



ForteBank

FY`2015 Results

Eurobonds:

- ❑ ISIN: XS1153772725/ XS1154028200 (ALLIBK 11 ¾ 24)
- ❑ ISIN: US87971SAA87/ USY8584LAA18 (TEBNKZ 14 06/22)

Credit Ratings:

- ❑ "B/B/kzBB" Stable by Standard&Poor's

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INTRODUCTION

- ❑ ForteBank demonstrated good financial and operational performance in 2015
- ❑ Key financial targets of improving loan portfolio quality, improving efficiency through reduction of operating expenses and generating positive net profitability are being achieved
- ❑ Operational targets of finalisation of merger of three banks, rebranding of the branch network and introduction of new IT systems are progressing on track
- ❑ ForteBank remains as one of the most resilient banks in Kazakhstan with highest level of capital adequacy and top metrics in liquidity amongst the largest banks in the country
- ❑ FY'2015 results shown are based on audited IFRS accounts, while 1H2015 results shown are based on unaudited, reviewed IFRS accounts; 1Q`2015 results are based on unaudited, management accounts



FINANCIAL RESULTS

CONCLUSION

SUMMARY INFORMATION

OPERATING INCOME AND EXPENSES

OPERATING INCOME AND EXPENSES (KZT, MLN)						COMMENTS
	FY'15	3Q'15	1H'15	1Q'15	FY'14	
Net Interest Income	33 245	25 973	15 686	8 046	15 343	1 Improved NII mainly due to increased loan portfolio following merger of three banks
Net fee and commission income	4 261	3 013	1 837	837	3 125	2 Mainly due to increase of settlement commissions
Non-interest income	45 519	31 583	3 031	1 096	179 653	
Net gain/ (loss) from financial instruments at fair value through profit or loss	35 607	22 924	276	288	(490)	3 Net gains from long currency position due to KZT devaluation
Non-interest expenses	(68 647)	(43 408)	(18 422)	(7 251)	(60 443)	
Net (losses)/ gains from foreign exchanges	(20 018)	(11 328)	417	-	(12 651)	4 Increase in general administrative expenses is in line with the budgeted expenses for 2015
Impairment losses	(13 982)	(11 022)	(4 016)	(2 341)	(23 396)	
General administrative expenses	(33 457)	(19 897)	(13 292)	(4 910)	(24 564)	5 Tax loss was recognized due to reassessment of the financial model caused by deterioration of market conditions
Profit/(loss) before income tax	14 478	17 161	2 132	2 728	137 678	
Income tax benefit / (loss)	(7 051)	(7 155)	3 575	-	33 524	
Profit for the period	7 427	10 006	5 707	2 728	171 202	
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	<i>2 910</i>	<i>3 764</i>	<i>3 866</i>	<i>23</i>	<i>(1 903)</i>	
Total comprehensive income for the reporting period	10 337	13 770	9 573	2 751	169 299	

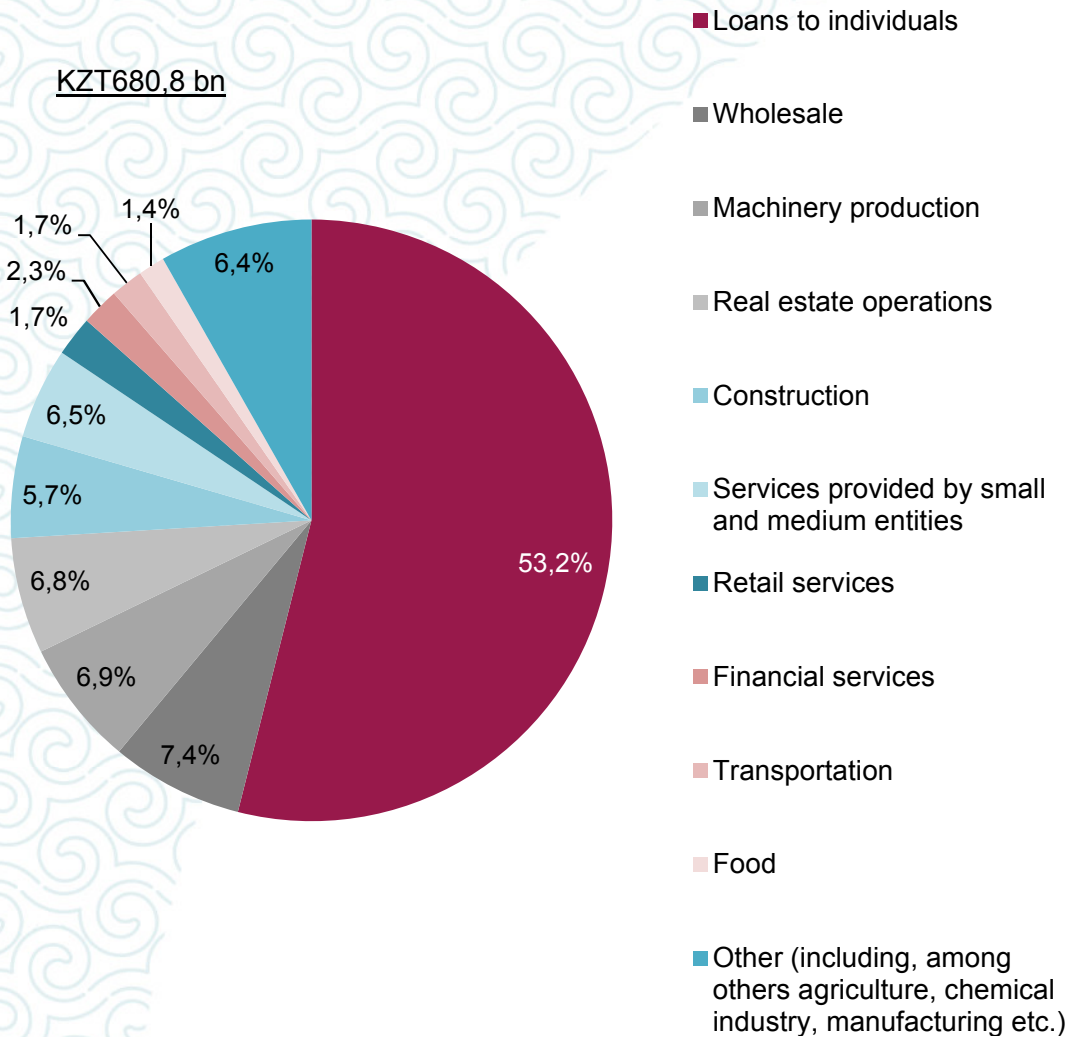
BALANCE SHEET METRICS AS OF 31 DECEMBER 2015

BALANCE SHEET ITEMS (KZT, MLN)				COMMENTS
	<u>FY`2015</u>	<u>1H`2015</u>	<u>FY`2014</u>	
ASSETS	1 069 135	844 884	909 246	<ul style="list-style-type: none"> ❑ Assets of the Bank, without devaluation effect, increased by 4,1% (from KZT844,0 bln as of 30 June 2015 to KZT 878,5 bln as of 31 December 2015)*
Cash and cash equivalents	202 097	122 597	88 632	
Loans to customers	629 906	544 901	561 327	<ul style="list-style-type: none"> ❑ Without devaluation effect, loan portfolio decreased by 17,3% (from KZT544,9 bln as of 30 June 2015 to KZT450,9 as of 31 December 2015)*
Available-for-sale financial assets	19 371	18 857	129 068	
Deferred tax assets	18 881	29 483	33 524	
Other assets	198 880	129 046	96 695	<ul style="list-style-type: none"> ❑ Without devaluation effect, deposit portfolio remained stable and slightly increased by 0,5% (from KZT518,8 bln as of 30 June 2015 to KZT 521,4 as of 31 December 2015)*
LIABILITIES	902 105	678 618	754 540	
Current accounts and deposits from customers	660 057	499 124	513 559	
Deposits and balances from banks and other financial institutions	63 725	84 151	33 365	<ul style="list-style-type: none"> ❑ High amount of cash and liquid assets, mainly used for liquidity management <ul style="list-style-type: none"> ❑ Cash and equivalents + securities / assets: 30,1%
Debt securities issued	142 847	63 228	63 037	
Deferred tax liabilities	71	47	7 663	<ul style="list-style-type: none"> ❑ Stable deposit base and relatively low level of wholesale funding <ul style="list-style-type: none"> ❑ Deposits / total assets: 61,7% ❑ Debt securities / total assets: 13.4%
Subordinated debt	25 660	25 812	27 807	
Other liabilities	9 745	6 256	109 109	
EQUITY	167 030	166 266	154 706	
Share capital	332 814	332 814	332 873	
Additional paid-in capital	21 116	21 116	19 070	
Revaluation surplus for property	-	1 886	1 926	
Revaluation reserve for available-for-sale financial assets	(1 092)	(136)	(4 002)	<ul style="list-style-type: none"> ❑ Debt securities issued increased due to revaluation of Eurobonds issued in USD and issue of new local bonds in the amount of KZT 50 bln
Accumulated losses	(186 584)	(190 145)	(195 870)	
Non-controlling interests	776	731	709	

* according to management accounts

LOAN PORTFOLIO IS WELL DIVERSIFIED AND WELL PROVISIONED

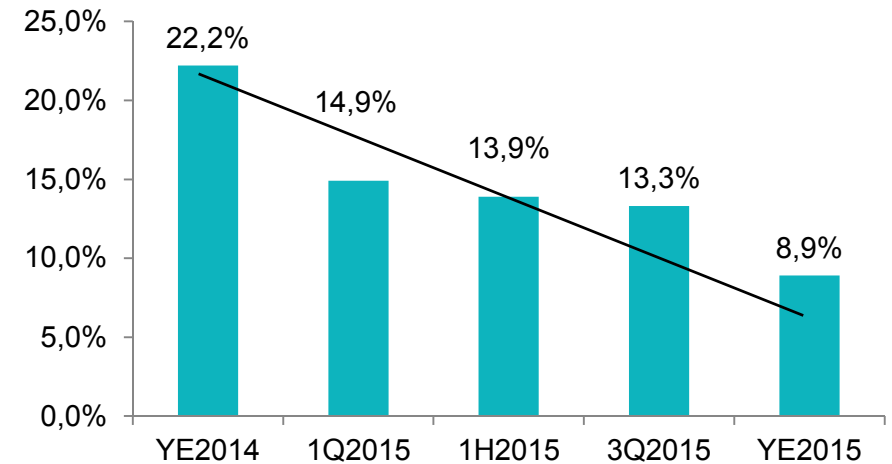
GROSS LOAN PORTFOLIO BREAKDOWN BY SECTORS (FY'2015)



COMMENTS

- Retail loans are approximately 54,5% of net loan portfolio
 - 46,6% of these retail loans are collateralized consumer loans
 - 24,2% are unsecured consumer loans
 - 29,2% are mortgage loans
- Remainder of the portfolio is well diversified among various industry segments with no exposure to single industry above 1%
- Impaired loan portfolio is well provisioned taken into account discounted value of collateral against those loans

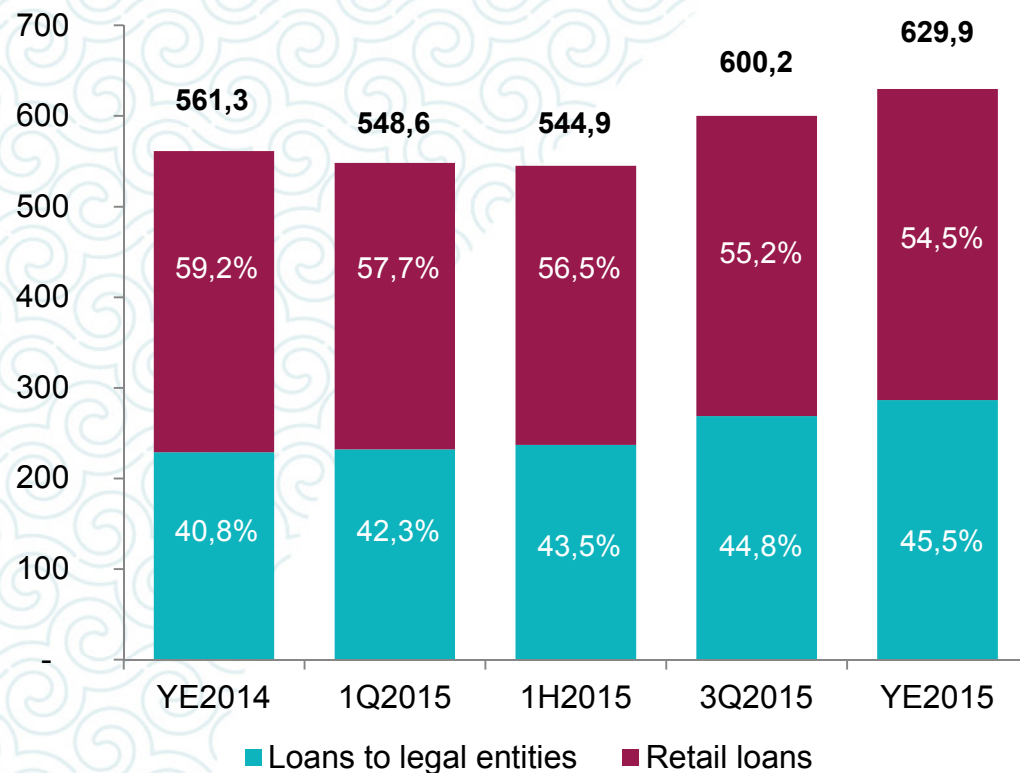
DECREASING NPL RATIO*



*calculated according to regulatory requirements

LOAN PORTFOLIO

LOAN PORTFOLIO (KZT, BN)

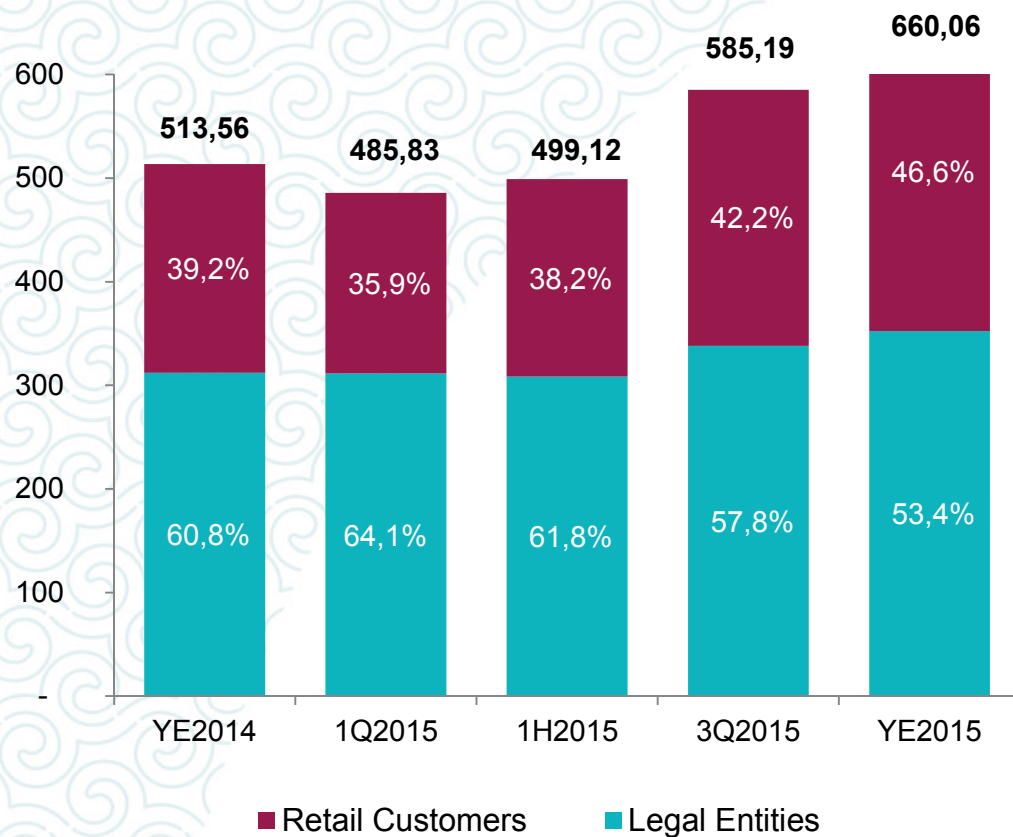


COMMENTS

- Loan portfolio of the Bank increased by 12,2% in comparison to the YE`2014 and increased by 15.6% in comparison to 1H`2015
- 45,5% are loans to legal entities
- 54,5% are retail loans
- According to the management accounts, without devaluation effect, loan portfolio decreased by 17,3% (from KZT544,9 bln as of 30 June 2015 to KZT450,9 as of 31 December 2015)

DEPOSIT BASE

DEPOSITS BASE (KZT, BN)



COMMENTS

- Deposit portfolio of the Bank increased by 28,5% in comparison to the YE`2014 and increased by 32.2% in comparison to 1H`2015
- 53,4% of the deposit base are the deposits and current accounts of legal entities
- 46,6% are the deposits and current accounts of retail clients
- According to the management accounts, without devaluation effect, deposit portfolio remained stable and slightly increased by 0,5% (from KZT518,8 bln as of 30 June 2015 to KZT 521,4 as of 31 December 2015)

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YE'2015: CHECK POINTS AGAINST KEY OBJECTIVES SET AT YE'2014

Financial Aims

2015 TARGETS

- Reduction of NPL ratio
- Growth of Retail, SME and Corporate loan portfolio
- Increase in non-interest income
- Decrease of operating expenses relative to 2014
- Provision expenses in line with those in 2014
- Positive net result

FINANCIAL RESULTS AS OF 31 DECEMBER 2015

NPL ratio decreased from 22.2% to 8,9% (calculated according to local regulatory requirements)

Healthy loan portfolio continues to grow, whilst overall portfolio is reducing due to transfer out of non-performing loans

Non-interest income comprised KZT45,619 mln, compared to KZT3,031 mln generated in 1H`2015

Operating expenses slightly increased by 13,5% in comparison to YE`2014

Provision expenses were lower by 40,2% in comparison with YE`2014

Net income - KZT 7,427 mln

YE'2015: CHECK POINTS AGAINST KEY OBJECTIVES SET AT YE'2014

Operational Aims

2015 TARGETS

- ❑ **Finalise implementation of a single IT platform**
- ❑ **Introduction of new CRM platform for retail banking**
- ❑ **Start of office rebranding with approximately 1/3 of network under construction**
- ❑ **Complete at least 75% of new HO building in Astana, with move planned in 2016**
- ❑ **Finalise changes to HR structure and personnel assessment**

YE'2015 RESULTS

New core banking system Colvir installed; transfer of data of 3 IT-systems completed in 1Q'2015

The Bank is in progress of implementing Microsoft Dynamics CRM with first key modules introduced by YE'2015

Basic rebranding of all the branches is completed, offices renovation is in progress

Construction is on track

New HR structure has been introduced in the Bank, with the first round of the personnel assessment successfully completed. Second round of the personnel assessment has been finalised in March 2016

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FORTEBANK AT A GLANCE

FORTEBANK OVERVIEW

- ❑ Universal Bank offering full range of banking products and innovative services
- ❑ “B/B/kzBB” Stable by Standard&Poor's
- ❑ Highly experienced Management team
- ❑ 12.73% of shares are free-float, 87.27% belongs to major shareholder - Mr. B. Utemuratov
- ❑ Eurobonds traded on Bloomberg:
 - ❑ ISIN: XS1153772725/ XS1154028200 (ALLIBK 11 ¾ 24)
 - ❑ ISIN: US87971SAA87/ USY8584LAA18 (TEBNKZ 14 06/22)

	<u>YE2015</u>	<u>YE2014</u>
Number of employees	3 626	4 196
Head office	898	1090
Branches	2 728	3 106
Cash offices	144	148
ATMs	775	802
POS-terminals	2 020	1 403

KEY FINANCIAL INDICATORS

	<u>YE2015</u>	<u>1H2015*</u>	<u>1Q2015*</u>
Total assets (KZT, mln)	1 069 135	844 884	885 358
Loans to customers	629 906	544 901	548 649
Current accounts and deposits from customers	660 057	499 124	485 825
Equity (KZT, mln)	166 254	166 266	159 462
Net income (KZT, mln)	7 427	5 707	2 728
ROA	0,8%	1.3%	1.2%
ROE	4,5%	7.1%	6.9%
Cost to Income	54,0%	68.4%	49.2%
Loans to deposits	95,4%	109.2%	112.9%
NIM	4,5%	4.3%	4.2%
Spread**	5,7%	5.2%	5.1%
K1 (>=5%)**	18,7%	21.3%	21.3%
K2 (>=7.5%)**	21,6%	24.7%	25.1%

* adjusted

** according to management accounts

PROVIDING UNIVERSAL AND INNOVATIVE PRODUCTS

ForteCorporate

- ❑ High level of service
- ❑ Focus on less capital intensive and non-cyclical industries
- ❑ Focus on cash management banking, w/c financing, documentary business
- ❑ Target customers that allow for retail cross-selling through salary projects

ForteBusiness SME

- ❑ Standardised products, but individual service approach to each customer
- ❑ Government programmes
- ❑ Energy and growth

ForteBank retail

- ❑ Innovative
- ❑ Simple products
- ❑ Network focused in large population centres
- ❑ High level of automation and standardisation

ForteBank Premier

- ❑ High standards of personal services
- ❑ Professional team
- ❑ Personal business consultant

Business products

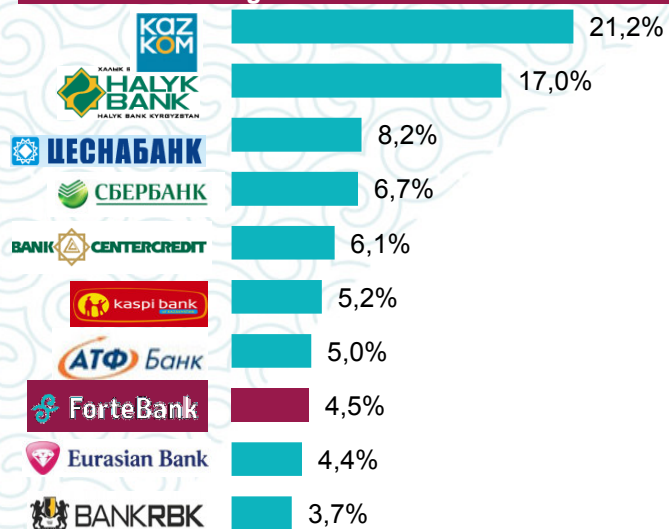
- ❑ Loans for business
- ❑ Loans for investment purposes
- ❑ Documentary operations
- ❑ Deposits
- ❑ Overdrafts
- ❑ Government programs
- ❑ Export financing with KazExportGarant IC JSC
- ❑ Promissory Notes
- ❑ Factoring

Retail products

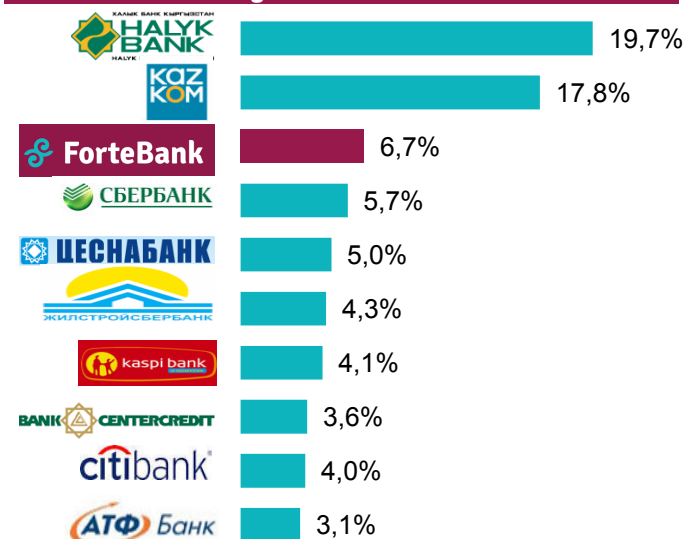
- ❑ Internet Banking
- ❑ Customer loans
- ❑ ForteCard: innovative card providing its holder possibility to free withdraw of cash in all ATMs throughout the world and other services (depending on the type of the card)
- ❑ Salary projects
- ❑ Deposits
- ❑ Opening and maintenance of bank current accounts
- ❑ Money transfers
- ❑ Cash -Pooling
- ❑ ATM's and POS-terminals

COMPETITIVE LANDSCAPE AS OF DECEMBER 31, 2015

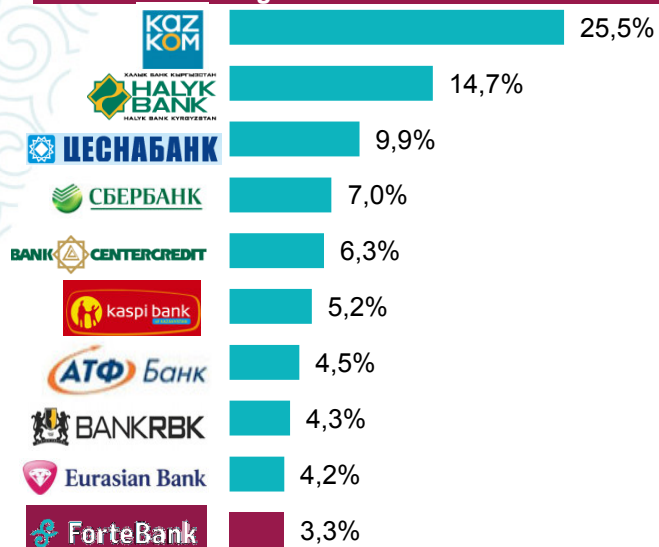
No. 8 by Total Assets Banking sector: KZT 23.78 tn.



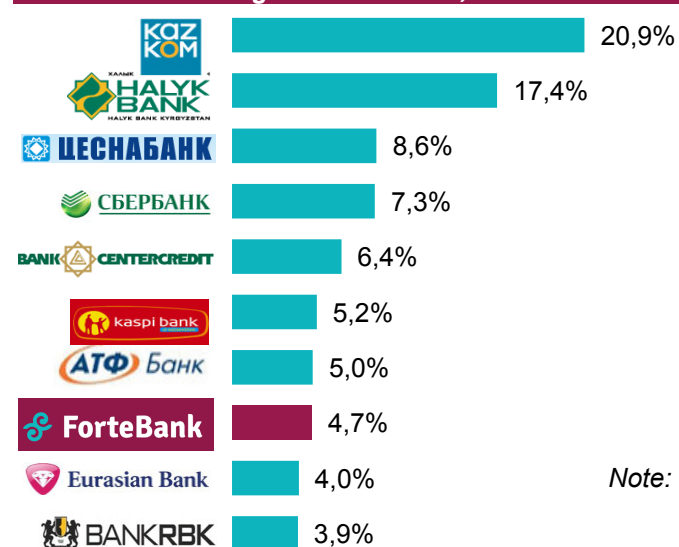
No. 3 by Total Equity Banking sector: KZT 2.49 tn.



No. 10 by Total Loans Banking sector: KZT 15.55 tn.



No. 8 by Total Deposits Banking sector: KZT 15,61 tn.



Note: In accordance with KAS
Source: NBK

AMONG TOP 3 BANKS BY REGULATORY RATIOS

	Ratio	Limit	ForteBank	KKB	Halykbank	ForteBank position, #
Capitalisation	k1	min 5%	0,187	0,093	0,173	1
	k1-2	min 6%	0,187	0,101	0,173	1
	k2	min 7,5%	0,216	0,140	0,175	1
Liquidity	k4	min 30%	2,320	0,635	1,602	1
	k4-1	min 100%	15,080	5,427	2,843	1
	k4-2	min 90%	5,490	2,558	1,597	1
	k4-3	min 80%	3,638	1,945	1,569	1
Other	k7	max 1	0,019	0,049	0,062	1
	k8	max 2	0,047	0,162	0,066	1
	k9	max 3	0,546	1,192	0,823	1



ForteBank

CONTACT DETAILS:

International Relations

Aliya Yeszhan

tel: +7 (727) 258-40-40 (ext.52447)

e-mail: ayeszhan@fortebank.com

Ainur Naraliyeva

tel: +7 (727) 258-40-40 (ext.52034)

e-mail: anaraliyeva@fortebank.com

IR@fortebank.com