



HALYK GROUP FINANCIAL RESULTS PRESENTATION 1H & 2Q 2019

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

August 21, 2019

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Basis of calculation:

- all figures in this presentation are based on IFRS audited financial statements or financial statements reviewed by auditors, unless stated otherwise;



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1. Halyk Group financial results for 1H & 2Q 2019
2. Kazakhstan: Economic and Banking Sector Update
3. Q&A

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One

Halyk Group financial results for 1H & 2Q 2019

1H & 2Q 2019 Performance Highlights



	1H 2019	1H 2018	Y-o-Y, %	2Q 2019	1Q 2019	Q-o-Q, %	2Q 2018	Y-o-Y, %
KZT bn								
Net income ⁽¹⁾	164.2	86.2	90.6%	89.7	74.5	20.4%	24.1	3.7x
Net interest income ⁽²⁾	190.3	164.4	15.7%	97.7	92.6	5.4%	88.3	10.6%
Fee and commission income	57.7	54.4	6.1%	30.7	27.0	13.9%	28.0	9.6%
RoAE, p.a.	29.8%	20.4%		32.5%	26.8%		11.4%	
RoAA, p.a.	3.7%	2.1%		4.0%	3.3%		1.2%	
Cost of risk ⁽³⁾ , p.a.	0.5%	0.9%		0.3%	0.6%		2.4% ⁽⁵⁾	
NIM ⁽⁴⁾ , p.a.	5.1%	4.8%		5.1%	5.0%		5.1%	

⁽¹⁾ attributable to common shareholders.

⁽²⁾ before credit loss expense.

⁽³⁾ credit loss expense on loans to customers / monthly average balances of gross loans to customers, on consolidated IFRS basis.

⁽⁴⁾ net interest income / average interest earning assets (monthly average balances of cash and cash equivalents (less cash on hand, correspondent and current accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit institutions, financial assets at fair value through other comprehensive income, debt securities at amortized cost, net of allowances for expected credit losses, net loans to customers), on consolidated IFRS basis. Due to change in representation policy Net interest margin is recalculated for all shown periods.

⁽⁵⁾ previously in consolidated reports recoveries of provisions on KKB loans created before the acquisition of KKB by Halyk (5 July 2017) were reflected in other non-interest income. As per paragraph 5.5.14 of IFRS 9, starting from 3Q 2018 these recoveries of provisions are being reclassified as an impairment gain and recognized as reduction of credit loss expenses. Therefore, cost of risk for 2Q 2018 was recalculated taking into account such recoveries of provisions.

1H & 2Q 2019 Performance Highlights



KZT bn	01.07.2019	01.01.2019	YTD, %	01.04.2019	Q-o-Q, %
Total assets	9,059	8,959	1.1%	8,865	2.2%
Interest earning assets ⁽¹⁾	7,781	7,070	10.1%	7,526	3.4%
Investment securities	2,526	2,822	(10.5%)	3,051	(17.2%)
Net loans	3,493	3,481	0.3%	3,421	2.1%
Other	1,762	767	129.7%	1,054	67.2%
Gross loans	3,909	3,891	0.5%	3,834	2.0%
Total deposits	6,220	6,527	(4.7%)	6,385	(2.6%)
Total equity	1,128	1,066	5.8%	1,150	(1.9%)
Provisions / gross loans	10.7%	10.5%		10.8%	
Loans / deposits ratio ⁽²⁾	54.5%	53.9%		53.4%	
Liquid assets / total assets ⁽³⁾	48.0%	48.3%		48.6%	
NPLs 90 days+ / gross loans ⁽⁴⁾	8.7%	8.5%		9.1%	

⁽¹⁾ cash and cash equivalents (less cash on hand, correspondent and current accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit institutions, financial assets at fair value through other comprehensive income, debt securities at amortized cost, net of allowances for expected credit losses, net loans to customers, on consolidated IFRS basis. Due to change in representation policy interest earning assets are recalculated for all shown periods.

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

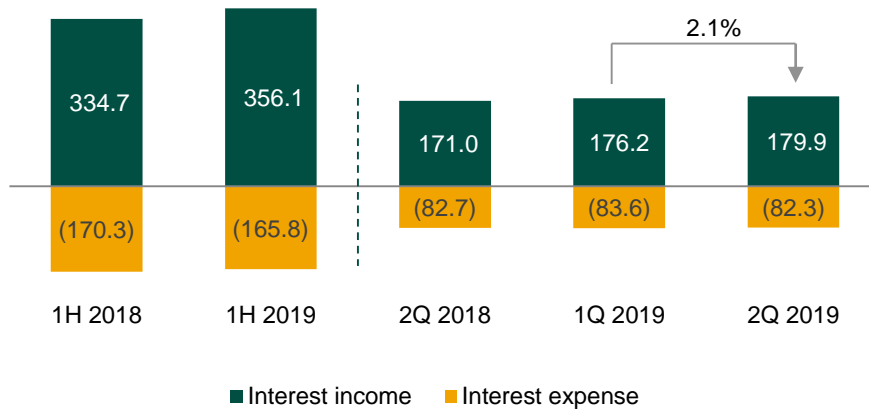
⁽³⁾ cash and cash equivalents, the NBK notes, Treasury bills of the Ministry of Finance of Kazakhstan, Treasury bills of governments of other countries, Notes of national banks of other countries, Bonds of quasi-sovereign banks) / total assets, on consolidated IFRS basis.

⁽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). KKB's NPLs 90+ and total loans are accounted at fair value, i.e. net of provisions created before 4 July 2017.

Interest Income

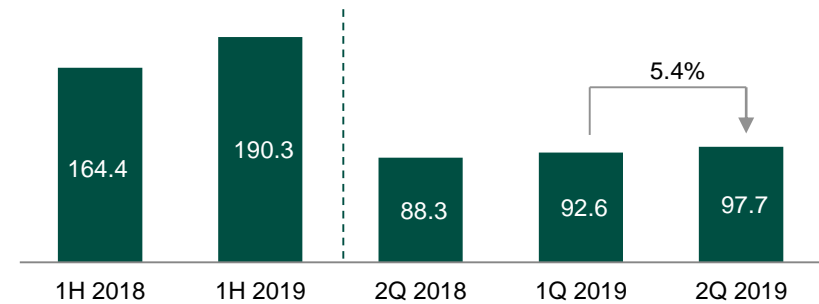
Interest Income and Interest Expense

KZT bn

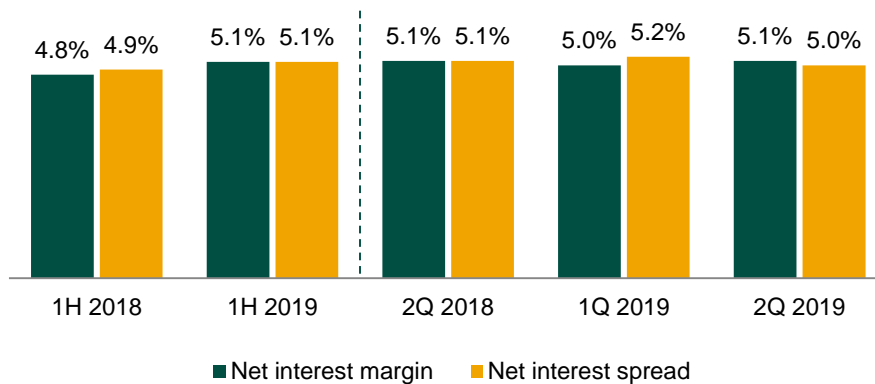


Net Interest Income ⁽¹⁾

KZT bn



Net Interest Margin ⁽²⁾ and Net Interest Spread ^{(2),(3)}



Comment

- Net interest margin increased to 5.1% p.a. in 2Q 2019 from 5.0% p.a. in 1Q 2019. This was mainly due to increase in the share of placement of interest-bearing liabilities into interest-earning assets.
- The decrease in Net interest spread for 0.2% p.a. in 2Q 2019 vs. 1Q 2019 was mainly due to amortisation of discount on receivables on sale of assets in installments.

⁽¹⁾ before credit loss expense.

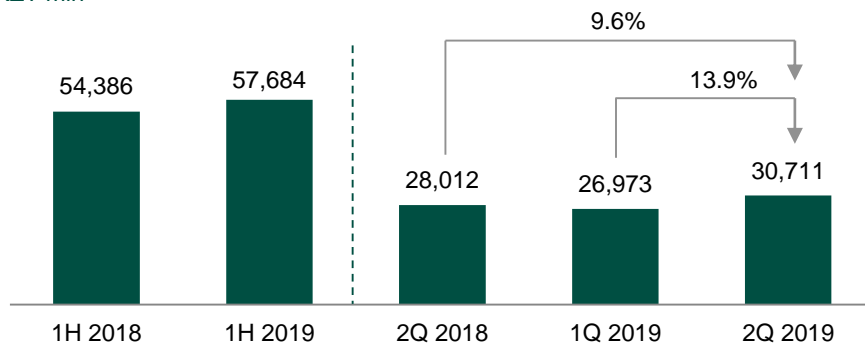
⁽²⁾ net interest income / average interest earning assets (monthly average balances of cash and cash equivalents (less cash on hand, correspondent and **current** accounts with the NBK), financial assets at fair value through profit or loss (less derivative financial instruments), amounts due from credit institutions, financial assets at fair value through other comprehensive income, debt securities at amortized cost, net of allowances for expected credit losses, net loans to customers), on consolidated IFRS basis. Due to change in representation policy Net interest margin and Net interest spread are recalculated for all shown periods.

⁽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

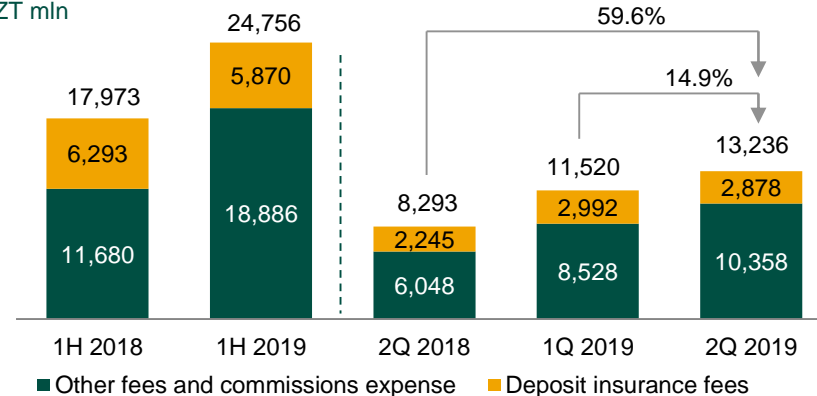
Fee and Commission Income

KZT mln



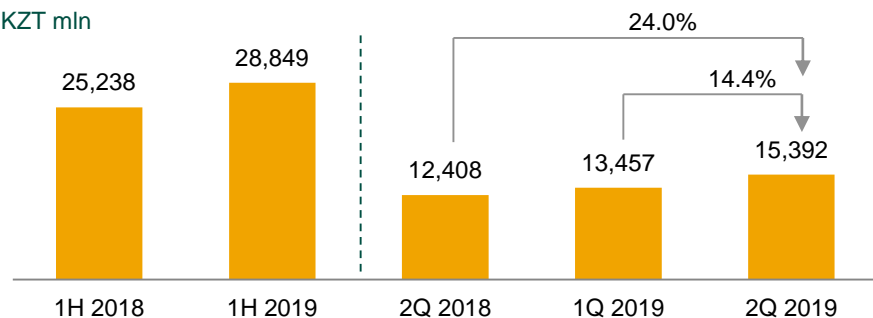
Fee and Commission Expense

KZT mln

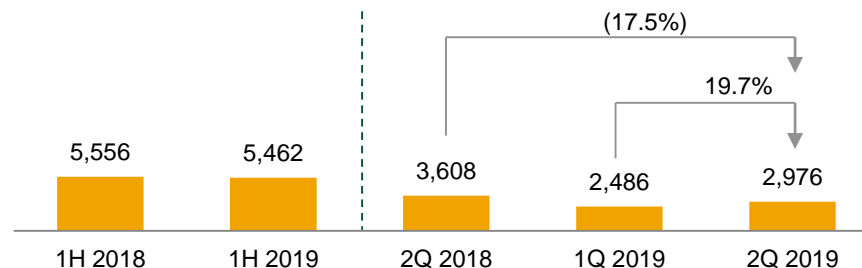


Breakdown of Selected Fee and Commission Income ⁽¹⁾

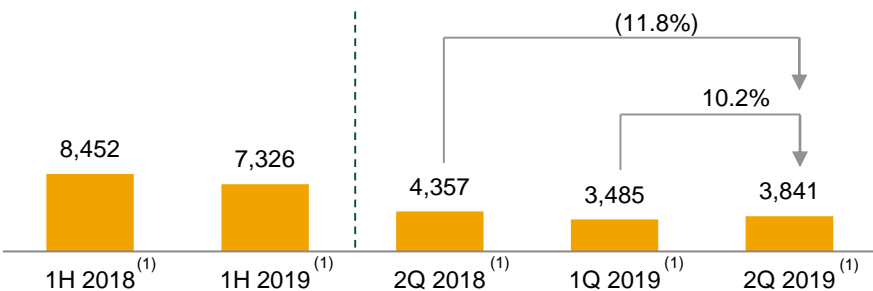
KZT mln



Payment cards operations



Cash operations



Bank transfers – settlements

Comment

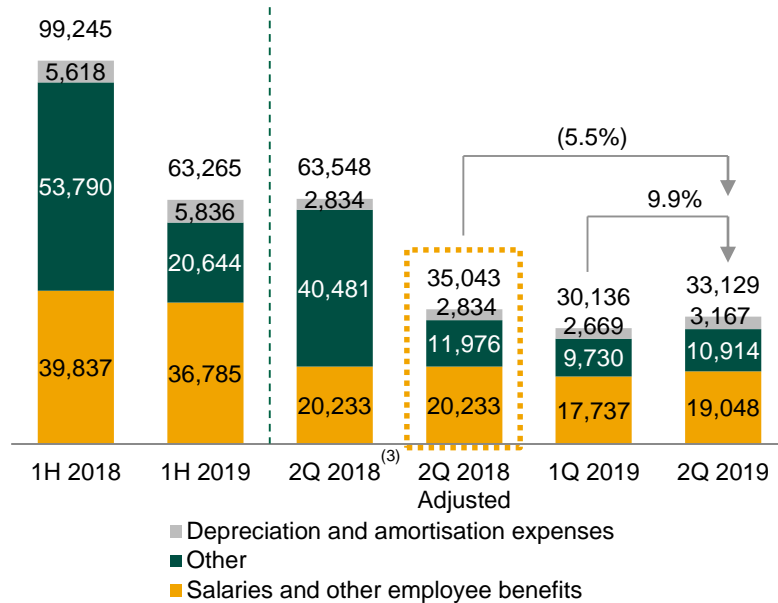
- Fee and commission income for 2Q 2019 increased by 13.9% vs. 1Q 2019 as a result of growing volumes of transactional banking, mainly in payment card maintenance, as well as cash operations and bank transfers – settlements.
- Prior to the merger, the transfers within legal entities current accounts in Halyk and KKB were treated as external transfers, and relevant fees were applied. After the integration, the transfers between those current accounts are being treated as internal and therefore are free of charge. As a result, fees derived from Bank transfers – settlements decreased in 1H 2019 vs. 1H 2018 and in 2Q 2019 vs. 2Q 2018.
- The increase in fee and commission expense Q-o-Q and Y-o-Y was mainly due to increased number of transactions of other banks' cards in the acquiring network of the Bank.

⁽¹⁾ adjusted: the portion of fees relating to payment card operations which was previously accounted within cash operations and bank transfers are recalculated as fees derived from payment cards operations for all shown periods

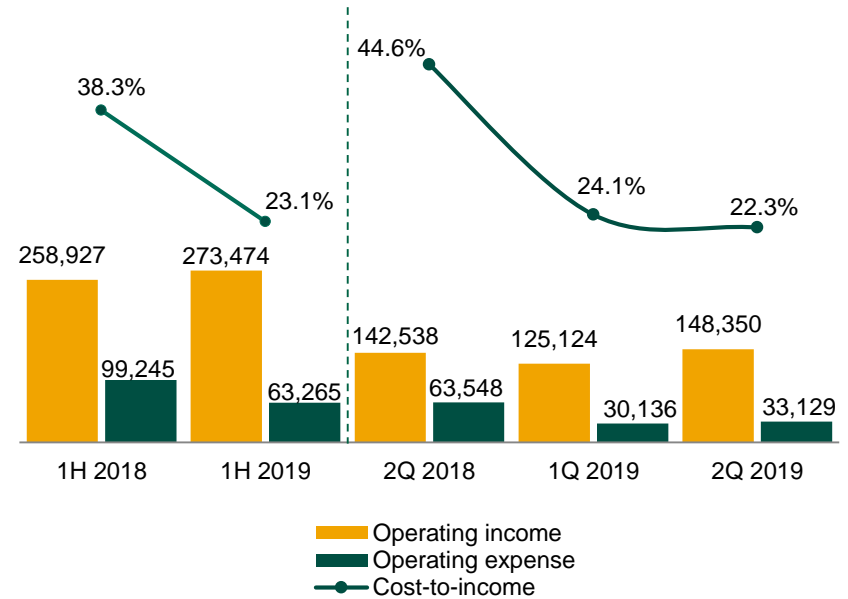
Operating Costs

Operating Expenses ⁽¹⁾

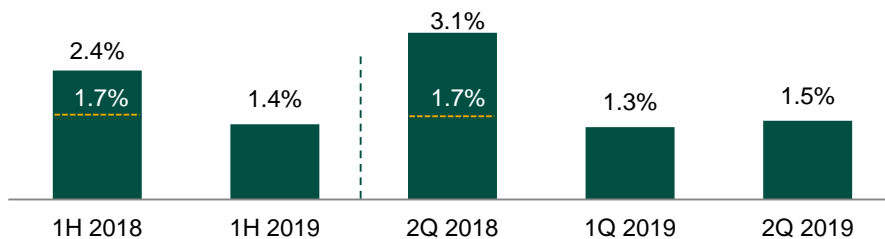
KZT mln



Cost-to-Income ⁽¹⁾⁽²⁾



Cost-to-Average Assets ⁽¹⁾⁽⁴⁾⁽⁵⁾



Comment

- Operating expenses for 1H 2019 decreased by 36.3% vs. 1H 2018 mainly due to loss from impairment of non-financial assets of KZT 30.3 bn in 1H 2018 and cost optimisation on the back of synergy effect from merger of KKB into the Bank in 2H 2018.
- Operating expenses for 2Q 2019 increased by 9.9% vs. 1Q 2019 mainly due to the indexation of salaries and other employee benefits starting from 1 March, 2019.

⁽¹⁾ previously in consolidated reports loss from impairment of non-financial assets was shown on gross basis and income from revaluation of non-financial assets was reflected in other income. Due to change in representation policy, starting from 4Q 2018 the loss from impairment of non-financial assets is netted by income from revaluation of non-financial assets. Therefore, operating income, operating expenses, cost-to-income ratio and cost-to-average assets ratio for 2H 2018 and 2Q 2018 were recalculated taking into account such change in policy.

⁽²⁾ including loss from impairment of non-financial assets.

⁽³⁾ including loss from impairment of non-financial assets of KZT 28.5 bn.

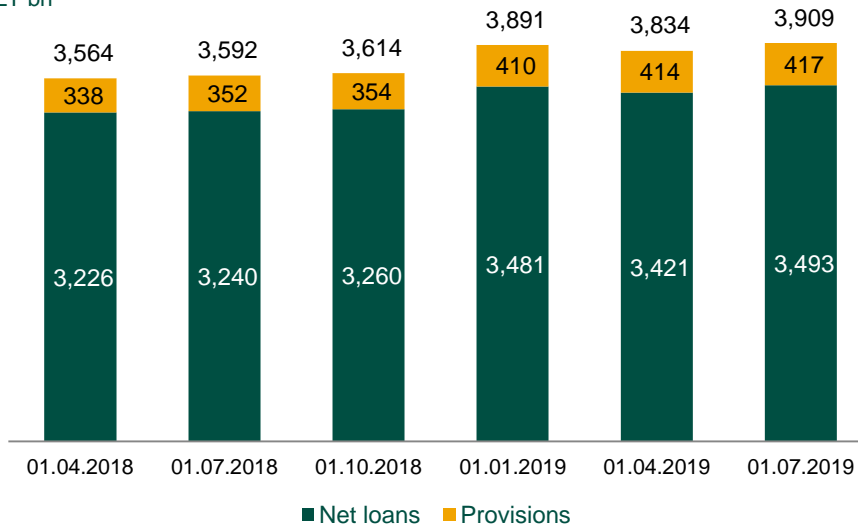
⁽⁴⁾ operating expense (operating expenses, impairment of non-financial assets) / operating income (net interest income before credit loss expense, net fees and commissions, other non-interest income, less insurance claims incurred, net of reinsurance, and expenses for insurance reserves), annualised, on consolidated IFRS basis.

⁽⁵⁾ operating expense / average monthly assets, annualised, on consolidated IFRS basis.

Loan Portfolio

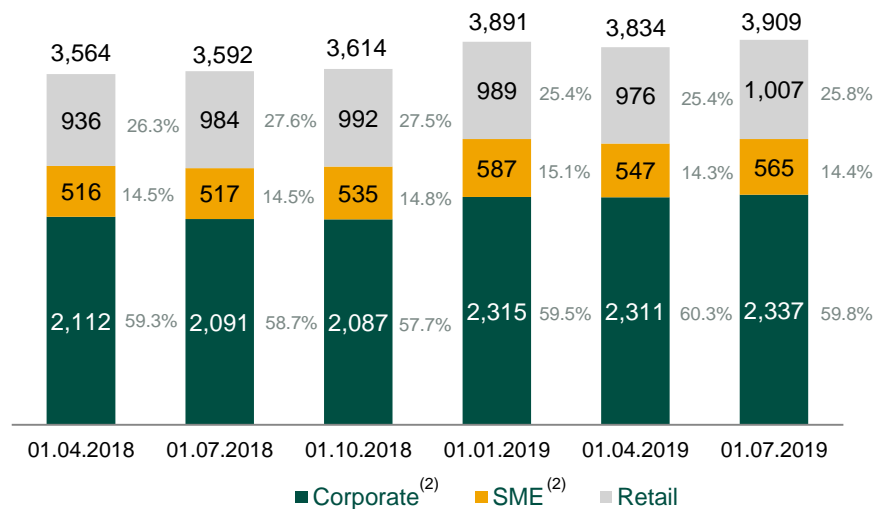
Total Gross Loans ⁽¹⁾

KZT bn

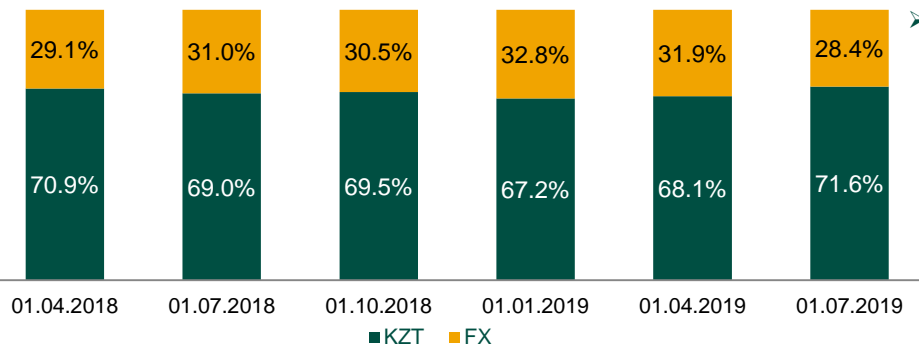


Total Gross Loans by Sectors

KZT bn



Total Net Loans by Currencies



Comment

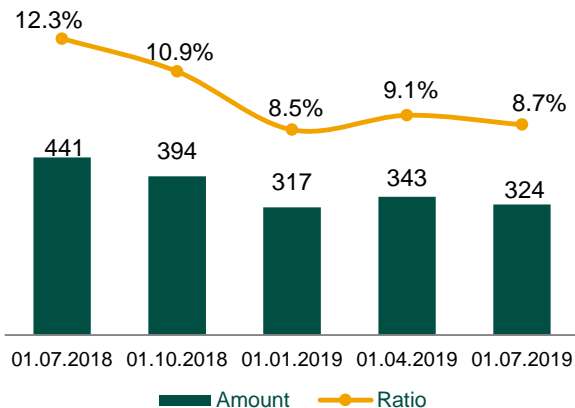
➤ Increase of gross loan portfolio in 2Q 2019 vs. 1Q 2019 was attributable to increase in corporate loans (1.1% on a gross basis), increase in SME loans (3.2% on a gross basis) and increase in retail loans (3.2% on a gross basis).

(1) Due to IFRS requirements, KKB loans were consolidated on net basis (i.e. net of provisions created before 4 July 2017).

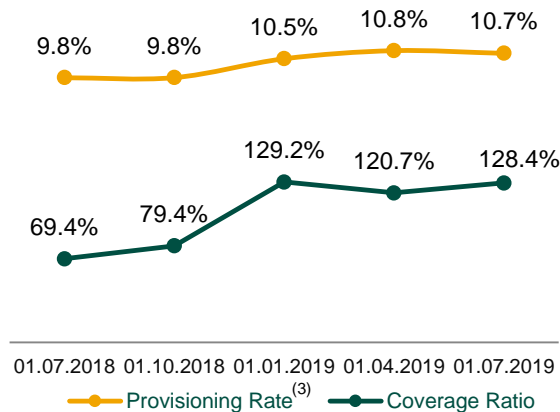
(2) Due to the resegmentation of certain loans, the amounts and shares of Corporate and SME sectors in total gross loans were recalculated as of 1 January, 2019 and 1 April, 2019.

Cost of Risk on a Consolidated Basis

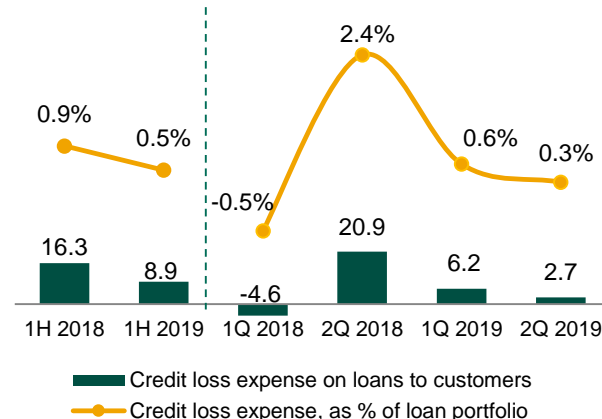
NPL 90 days+ ⁽¹⁾ Dynamics



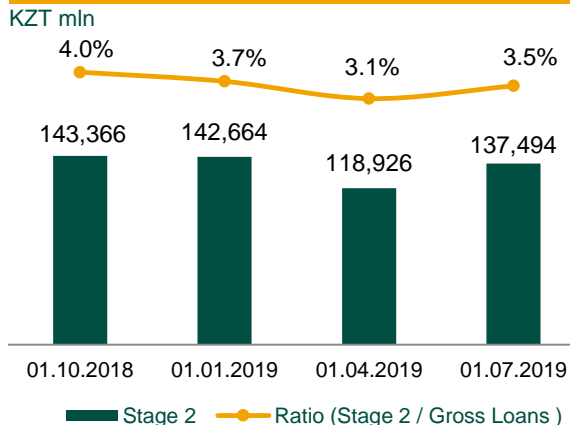
Provisioning Rate⁽²⁾ + NPL 90 days Coverage Ratio



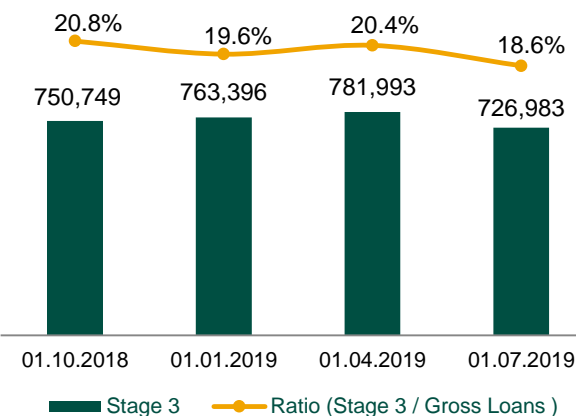
Cost of Risk^{(4) (5)}



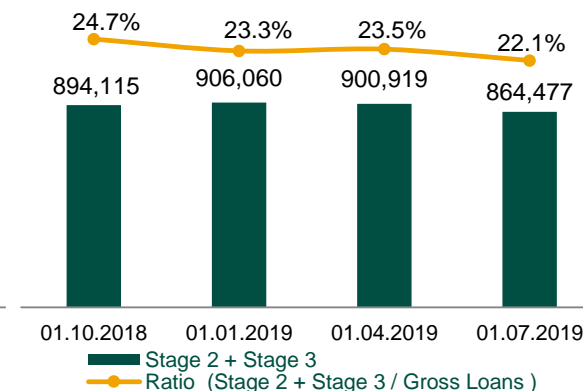
Stage 2



Stage 3 ^{(6) (7)}



Stage 2 + Stage 3



⁽¹⁾ the aggregate Halyk Bank + KKB NPLs 90 days+ (total principle amount of loans and accrued interest with principle and/or interest overdue by more than 90 days/ gross loans portfolio, Banks only, IFRS). KKB's NPLs 90+ and total loans are accounted at fair value, i.e. net of provisions created before 4 July 2017.

⁽²⁾ IFRS provisions/gross loans, on consolidated IFRS basis.

⁽³⁾ taking into account a gross and net basis of purchased credit-impairment financial assets from KKB, write-offs on consolidated IFRS basis for 2Q 2019 were KZT 34.9 bn and KZT 10.5 bn accordingly.

⁽⁴⁾ credit loss expense on loans to customers / monthly average balances of gross loans to customers, annualised, on consolidated IFRS basis.

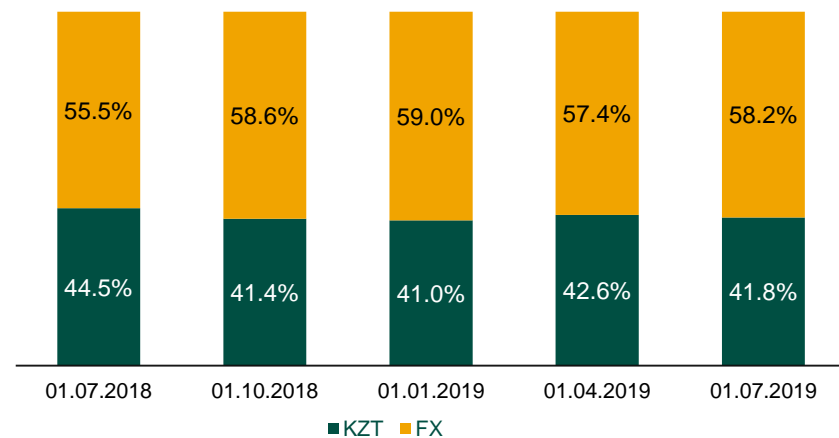
⁽⁵⁾ previously in consolidated reports recoveries of provisions on KKB loans created before the acquisition of KKB by Halyk (5 July 2017) were reflected in other non-interest income. As per paragraph 5.5.14 of IFRS 9, starting from 3Q 2018 these recoveries of provisions are being reclassified as an impairment gain and recognized as reduction of credit loss expenses. Therefore, cost of risk for 1Q and 2Q 2018 were recalculated taking into account such recoveries of provisions.

⁽⁶⁾ including POCI. ⁽⁷⁾ Stage 3 loans include NPL 90+, restructured loans and other loans with signs of impairment.

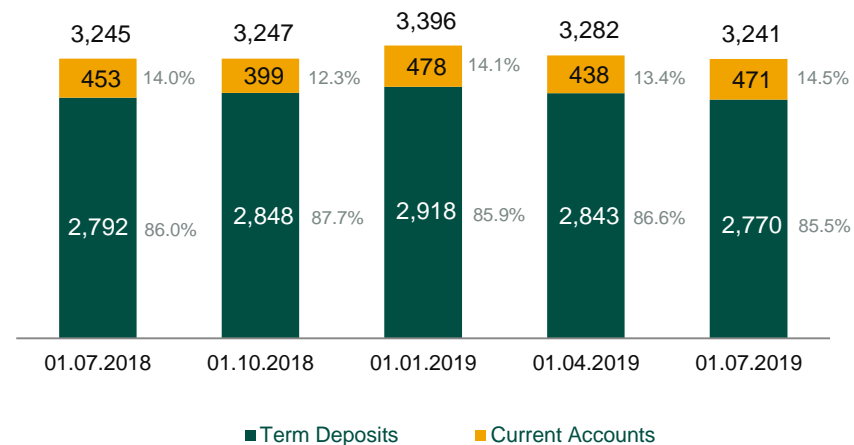
Retail Deposits

KZT bn

By currencies



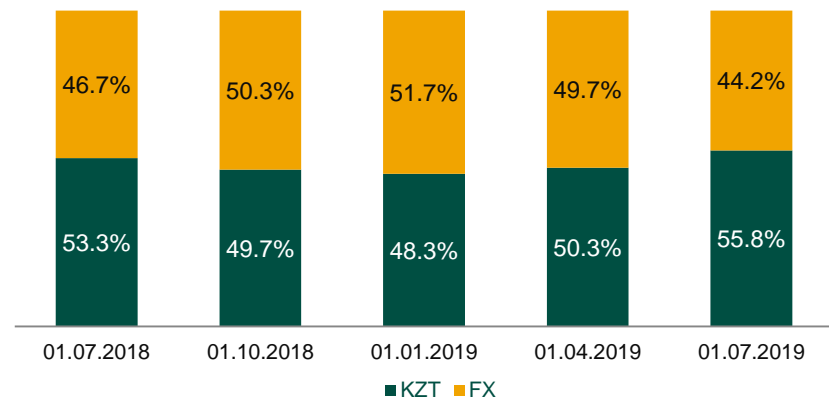
By types



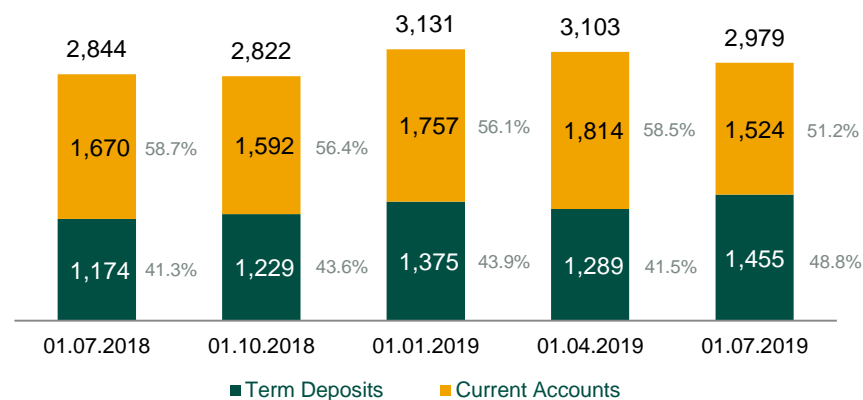
Deposits of Legal Entities

KZT bn

By currencies



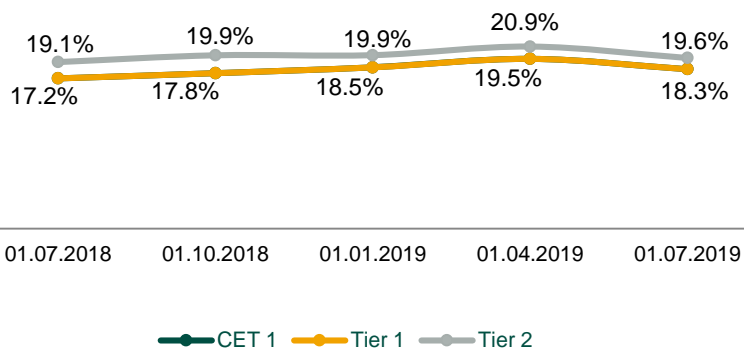
By types



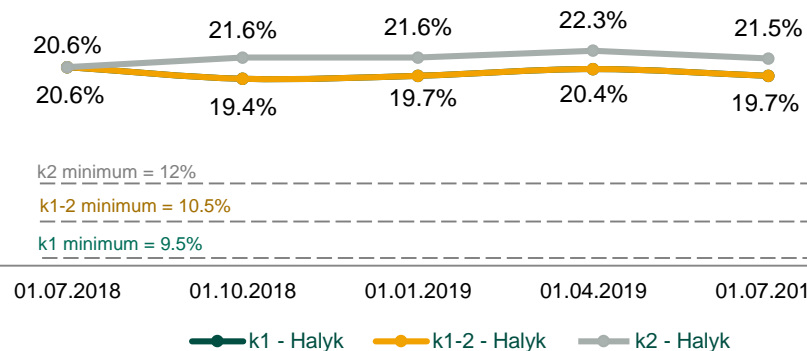
Solid Capital Position



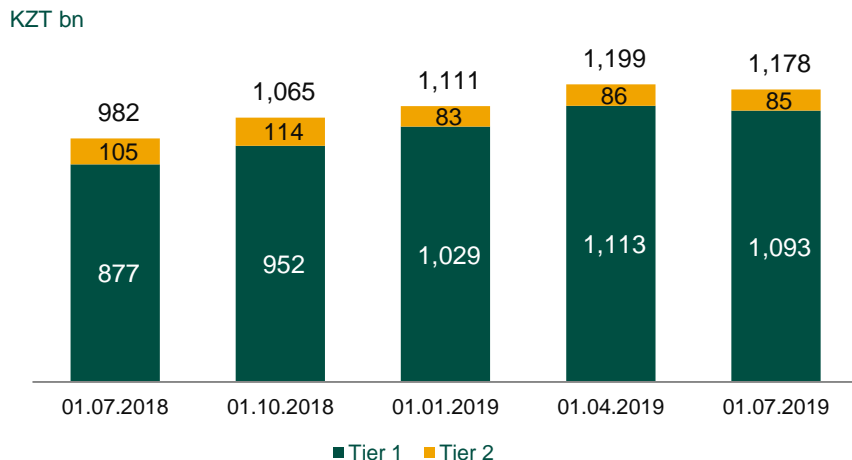
Capital Adequacy Ratios, consolidated ⁽¹⁾



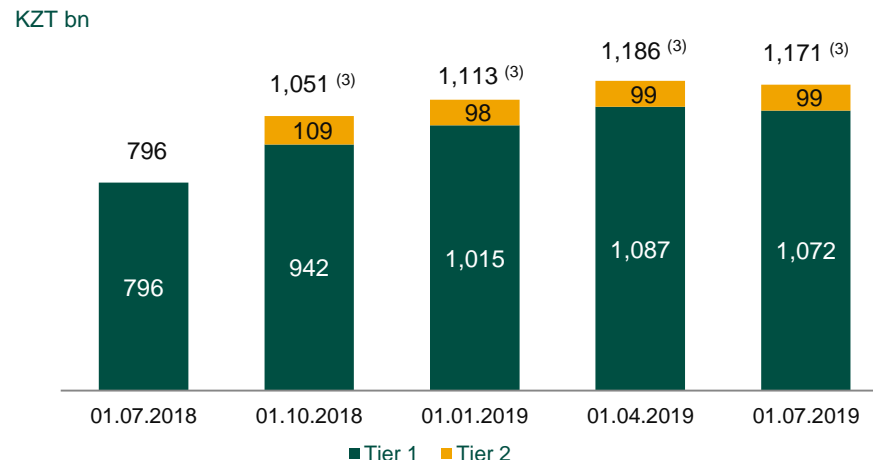
Capital Adequacy Ratios of Halyk Bank, only ⁽¹⁾



Capital Structure, consolidated ⁽²⁾



Capital Structure, Halyk Bank, only ⁽²⁾



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

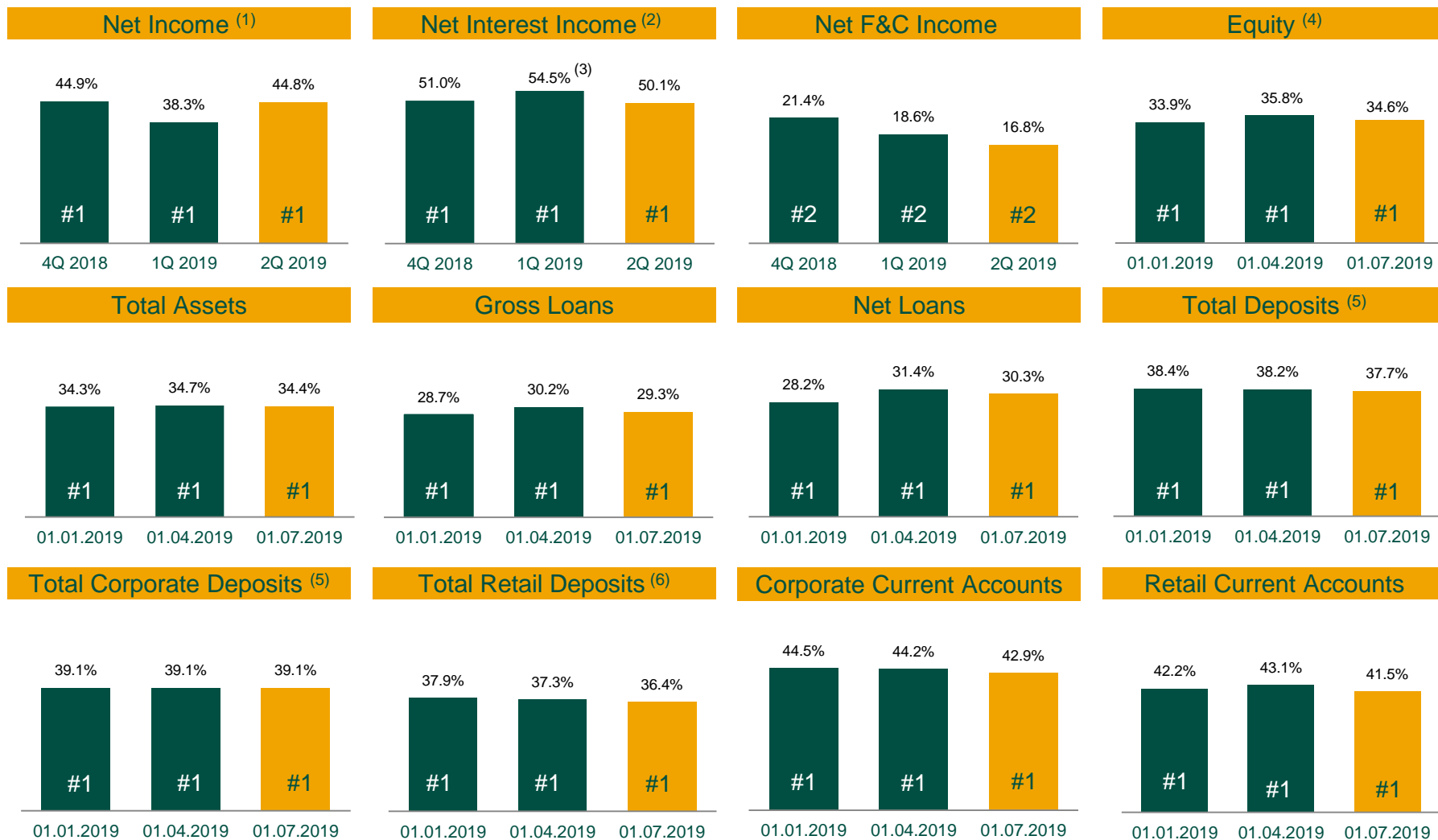
⁽²⁾ almost the entire capital is a high quality core capital as a result of limited use of Tier 2 instruments.

⁽³⁾ as a result of merger of KKB into Halyk Bank, Tier 2 capital from KKB was transferred to Halyk Bank. Therefore, starting from 28 July 2018, capital structure of Halyk Bank includes Tier 2 capital.

	Actual 2018	Actual 1H 2019	Previous guidance for 2019, area of	Updated guidance for 2019, area of
Net loan portfolio growth	7.1%	0.3%	7%	7%
Consolidated net income (KZT bn)	254.2	164.2	270	≈ 300
Cost of risk ⁽¹⁾ , p.a.	0.5%	0.5%	0.9%	0.7%
Cost-to-income ratio	31.7%	23.1%	30%	< 27%
NIM, p.a.	5.1%	5.1%	5%	≈ 5.0%
RoAE, p.a.	27.9%	29.8%	24%	> 26%

⁽¹⁾ credit loss expenses on loans to customers / monthly average balances of gross loans to customers, on consolidated IFRS basis.

Halyk Bank's Market Position



⁽¹⁾ excl. banks with negative income.

⁽²⁾ after credit loss expense, excl. negative net interest income.

⁽³⁾ adjusted market share (without the accelerated amortization of discount on the Bank's Eurobonds due to early prepayment of USD 200 mln on 1 March 2019) – 64.0%.

⁽⁴⁾ excl. banks with negative equity.

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

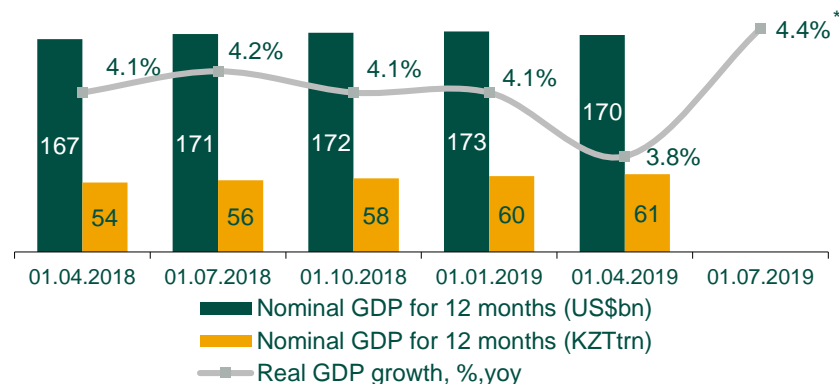
⁽⁶⁾ consists of term deposits and current accounts.

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

Two

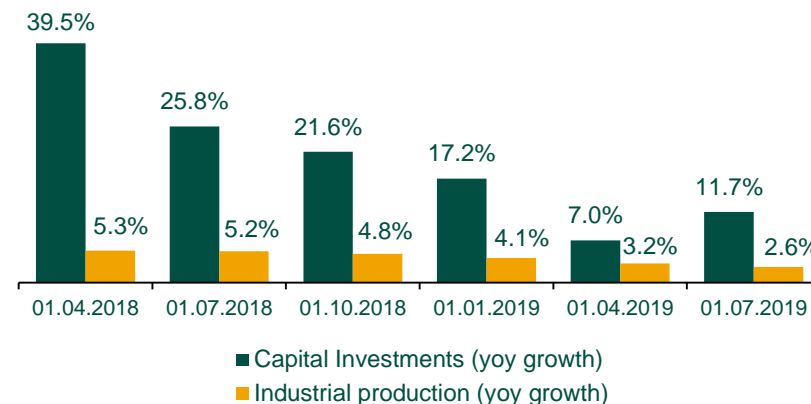
Kazakhstan: Economic and Banking Sector Update

Macroeconomic stabilization



Source: The National Bank of Kazakhstan (NBK)

Temporary slowdown in industrial output, investments are solid



Source: Committee on Statistics of Kazakhstan

Investment grade sovereign ratings

Agency	Rating	Outlook	Date
Moody's	Baa3	stable	16.10.2018
S&P	BBB-	stable	09.03.2019
Fitch	BBB	stable	22.03.2019

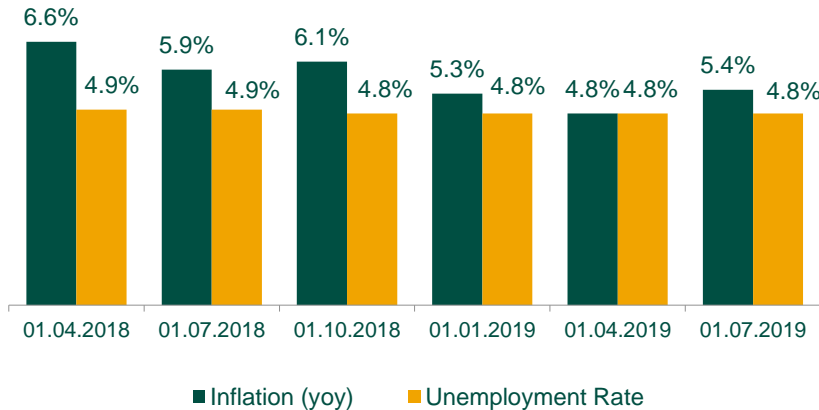
Source: Bloomberg

Comment

- Growth in Kazakhstan's economy after a slowdown to 3.8% yoy in the first quarter accelerated to 4.4% in the second quarter, resulting in a growth rate of 4.1% in the first half of 2019*. At the same time, economic growth was less dependent on the commodity sector. Faster growth in the non-resource sector reflects increased stimulatory impact of fiscal policy and strong investments in fixed assets.
- In sectoral breakdown, the economy snapshot shows a slight slowdown in industrial output growth rate (2.6% yoy vs. 5.2% yoy in 1H18), in transport grew by 5.3% yoy (4.9% yoy in 1H2018), while construction accelerated to 11.1% yoy (3.8% yoy in 1H18) and trade by 7.5% yoy (5.9% yoy in 1H18). At the same time, the construction industry is growing mainly due to an increase in works in the extractive sector, while in trade the growth is driven by the increase in the wholesale oil trade.
- Growth of investments in fixed assets was at a high level of 11.7% yoy in the first half of 2019, which is a very strong indicator given the growth of 25.8% yoy in the same period last year. In 2018 investments have significantly increased by 17.2% yoy, reaching 18.9% of GDP, which was the best indicator since 2010.

* according to preliminary statistics

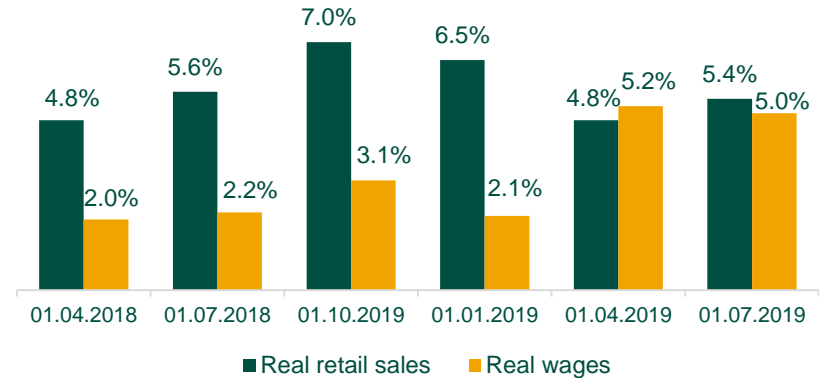
Stable low unemployment with moderate inflation



Source: Statistics Committee

- On the back of administrative reduction of housing and utility tariffs and the restraint of fuel prices, inflation showed a decline to less than 5% in the first quarter of this year. However, as this effect evaporated and the national currency weakened, inflation increased slightly and ended the second quarter at 5.4%.
- Labor market appears to be in a good shape, as it continued adding jobs. Economic growth strengthening is the driving force behind resilient job market. The unemployment rate came down slightly to 4.8% after 4.9% in 2018 and 5.0% in 2017 as there are less young people entering the job market due to demography.

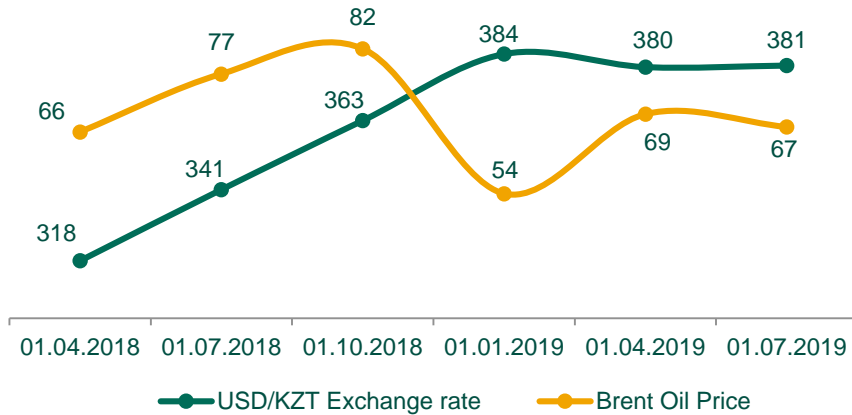
Pick up in real wages support consumption



Source: Statistics Committee

- The real wages growth showed acceleration in the 1H 2019 as the government raised minimum wages and also committed large sums for raising wages in public sector. The wages rose by around 5% in real terms throughout 1H 2019, the lower level of inflation at 5.6% on average vs. 7% in 1H 2018 also helped to boost real growth of salaries. Starting from June the wages of education, health care, state sector workers were increased additionally.
- Retail sales after starting this year with an increase of 4.4% yoy in January, gradually accelerated to 5.4% yoy in 1H 2019.

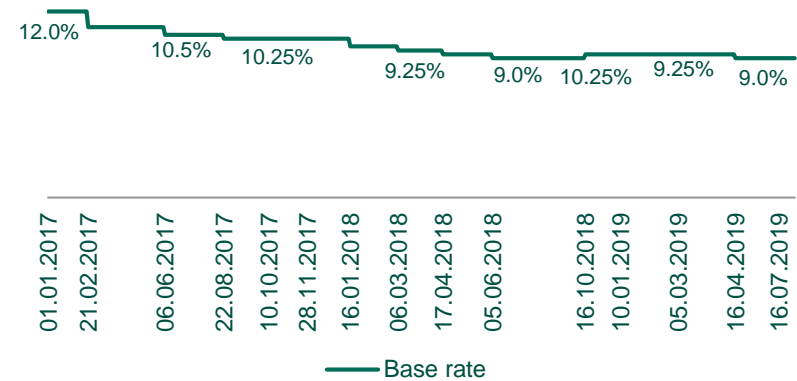
Exchange rate dynamics



Source: Bloomberg

- The oil price throughout the first half of 2019 was volatile, but recovered after a slump at the end of 2018 to US\$50 per barrel.

Interest rate adjustment

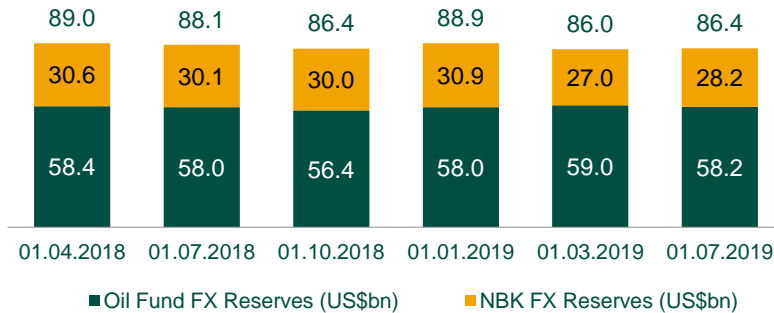


* the next base rate committee – 09.09.2019

Source: The National Bank of Kazakhstan

- While the base rate was at 9%, the short-term money market rates in the first half of 2019 were mainly at the lower boundary of the interest rate corridor of 8%.
- The actions of the NBK in terms of increasing the yield on its instruments, without tightening monetary conditions by increasing the base rate, are aimed at moving excess liquidity volumes from short placement terms to more distant ones.

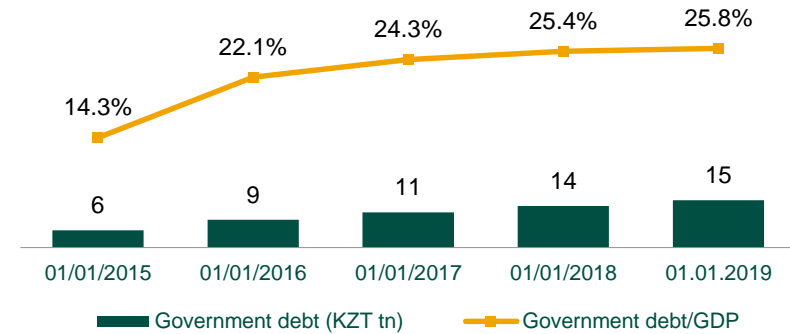
Stable FX reserves



Source: The National Bank of Kazakhstan

- Consolidated international reserves in June 2019, according to preliminary data from the NBK, amounted to \$86.4 billion. Since the beginning of the year, the consolidated reserves decreased by 2.8% due to a decrease in the NBK reserves by 8.8% to \$28.2 billion. NBK international reserves were enough to cover 7.4 months of imports of the country, which is higher than the international norm of 3 months of imports.

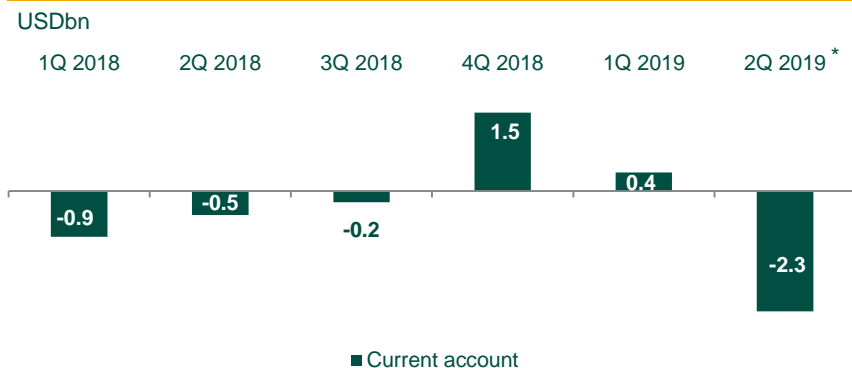
Government debt



Source: The Ministry of Finance of Kazakhstan

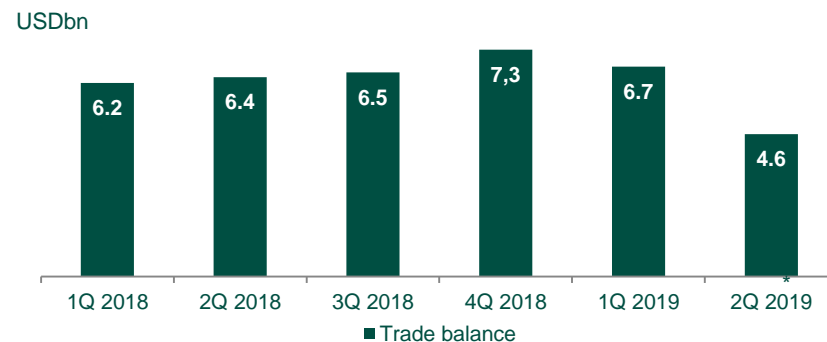
- This year, the State budget expenditures have reached 20.5% of GDP. State budget expenditures per capita increased to 61 thd KZT per month from 51 thd KZT last year, in real terms the increase was at about 13%. Increased budget spending went on raising public sector wages, pensions and building social housing with wage increases for budget sector workers.

Current account*



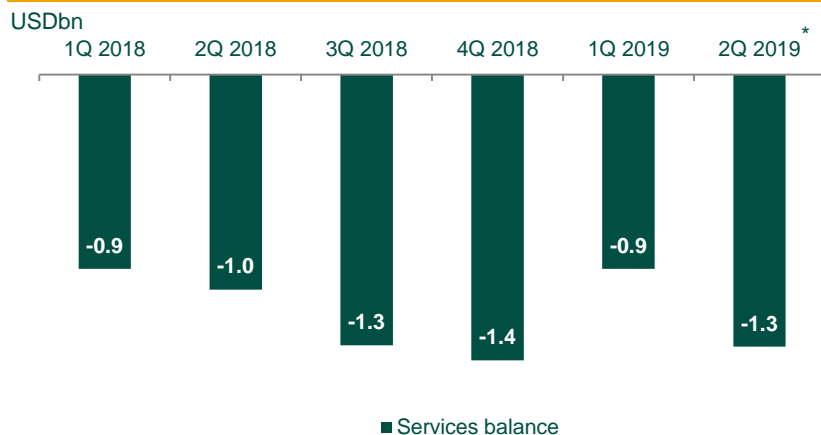
Source: The National Bank of Kazakhstan

Trade balance



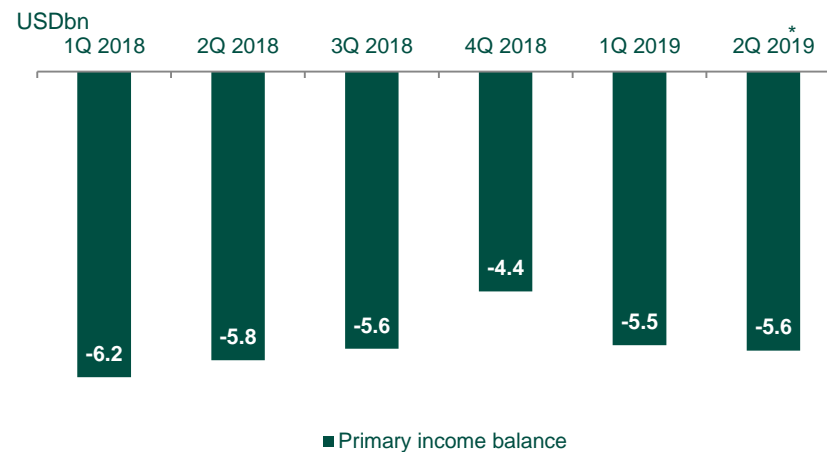
Source: The National Bank of Kazakhstan

Services balance



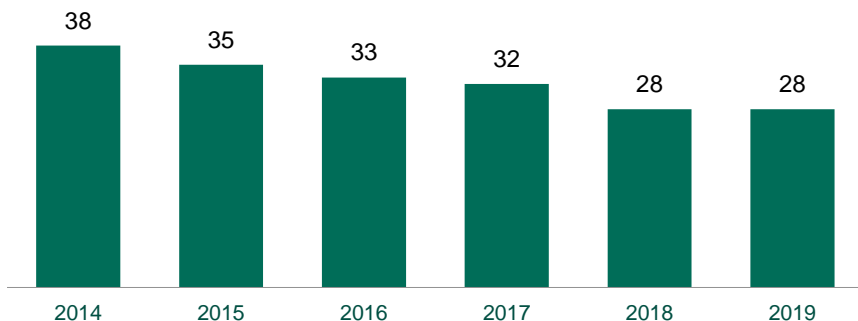
Source: The National Bank of Kazakhstan

Primary income balance



Source: The National Bank of Kazakhstan

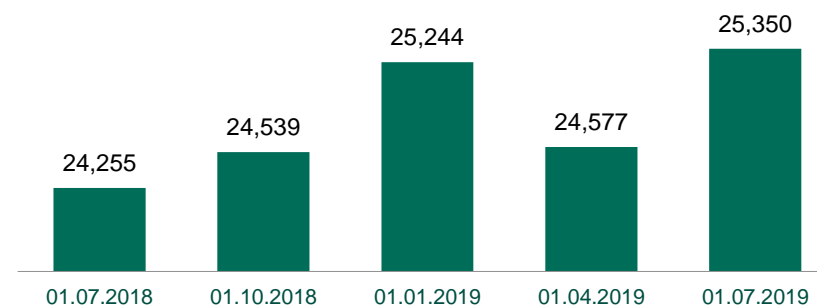
of banks operating in Kazakhstan



Source: The National Bank of Kazakhstan

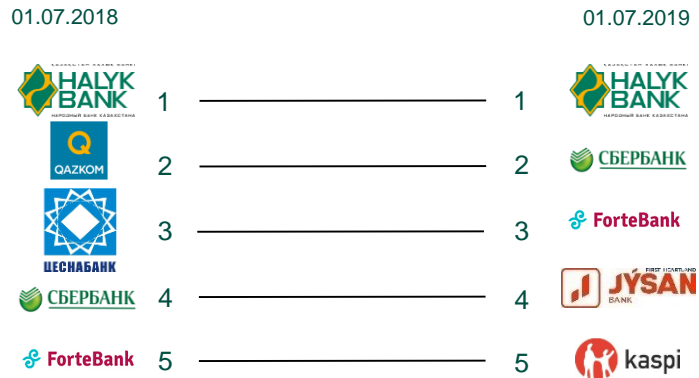
Kazakhstan banking sector assets

KZT bn



Source: The National Bank of Kazakhstan

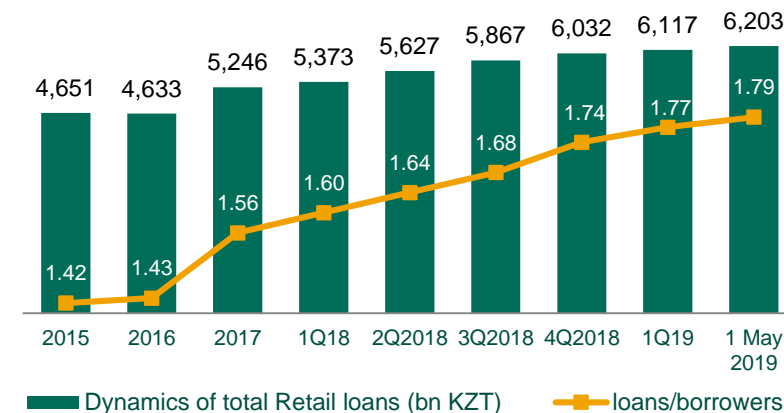
Dynamics of top 5 ranking in Kazakhstan banking sector



Source: The National Bank of Kazakhstan

In February 2019, in accordance with the measures approved by the NBK and the Government of Kazakhstan to improve the financial sustainability of Jysan Bank and provide support to the agricultural sector, and in order to implement a uniform debt management policy for enterprises of the agro-industrial complex, Fund of Problem Loans JSC acquired from Jysan Bank the agricultural loans in the amount of KZT604bn.

Dynamics of total Retail loans in Kazakhstan banking sector



Source: First Credit Bureau LLP

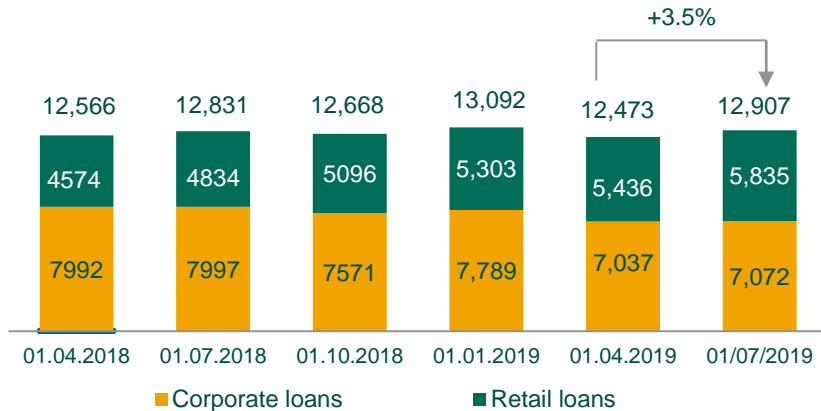
According to the data of the First Credit Bureau, the ratio of the number of loans to the number of borrowers was 1.79, which is the historical maximum showing a trend of monthly growth.

Growth Driven by Retail Lending



Loan growth dynamics

KZT(bn)

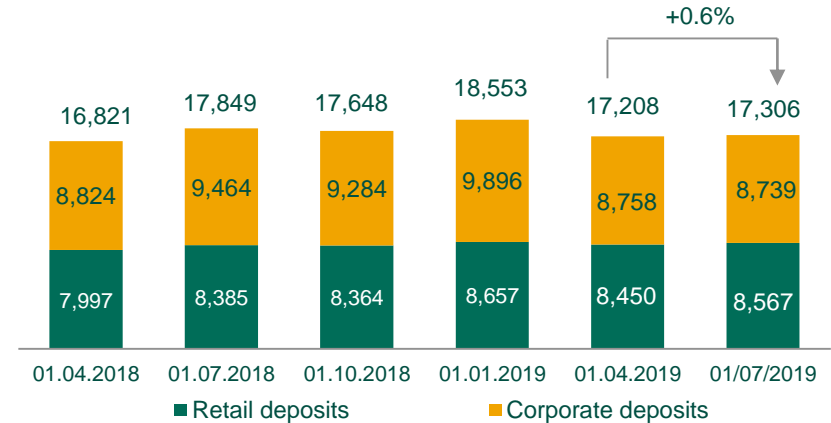


Source: The National Bank of Kazakhstan

- Corporate lending increased by 0.5% (Q-o-Q), retail lending added 7.3% (Q-o-Q). The main drivers of retail lending continue to be consumer lending and mortgage loans. In 2019, consumer lending becomes the largest segment in total lending with a share of 28.5% (25% at the end of 2018, 23% at the end of 2017, 20% at the end of 2016). Previously, the lending for the purchase of working capital has the highest share.

Deposit growth dynamics

KZT(bn)



Source: The National Bank of Kazakhstan

Data adjusted for deposits of non-financial organizations in the NBK

- Retail deposits increased by 1.4% (Q-o-Q). Corporate deposits in the economy decreased by 0.2% (Q-o-Q).

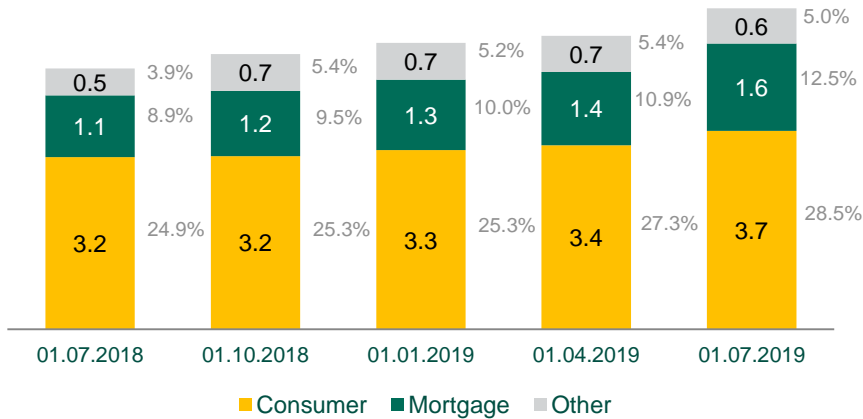
Dynamics of Retail and Corporate Lending



Dynamics of Retail lending (gross)

KZT(tn)

Share in total gross loans



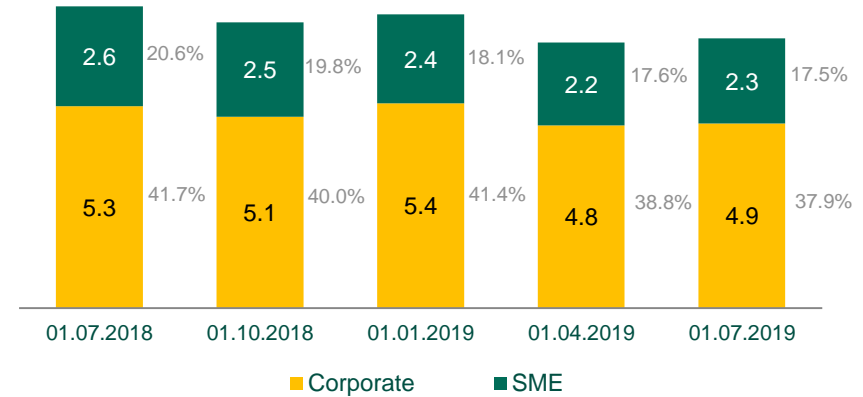
Source: The National Bank of Kazakhstan

- The main drivers of retail lending are: consumer lending (+10.8% from the beginning of the year) which accounted for 63% of total retail lending (63% at the end of 2018) and mortgage lending (+ 4.3% from the beginning of the year) which took 28% of retail lending (25% at the end of 2018).

Dynamics of Corporate lending (gross)

KZT(tn)

Share in total gross loans

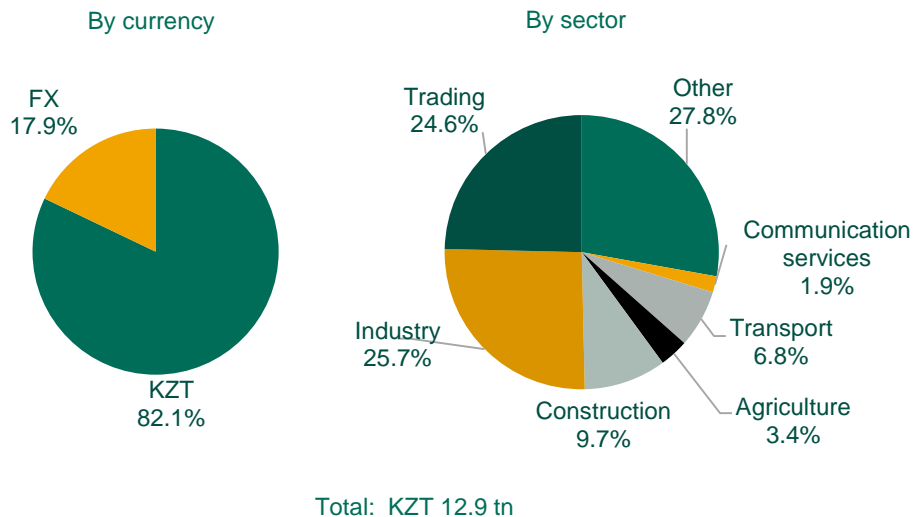


Source: The National Bank of Kazakhstan

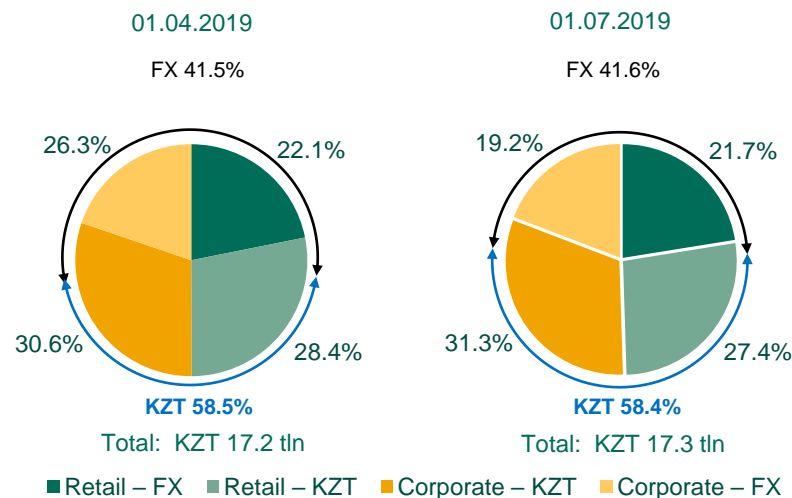
- The structure of corporate lending at the end of 2Q 2019: the service sector - 28% (at the end of 2018 - 26%), industry loans - 26% (at the end of 2018 - 26%), trade loans - 25% (at the end of 2018 - 23%), loans to construction - 10% (at the end of 2018 - 10%), transport - 7% (at the end of 2018 - 8%), agriculture - 3% (at the end of 2018 - 6.3%).
- Bank loans issued to SME since the beginning of the year decreased by 5%. The main segments of SME lending are trade with 24% share (23% - at the end of 2018), other sectors with 37% share (36% - at the end of 2018).

Currency and Sector Breakdown of Deposits

FX lending



Share of FX deposits in the banking system



as at 01.07.2019
Source: The National Bank of Kazakhstan

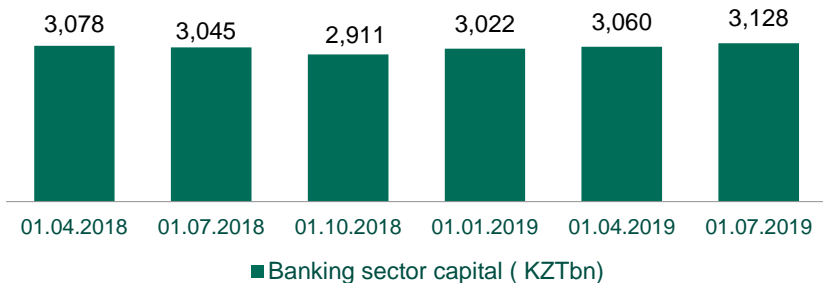
Source: The National Bank of Kazakhstan

- The banking system is focused on lending for trade, services and retail lending.
- The main impact on the total outflow of deposits is caused by a significant decrease in corporate foreign currency deposits (-KZT1.6tln YTD). The inflow of tenge corporate deposits was +KZT402bn YTD.

Sector Funding Structure, Capital Adequacy and Asset Quality

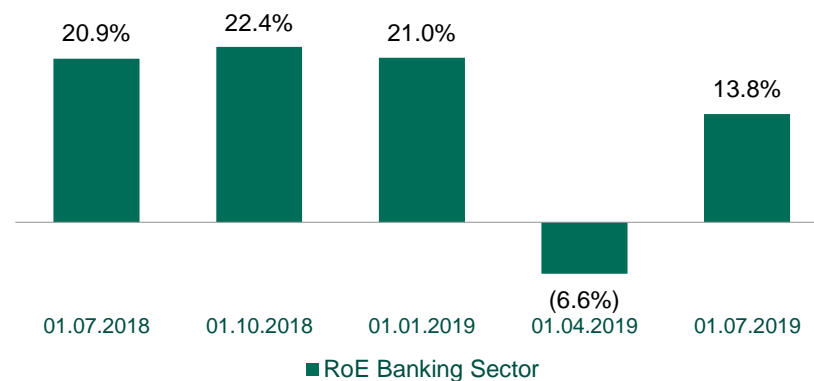


Steady equity build-up



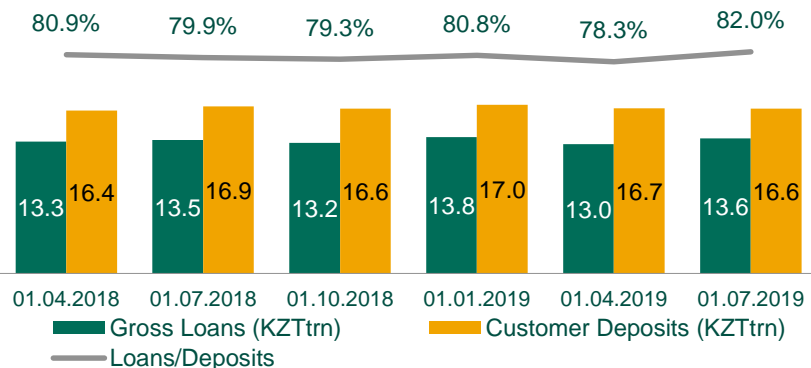
Source: The National Bank of Kazakhstan

RoE



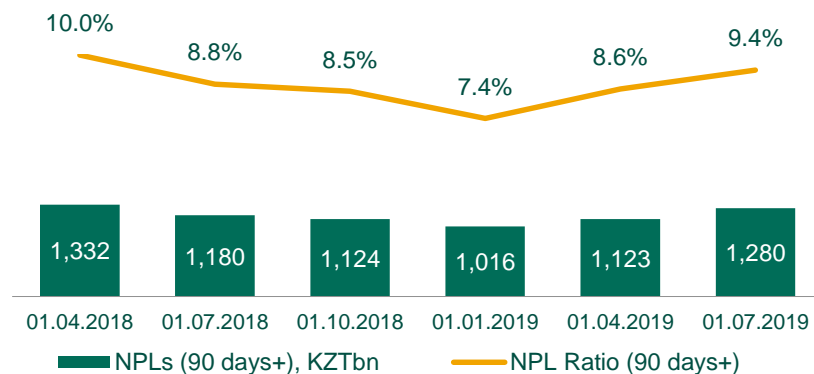
Source: The National Bank of Kazakhstan

Funding structure



Source: The National Bank of Kazakhstan

NPL levels dynamics



Source: The National Bank of Kazakhstan

- At the moment, the main driver of lending is lending to individuals and companies in the trade and services sector.

- The growth of the NPL level is almost entirely associated with a significant recognition of Jysan Bank's previously hidden distressed debts.

(1) ROE ratio based on aggregated financials for banking sector, post tax

Source: The National Bank of Kazakhstan

APPENDIX

Dynamics

KZT mln	1H 2019	1H 2018	Y-o-Y, %	2Q 2019	1Q 2019	Q-o-Q, %	2Q 2018	Y-o-Y, %
Interest income	356,084	334,739	6.4%	179,901	176,183	2.1%	171,006	5.2%
Interest expense	(165,824)	(170,330)	(2.6%)	(82,250)	(83,574)	(1.6%)	(82,713)	(0.6%)
Net interest income before credit loss expenses	190,260	164,409	15.7%	97,651	92,609	5.4%	88,293	10.6%
Fee and commission income	57,684	54,386	6.1%	30,711	26,973	13.9%	28,012	9.6%
Fee and commission expense	(24,756)	(17,973)	37.7%	(13,236)	(11,520)	14.9%	(8,293)	59.6%
Net fee and commission income	32,928	36,413	(9.6%)	17,475	15,453	13.1%	19,719	(11.4%)
Insurance income ⁽¹⁾	3,142	1,788	75.7%	2,299	843	172.7%	1,496	53.7%
Other non-interest income ⁽²⁾	33,170	49,592	(33.1%)	20,240	12,930	56.5%	29,400	(31.2%)
Credit loss expense and recoveries of other credit loss expense ⁽³⁾	(14,767)	(20,529)	(28.1%)	(5,391)	(9,376)	(42.5%)	(23,023)	(76.6%)
Operating expenses ⁽⁴⁾	(63,265)	(99,245)	(36.3%)	(33,129)	(30,136)	9.9%	(63,548)	(47.9%)
Income tax expense	(17,239)	(57,197)	(69.9%)	(9,418)	(7,821)	20.4%	(47,038)	(80.0%)
Net Profit from continuing operations	164,229	75,231	118.3%	89,727	74,502	20.4%	5,299	16.9x
Non-controlling interest	-	(969)	-	-	-	-	(11,433)	-
Profit for the period from discontinued operations	-	9,974	-	-	-	-	7,389	-
Net Profit	164,229	86,174	90.6%	89,727	74,502	20.4%	24,121	3.7x

⁽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⁾ other non-interest income (net gain on foreign exchange operations, net loss from financial assets and liabilities at fair value through profit or loss, net realised gain from financial assets at fair value through other comprehensive income (IAS 39 - available-for-sale investment securities), share in profit of associate and other income).

⁽³⁾ total credit loss expense (including credit loss expense on loans to customers, amounts due from credit institutions, other assets, financial assets at fair value through other comprehensive income and cash and cash equivalents) plus recoveries of other credit loss expense.

⁽⁴⁾ including loss from impairment of non-financial assets.

Balance Sheet Summary



KZT mln

	30/06/2019	31/03/2019	Q-o-Q, %	31/12/2018	Change YTD, %
Total assets	9,059,149	8,864,688	2.2%	8,959,024	1.1%
Cash and reserves	2,224,142	1,603,235	38.7%	1,870,879	18.9%
Amounts due from credit institutions	51,357	49,585	3.6%	55,035	(6.7%)
T-bills & NBK Notes	1,817,083	2,388,242	(23.9%)	2,226,320	(18.4%)
Other securities & derivatives	900,282	842,740	6.8%	782,356	15.1%
Gross loan portfolio	3,909,256	3,834,366	2.0%	3,890,872	0.5%
Stock of provisions	(416,681)	(413,564)	0.8%	(409,793)	1.7%
Net loan portfolio	3,492,575	3,420,802	2.1%	3,481,079	0.3%
Other assets	517,720	503,722	2.8%	487,226	6.3%
Assets classified as held-for-sale	55,990	56,362	(0.7%)	56,129	(0.2%)
Total liabilities	7,931,554	7,714,905	2.8%	7,893,378	0.5%
Total deposits, including:	6,220,463	6,385,098	(2.6%)	6,526,930	(4.7%)
retail deposits	3,241,082	3,281,658	(1.2%)	3,395,590	(4.6%)
term deposits	2,770,374	2,843,352	(2.6%)	2,918,070	(5.1%)
current accounts	470,707	438,306	7.4%	477,520	(1.4%)
corporate deposits	2,979,381	3,103,440	(4.0%)	3,131,340	(4.9%)
term deposits	1,455,387	1,289,374	12.9%	1,374,592	5.9%
current accounts	1,523,995	1,814,066	(16.0%)	1,756,748	(13.2%)
Debt securities	903,536	827,804	9.1%	900,791	0.3%
Amounts due to credit institutions	476,703	167,909	183.9%	168,379	183.1%
Other liabilities	330,852	334,094	(1.0%)	297,278	11.3%
Equity	1,127,595	1,149,783	(1.9%)	1,065,646	5.8%

Key Financial Indicators

	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
Amounts due to customers / total liabilities	78.4%	82.8%	82.7%	81.9%	82.5%
Loans / deposits ratio ⁽¹⁾	56.1%	53.6%	53.3%	53.7%	53.2%
Liquid assets / total assets ⁽²⁾	48.0%	48.6%	48.3%	48.0%	48.0%
IFRS Provisioning rate ⁽³⁾	10.7%	10.8%	10.5%	9.8%	9.8%
Common Equity Tier 1 capital adequacy ratio	18.3%	19.5%	18.5%	17.8%	17.2%
Tier 1 capital adequacy ratio	18.3%	19.5%	18.5%	17.8%	17.2%
Tier 2 capital adequacy ratio	19.6%	20.9%	19.9%	19.9%	19.1%
k1 capital adequacy ratio	19.7%	20.4%	19.7%	19.4%	20.6%
k1-2 capital adequacy ratio	19.7%	20.4%	19.7%	19.4%	20.6%
k2 capital adequacy ratio	21.5%	22.3%	21.6%	21.6%	20.6%

⁽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 expected credit losses/ gross loan portfolio, on consolidated IFRS basis.

Key Financial Indicators (Continued)

	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
Number of branches and outlets	641	645	647	656	667
Number of ATMs	4,383	4,407	4,408	4,559	4,415
Number of POS-terminals	74,119	70,527	67,053	67,905	71,528
Information and transaction terminals (multiservice kiosks)	63	69	71	73	83
Payment terminals	1,046	1,069	1,097	1,093	1,081
Clients of internet banking, individuals	3,767,298	3,652,853	3,584,961	3,375,190	3,439,585
Clients of internet banking, legal entities	168,979	165,858	131,271	112,000	116,936
SMS banking clients	3,085,000	3,084,739	3,095,331	2,910,031	3,085,374
Payment card holders	8,117,911	8,099,654	8,397,187	8,282,927	8,962,937
Payroll project clients (legal entities)	39,839	41,237	41,003	41,312	44,735

	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018
Cost-to-income ⁽¹⁾	22.3%	24.1%	31.1%	25.3%	44.6%
Return on average common shareholders' equity (RoAE)	32.5%	26.8%	35.5%	33.8%	11.4%
Return on average assets (RoAA)	4.0%	3.3%	4.1%	3.7%	1.2%
Net interest margin	5.1%	5.0%	5.6%	5.1%	5.1%
Operating expenses / average total assets	1.5%	1.3%	1.7%	1.6%	3.1%

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