

ATFBank JSC

2015 Performance Consolidated

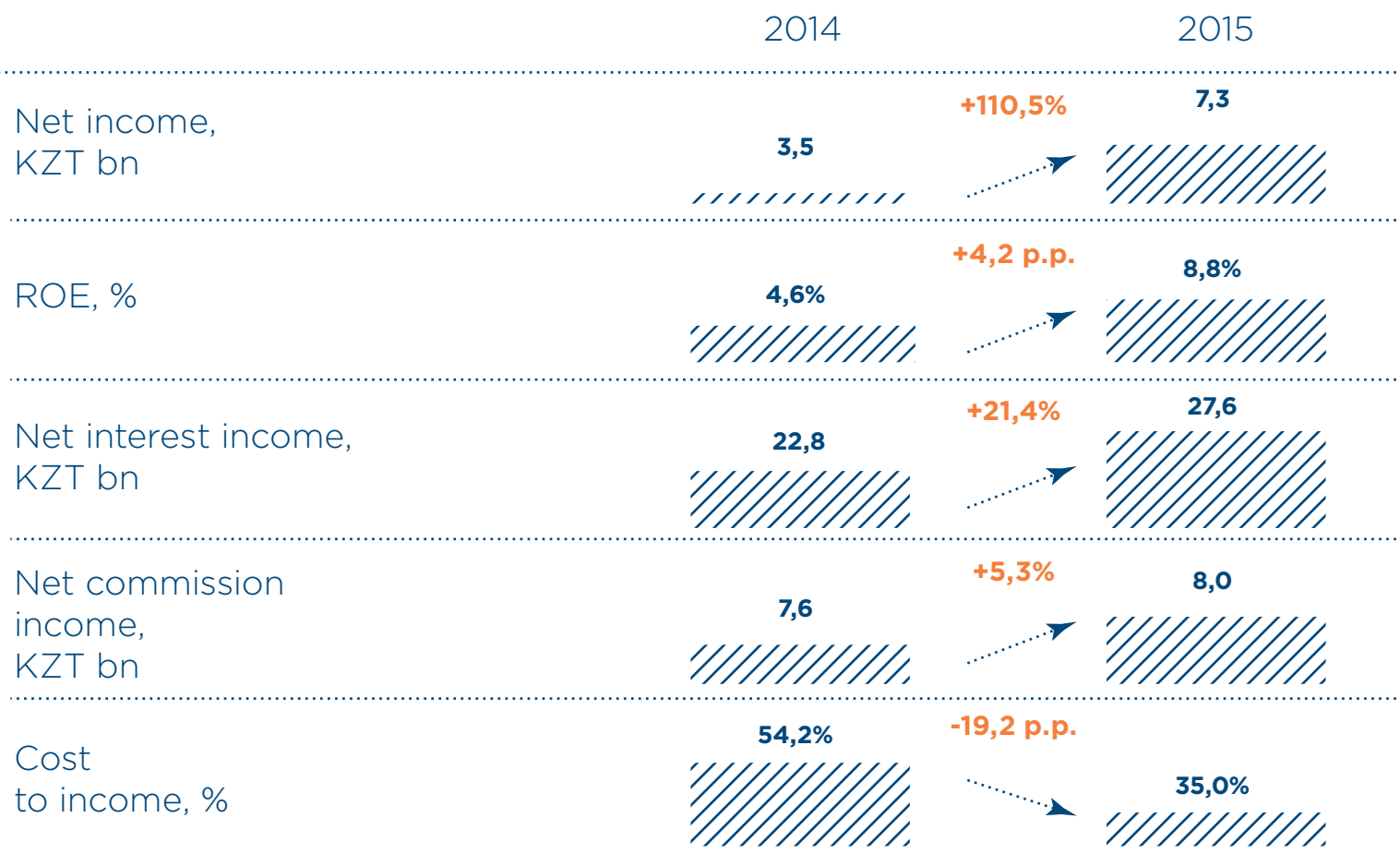
Review



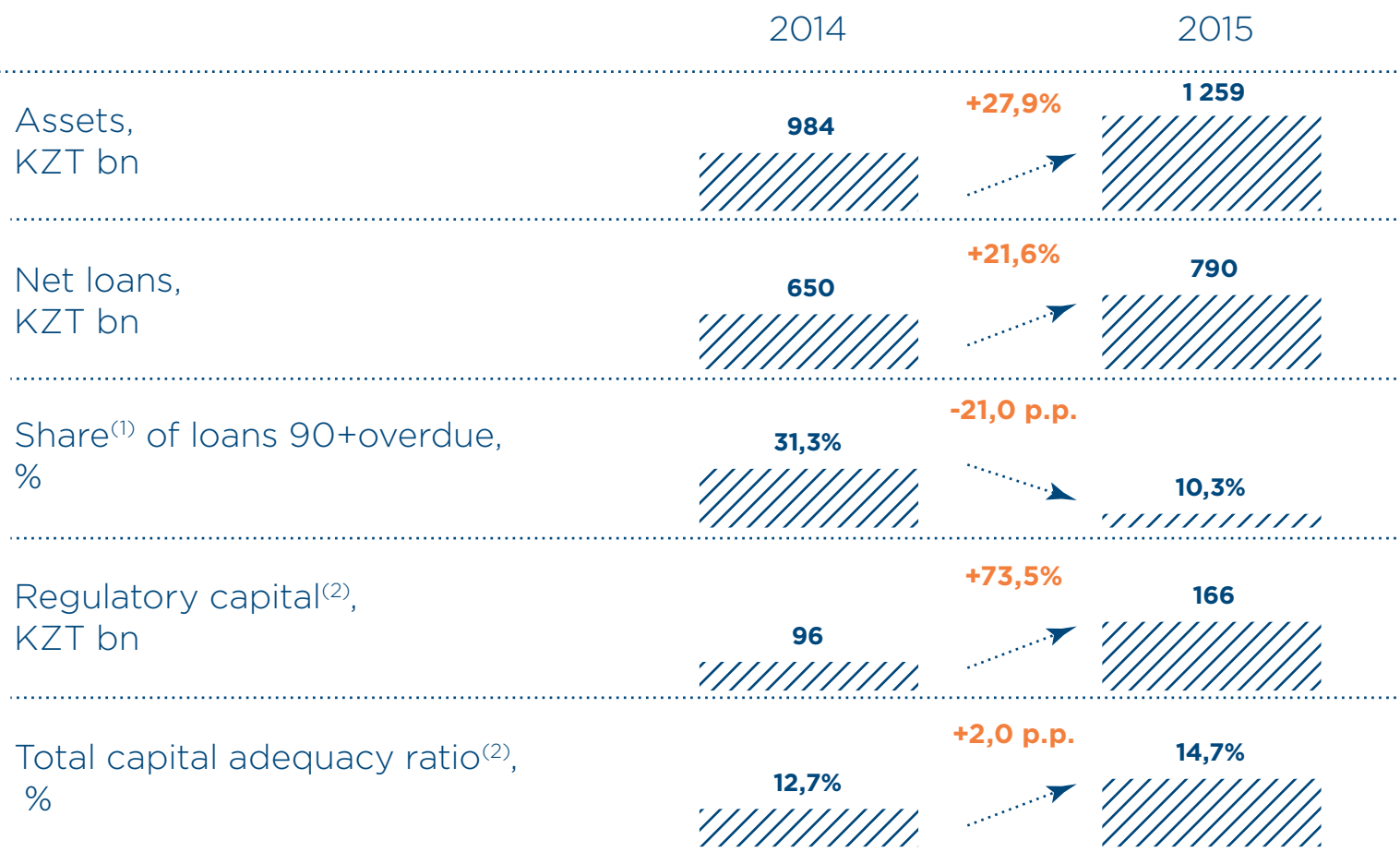
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Changes in main indicators of ATFBank JSC during 2015



Changes in main indicators of ATFBank JSC during 2015



Note: (1) based on NB RK data; (2) Calculations on the basis of Basel II requirements.
Source: IFRS consolidated financial statements of the Bank

About Bank



Key moments

History

- Established in 1995
- In 2007 ATFBank was purchased by Bank Austria Creditanstalt AG / UniCredit
- In 2013 ATFBank was purchased by KNG Finance LLP

Clients

- 1,2 mn of individuals;
- 55,0 thousand SME clients
- 2,3 thousand of corporate clients

Subsidiaries

- Subsidiary Optima Bank Kyrgyzstan (stake: 97,1%), which is top leader by assets, credit portfolio and deposits.
- Subsidiary Tobet Group (stake: 100%) rendering encashment services

Shareholder

KNG Finance LLP (99,8%)

Market position

ATFBank is among top 10 largest banks of Kazakhstan by assets, loans and deposits

- 6th place by assets with 5.4% share
- Key participant of state-sponsored programs extended by Damu Entrepreneurship Development Fund (5th by activity in Business Road Map-2020)

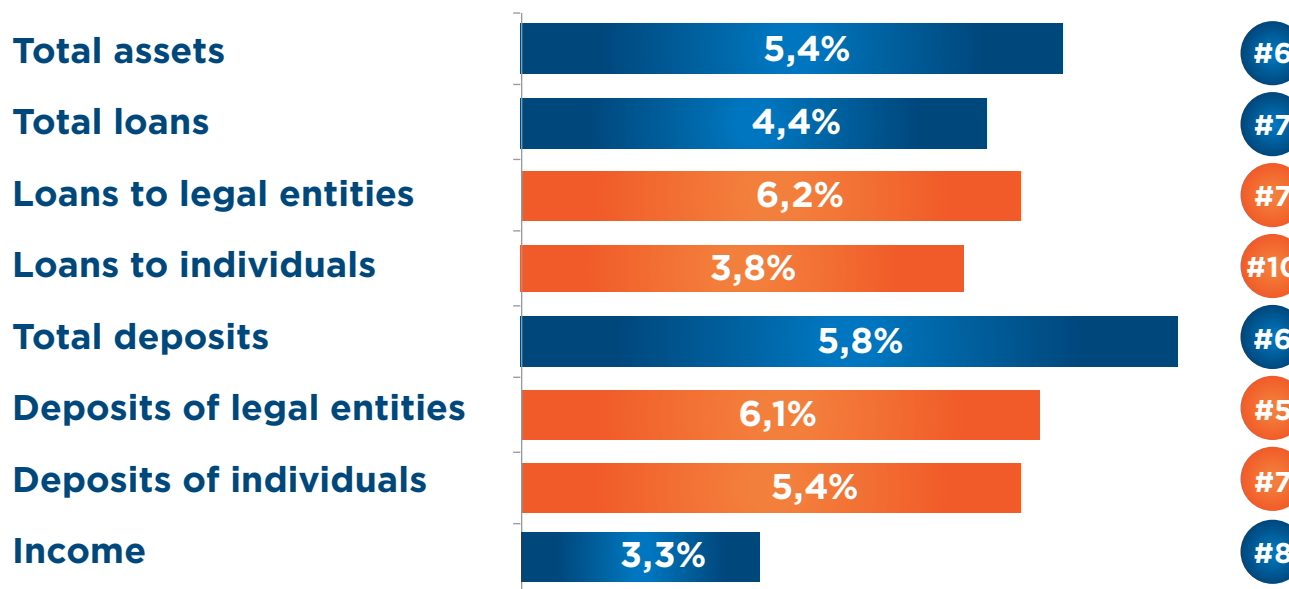
Branch network

Kazakhstan: 17 Branches, 71 points of sales, 662 ATMs, 2271 employees

Kyrgyzstan: 18 Branches, 50 points of sales, 93 ATMs, 915 employees

Source: data of the Bank, rating agency, NB RK, Damu

Market share as of 01.03.2016



Sector indicators

Assets:
KZT
23,706bn

Loans:
KZT
15 620bn

Deposits:
KZT
15 721 bn

Rating

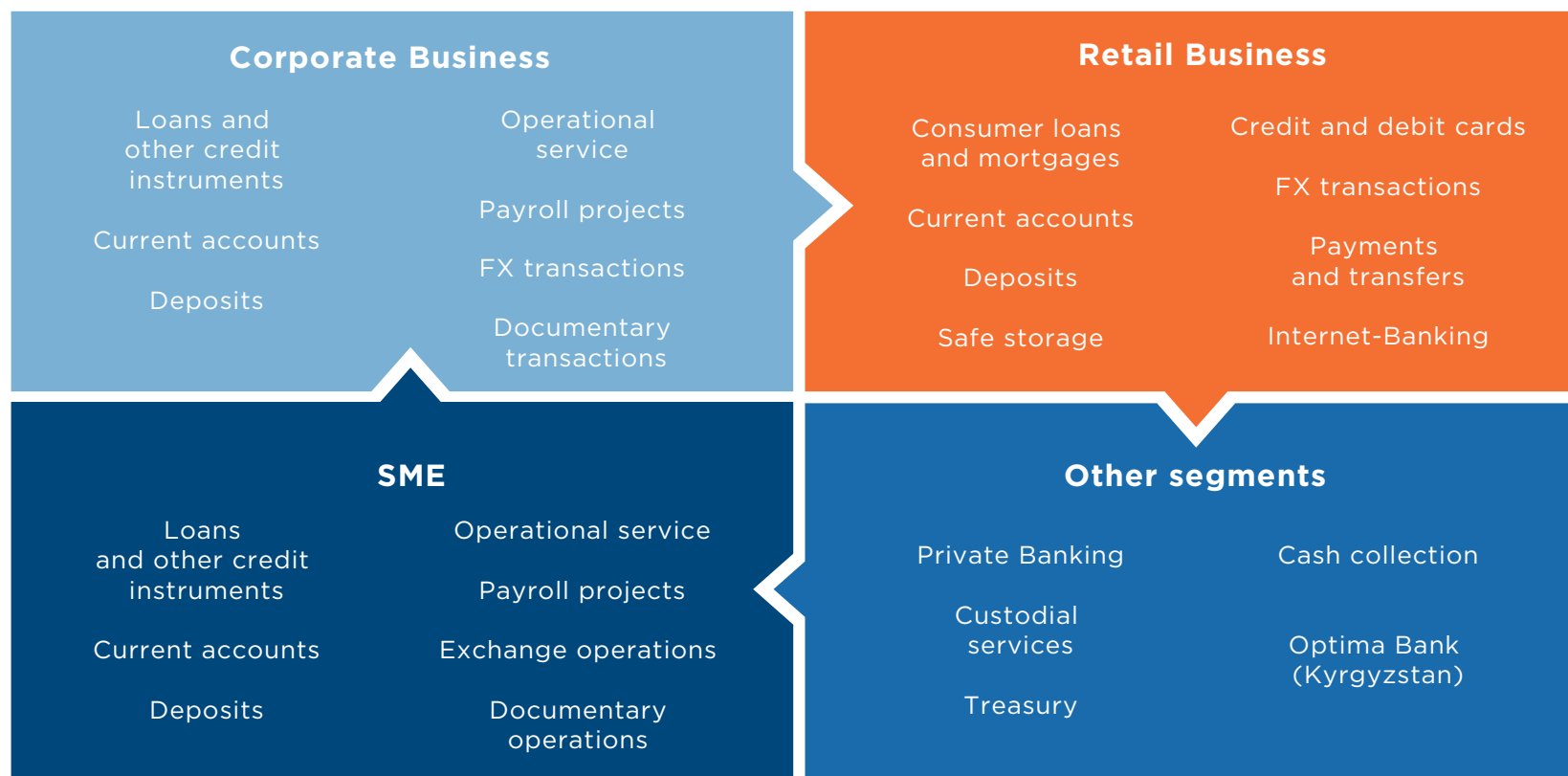
B- (long-term IDR in foreign currency)
FitchRatings (confirmed on January 20, 2016)

ATF Bank: Bank Group represented in three segments



ATF Bank JSC

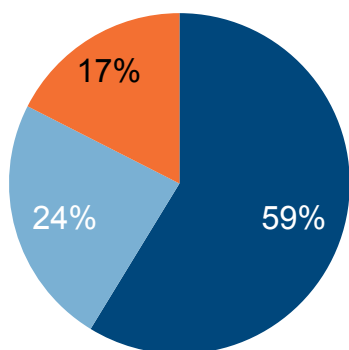
Main services



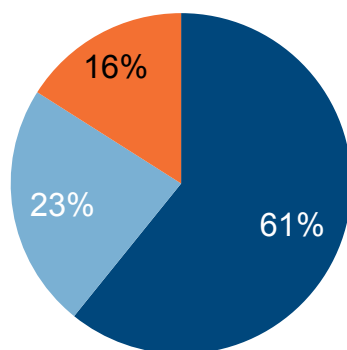
ATF Bank: Bank Group represented in three segments

Loans by segments

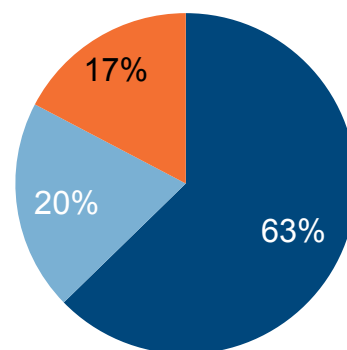
2012



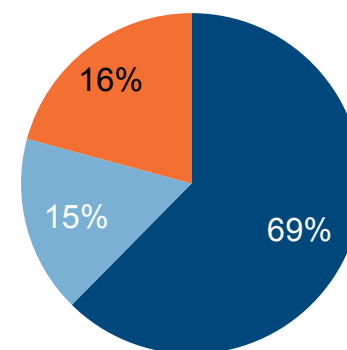
2013



2014



2015



■ Corporate

■ Retail

■ SME

Bank's achievements



Best debut in guarantee program:

in February 2015 ATFBank JSC was awarded by Damu Fund as Best debut in guarantee program. This was Damu Fund's high appreciation of the Bank's 2014 performance for guarantees.

Appreciation for business support:

in July 2015 Almaty chamber of entrepreneurs issued ATFBank JSC a letter of appreciation for support of entrepreneurs whose assets were damaged in fire in Adem-1 Trade House in part of granting beneficial conditions for loan maintenance.

Successful implementation of VbV Dynamic Authentication

project: in December 2015 ATFBank JSC was awarded by VISA for successful implementation of VbV Dynamic Authentication. This is the project of secure payment in Internet via 3D-Secure technology with dynamic (one-off) password (OTP SMS).

Letter of commendation by Ayala Fund:

In December 2015 the Bank received Letter of commendation by Ayala Fund for "Breathe in life" project. During first 3 months after launch of project for realization of charity needs of VIP customers of ATFBank, KZT 3,3 mn has been collected which was used for purchase of medical equipment for Almaty regional children clinical hospital (Ili district, Otegen Batyr PGT).

Social projects realized by ATFBank

ATFBank consistently implements the concept of business social responsibility which is based on care, eternal human values, responsible future outlook.

In 2015 held its regular policy of supporting disadvantaged social groups, encouraging healthy and sports life, honoring of World War II veterans. In particular, the Bank has held the following events:

Support of non-governmental organization "ARDI - association of handicapped children's parents".

Support of IV Almaty Marathon (2014-2015).

Support of Ayala Fund's projects: "Live" and "Children playgrounds".

Arrangement of free-of-charge metro pass in Almaty on December 16, (2014-2015)

Strategic lines of activity of ATFBank JSC



BECOME A LEADER

1

Aimed
increase+
profitability
growth

2

Increase
of risk
management
efficiency

3

Improvement
of work with
overdue debts

4

Improvement
of processes

5

Development
of customer
attraction
and
cross-sales
potential

6

Development
of the network
of outlets
and
functionality
of remote
channels

7

Improvement
of IT system

1

Implemented initiatives towards the execution of the strategy

Aimed growth + profitability growth

- Simplifying the procedures for the adoption of decisions on granting loans
- Diversification of product range including implementation of new package offers
- Diversification of consulting services to Private Banking, including investments in the funding market
- Active participation in implementation of state-sponsored programs
- Implementation and development of ATFOnline Internet Banking for legal entities



Source: Bank data

2

Increase of risk management effectiveness

Implemented initiatives towards the execution of the strategy



New credit risks appraisal models for all business segments have been developed and implemented.

Credit pricing models with regard to risk for all business segments have been developed and implemented.

Process of approving the limits on revolving credit cards based on screening has been automated.

Discount policy in sale of collateral with forgiving remaining debt.

The Bank is the leader on implementation of state-sponsored program of mortgage refinancing.

Additional recovery tool has been implemented: assignment of claim rights to the third persons.

“Light” program for restructuring of loans with overdue debt up to 60 days.

Automatic SMS notification of clients

Source: Bank data

3

Improvement of work with overdue debt

4

Improvement of processes

Implemented initiatives towards the execution of the strategy

The double acceleration of making lending decisions in SME segment.

Simplification of decision-making procedures for issuing tender bank guarantees for SMEs.

Launch of new procedure regulating segmentation conditions and service of Private Banking clients.

Launch of new execution of credit cards American Express (London)
Reduced time for receipt of the decision and execution of unsecured retail loan from 1 week to 1 day.

Implementation of functional (E PIN) on paperless delivery of Pin-code to the customer and establishment of own PIN. There was activated the procedure on SMS-notification of customers on delivery of card to Bank outlet.

3D-Secure Dinamyc password Project with delivery of onetime password via SMS when making online payments.

Introduction of new SME credit and operational rates, special offers and complex packages for state-owned entities, promo actions on products and services of the Bank for SMEs.

Advancement of Private Banking services through participation at Private Banking Club (seminars and business meetings TFH, charitable golf-tournament of Ayala Fund, New Year party by World Class, LUXEXPO, Birthday of Graziella).

Source: Bank data

5

Development of the capacity to attract customers and cross sales

Implemented initiatives towards the execution of the strategy

6

Development of the network of outlets and functionality of remote channels

In July 2015 the Bank opened 2 new Banking services centers in Almaty.

Implementation of new service model of transaction banking in the branches.

New Internet-banking for individuals ATF24 with mobile application: simplified registration, possibility to manage all accounts, enhanced functional on payments and transfers.

Payment self-service terminals were activated.

Outlets have been transformed from RC to BSC throughout the regional network.

IT system for soft collection was created.

IT tools for risk assessment in SME and Corporate Segment.

Standard - implementation of industrial ESB data tire (two-times growth of service upload rate).

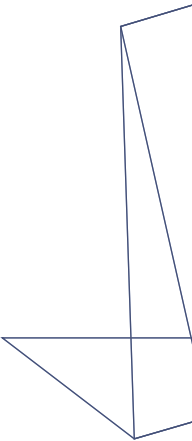
Global (RK) modernization and extension of branch network communication channels.

Modernization of server equipment and infrastructure.

Source: Bank data

7

Improvement of IT system

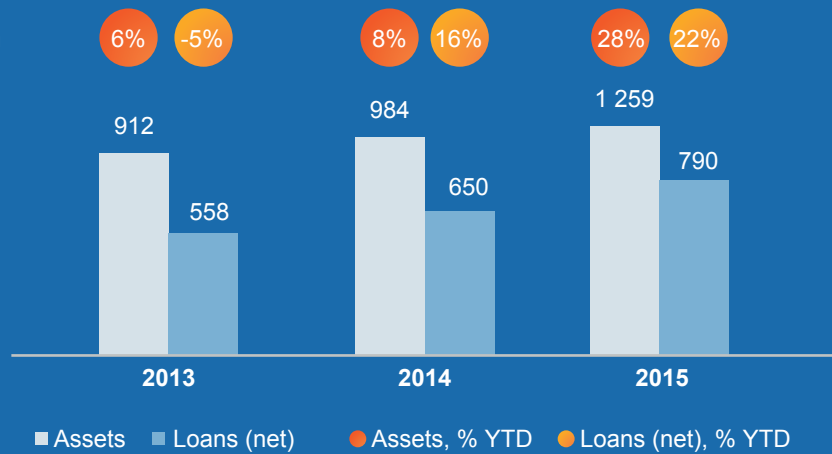


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Dynamics of key indicators

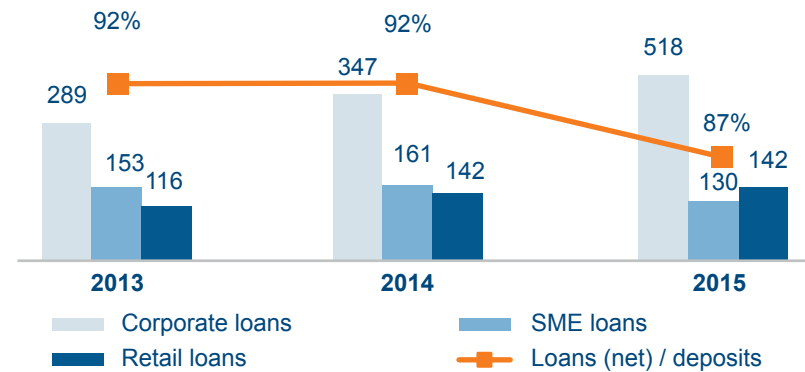
Assets and loan portfolio

KZT bn



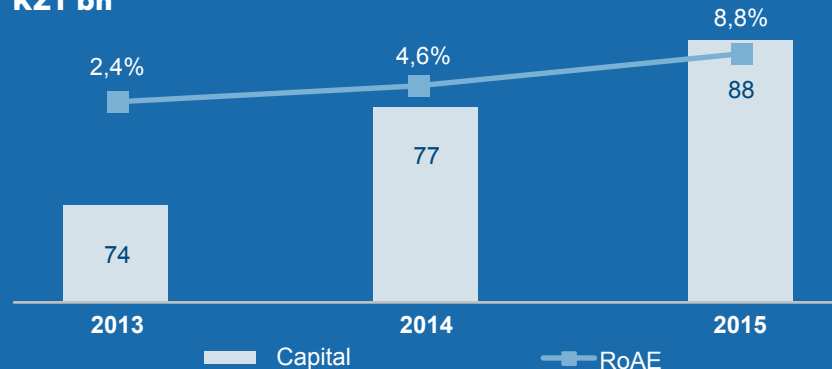
Loans to customers (net) by segments

KZT bn



Capital and RoAE

KZT bn

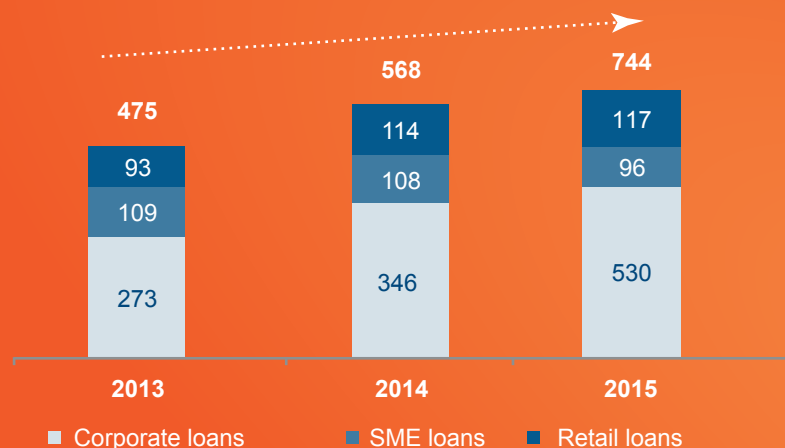


ATF Bank demonstrates the balanced growth of its assets and the loan portfolio, which is supported by the growth of the balanced capital and increased ability of the Bank to generate revenue.

Quality of loan portfolio

Performing loan portfolio⁽¹⁾

KZT bn



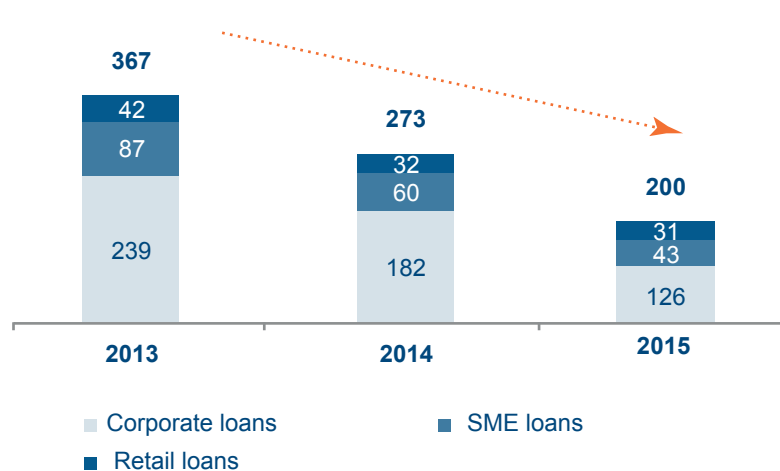
The loan portfolio of ATFBank faced significant positive changes that are expressed in a significant increase in performing portfolio (mainly due to corporate and retail loans) and reduction of non-performing portfolio.

During 2015 ATFBank continued to work actively with non-performing loans, as a result of which the total amount of repayments amounted to KZT 24,9 bn. P projects for KZT 2.2 bn. have been rehabilitated and transferred to the business units.

Owing to the work carried out since 2014, the portfolio of loans overdue 90+ decreased rapidly, as a result of which their share⁽³⁾ in the total loan portfolio decreased to 10.3% as of December 31, 2015 from 42.3% yoy.

Non-performing loan portfolio⁽²⁾

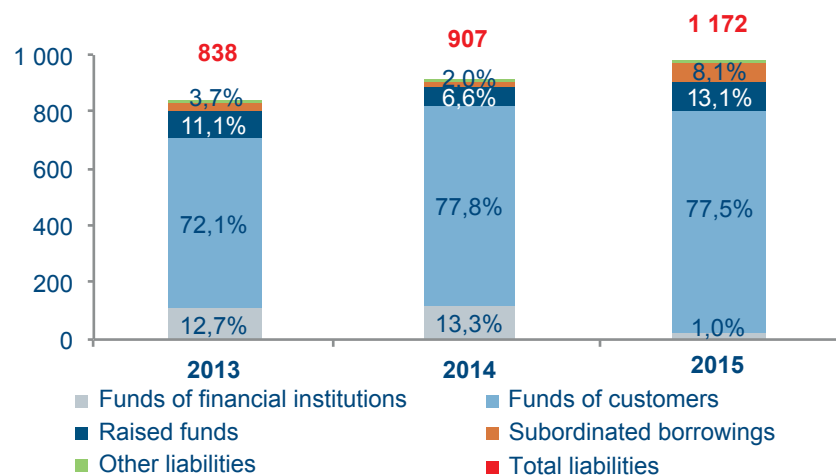
KZT bn



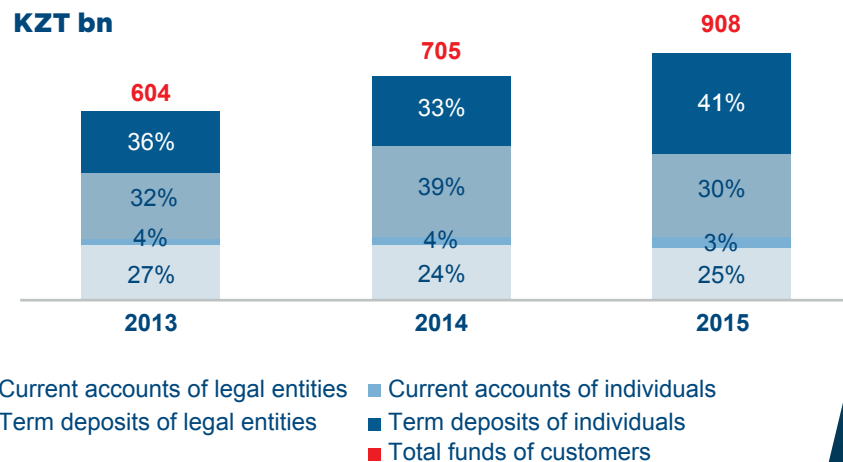
Note: (1) Gross loans (principal) net of loans overdue more than 90 days, (2) Loans overdue 90+ days, (3) NB RK data.
Source: consolidated IFRS financial statements of the Bank

Commitments and contributions

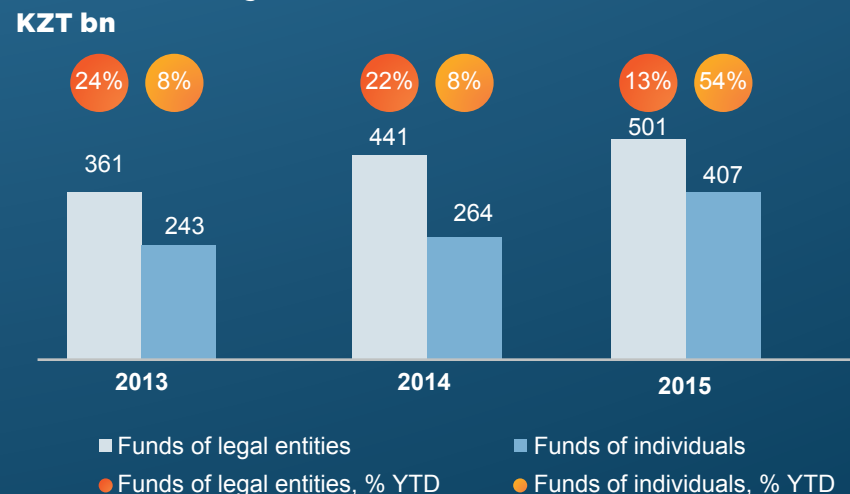
KZT bn/% Structure of commitments



Structure of customers' funds



The dynamics of customer funds



ATF Bank is seeking to diversify its commitments, in order to issue loans to its customers on the basis of stable funding base.

For said purpose, in June-August 2015 ATFBank placed its bonds with a total nominal value of KZT 118.4 bn., including:

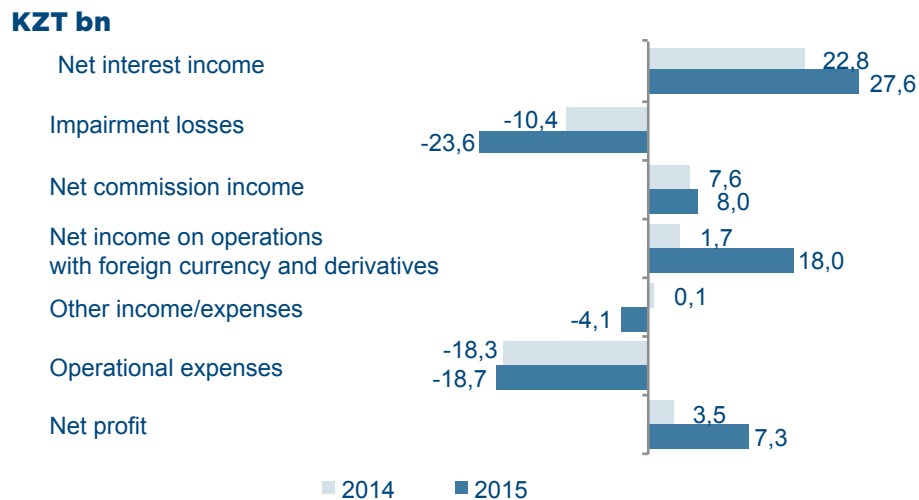
- bonds in KZT for KZT 36.9 bn for the period of 8 years;
- bonds in KZT for KZT 19.7 bn for the period of 10 years;
- subordinated bonds in KZT for KZT 61.8 bn for the period of 10 years.

Placement of bonds certifies high investment attractiveness of ATFBank which helped to improve funding stability and growth of regulatory capital.

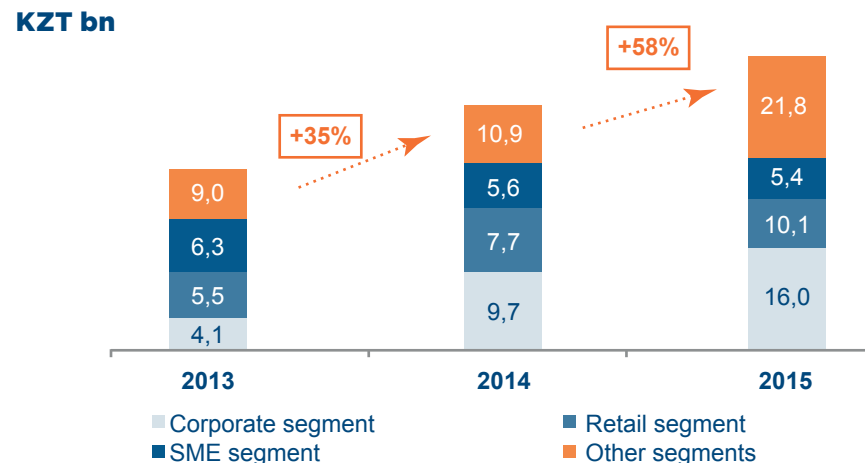
Source: consolidated IFRS financial statements of the Bank

Analysis of financial performance

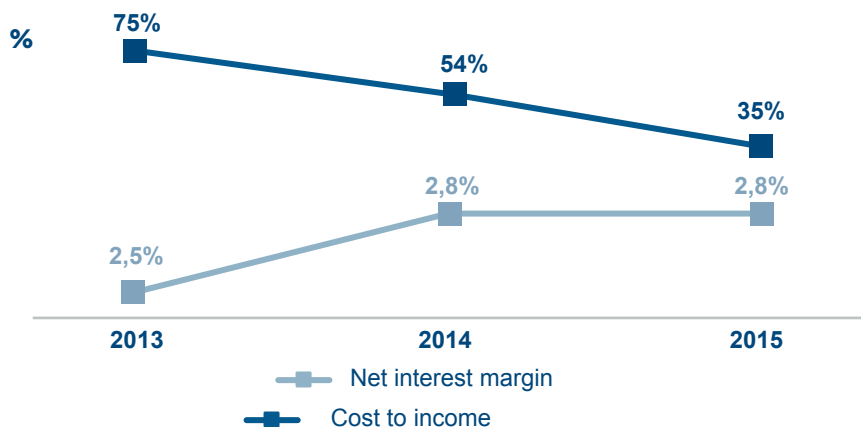
Structure of financial performance



Dynamics of operational income by segments



Dynamics of relative indicators



During 2015 ATFBank has 2,1 times increased net income owing to preserved growth of operational income and control of operational expenses. ATFBank has considerably improved key indicators of financial efficiency:

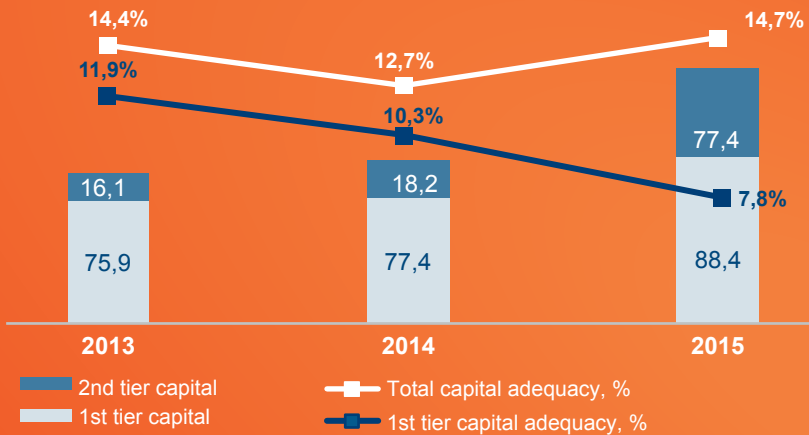
- Stable growth of net interest margin from 2.5% in 2013 to 2.8% in 2015.
- Decrease of Cost to Income from 75% to 35% during relevant periods.

Growth of income despite considerable impairment losses stands for increased capability of the Bank to absorb potential losses as well as growth of potential to increase capitalization through income accumulation in future.

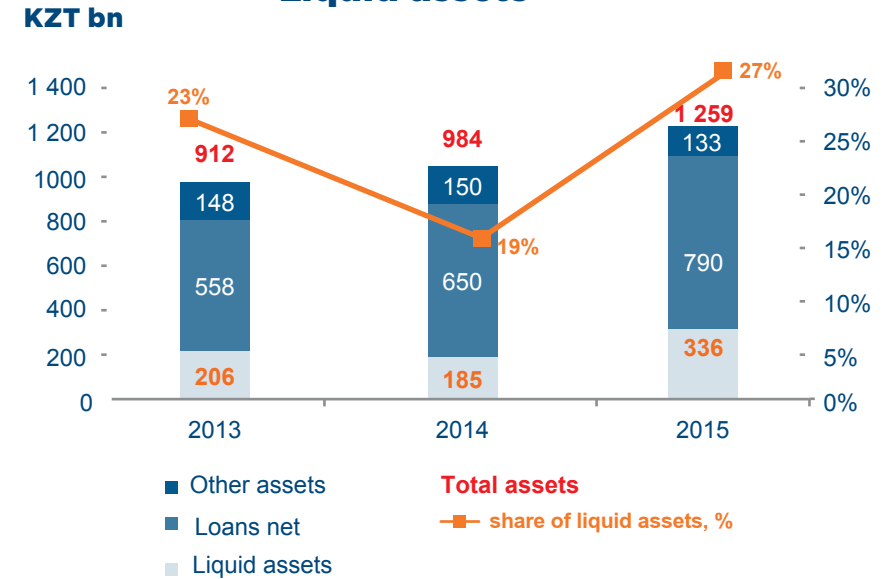
Source: consolidated IFRS financial statements of the Bank

Liquidity and capital adequacy

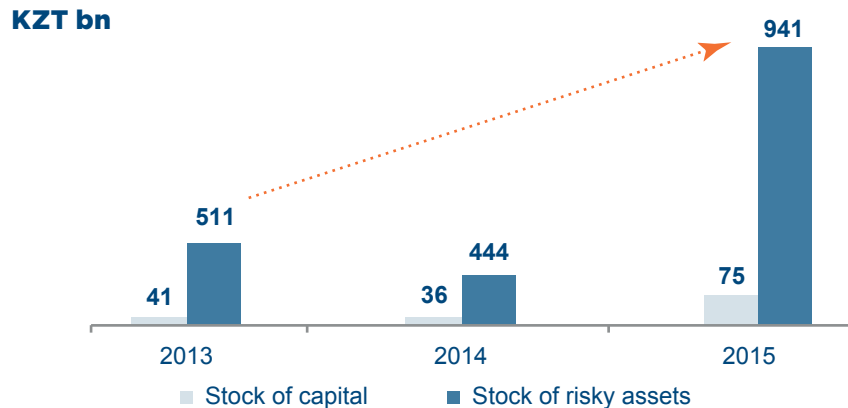
Regulatory capital and adequacy ratios⁽¹⁾



Liquid assets⁽²⁾



Stock of capital adequacy⁽¹⁾



High level of liquid assets in aggregate assets certify that ATFBank has enough liquidity to perform its current liabilities and financial support of credit operations.

The Bank has a high level of capital adequacy and significant volumes of capital stock and opportunities for further expansion of its assets.

Placement of subordinated bonds has significantly strengthened positions of ATFBank on regulatory capital adequacy.

(1) Calculations are based on Basel II requirements.
 (2) Liquid assets include cash funds and their equivalents, financial instruments assessed at fair value through profit or loss (w/o account of derivatives), and financial assets held for sale

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Attachment 1

Consolidated statement on financial standing



	2014	2015
	KZT'000	KZT'000
ASSETS		
Cash and cash equivalents	149,707,679	307,512,683
Financial instruments at fair value through profit or loss		
– Held by the Group	451,143	26,759,782
Available-for-sale financial assets		
– Held by the Group	27,019,938	1,863,355
Investments held to maturity	–	15,471,825
Loans and advances to banks	8,062,254	11,481,874
Loans to customers	649,756,690	790,282,556
Assets held for sale	–	71,385,592
Current tax asset	1,138,255	1,144,393
Property, equipment and intangible assets	18,366,634	18,991,086
Deferred tax asset	5,103,025	2,670,266
Receivable from UniCredit Bank Austria AG under guarantee agreement	115,753,133	–
Other assets	8,867,282	11,673,704
Total assets	<u>984,226,033</u>	<u>1,259,237,116</u>

Attachment 1

Consolidated statement on financial standing

	2014	2015
	<u>KZT'000</u>	<u>KZT'000</u>
LIABILITIES		
Financial instruments at fair value through profit or loss	272,156	657
Deposits and balances from banks and other financial institutions	120,705,578	11,977,802
Current accounts and deposits from customers	705,026,331	907,824,271
Other borrowed funds	59,827,535	153,013,623
Subordinated borrowings	18,431,310	95,057,199
Deferred tax liability	34,808	35,031
Other liabilities	2,472,414	3,625,894
Total liabilities	<u>906,770,132</u>	<u>1,171,534,477</u>
EQUITY		
Share capital	167,878,470	167,878,470
Additional paid-in capital	1,461,271	1,461,271
General reserve	15,181,181	15,181,181
Revaluation reserve for available-for-sale financial assets	36,033	-728,086
Cumulative translation reserve	-322,175	3,314,696
Accumulated losses	-107,036,498	-99,806,356
Total equity attributable to equity holders of the Bank	<u>77,198,282</u>	<u>87,301,176</u>
Non-controlling interests	257,619	401,163
Total equity	<u>77,455,901</u>	<u>87,702,639</u>
Total liabilities and equity	<u>984,226,033</u>	<u>1,259,237,116</u>

Attachment 2

Consolidated P&L report



	2014 KZT'000	2015 KZT'000
Interest income	64,811,350	77,923,462
Interest expense	-42,050,069	-50,299,769
Net interest income	22,761,281	27,623,693
Fee and commission income	12,573,619	11,708,349
Fee and commission expense	-4,983,524	-3,713,743
Net fee and commission income	7,590,095	7,994,606
Net loss on financial instruments at fair value through profit or loss	-1,408	-6,257
Net income/(loss) on derivative financial instruments	-3,268,861	30,299,037
Net foreign exchange (loss)/gain	4,979,847	-12,309,916
Net (loss)/income on available-for-sale financial assets	13,592	-65,027
Net income on sale of foreclosed assets	1,065,955	78,352
Loss from repurchased own debt instruments	-50,631	0
Other operating (loss)/income	725,992	-253,356
Operating income	33,815,862	53,361,132
Impairment losses	-10,380,085	-23,559,629
General and administrative expenses	-18,321,147	-18,690,304
Taxes other than income tax	-1,051,912	-892,566
Profit before income tax	4,062,718	10,218,633
Income tax expense	-594,825	-2,918,368
Profit for the year	3,467,893	7,300,265
Attributable to:		
Equity holders of the Bank	3,381,237	7,230,142
Non-controlling interests	86,656	70,123
	3,467,893	7,300,265