



Press-release

BTA Bank announces its 2010 financial results

Almaty, May 12, 2011 – Today BTA Bank (hereinafter– «the Bank») announced its 2010 financial results on the basis of audited consolidated financial statements in accordance with IFRS.

2010 Results

One of the main achievements of the Group for the current reporting period along with successful completion of the restructuring process, the Bank has reported net income in the amount of 986 265 mln. tenge (USD 6 693 mln), as compared with net loss in 2009 for the amount of 1 114 534 mln. tenge (USD 7 507 mln). Income received in 2010 was mainly a result of gain from the restructuring process amounting to 853 914 mln. tenge (USD 5 789 mln).

Equity deficit in 2010 decreased by more than 16 fold and amounted to 104 513 mln. tenge as compared to 1 689 820 mln. tenge as of 2009.

Decrease in the equity deficit of the Group as of December 31, 2010, is due to changes in the amount of issued capital (common shares) by way of converting of all previously issued bonds under first and second bond programme to shares for the total amount of 671 472 mln. tenge. Moreover, the Bank recognized the decrease of the accumulated loss in 2010 due to income of current year.

Based on the 2010 results the Bank holds leading positions in local banking sector of the RK: 3rd place by size of assets (1 994 bln. tenge, equivalent to USD 13 519 mln), 4th place by size of corporate deposit portfolio (419 bln. tenge, equivalent to USD 2 841 mln) and retail deposit portfolio (255 bln. tenge, equivalent to USD 1 726 mln). As of January 1, 2011 total deposit portfolio of the Bank amounted to 674 bln. tenge, with 14.6% increase as compared with January 1, 2010 numbers.

Changing dynamics of the Bank's deposit portfolio is characterized by stable growth, which reflects the increase of public trust to the Bank. The Bank's funding strategy is focused on internal market and provides active growth of deposit base by means of attracting retail and corporate deposits. In the end of 2010 the Bank's market share in retail deposits was 11.4% as compared to 8% in the beginning of 2010. The Bank demonstrated the highest growth of its deposit base (+62,2%) while market growth demonstrated only 16% of the overall growth of customer deposits.

Business activities in 2011

In 2011 The Bank will continue to work on the diversification of its loan portfolio. Based on 2010 results, the share of retail loans amounted to 21.9% and the share of SME approximately 15.9%.

Alongside, the Bank is focused on the quality and efficiency improvement of its loan portfolio. The Bank plans to achieve set goals by extending product line and customer base, automatization of lending procedures and intensive work with non-performing loans.

The extension of product line will be achieved by launching new products, including credit card business, lending for education purposes and through partnering programmes for private entrepreneurs.

Extension of customer base is planned to be achieved by attracting new groups of customers, including students, customers of other banks (under the programme of credit refinancing) and also private entrepreneurs under partnering programmes. Moreover, The Bank plans to increase lending to VIP clients by launching customized programmes based on valuation.

Project of automatization of retail lending process realized from early 2011 included implementation of centralized underwriting process with automatic scoring for credit cards, express-loans, auto mortgages and lending for education purposes.

Intense approach to non-performing loans is performed in several directions. Based on solvency of the lender, loan restructuring with grace period and customized repayment schedule may be offered to the lender. In some cases, lender may be offered voluntary property disposal which is conducted by lender or extrajudicial property disposal, which may be arranged only if agreed with lender. In a few cases, the Bank may acquire property on the balance, while lender will be able to reside in property on rental terms and posses immediate right to buy out the property with price as of its acquiring by the Bank.

As far as corporate business is concerned, the Bank plans to continue its work on the improvement of the quality of its corporate loan portfolio, foreign assets recovery, improvement of business profitability, including by means of increasing non-interest income from services provided at cash outlets. Moreover, the Bank focuses on its customer base by retaining existing and attracting new corporate clients.

Important competitive advantage of the Bank in corporate and SME sectors is ability to offer favorable terms to customers for financing of export-import operations within the Revolving Committed Trade Finance Facility (RCTFF). The average annual cost of financing under this Facility is 10-11%, which in future may result in further extension of customer base and regaining the Bank's market positions in trade finance. On May 31, 2011 the Bank repaid first tranche for the amount of USD 175 mln under the RCTFF, which allowed financing of 5 transactions for the total amount of approximately USD 5 mln on favorable terms for the customers.

In SME Sector, the Bank aims to achieve further optimization of business processes and product line, improvement of sales efficiency, development of distance services and improvement of system monitoring of the quality of assets.

The Bank will continue operating under the state programs on supporting entrepreneurs performed by "Damu" Fund. BTA Bank holds leading positions among second-tier banks in the realization of "Business Road Map 2020" program. As of May 1, 2011 the Bank received 159 applications from entrepreneurs for the total amount of 34 600 mln. tenge with 99 applications totaling 14 988 mln. tenge under the first direction of the Program (support of new projects), 53 applications for the amount of 17 798 bln. tenge under "recovery of entrepreneurial sector" direction, 7 applications under the third direction of the Program (support of export-oriented productions) for the amount of 1 814 mln. tenge. From all applications received by the Bank authorized body approved the following projects to be

included into the Program: 39 applications for the amount of 5 331 mln. tenge under the first direction, 11 applications under second direction for the amount of 4 363 mln. tenge and 5 applications for the amount of 914 mln. tenge under the third direction of the Program.

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