



**BCC Group 1H2014 Presentation | September 2014**

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## **A Strong 1H14 Result**

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- **A strong and balanced performance**
- **All divisions performing well**
- **Executing well against strategic priorities**
- **Managing for the environment**
  - **Actively targeting areas where conditions more favourable**
  - **Disciplined where conditions more challenging**
  - **Continued focus on productivity**
  - **Further strengthened balance sheet across all dimensions**
- **Strong capital position**

## The Bank At a Glance

<b>JSC Bank CenterCredit</b>	<b>NBK License №248</b>
<b>Subsidiaries</b>	<b>5 subsidiaries</b>
<b>Number of Employees</b>	<b>3 922 headcount</b>
<b>Channels</b>	<b>20 branches, 121 outlets, 673 ATMs</b>
<b>Total Equity</b>	<b>KZT 88,772 MM</b>
<b>Listings</b>	<b>KASE</b>
<b>Auditors</b>	<b>Deloitte LLP</b>

<b>Credit Rating</b>	<b>Long term</b>	<b>Short term</b>	<b>Outlook</b>
	B+	B	Stable
	B	B	Stable
	B2	NP	Stable

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## Overview for the 1H2014

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### **Bank of best practice with consistent growth**

- A 26-year history bank
- Strong strategic shareholders
- Strong liquidity

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### **Strong Financial Stability Indicators**

- Capital Adequacy Ratio 15.36%
- Loan to deposit ratio 101.3%
- Current liquidity ratio of 20.2%

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### **Strong market share across market segments**

- 6<sup>th</sup> largest bank by assets
- Leading market share of SME value chain
- Treasury powerhouse

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## Key Messages

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### **Continuous improvement in NIM**



NIM improved from 3.8 % in 1H2013 to 4.9 % in 1H2014  
Cost of funds reduced from 5.4% to 4.8%

### **Decrease of external borrowings**



BCC has repaid its foreign liabilities in amount of USD 557 MM from Jan 2013 to June 2014

### **Improving cost efficiency**



Operating cost to income down to 41% in 1H14 from 47% 1H13

### **Moderate loan growth**



Loan book grew by 2.6% or KZT 21bln. in 1H14

## Key Performance Highlights

### Profitability



#### KZT MM

Net Interest Margin (%)\*  
Profit before tax  
Profit after tax

#### 1H2014

4.9%  
1.47  
1.18

#### 1H2013

3.8%  
(0.16)  
(0.5)

### Efficient Balance Sheet



#### KZT BLN

Total Assets  
Net Customer Accounts  
Net Loans & Advances

#### 1H 2014

1,138  
794  
804

#### 1H 2013

1,100  
820  
783

### Strong Prudential & Performance Ratios



Capital Adequacy (%)  
Liquidity Ratio (%)  
Net Loans to Deposits(%)  
ROAE (%)  
Cost of Funds (%)

#### 1H 2014

15.36  
20.2  
1.01  
2.71  
4.8

#### 1H 2013

15.34  
21.1  
0.9  
(1.4)  
5.4

\*NIM as per consolidated financials 1H2014



# Kazakhstan Banking System

## Assets\*

Bank name	01/01/2014			01/04/2014			01/07/2014		
	KZT mm	place	share	KZT mm	place	share	KZT mm	place	share
KKB	2 501	1	20,19%	2 675	2	19,93%	2 801	1	20,35%
Halyk	2 442	2	19,71%	2 832	1	21,11%	2 725	2	19,80%
BTA	1 517	3	12,25%	1 552	3	11,56%	1 522	3	11,05%
<b>BCC</b>	<b>1 072</b>	<b>4</b>	<b>8,66%</b>	<b>1 078</b>	<b>6</b>	<b>8,03%</b>	<b>1 117</b>	<b>6</b>	<b>8,11%</b>
Sberbank	1 036	5	8,36%	1 182	4	8,81%	1 363	4	9,90%
Tsesna	921	6	7,44%	1 106	6	8,24%	1 218	5	8,85%
ATF	896	7	7,23%	964	7	7,19%	943	8	6,85%
Kaspibank	851	8	6,87%	882	8	6,57%	931	7	6,77%
EurasianBank	589	9	4,75%	664	9	4,95%	688	9	5,00%
Alliance	563	10	4,55%	484	10	3,61%	457	10	3,32%
<b>Total</b>	<b>12 388</b>		<b>100,00%</b>	<b>13 419</b>		<b>100,00%</b>	<b>13 765</b>		<b>100,00%</b>

## Loans\*

Banks	01/01/2014			01/04/2014			01/07/2014		
	KZT mm	place	share	KZT mm	place	share	KZT mm	place	share
KKB	2 482	1	21,75%	2 717	1	21,93%	2 659	2	21,61%
Halyk	1 736	3	15,21%	1 766	3	14,26%	1 770	3	14,38%
BTA	2 381	2	20,87%	2 669	2	21,55%	2 667	1	21,67%
<b>BCC</b>	<b>887</b>	<b>4</b>	<b>7,77%</b>	<b>915</b>	<b>4</b>	<b>7,39%</b>	<b>868</b>	<b>6</b>	<b>7,05%</b>
Sberbank	799	5	7,00%	867	5	7,00%	926	4	7,52%
Tsesna	664	8	5,82%	816	7	6,59%	874	5	7,10%
ATF	717	6	6,28%	828	6	6,68%	772	7	6,27%
Kaspiy	714	7	6,26%	744	8	6,01%	772	8	6,27%
Eurasian	445	10	3,90%	464	10	3,75%	537	9	4,36%
Alliance	585	9	5,13%	601	9	4,85%	462	10	3,75%
<b>Total</b>	<b>11 410</b>		<b>100,00%</b>	<b>12 387</b>		<b>100,00%</b>	<b>12 307</b>		<b>100,00%</b>

\*Source: National Bank

## Performance Highlights

<b>KZT MM</b>	<b>1H 2014</b>	<b>1H 2013</b>	<b>Y-o-Y (%)</b>
<b>Net Interest Income</b>	5,891	2,205	62.5
<b>Net Interest Income (*)</b>	22,512	17,654	21.5
<b>ROAE</b>	2.71%	(1.4)	↑
<b>ROAA</b>	0.21%	(0.11)	↑
<b>Gross loans</b>	955,264	931,954	2.4
<b>Net Loans</b>	804,280	783,690	2.6
<b>Total Assets</b>	1,138,149	1,100,761	3.3
<b>Total Customer Accounts</b>	798,043	827,889	(3.7)
<b>Total Equity</b>	88,772	86,136	2.9
<b>Provisions/gross loans</b>	15.8%	15.9%	↓
<b>Loans/deposit ratio (**)</b>	101.3%	95.5%	↑
<b>Liquid assets/total assets</b>	18.59%	19.45%	↓

(\*) before impairment charge

(\*\*) loans to customers, net/amounts due to customers



## Income Statement

<b>KZT MM</b>	<b>1H 2014</b>	<b>1H 2013</b>	<b>Y-o-Y %</b>
<b>Interest Income</b>	45,137	42,726	5.3
<b>Interest Expense</b>	(22,625)	(25,072)	(10.8)
<b>Impairment Charges</b>	(16,621)	(15,549)	6.4
<b>Net Interest Income</b>	5,891	2,105	64.2
<b>Net Non-Interest Income</b>	8,177	11,313	(38.3)
<b>Operating Income</b>	14,068	13,418	4.6
<b>Operating Expenses</b>	(12,598)	(13,578)	(7.7)
<b>Profit Before Tax</b>	1,470	(160)	89.1
<b>Profit for the Period</b>	1,186	(591)	50.2

## Balance Sheet

### KZT MM

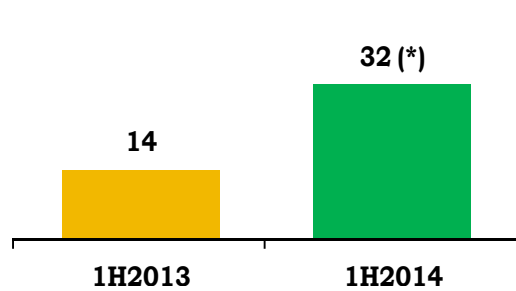
ASSETS	30.06.2014	30.06.2013
Cash and cash equivalents	159,298	159,291
Obligatory reserves	20,481	0
Due from banks	7,453	4,240
Financial assets at fair value through profit or loss	29,719	28,952
Investments available-for-sale	50,330	50,552
Investments held-to-maturity	11,527	20,753
Current income tax	2,182	2,372
Deferred income tax assets	213	1,568
Loans to clients and banks	810,187	790,997
Others assets	21,826	19,494
Property, equipment and tangible assets	24,933	22,542
<b>TOTAL ASSETS</b>	<b>1,138,149</b>	<b>1,100,761</b>
LIABILITIES AND EQUITY:		
Due to banks and financial institutions	168,645	77,523
Customers and banks accounts	804,141	842,229
Debt securities issued	9,849	48,397
Other liabilities	12,834	6,552
Subordinated bonds	53,908	39,924
<b>Total Liabilities</b>	<b>1,049,377</b>	<b>1,014,625</b>
EQUITY		
Share capital	69,819	69,837
Investments available-for-sale fair value deficit	(4)	(125)
Foreign currency translation reserve/(deficit)	495	(299)
Special reserve	0	3,723
Retained earnings	17,235	11,605
Total equity attributable to owners of the parent	<b>87,545</b>	<b>84,741</b>
Non-controlling interest	1,227	1,395
<b>Total equity</b>	<b>88 772</b>	<b>86 136</b>

## Financial Highlights

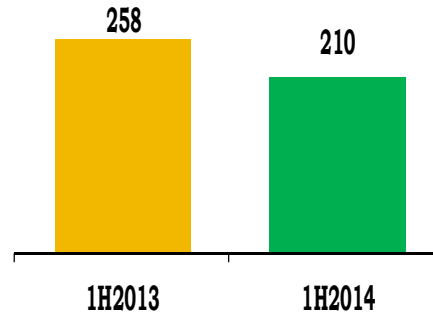
<b>Balance Sheet</b>	<b>31-Dec-13</b>	<b>31-Dec-12</b>	<b>30-Jun-14</b>	<b>30-Jun-13</b>
Loans to Customers and banks	783,895	789,096	810,187	790,997
Due from banks	3,994	2,036	7,453	4,240
Due to banks and financial institutions	89,436	106,176	168,645	77,523
Customer and banks accounts	806,553	790,55	804,141	842,229
Equity	86,87	87,118	88,772	86,136
Total Assets	1,093,482	1,087,817	1,138,149	1,100,761
<b>P&amp;L Account</b>				
Interest Income	85,269	73,631	45,137	42,726
Net Non-Interest Income	23,76	19,938	8,177	11,313
Profit Before Taxes	2,295	601	1,47	(160)
Profit After Taxes	313	350	1,186	(591)
<b>Performance Ratios</b>				
Return on Average Assets (RoAA)	0.03%	0.03%	0.21%	(0.11)%
Return on Average Equity (RoAE)	0.36%	0.4%	2.71%	(1.4)%
Net Interest Margin	3.7%	1.4%	4.9%	3.8%
Cost/Income	35%	62%	41%	47%
<b>Balance Sheet Ratios</b>				
Loans/Deposits	0.97%	1%	1%	0.95%
Liquidity Ratio	19.7%	20.6%	20.2%	21.1%
Capital Adequacy Ratio	15.96%	15.95%	15.36%	15.34%
<b>Asset Quality Ratio</b>				
NPL/Total Loans	19.4%	9.7%	17.9%	13.7%

# P&L: Net Interest Income

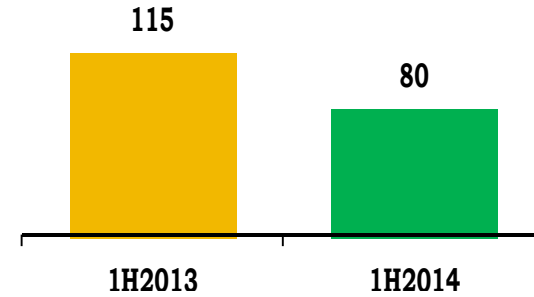
Net Interest Income, \$mm



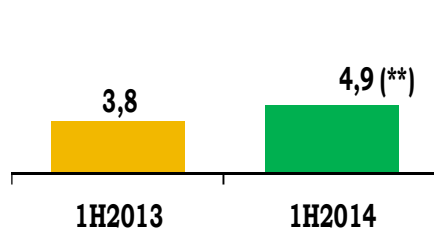
Interest Income on Loans, \$mm



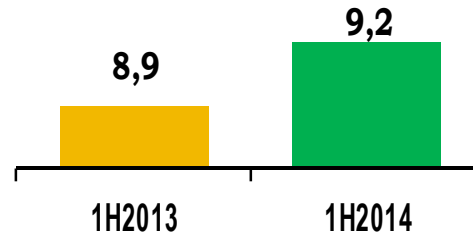
Interest Expenses on Deposits, \$mm



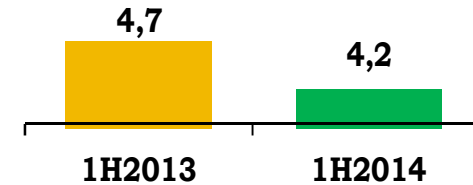
Net Interest Margin, %



Rates on Net Loan Portfolio, %



Rates on Deposits, %



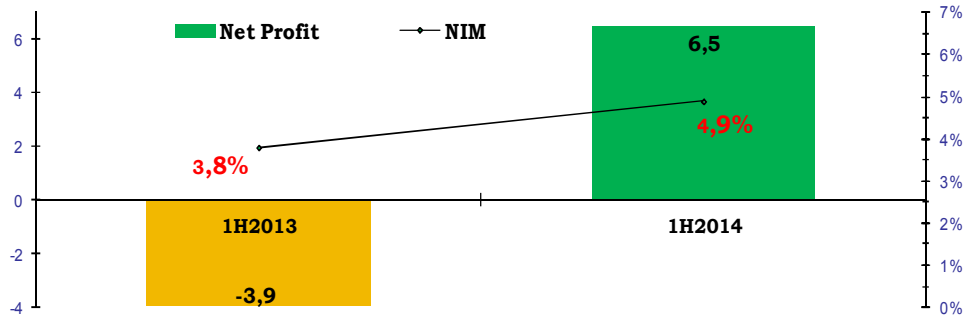
(\*) Less: allowance for impairment losses

(\*\*) 4.9%- as per consolidated financials

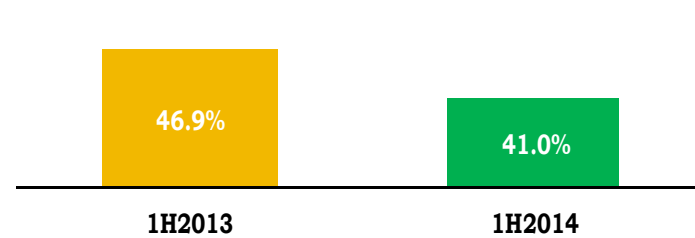
3.89%-NIM for Bank only

# P&L: Operating Expenses

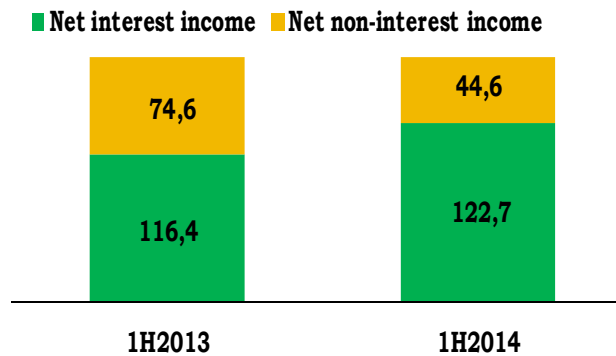
Net profit (\$mm), Net interest margin (%)



Cost / Income ratio

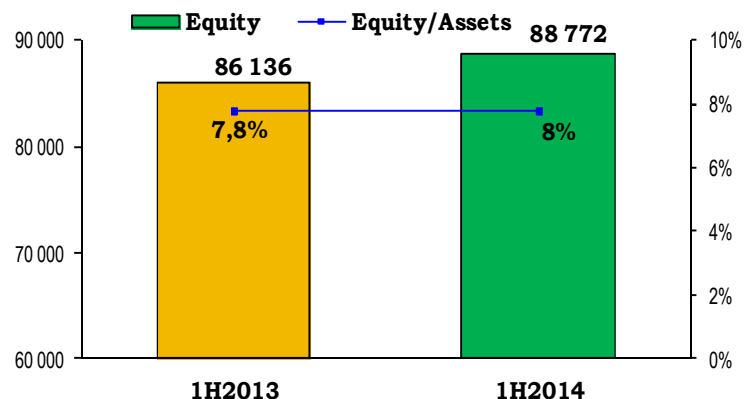


Operating income structure (\$mm)



# Balance Sheet: Capitalization

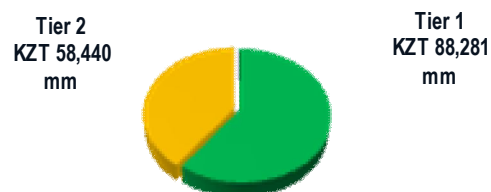
## Equity (KZTmm)



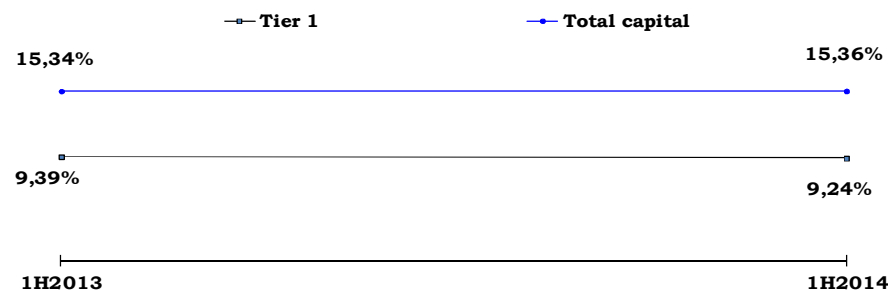
## Capital dynamics (KZTmm)

	1H2014	1H2013
Share capital	69,819	69,837
Retained earnings	17,235	15,328
Minority interest	1,227	1,395
Tier I capital	88,281	86,560
Tier II capital	58,440	54,852
Total capital	146,721	141,386
RWA	955,385	921,774

## Capital Structure (BIS, KZTmm)



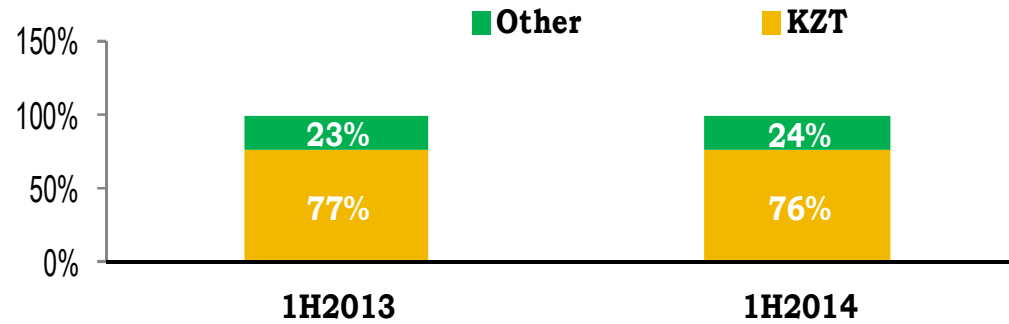
## Capital Adequacy (BIS)



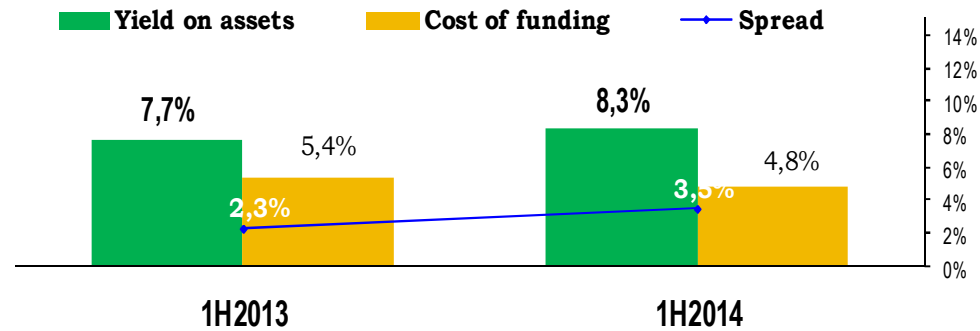
Total capital adequacy min. requirement = 8%  
Tier 1 capital adequacy min. requirement = 4%

# Balance Sheet: Funding

Customer account breakdown by currency



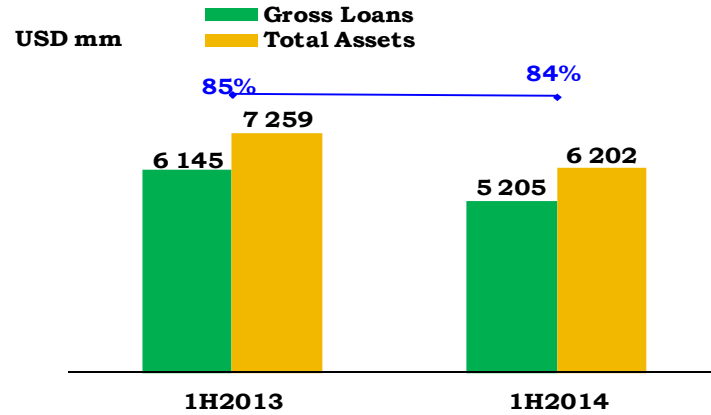
Average loan rates and cost of funding



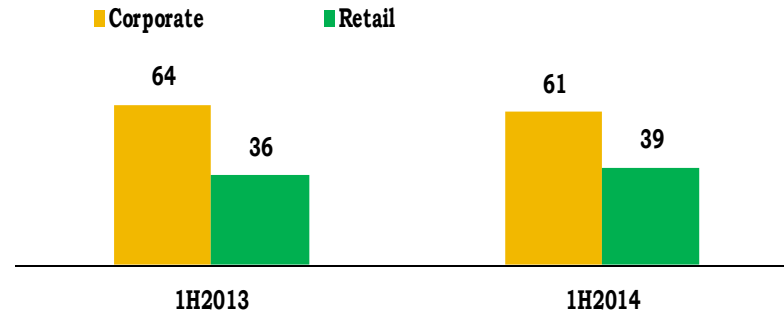


# Balance Sheet: Loan Portfolio

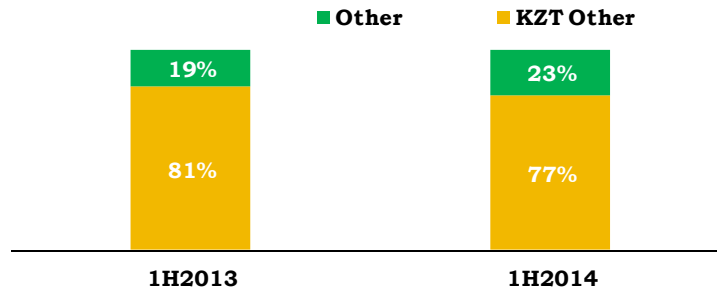
## Loans to Assets



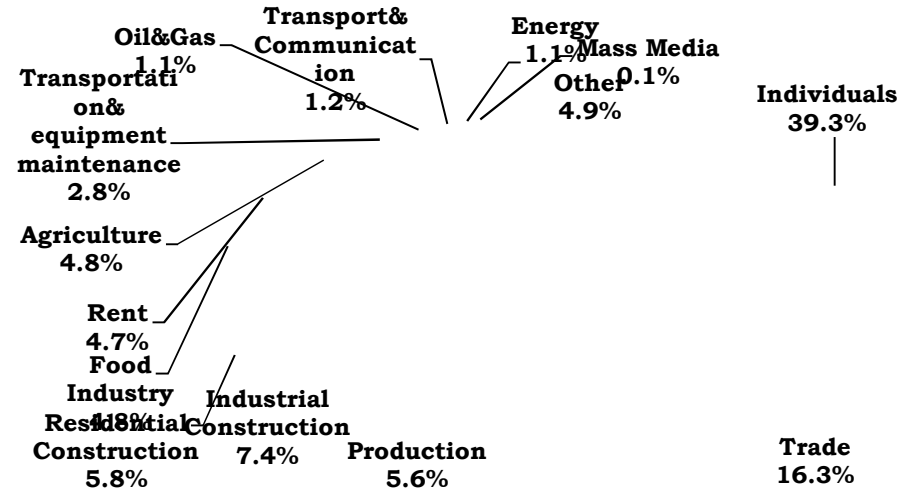
## Loan Portfolio by Segments (%)



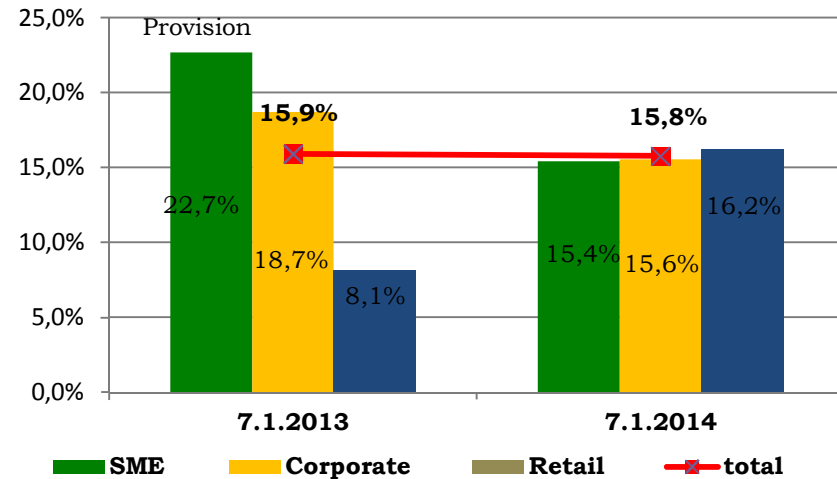
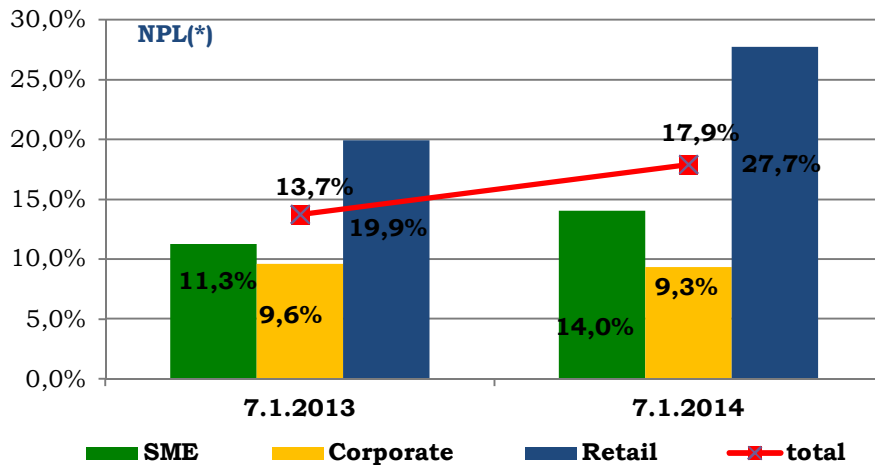
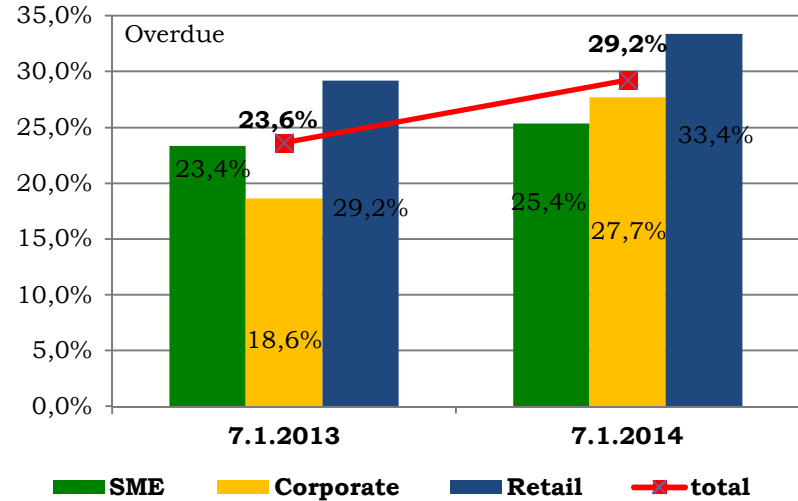
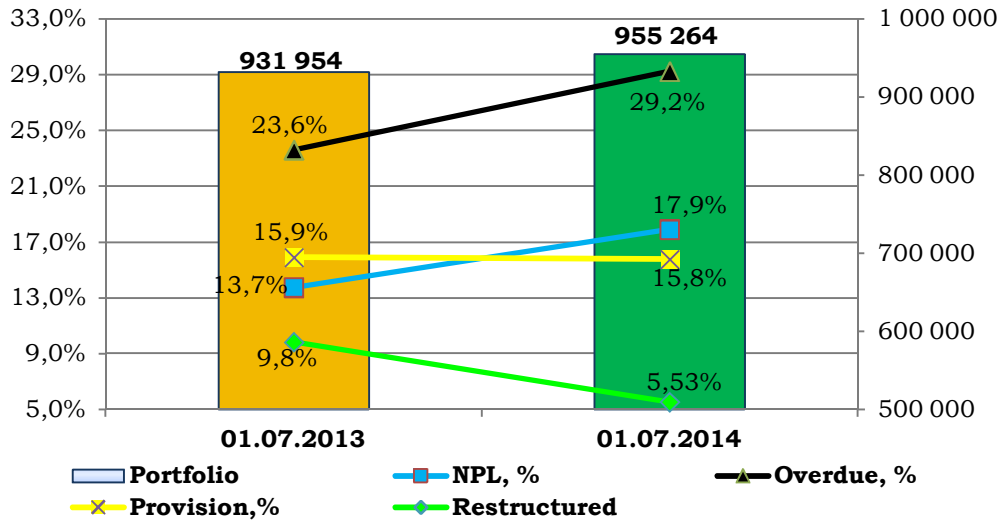
## Loan Portfolio by Currencies



## Loan Portfolio by Industries



# Portfolio Quality



NPL(\*) as per consolidated financials 1H2014  
 Unconsolidated NPL (Bank only) equals 14.9% as of 1H2014

## Annex: Key Financial Indicators

<b>KZT MM</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
<b>Loans/deposit ratio (*)</b>	101.3%	95.5%
<b>Liquid assets/total assets</b>	18.59%	19.45%
<b>NPLs/gross loans (**)</b>	17.9%	13.7%
<b>Tier 1 CAR</b>	88,281	86,560
<b>Tier 2 CAR</b>	58,440	54,826
<b>Total regulatory capital</b>	146,721	141,386
<b>RWA</b>	955,385	921,774
<b>Tier 1 capital ratio</b>	9,24%	9,39%
<b>Total CAR</b>	15,36%	15,34

(\*) Loans to customers, net/amounts due to customers

(\*\*) NPL as per consolidated financials 1H2014  
Unconsolidated NPL (Bank only) equals 14.9% as of 1H2014

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