



Press-release

By the results of the third quarter of 2013, BTA Bank received over KZT 24 bln of net income

Almaty, November 27, 2013 – BTA Bank (hereinafter – Bank) informs on the results of activity of the Bank and companies-members of BTA group (hereinafter – Group), by the results of the third quarter of 2013 on the basis of data of unaudited interim condensed consolidated statements according to IFRS.

MAIN FINANCIAL RESULTS AS OF SEPTEMBER 30, 2013

One of the main results of the Bank's activity for the reporting period is **net income** for the amount of KZT 24.1 bln (USD 159 mln), as compared to loss resulted for 9 months of 2012. Receipt of net income became possible thanks to positive net interest margin, growth of noninterest income and reduction of operational costs.

Positive net interest margin comprised KZT 26.8 bln (USD 177 mln) as compared to negative result for the respective period of previous year.

Noninterest income amounted to KZT 21.9 bln (USD 144 mln). Main constituents of this income are income in the form of fees and charges, income from currency operations and net income from insurance activity.

Noninterest expenses (less costs from recognizing recovery units by basic amount) decreased by 29.2% as compared to the respective period of previous year, in connection with decrease of staff expenses by 8.7% and decrease of other operational expenses by 35.7%.

Assets nearly reached the same level as in the end of previous year and comprised KZT 1,608 bln (USD 10.5 bln). In asset structure, 39% belong to customer loans.

Loan portfolio amounted to KZT 633 bln (USD 4 bln), having slightly reduced (by 2%) as compared to data as of December 31, 2012.

Liabilities comprised KZT 1,312 bln (USD 8.5 bln). As compared to data as of December 31, 2012, liabilities reduced by 2%. In liability structure, 41% belong to customer funds.

Customer funds comprised KZT 541 bln (USD 3.5 bln), including 75% represented by customers' time deposits. As against data of December 31, 2012, customer funds increased by 1%, mainly as a result of growth of time deposits.

Balance equity comprised KZT 296 bln (USD 1.9 bln). As compared to data as of December 31, 2012, the Bank's capital increased by 10% due to net income received. "K2" capital adequacy ratio exceeds fixed standard more than twofold (27.7% at standard measure of 10%). First tier capital adequacy ratio, calculated in accordance with recommendations of Basel agreement comprised 25.8%.

The Bank also notifies that pursuant to requirements of the National Bank of the Republic of Kazakhstan, earlier written-off loans are planned to be transferred from off-balance accounts to asset accounts. It should be noted that such transfer is to be made for the technical reasons only and shall not have any effect on loan portfolio (net), current financial results and equity of the Bank, since provisions for written-off loans have already been formed in full earlier. However, this process will lead to simultaneous growth of volume of loans (gross) and formed provisions for the amount of loans recovered on balance. Earlier written-off loans comprise nonperforming portfolio of the Bank, whereby active measures are taken in respect of asset recovery, including claim-related work, both within the territory of Kazakhstan and abroad. The Bank expects the volume of nonperforming portfolio to gradually decrease as far as the assets are recovered and bad debts are written off, after exhausting all available options of its recovery.

KEY ACHIEVEMENTS FOR 9 MONTHS OF 2013

Successful completion of restructuring of the Bank's liabilities in the end of 2012 enabled to focus efforts on further business development. Emphasis on work in the retail segment, supported by restoration of confidence of depositors, ensured growth of people's time deposit portfolio, which increased during the third quarter of 2013 by KZT 7.6 bln.

Apart from expanding deposit base, the Bank pays special attention to ensuring good growth of retail loan portfolio. For this, the Bank improves internal business processes, automates and facilitates internal procedures in order to streamline and advance execution of loans with adequate risk control and thus increase quality of customer service.

Together with that, the Bank performs good work with respect to nonperforming debt in retail loan portfolio. Within 9 months of year 2013, the Bank managed to achieve recovery of nonperforming loans for KZT 3.4 bln.

Active actions of the Bank in the sphere of service of small and medium entrepreneurs in 2013 enabled to significantly increase customer base and deposit portfolio of the Bank in this business segment. As compared to the beginning of year 2013, the number of SME customers increased by 3%. Deposit portfolio of the Bank in SME segment for 10 months of 2013 increased by 12%. During the last years, the Bank remains as the leader in realization of state small and medium entrepreneur support programs.

In October of current year the Bank launched "Goryachiye Stavki" ("Hot Rates") promo-event, under which sole proprietors and companies may refinance their loans at the rate from 10% p.a. In order to satisfy customer requests with respect to reducing service time, the Bank realized the scheme of advanced consideration and issue of covered guarantees, offering additional service called "Mobile service". This service is provided under BTA-Online remote service system and enables the customers to make operations with the help of various mobile devices (smartphones, tablets).

Among key achievements of the Bank following the results of 9 months of this year are positive changes in the system of the Bank's corporate management, including strengthening of control and interaction with subsidiaries.

Significant progress has been achieved in the Bank's asset recovery process – as part of litigations initiated by the Bank in the judicial agencies of the Great Britain against former representatives of the Bank's management and their accomplices. Since November 2012, the High Court of England made a number of decisions, pursuant to which compensation of damage will be collected in favor of the Bank for the total amount of c. USD 3.9 bln. Apart from it, the Bank performs severe work on recovery of nonperforming assets in Kazakhstan corporate loan portfolio as a whole.

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