



# Financial Results Presentation for the period ended 30 September 2009



## Financial results 9M09:

- Net income of US\$ 99.5 million
- Cost-to-income ratio at 11.3%
- Capital adequacy ratio increased both for Tier 1 capital (from 13.5% at year-end 2008 to 13.7% as of 30 September 2009) and total capital (from 17.7% to 18.0%)
- Provisioning rate increased to 16.4% of gross loans as at 30 September 2009 from 11.9% as at the year-end 2008
- Net interest margin increased to 8.2% in 9M09 from 8% as at the year-end 2008
- Loans-to-deposits ratio decreased from 219% as at the year-end 2008 to 208% as of 30 September 2009



## ▪ Strategy

- Asset quality
- Liquidity management
- Cost control
- Financial ratios



## Kazkommertsbank adjusted its strategy to the stressed operating environment back in 2007 to concentrate on:

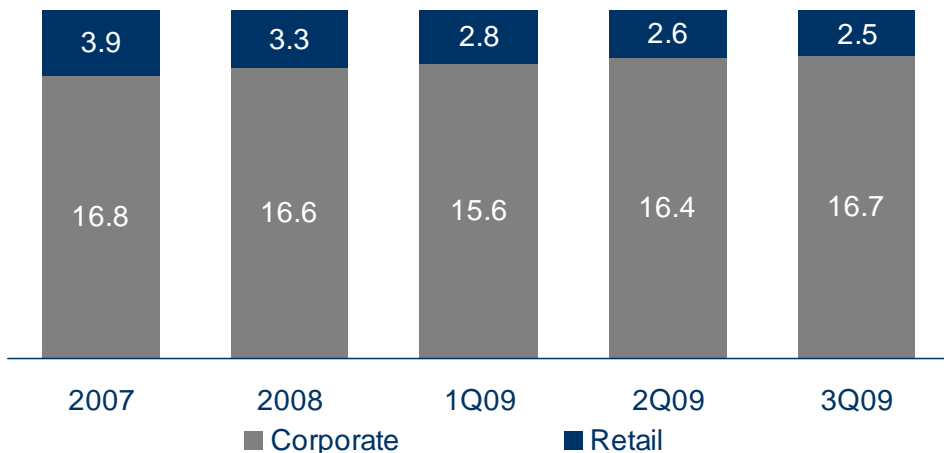
- **Asset quality**
  - Allocating limited funds to existing core client base, to help them survive and become stronger after crisis
  - Participation in government programmes
- **Liquidity management**
  - Repayment of outstanding foreign debt from domestic sources of liquidity, mainly customers' loans amortisation and deposits
  - Maintaining and developing the deposit base
- **Operating efficiency**



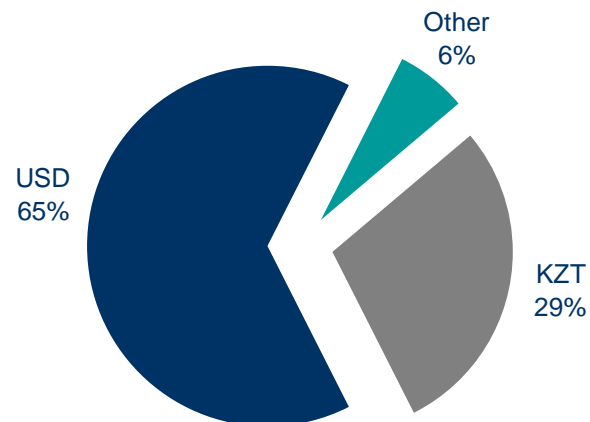
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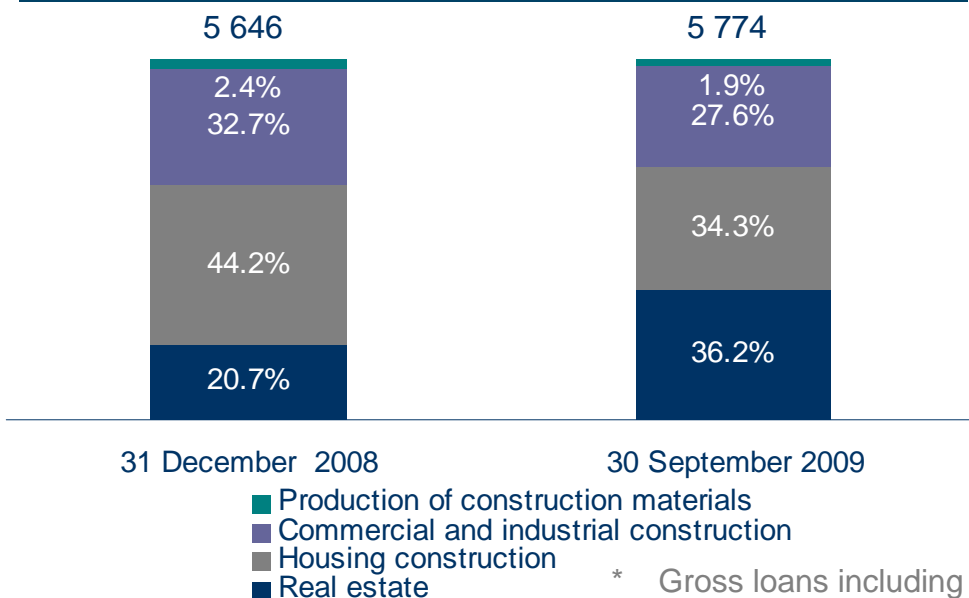
## Loan book dynamics (USD bn)



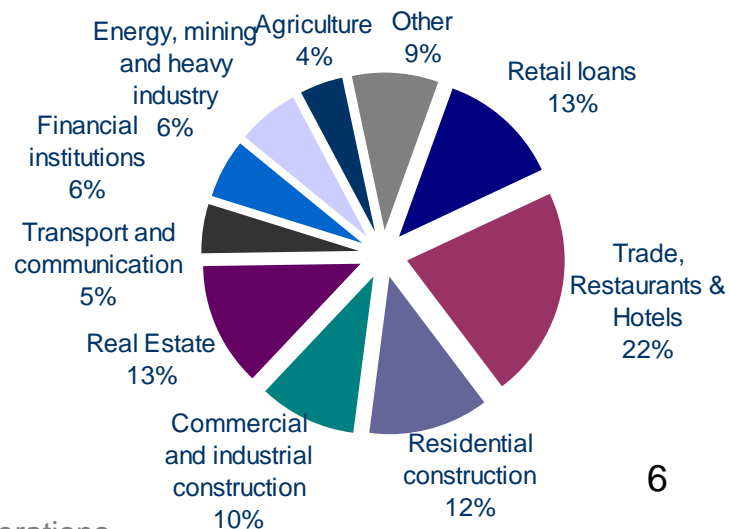
## Loan book currency breakdown, as of 01.10.09



## Real estate related exposure (USD mln)



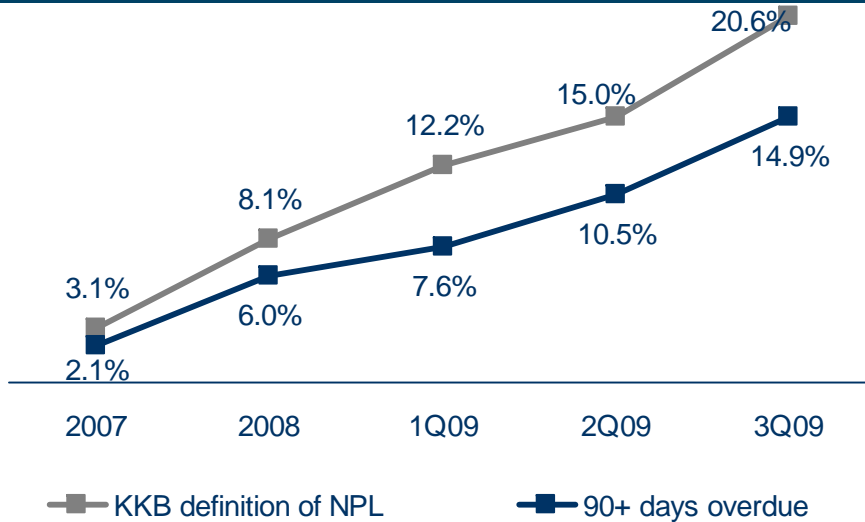
## Analysis by sector, as of 01.10.09



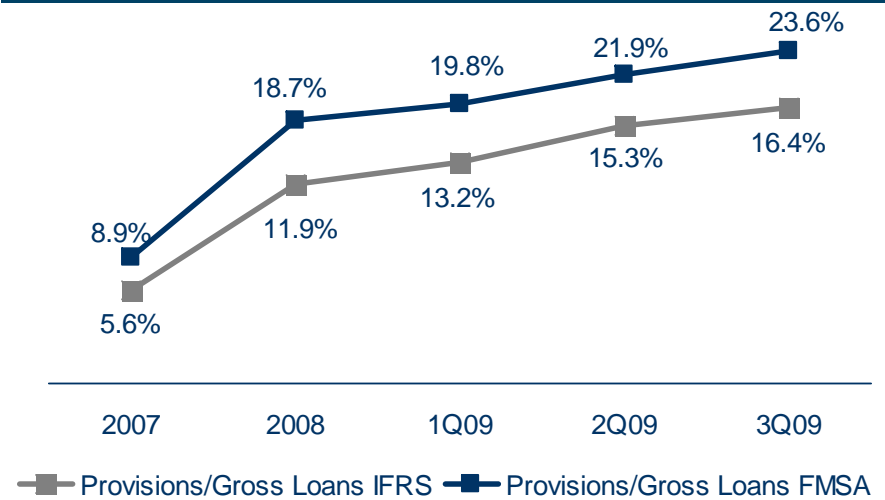
\* Gross loans including repo operations



## NPLs to gross loans, %



## Provisioning rate

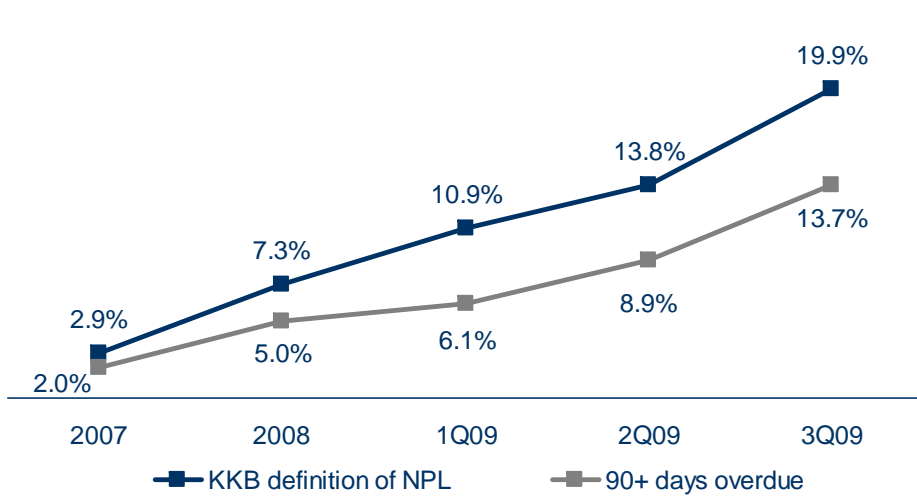


## Comments

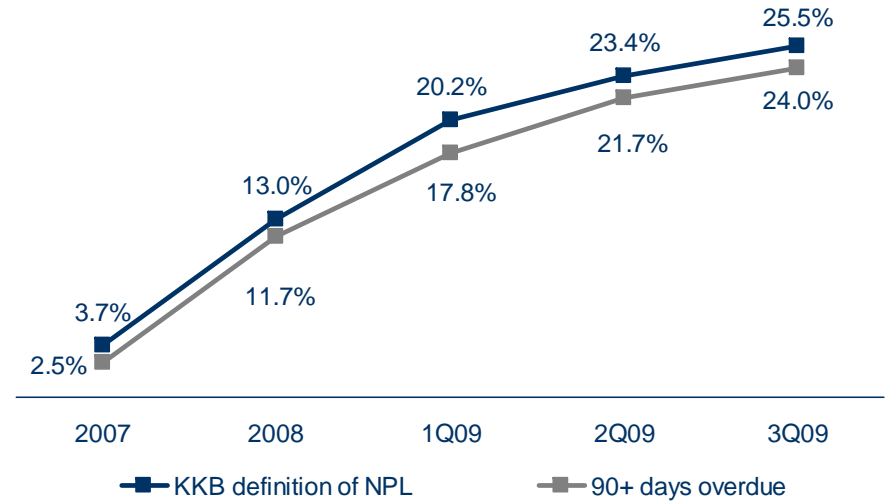
- NPL does not equal credit losses. Bank will keep a client on delinquent status until there is comfort with additional collateral, partial payment, business plans etc.
- The level of restructured loans is **18.1%**.
- Continued weakness in real estate market, both commercial and residential. There is some evidence of up-tick in market activity but at levels that would warranty improvement in credit quality.
- Positive development in retail loan portfolio, mainly on the back of refinancing programs.



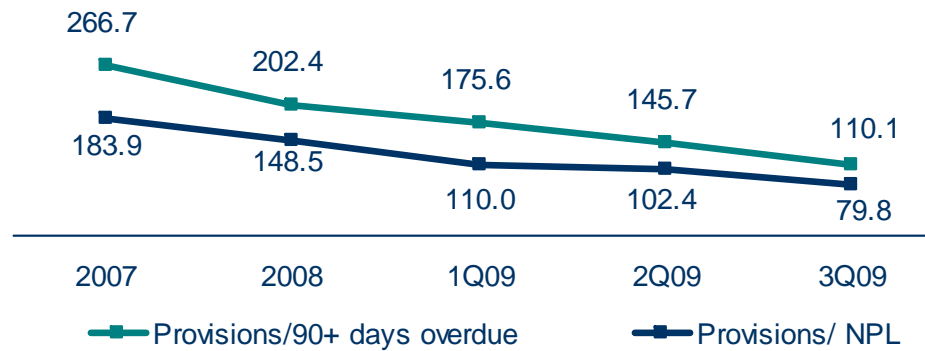
## Corporate and SME NPL dynamics



## Retail NPL dynamics



## Provisions coverage, IFRS, %





## Working with NPLs in corporate segment

- Completion of a number of real estate projects in cooperation with government.
- Strict control over fund utilization with involvement of engineering consultants and independent budget audits.
- Improvement of collateral as *quid pro quo* for any restructuring or amendment of terms.
- Joint or bank-managed sales of assets.
- Cross guarantees or other forms of recourse to group cash flows of a borrower.

## Working with NPLs in retail segment

- Consolidating collection processes into a single IT-based integrated collection system.
- Emphasizing work with early-stage delinquent accounts.
- Increased cooperation with 3<sup>rd</sup> party collection agencies.
- Continued improvement of in-house collection for large secured loans (mortgages).
- MIS support for further improvement of debt collection effectiveness.

**The Bank is focused on actively managing non-performing loan portfolio**

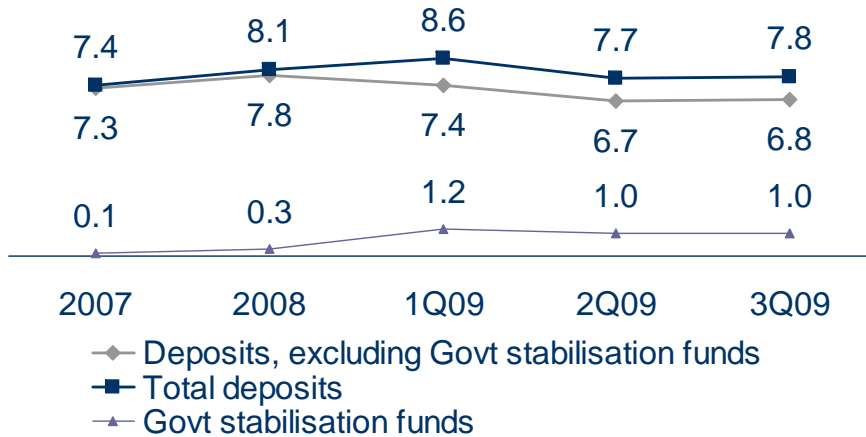
- Top priority of senior management and the Bank as whole to maximize recovery of problem loans
- No loan or borrower is too small for recovery efforts
- Restructuring efforts are a lengthy process, during which given loan will remain as an NPL.



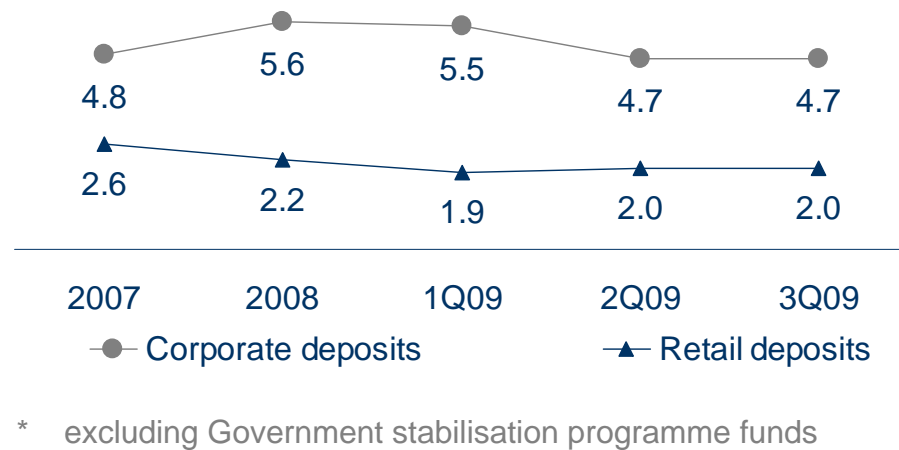
- Strategy
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- Financial ratios



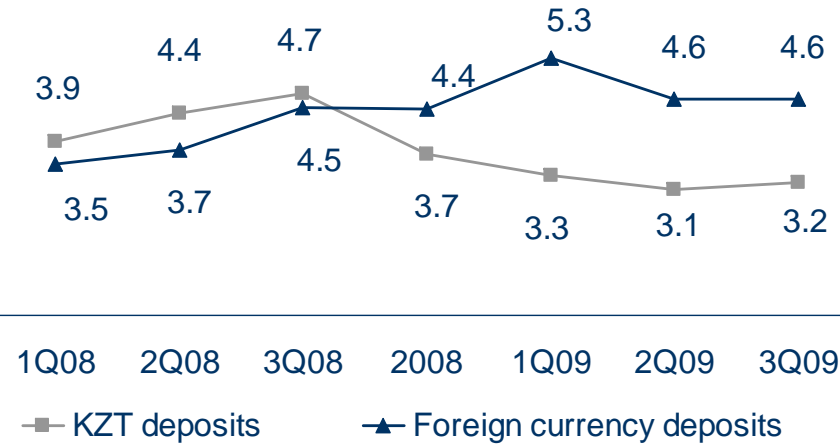
## Trends in deposits (USDbn)

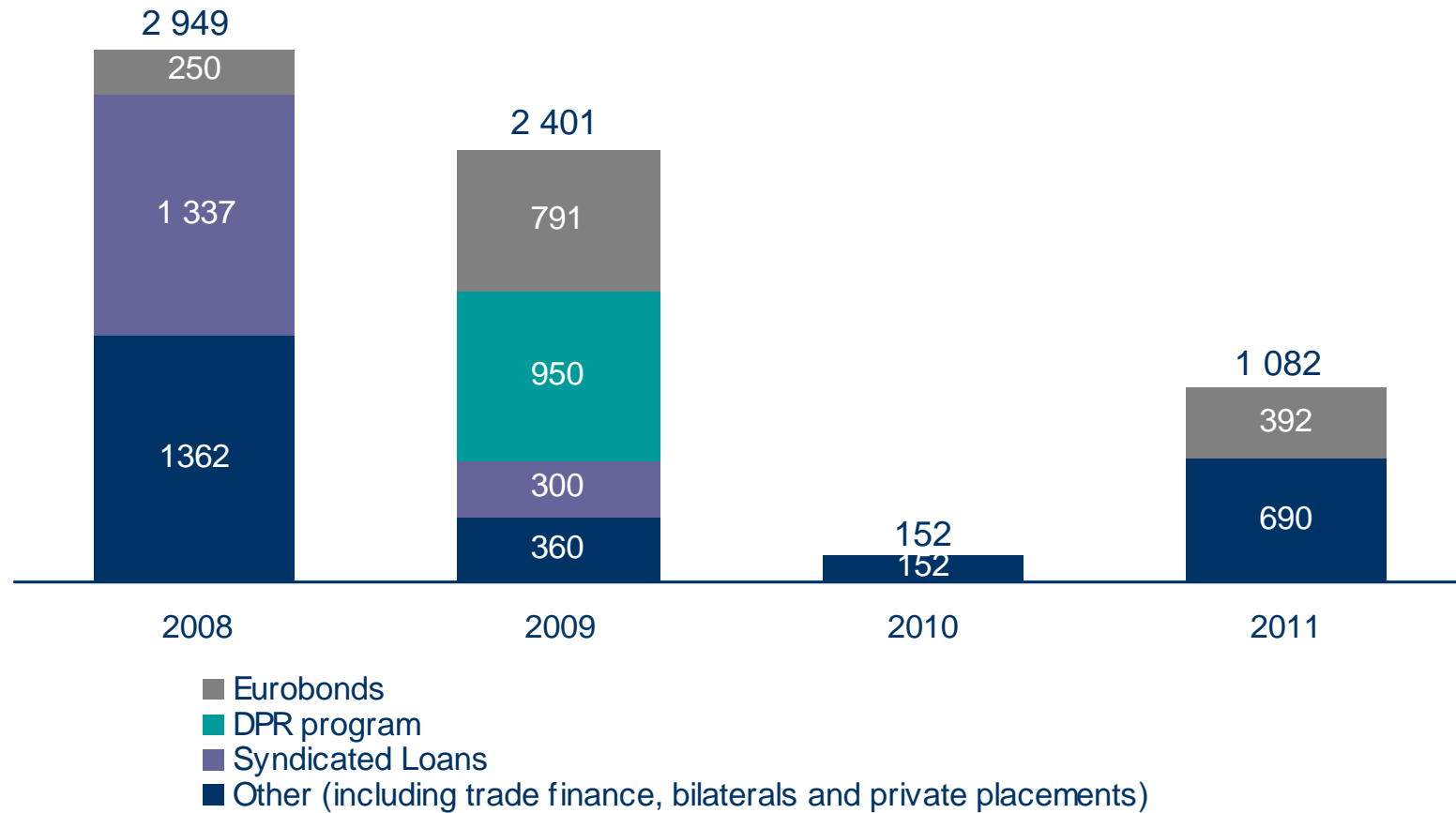


## Compositions of deposits (USDbn)\*



## KZT and FX deposits evolution (USDbn)





\* Only principal amounts

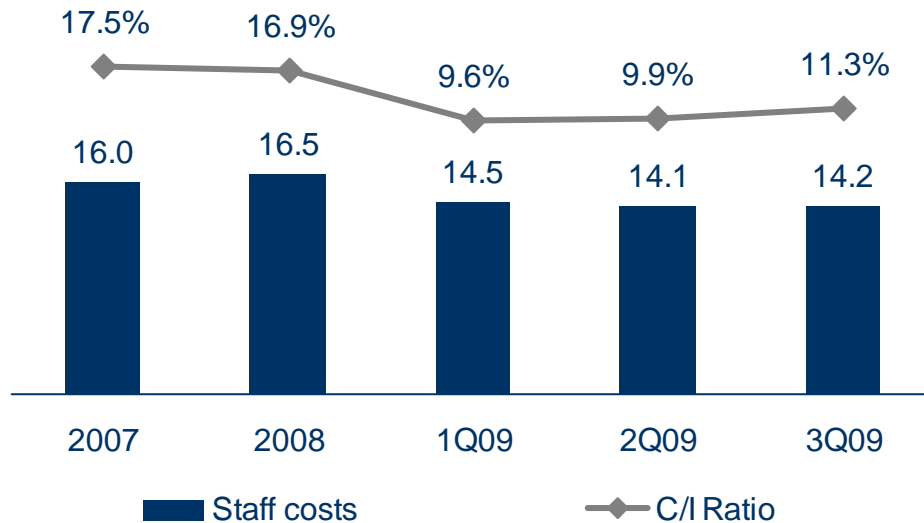
\* The amounts in 2009 include both repaid amounts and those scheduled for repayment till year end



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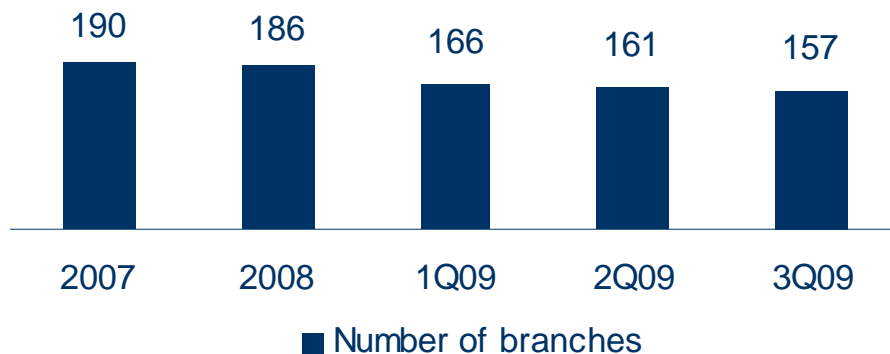


## Cost-to-Income ratio and staff costs (KZTbn)



■ Staff costs      —◆— C/I Ratio

## Optimisation of branch network



■ Number of branches

## Steps undertaken:

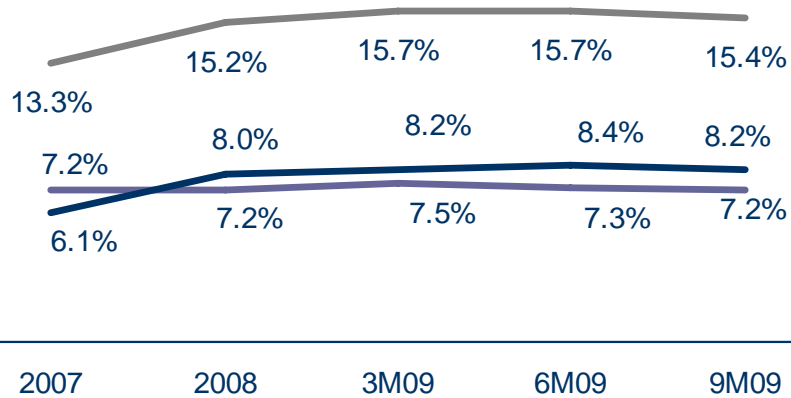
- KKB is optimising its branch network by closing less profitable branches, negotiating reductions in property costs and decreasing personnel.
- The closed branches were mainly located in rented buildings, so rent expense decreased by 26% and security expense by 25%.
- The number of employees decreased by 8% over the period to 6,744 as at 30 September 2009 from 7,297 at YE08, this resulted in 18% decrease in staff costs compared to 9M08.
- Communication expenses down by 12%.
- The advertising expenses down by 48%.
- Traveling expenses down by 48%.
- Stationery expenses down by 29%.



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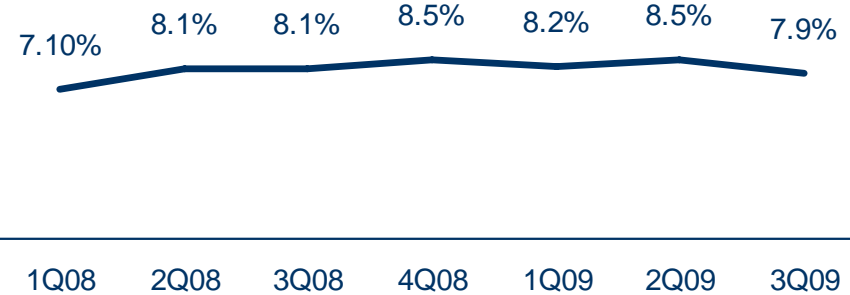


## Key financial ratios\*



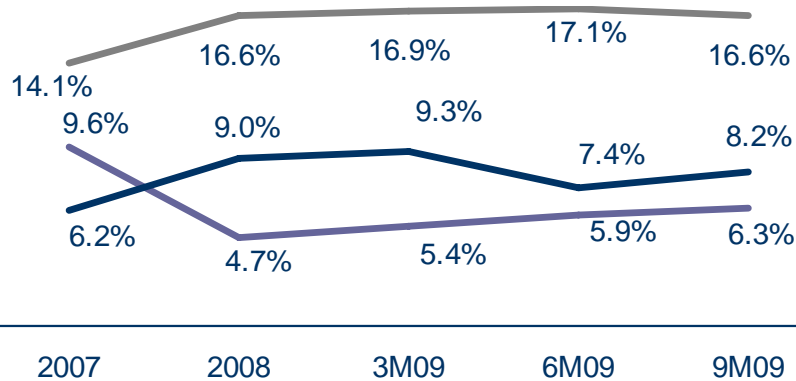
— Yield on interest-earning assets  
— Yield on interest-bearing liabilities  
— Net Interest Margin

## Quarterly NIM



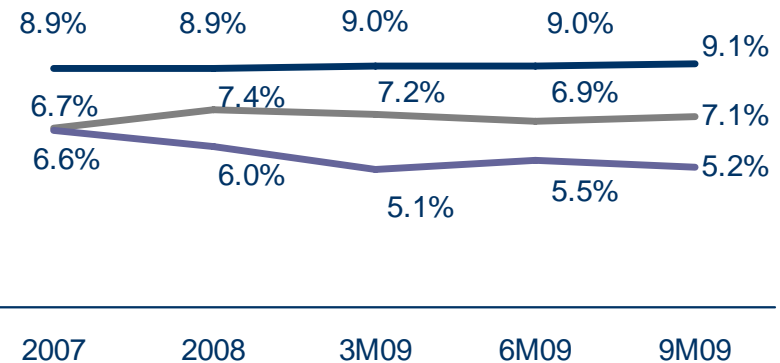
— Net Interest Margin

## Yield on interest-earning assets



— Net loans to customers  
— Net loans to banks  
— Debt securities

## Yield on interest-bearing liabilities

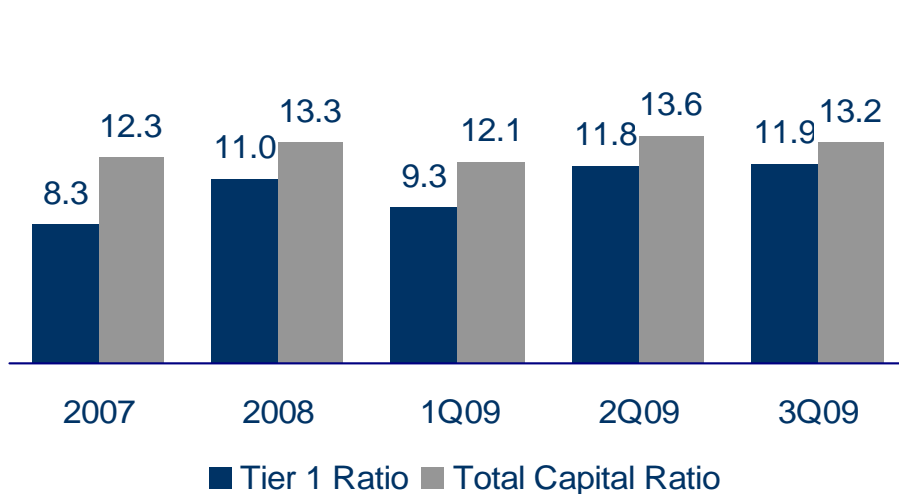


— Customer deposits  
— Loans from banks and financial institutions  
— Debt securities issued

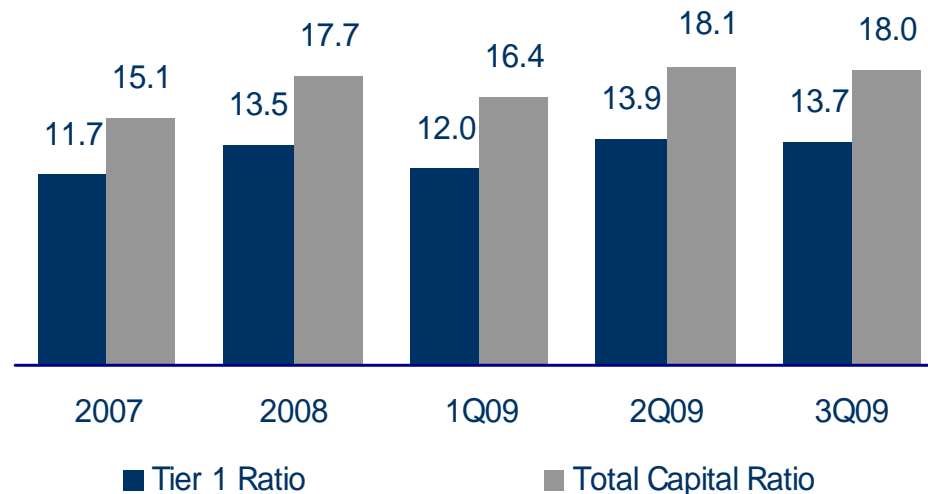
\* Based on daily averages, annualised



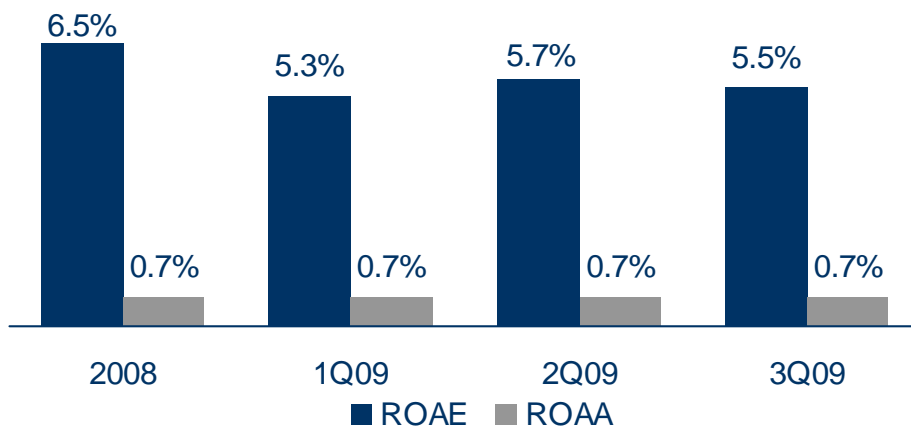
## Local standards capital adequacy ratios (%)



## BIS capital adequacy ratios (%)



## RoAE\* and RoAA\*



## CAR requirements (FSA)

- Tier 1 Capital – not less than 5%
- Total Capital – not less than 10%



**Nina Zhussupova**  

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**CEO**



**Askarbek Nabiyeu**  

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**CFO**



**Magzhan Auezov**  

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**MD, Corporate Banking**



**Amar Hanibal**  

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**Director, Risk Management**



**Sergey Mokrousov**  

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**Executive Director**  
**International Business**



**Denis Fedossenku**  

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**MD, Treasury**