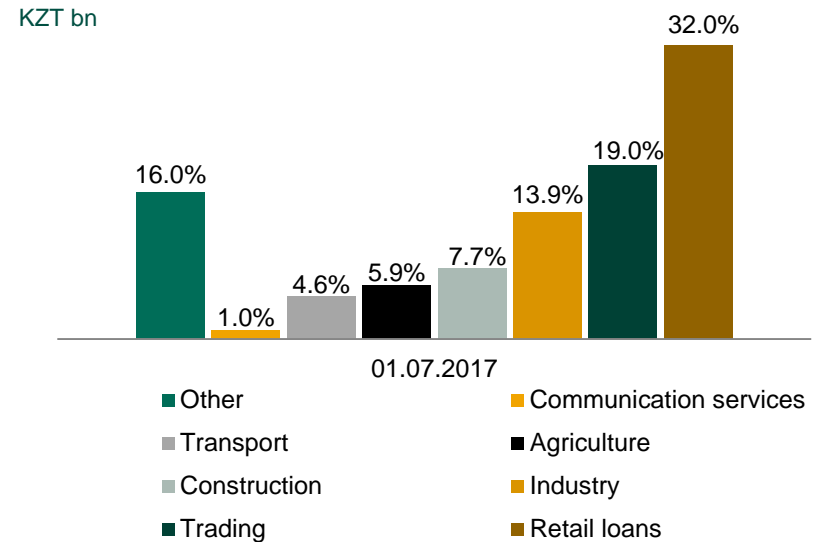


Banking Sector of Kazakhstan

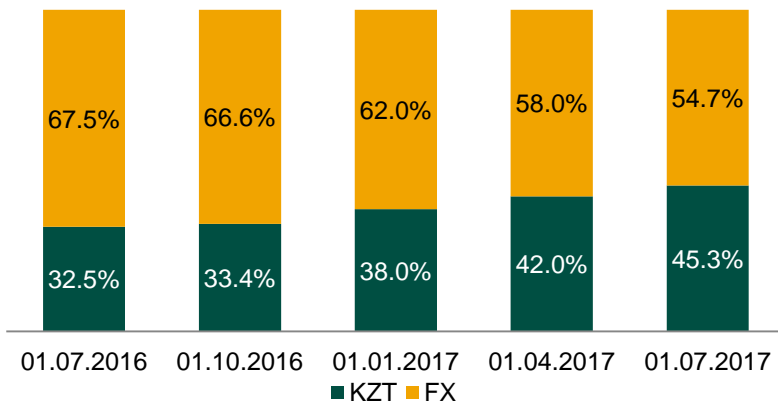
Loans by Currency



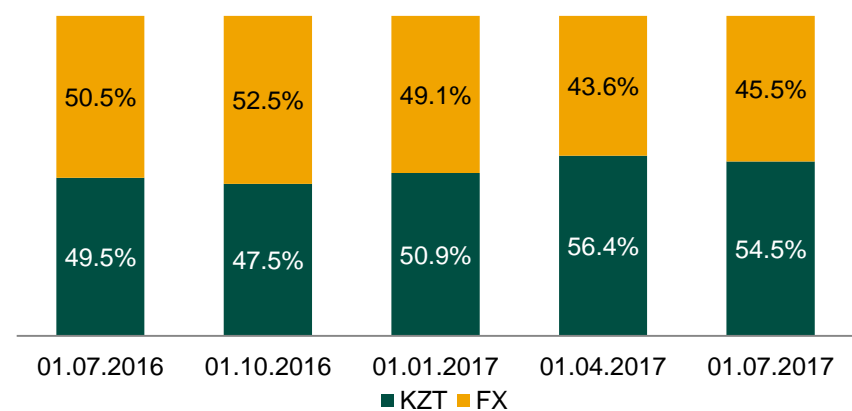
Loans by Sectors



Banking Sector Retail Deposits by Currencies

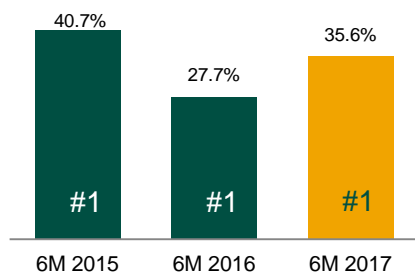


Banking Sector Deposits of Legal Entities by Currencies

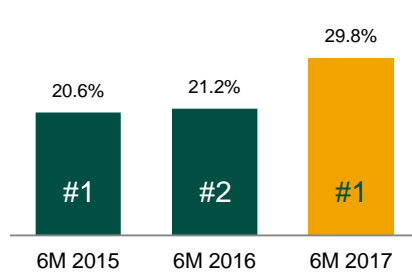


Halyk Bank's Market Position

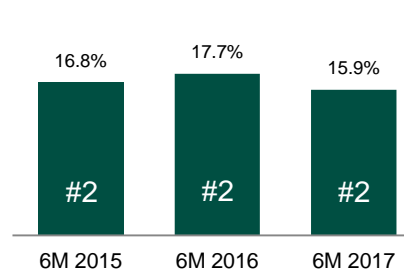
Net Income ⁽¹⁾



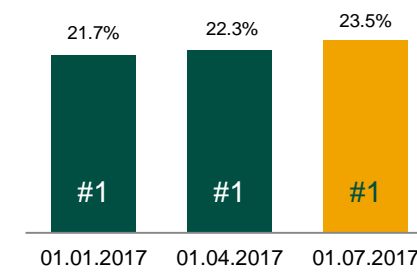
Net Interest Income ⁽²⁾



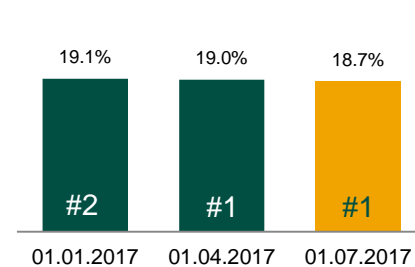
Net F&C Income



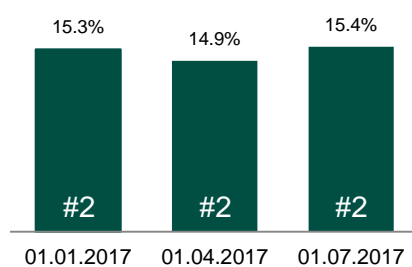
Equity ⁽³⁾



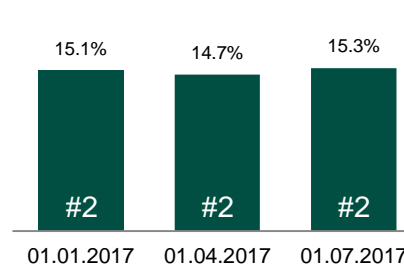
Total Assets



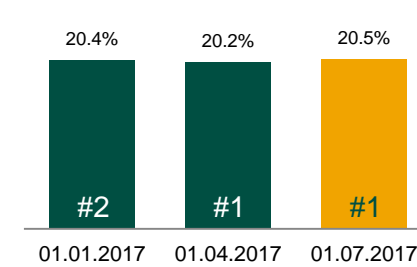
Gross Loans



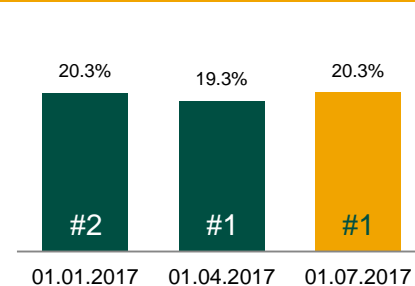
Net Loans



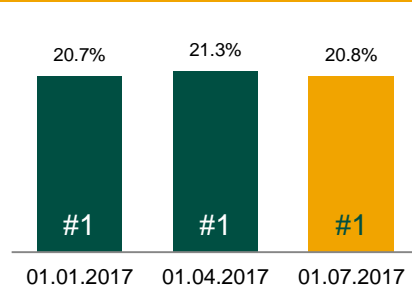
Total Deposits ⁽⁴⁾



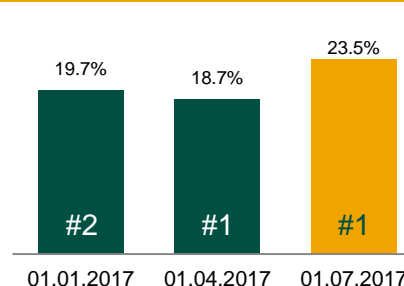
Total Corporate Deposits ⁽⁴⁾



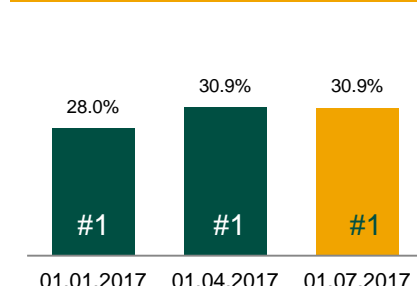
Total Retail Deposits ⁽⁵⁾



Corporate Current Accounts



Retail Current Accounts



1) excl. banks with negative income

2) after impairment charge, excl. negative net interest income

3) excl. banks with negative equity

4) excl. term deposits of SAPF; consists of term deposits and current accounts

5) consists of term deposits and current accounts

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

P&L Summary

Dynamics

KZT mln

	1H 2017	1H 2016	Y-o-Y, %	2Q 2017	1Q 2017	Q-o-Q, %	2Q 2016	Y-o-Y, %
Interest income	196,838	167,532	17.5%	100,629	96,208	4.6%	88,401	13.8%
Interest expense	(91,497)	(83,684)	9.3%	(45,197)	(46,299)	(2.4%)	(41,723)	8.3%
Net interest income before impairment charge	105,341	83,848	25.6%	55,432	49,909	11.1%	46,678	18.8%
Fee and commission income	30,782	28,341	8.6%	16,031	14,751	8.7%	14,885	7.7%
Fee and commission expense	(6,641)	(6,484)	2.4%	(3,481)	(3,160)	10.2%	(3,281)	6.1%
Net fee and commission income	24,141	21,857	10.4%	12,550	11,591	8.3%	11,604	8.2%
Insurance income ⁽¹⁾	1,202	1,140	5.4%	563	639	(11.9%)	1,064	(47.1%)
FX operations ⁽²⁾	14,561	7,874	84.9%	(572)	15,133	(103.8%)	8,318	(106.9%)
Income from derivative operations and securities ⁽³⁾	(7,059)	(3,554)	(98.6%)	4,212	(11,271)	137.4%	(6,775)	162.2%
Other non-interest income	2,298	2,761	(16.8%)	1,409	889	58.5%	1,831	(23.0%)
Impairment charge and reserves ⁽⁴⁾	(10,104)	(10,658)	(5.2%)	(5,492)	(4,612)	19.1%	(6,042)	(9.1%)
Operating expenses	(41,298)	(34,184)	20.8%	(22,477)	(18,821)	19.4%	(16,625)	35.2%
Income tax expense	(10,200)	(11,947)	(14.6%)	(5,225)	(4,975)	5.0%	(5,839)	(10.5%)
Net income	78,882	57,137	38.1%	40,400	38,482	5.0%	34,214	18.1%
RoAE ⁽⁶⁾ , p.a.	22.2%	20.8%		22.1%	22.4%		24.2%	
RoAA ⁽⁶⁾ , p.a.	3.0%	2.6%		3.1%	3.0%		3.1%	

⁽¹⁾ 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)

⁽²⁾ net gain on foreign exchange operations

⁽³⁾ 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

⁽⁴⁾ 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.

Balance Sheet Summary



KZT mln

	30 Jun 2017	31 Dec 2016	Change YTD, %
Total assets	5,275,683	5,348,483	(1.4%)
Cash and reserves	1,489,116	1,850,641	(19.5%)
Amounts due from credit institutions	35,244	35,542	(0.8%)
T-bills & NBK Notes	863,993	586,982	47.2%
Other securities & derivatives	369,687	341,379	8.3%
Gross loan portfolio	2,576,852	2,604,335	(1.1%)
Stock of provisions	(284,814)	(284,752)	0.02%
Net loan portfolio	2,292,038	2,319,583	(1.2%)
Other assets	225,604	214,356	5.2%
Total liabilities	4,520,902	4,682,890	(3.5%)
Total deposits, including:	3,881,009	3,820,662	1.6%
retail deposits	1,738,335	1,715,448	1.3%
term deposits	1,485,685	1,470,536	1.0%
current accounts	252,650	244,912	3.2%
corporate deposits	2,142,674	2,105,214	1.8%
term deposits	1,085,618	1,267,589	(14.4%)
current accounts	1,057,056	837,625	26.2%
Debt securities	383,602	584,933	(34.4%)
Amounts due to credit institutions	139,967	162,134	(13.7%)
Other liabilities	116,325	115,161	1.0%
Equity	754,781	665,593	13.4%

Key Financial Indicators

	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
Amounts due to customers / total liabilities	85.8%	80.5%	81.6%	77.9%
Loans / deposits ratio ⁽¹⁾	59.1%	61.4%	60.7%	69.5%
Liquid assets / total assets ⁽²⁾	46.6%	47.5%	46.8%	39.8%
IFRS Provisioning rate ⁽³⁾	11.1%	11.2%	10.9%	12.1%
Coverage NPL90+ (IFRS)	108.5%	102.6%	106.7%	104.8%
Common Equity Tier 1 capital adequacy ratio ⁽⁴⁾	21.6%	21.5%	19.4%	19.1%
Tier 1 capital adequacy ratio ⁽⁴⁾	21.6%	21.5%	19.4%	19.1%
Tier 2 capital adequacy ratio ⁽⁴⁾	21.6%	21.5%	19.4%	19.2%
k1 capital adequacy ratio ⁽⁵⁾	22.1%	21.3%	19.2%	19.0%
k1-2 capital adequacy ratio ⁽⁵⁾	22.1%	21.3%	19.2%	19.0%
k2 capital adequacy ratio ⁽⁵⁾	22.1%	21.3%	19.2%	19.0%

⁽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⁾ consolidated

⁽⁵⁾ Bank only.

Key Financial Indicators (continued)

	<u>30 Jun 2017</u>	<u>31 Mar 2017</u>	<u>31 Dec 2016</u>	<u>30 Sep 2016</u>
Number of branches and outlets	504	506	509	509
Number of ATMs	2,367	2,368	2,364	2,368
Number of POS-terminals	23,455	23,657	23,937	23,766
Information and transaction terminals (multiservice kiosks)	408	431	461	498
Payment terminals	576	577	577	576
Clients of internet banking, <i>individuals</i>	1,045,138	980,854	918,210	847,988
Clients of internet banking, <i>legal entities</i>	16,170	15,824	15,065	14,168
SMS banking clients	1,912,326	1,811,636	1,746,655	1,629,917
Telebanking clients	163,018	155,510	147,487	135,028
Payment card holders	5,619,107	5,508,576	5,461,886	5,442,717
Payroll project clients (legal entities)	22,996	23,165	23,001	22,974
	<u>2Q 2017</u>	<u>1Q 2017</u>	<u>4Q 2016</u>	<u>3Q 2016</u>
Cost-to-income ⁽¹⁾	29.4%	27.1%	30.5%	25.3%
Return on average common shareholders' equity (RoAE)	22.1%	22.4%	23.1%	24.1%
Return on average assets (RoAA)	3.1%	3.0%	3.0%	3.1%
Net interest margin	5.7%	5.2%	5.3%	5.6%
Operating expenses / average total assets	1.7%	1.5%	1.9%	1.5%

⁽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.