

## Kazkommertsbank reports its 1<sup>st</sup> half 2013 financial results

31.07.2013

### Highlights of the 1<sup>st</sup> half 2013 results:

- Net income up by 18.1% to KZT 15.3 billion compared to KZT 13.0 billion in the 1<sup>st</sup> half 2012
- Total assets increased by 8.4% to KZT2,650 billion from KZT2,445 billion as at year end 2012
- Total deposits increased by 15.1% to KZT 1,789 billion
- Tier 1 Capital Adequacy ratio at 12.9%
- Total Capital Adequacy ratio at 16.2%
- Adjusted Net Interest Margin at 3.9%
- Net fees and commissions income increased by 17.9% compared to the 1<sup>st</sup> half 2012
- Operating expenses reduced by 4.2% compared to the 1<sup>st</sup> half 2012
- Cost-to-income ratio improved to 20.2% from 21.3% in 2012
- Provisioning rate on loan portfolio at 33.1%

### Net interest income

Net interest income before provisions for impairment losses amounted to KZT60.3 billion for the 1<sup>st</sup> half 2013 compared to KZT59.8 billion for the 1<sup>st</sup> half 2012.

### Non-interest income

Net non-interest income decreased to KZT19.3 billion in the 1<sup>st</sup> half 2013 compared to KZT23.5 billion in the 1<sup>st</sup> half 2012. The decrease in net non-interest income was mainly attributable to the dividend income received in the 2<sup>nd</sup> quarter 2012.

Fee and commission income increased by 14.9% to KZT14.7 billion in the 1<sup>st</sup> half 2013 from KZT12.8 billion in the 1<sup>st</sup> half 2012. Increase in fee and commission income was mainly attributable to growth in commissions on banking cards operations by 20.2% and cash and settlement operations by 10.8%.

### Operating expenses

Operating expenses decreased by 4.2% to KZT16.1 billion in the 1<sup>st</sup> half 2013 compared to KZT16.8 billion in the 1<sup>st</sup> half 2012. This was mainly due to decrease in staff expenses by 9.9% or KZT922 million.

### Impairment losses

The provisions for credit impairment losses represented 33.1% of gross loans as at 30 June 2013 compared with 32.5% as at 31 December 2012. Provisioning charge amounted to KZT37.6 billion in the 1<sup>st</sup> half 2013 compared to KZT49.9 billion in the 1<sup>st</sup> half 2012.

Non-performing loans (NPLs) were 29.1% of gross loan book as at 30 June 2013. KKB defines NPLs as total exposure to clients with overdue payments: 30 days and more for corporate clients, and 60 days and more for retail customers.

The accrued interest income on certain corporate customer loans where there are no expected cash flows to the Bank in the next few years amounted to KZT21.0 billion in the 1<sup>st</sup> half 2013, compared to KZT21.2 billion in the 1<sup>st</sup> half 2012. Management has established an allowance for loan losses against this interest. For more details please refer to the Note 6 of the financial statements.

### Taxation

In the 1<sup>st</sup> half 2013 the Bank recorded a tax expense of KZT3.2 billion compared to KZT1.9 billion in the 1<sup>st</sup> half 2012. The effective tax rate was at 17.5%.

## Capital ratios

On a consolidated basis, the Bank's Core Tier 1 ratio was 12.9% and Total capital ratio was 16.2% at 30 June 2013.

## Business line performance

### *Corporate and SME banking*

Corporate loans were KZT 1,657 billion as at 30 June 2013 compared to KZT 1,704 billion as at 31 December 2012. The share of corporate loans in the Bank's total net portfolio decreased from 87.1% at the end of 2012 to 88.9% as at 30 June 2013.

As of 30 June 2013, corporate deposits (excluding deposits under the Kazakh Government's stabilisation programmes) were KZT1,023 billion compared to KZT789 billion at 31 December 2012. The share of corporate deposits in the Bank's total customer accounts was 57.2% compared to 50.8% as at the end of 2012.

### *Retail banking*

Retail deposits increased by 0.3% to KZT661 billion from KZT659 billion at 31 December 2012.

As of 30 June 2013, the Bank had 23 branches and 127 outlets in Kazakhstan. In addition, it has an extensive alternative distribution network. The number of ATMs and POS terminals was at 1,365 and 16,107, accordingly.

Retail loans (net) increased by 14.9% to KZT245 billion as at 30 June 2013 compared to KZT213 billion as at 31 December 2012 mainly due to increase in net consumer loans. The share of net retail loans in the total net loan portfolio was 12.9% as at the end of 1<sup>st</sup> half 2013 (11.1% at YE2012), with the share of mortgage loans decreased to 48.6% from 57.7% as at 31 December 2012.

### *About Kazkommertsbank*

*Kazkommertsbank (KKB) is one of the largest banks in Kazakhstan and Central Asia with total assets of KZT 2,650.2 billion (US\$17.5 billion equivalent) at 30 June 2013.*

*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 \$845 million. The Bank's shares are listed on the Kazakhstan Stock Exchange.*

*Further information can be found at <http://en.kkb.kz>.*

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