

Kazkommertsbank reports its 1 quarter 2014 financial results

14 May 2014, Almaty, Kazakhstan – JSC Kazkommertsbank (“KKB” or the “Bank”) (LSE: KKB; KASE: KKGB), one of the largest banks in Kazakhstan and Central Asia, today announces its audited consolidated IFRS financial results for the period ended 31 March 2014.

Highlights of the 1Q 2014 results:

- Total assets increased by 7.4% to KZT 2,779 billion from KZT 2,586 billion as at year end 2013
- Total deposits increased by 6.8% to KZT 1,796 billion
- Tier 1 Capital Adequacy ratio at 14.6%
- Total Capital Adequacy ratio at 16.9%
- Adjusted Net Interest Margin at 3.6%
- Net transactional fees and commissions income increased by 17.0% compared to 1Q 2013
- Operating expenses increased by 4.9% compared to 1Q 2013
- Net income amounted to KZT 4.0 billion in 1Q 2014 compared to KZT 7.0 billion in 1Q 2013
- Provisioning rate on loan portfolio at 34.7%

Net interest income

Net interest income before provisions for impairment losses increased 9.3% to KZT 27.3 billion in 1Q 2014 compared to KZT 30.1 billion in 1Q 2013.

Non-interest income

Net non-interest income decreased to KZT 5.6 billion in 1Q 2014 compared to KZT 7.5 billion in 1Q 2013, due to a negative translation differences as a consequence of Tenge devaluation.

Fee and commission income stayed flat at KZT 7.1 billion in 1Q 2014, while net transactional fees and commissions income increased by 17.0% compared to 1Q 2013.

Operating expenses

Operating expenses increased by 4.9% to KZT 8.2 billion in 1Q 2014 compared to KZT 7.8 billion in 1Q 2013.

Impairment losses

The provisions for credit impairment losses represented 34.7% of gross loans as at 31 March 2014 compared with 34.0% as at 31 December 2013. The provisioning charge amounted to KZT 9.8 billion in the 1Q 2014 compared to KZT 17.7 billion in 1Q 2013.

Non-performing loans (NPLs) were 36.1% of the gross loan book as at 31 March 2014. KKB defines NPLs as total exposure to clients with overdue payments of 30 days and more for corporate clients, and 60 days and more for retail customers.

Taxation

In the 1Q 2014 the Bank recorded a tax expense of KZT1.2 billion compared to KZT 1.8 billion in 1Q 2013. The effective tax rate was 22.7%.

Capital ratios

On a consolidated basis, the Bank's Core Tier 1 ratio was 14.6% and the Total capital ratio was 16.9% at 31 March 2014.

Business line performance***Corporate and SME banking***

Corporate loans were KZT 1,794 billion as at 31 March 2014 compared to KZT 1,630 billion as at 31 December 2013. The share of corporate loans in the Bank's total net portfolio increased to 86.7% as at 31 March 2014 from 85.8% at the end of 2013.

As of 31 March 2014, corporate deposits (excluding deposits under the Kazakh Government's stabilisation programmes) were KZT 990 billion compared to KZT 925 billion at 31 December 2013. The share of corporate deposits in the Bank's total customer accounts was 55.1% compared to 55.0% as at the end of 2013.

Retail banking

Retail deposits increased by 7.3% to KZT 733.7 billion from KZT 683.7 billion at 31 December 2013.

As of 31 March 2014, the Bank had 23 branches and 128 outlets in Kazakhstan. In addition, it has an extensive alternative distribution network. The number of ATMs and POS terminals was 1,360 and 17,666, accordingly.

Retail loans (net) increased by 1.6% to KZT 274.8 billion, as at 31 March 2014, compared to KZT 270.6 billion, as at 31 December 2013. The share of net retail loans in the total net loan portfolio was 13.3% as at the end of 1Q 2014 (14.2% at YE2013).



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About Kazkommertsbank

Kazkommertsbank (KKB) is one of the largest banks in Kazakhstan and Central Asia with total assets of KZT 2,779 billion (US\$15.3 billion equivalent) at 31 March 2014.

In addition to its core banking business (retail and corporate) KKB has subsidiaries active in pension fund management, asset management, insurance and brokerage. KKB also has foreign subsidiaries in the Russian Federation, Kyrgyzstan and Tajikistan.

Major shareholders of Kazkommertsbank include Central Asian Investment Company and Chairman of the Board Mr. Nurzhan Subkhanberdin, Alnair Capital Holding, the Kazakh Government through the Samruk-Kazyna National Welfare Fund and the European Bank for Reconstruction and Development. KKB's predecessor, Medeu Bank, was founded in July 1990, and re-registered as Kazkommertsbank in October 1991. KKB completed an IPO in GDR form on the London Stock Exchange in November 2006, the first CIS bank to do so, in a deal totaling US\$845 million. The Bank's shares are listed on the Kazakhstan Stock Exchange.