



ForteBank

1H`2016 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
- ❑ “B3/Caa1” Stable by Moody's

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OVERVIEW AND STRATEGY

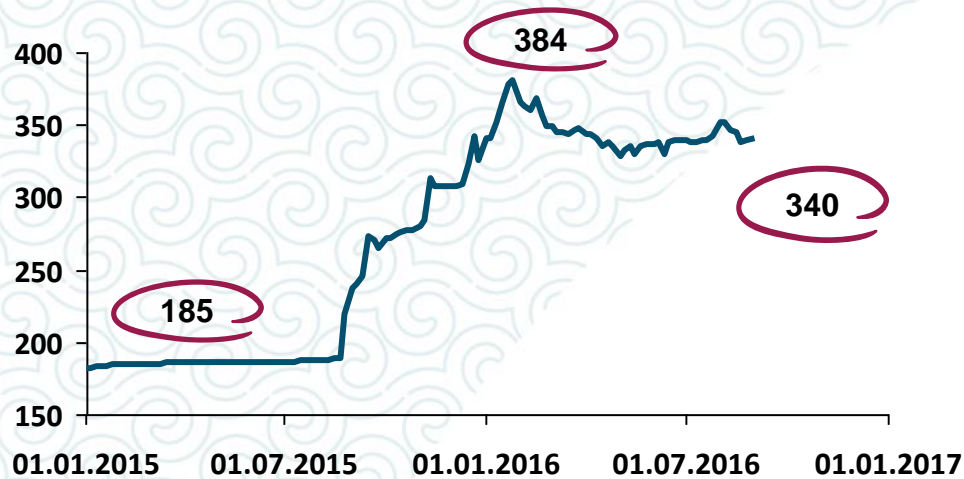
FINANCIAL PERFORMANCE

FORTEBANK IS A LEADING UNIVERSAL BANK IN KAZAKHSTAN WITH

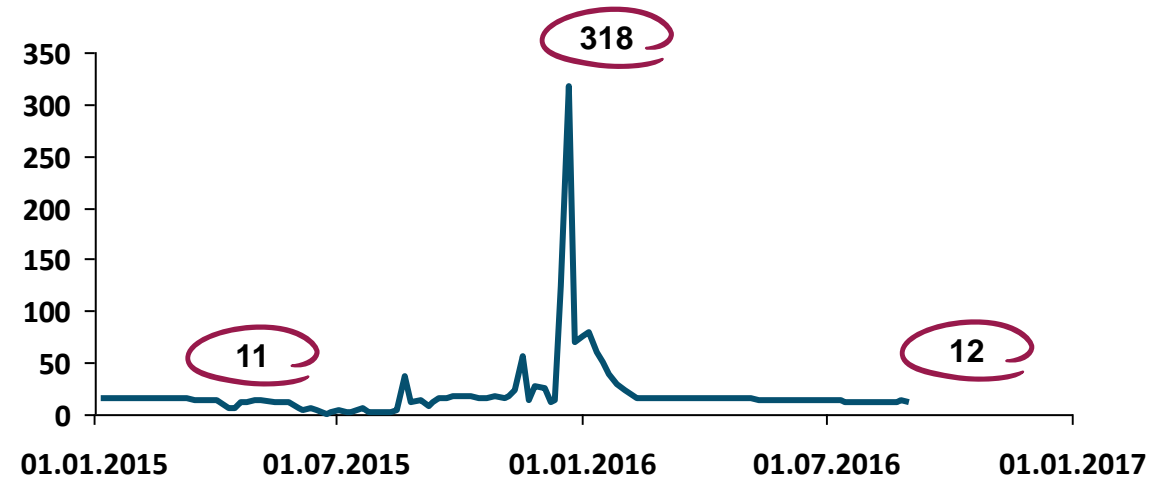
- ❑ Transparent ownership structure, good corporate governance procedures and information disclosures
- ❑ Experienced team at top and middle management level
- ❑ Focus on Retail & SME segment of the market
- ❑ Conservative risk management approach
- ❑ Good NPL recovery performance
- ❑ Modern IT infrastructure with innovative solutions
- ❑ Solid financial resilience (capital and liquidity)
- ❑ Improving earnings quality

KAZAKHSTAN'S ECONOMIC ENVIRONMENT HAS STABILIZED IN 2016

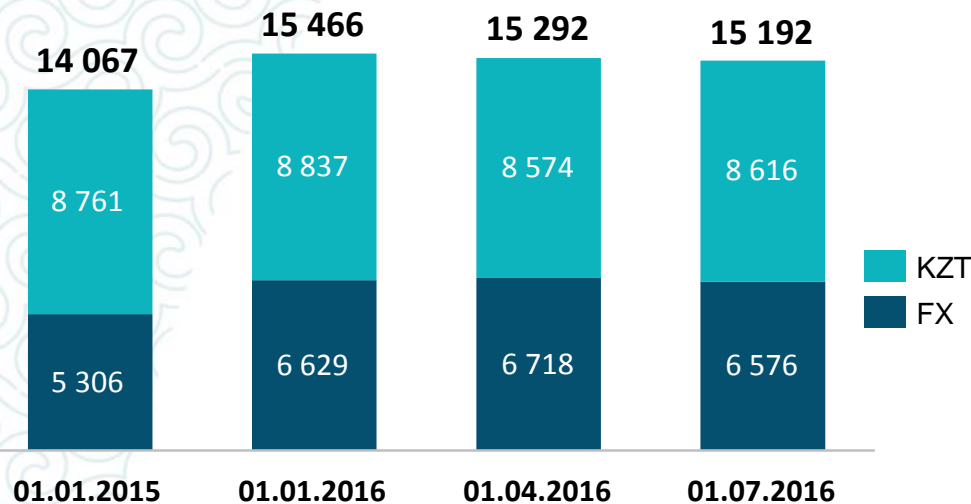
FX Exchange rate on USD
[KZT/USD]



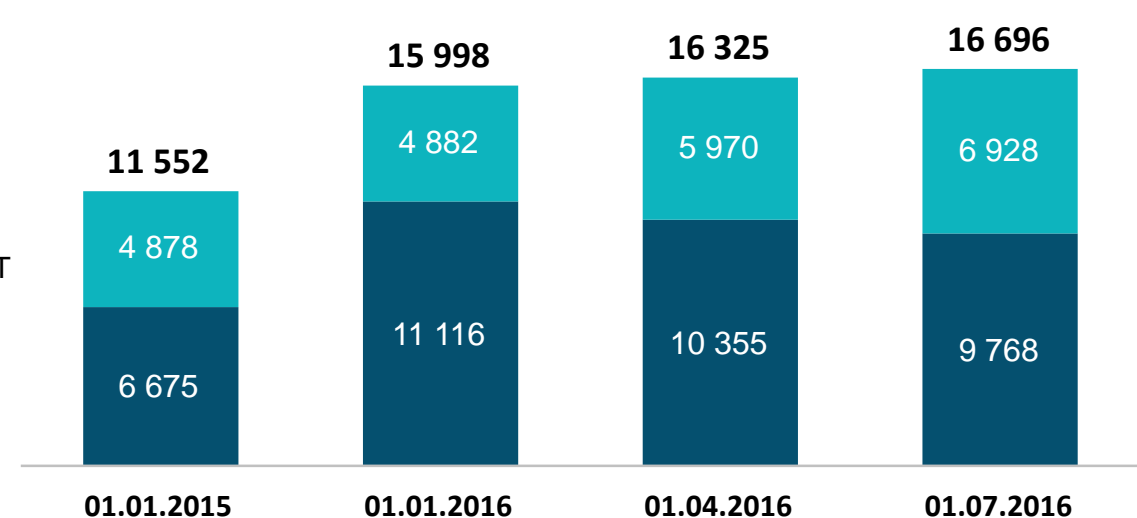
Overnight interest rate (TONIA)
[%]



Banking sector gross loans (KZT, bn)



Banking sector deposit currency composition (KZT, bn)



Given tough economic environment ForteBank has chosen very conservative approach to traditional lending business growth

Source: NBK

Creation of ForteBank: Financial, Legal and Operational targets fully completed in 2015

Financial

- ❑ December 2014 - completion of financial restructuring of Alliance Bank and financial merger with ForteBank and Temirbank
- ❑ Single entity with strong capitalization and good liquidity

Legal

- ❑ December 2014 – legal transfer of assets and liabilities of ForteBank and Temirbank to Alliance Bank
- ❑ February 2015 – renaming of Alliance Bank into ForteBank

Operational

- ❑ New core banking System Colvir installed; transfer of data 3 IT-systems completed in Q1'15

Customer accounts moved to new system: 23.6 mn

- ❑ Reduced branch coverage in overlapping locations as well as non-core regions

Branch network reduced from 236 to 149 outlets

- ❑ Move of Headquarters to a new building in Astana

c. 600 employees moved to Astana

- ❑ Optimized headcount due to overlapping functions and increased automation

FTE reduced from 5.5k to 3.5k

- ❑ Full rebranding of branch network, product and marketing materials

DESPITE HAVING 3RD LARGEST CAPITAL BASE, FORTEBANK IS NO.10 BY OUTSTANDING LOANS

Shareholder's equity (KZT, bn)

Bank name	Mkt share	Equity	Δ
1 HALYK	20,8%	548	
2 KKB	16,6%	438	
3 FORTEBANK	6,4%	169	
4 SBERBANK	5,6%	147	
5 TSESNA	5,4%	141	
6 HCSBK	4,5%	119	
7 KASPI BANK	4,4%	115	
8 CITY	4,2%	111	
9 CENTERCREDIT	3,4%	90	
10 ATF	3,0%	79	+1

Gross Loans (KZT, bn)

Bank name	Mkt share	Loans	Δ
1 KKB	25,5%	3 870	
2 HALYK	14,6%	2 225	
3 TSESNA	10,2%	1 553	
4 SBERBANK	6,2%	949	
5 CENTERCREDIT	6,0%	912	
6 KASPI BANK	4,8%	733	
7 RBK	4,6%	705	+ 1
8 ATF	4,3%	660	- 1
9 EURASIAN	4,3%	652	
10 FORTEBANK	3,2%	491	

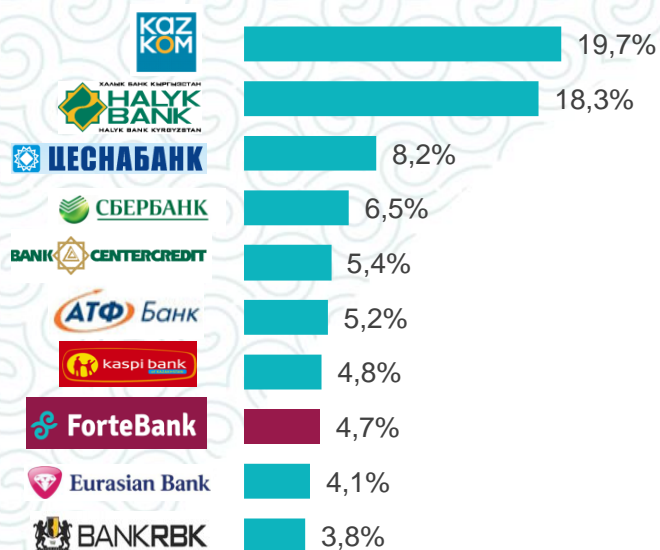
Customer's deposits (KZT, bn)

Bank name	Mkt share	Customer accounts	Δ
1 HALYK	18,5%	3 096	+1
2 KKB	18,3%	3 050	- 1
3 TSESNA	8,7%	1 447	
4 SBERBANK	7,1%	1 193	
5 ATF	5,9%	992	+ 1
6 CENTERCREDIT	5,7%	954	- 1
7 FORTEBANK	4,9%	825	+ 1
8 KASPI BANK	4,5%	747	- 1
9 RBK	4,1%	683	+ 1
10 EURASIAN	3,8%	634	- 1

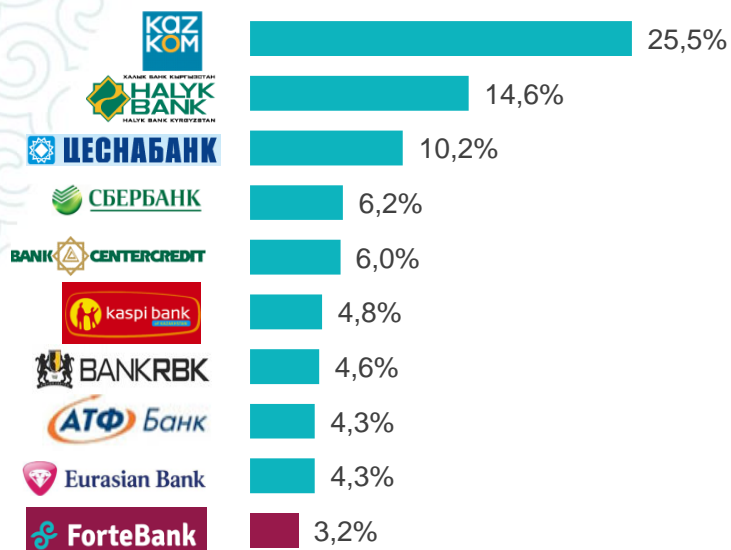
Source: NBK, as of June 30, 2016

COMPETITIVE LANDSCAPE AS OF JULY 01, 2016

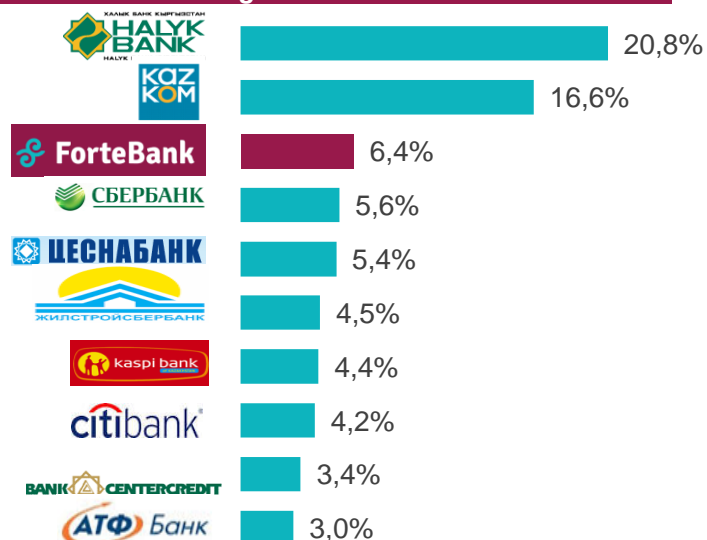
No. 8 by Total Assets Banking sector: KZT 24.43 bn.



No. 10 by Total Loans Banking sector: KZT 15.19 bn.



No. 3 by Total Equity Banking sector: KZT 2.64 bn.



No. 7 by Total Deposits Banking sector: KZT 16,70 bn.



Note: In accordance with KAS
Source: NBK

AMONG TOP 3 BANKS BY REGULATORY RATIOS AS OF JULY 01, 2016

	Ratio	Limit	ForteBank	KKB	Halykbank	ForteBank position, #
Capitalisation	k1	min 5%	0,197	0,086	0,199	2
	k1-2	min 6%	0,197	0,093	0,199	2
	k2	min 7,5%	0,225	0,127	0,199	1
Liquidity	k4	min 30%	2,507	0,873	1,356	1
	k4-1	min 100%	14,421	5,71	2,948	1
	k4-2	min 90%	4,446	3,438	2,902	1
	k4-3	min 80%	2,948	2,114	2,287	1
Other	k7	max 1	0,038	0,047	0,047	1
	k8	max 2	0,064	0,153	0,060	2
	k9	max 3	0,543	1,243	0,746	1

FORTEBANK SPLITS ITS BUSINESS INTO THREE KEY BUSINESS LINES, PLUS A COMPLETELY SEPARATE TEAM WORKING ON RECOVERY OF HISTORICAL PROBLEM LOAN PORTFOLIO

 **ForteBank**

Retail:

- Simple products and fast service
- Network focused in large population centers
- High level of automation and standardization
- Automated risk management (scoring)

Premier:

- Personal consultant
- Individual/flexible conditions
- Private banking partnerships

Retail products

- Internet and mobile banking
- Customer loans (secured/unsecured)
- ForteCards
- Payroll projects
- Deposits (term/sight)
- Money transfers
- ATM's and POS-terminals

 **ForteBusiness**

- Standardized simple products
- Government programs

Business products

- Loans for investment/turnover financing
- Overdrafts
- Deposits
- Documentary operations
- Government programs/Export financing
- Promissory notes/Factoring
- Treasury/FX products

 **ForteCorporate**

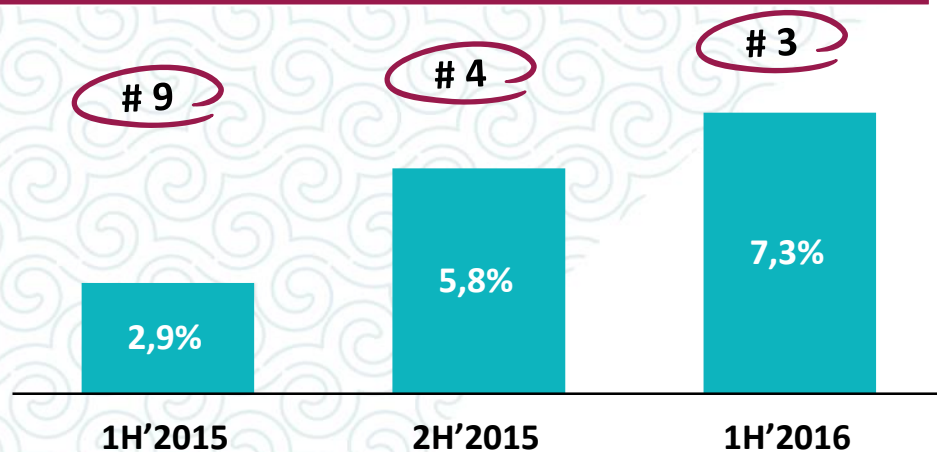
- High level of service
- Focus on less capital intensive and non-cyclical industries
- Focus on cash management banking, w/c financing, documentary business
- Target customers with payroll projects for retail cross-selling

 **ForteBank**
Heritage

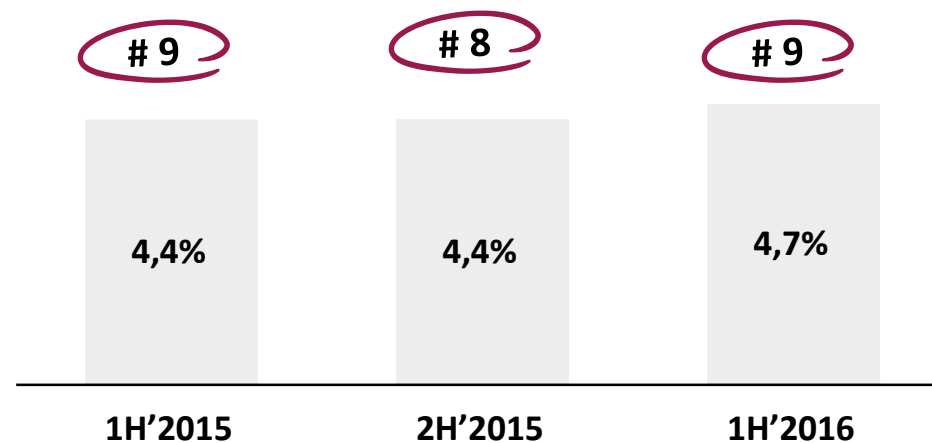
- Recovery of problem loans of the bank
- Heritage portfolio fixed as of 01 October 2014 year, with constant monitoring of court cases and recovery processes

FORTEBANK (RETAIL BANKING): STRONG BUSINESS FRANCHISE...

Market share: Retail loans granted and market position



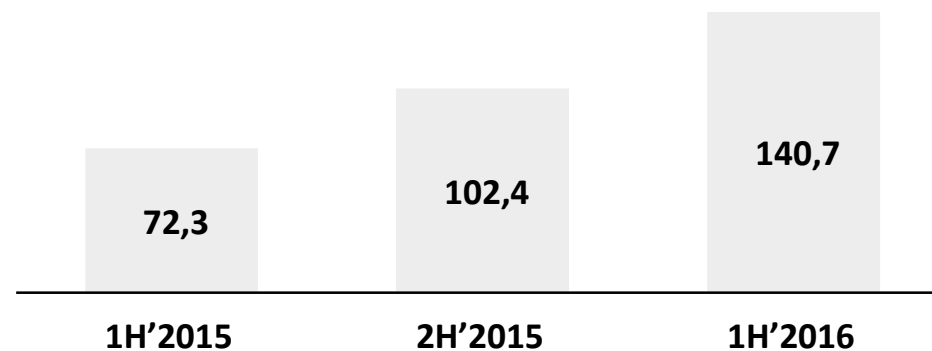
Market share: Retail deposits



Retail network

- 107 retail branches, all going through remodeling/rebranding process within 18 months
- 800+ ATMs and 200+ payment terminals
- Upgraded Call-Centre with further plans for active outgoing sales
- Updated internet and mobile banking

Cards turnover (KZT, bn)



Source: NBK, as of June 30, 2016

... GOING THROUGH EFFICIENCY OPTIMIZATION AND TECHNOLOGICAL IMPROVEMENTS

Branch and personnel reduction

2014

250
outlets



1H'16

107

2 150 empl.
retail front



994

New CRM system

- ❑ Microsoft Dynamics CRM providing full customer profile
- ❑ Ongoing roll-out at branch network level

Efficiency per manager

2015

24

Loans issued per 1
RM, mn KZT

1H'16

37

2,7

F&C income per 1
empl., mn KZT

5,8*

New internet and mobile banking

- ❑ Developer: Monetise (UK), one of leading mobile & internet banking developers in the world
- ❑ Released in May 2016, with significant updates planned through the year (4 developments in process)

* Budgeted till year end 2016

KEY AIMS OF RETAIL BANKING SEGMENT:



Move all standard products, including lending, into non-branch channels



Maintain branch network, but convert from product sale to customer service



Develop full omni-channel offering



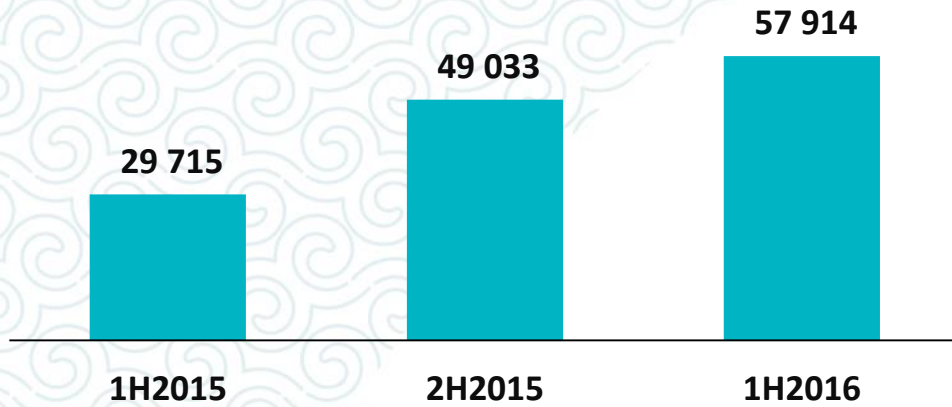
Analytical CRM, including AI and machine learning to better target customer offering



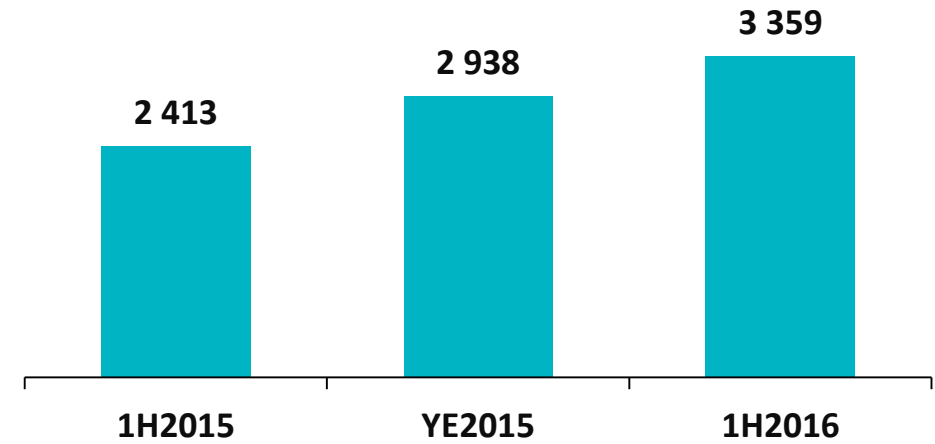
Evolved risk management procedures and systems

FORTEBUSINESS (SME BANKING): NEW, YET DEVELOPING BUSINESS LINE

Loans granted (KZT, bn)



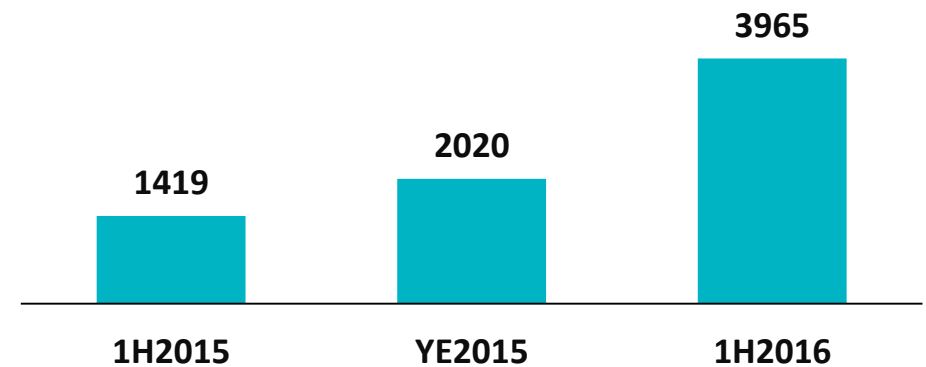
Number of SME borrowers



SME Network

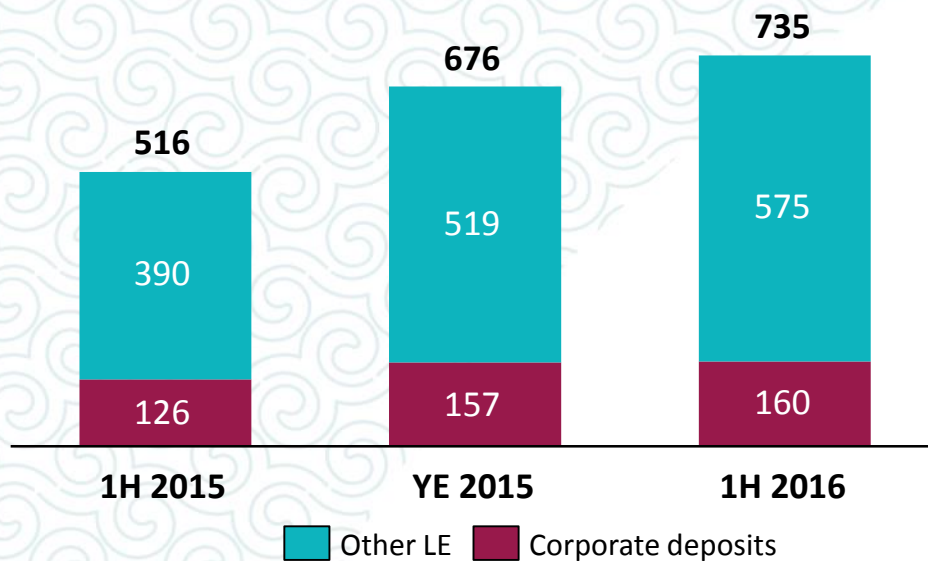
- 33 SME only specific branches
- 3 965 POS terminals
- Internet Banking

POS Network

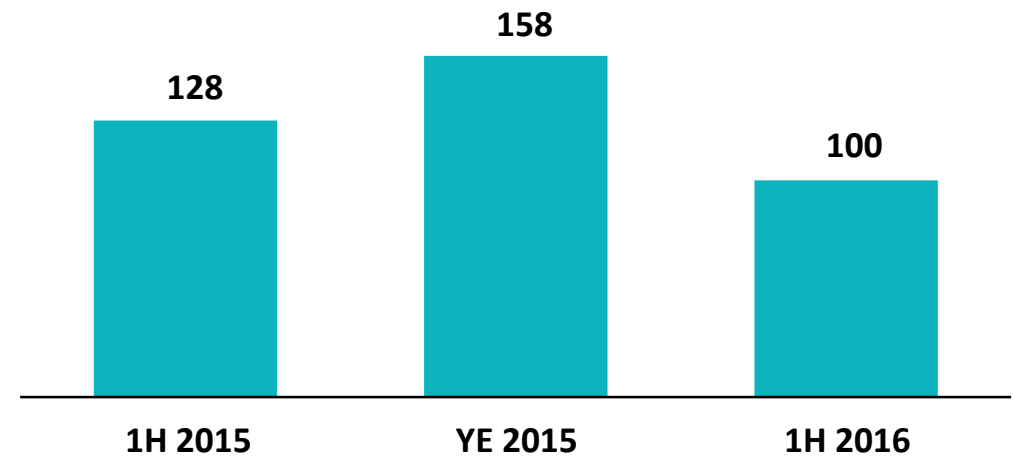


FORTECORPORATE (CORPORATE BANKING): MAIN FOCUS ON CASH MANAGEMENT FOR CORPORATE CLIENTS

Corporate deposits (KZT, bn)



Corporate loans (KZT, bn)



Comments

- ❑ As of 1H2016 share of corporate deposits represents 21% of total deposit portfolio
- ❑ This share was 24% and 23% as of YE2015 and 1H2015 respectively
- ❑ In Jan'16 resegmentation of portfolio 27,9 bn KZT shifted from Corporate to SME, due to segmentation rules change

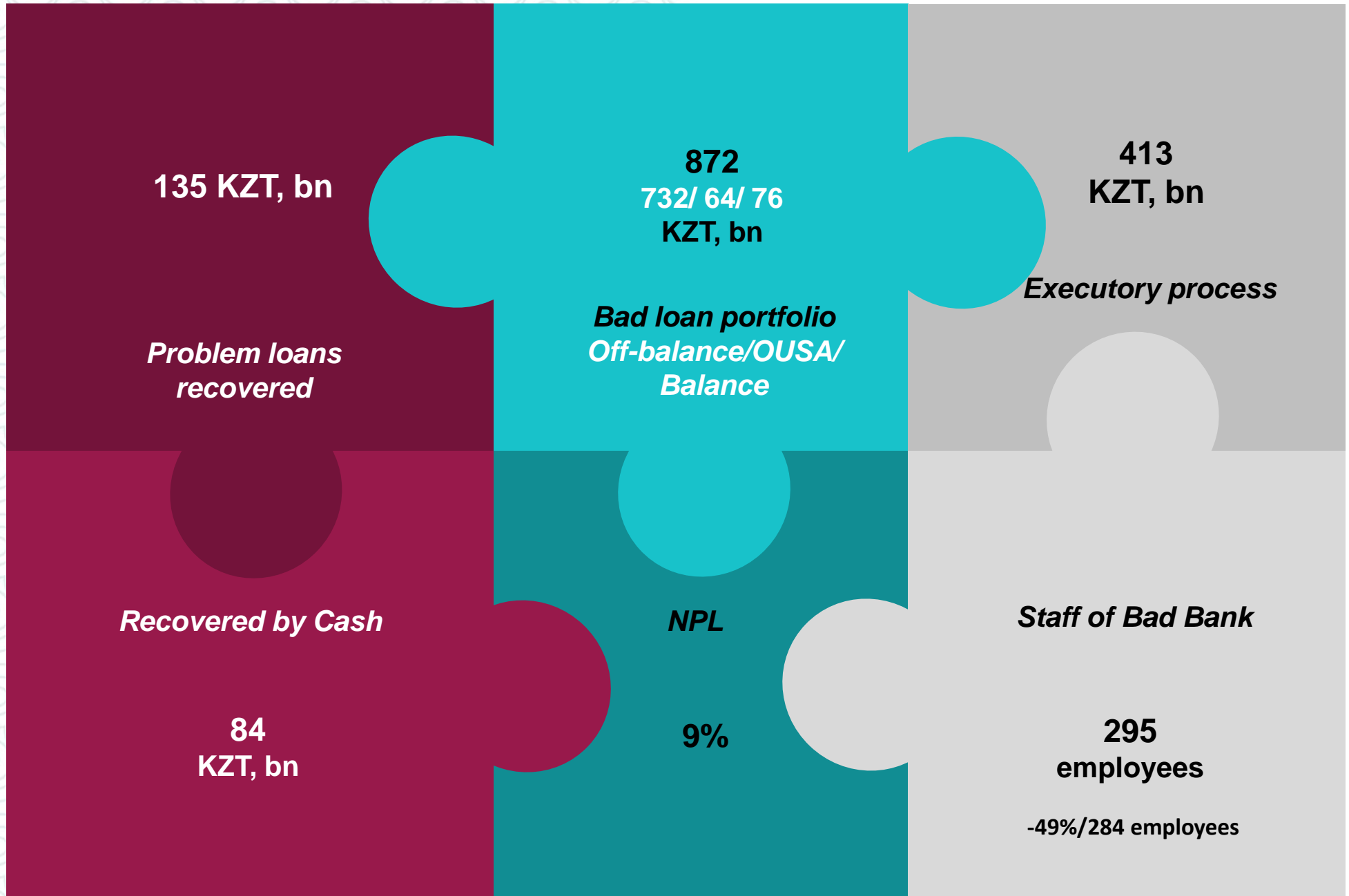
Key Services

- ❑ Focus on work with large corporates, with cash management products
- ❑ Introduction of innovative products:
 - "Cash pooling"
 - "No limits"

KEY AIMS OF SME & CORPORATE BANKING SEGMENT:

- ✓ Lending to SME segment, supported by Government and Development Banks (EBRD, ADB) programs
- ✓ Limited exposure to large Corporate customers
- ✓ Fee and commission generation from additional products
- ✓ System improvements (CRM) and customer service quality

FORTEBANK HERITAGE: SEPARATE BUSINESS LINE FOCUSED ON RECOVERIES AS OF JULY 01, 2016

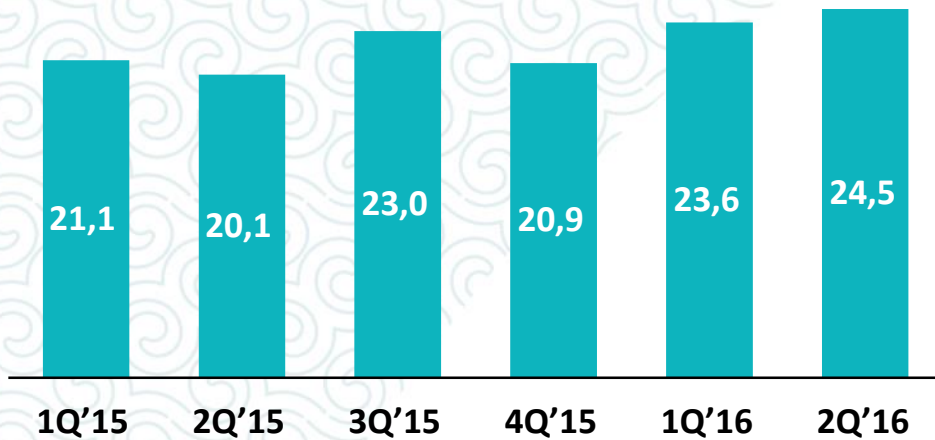


OVERVIEW AND STRATEGY

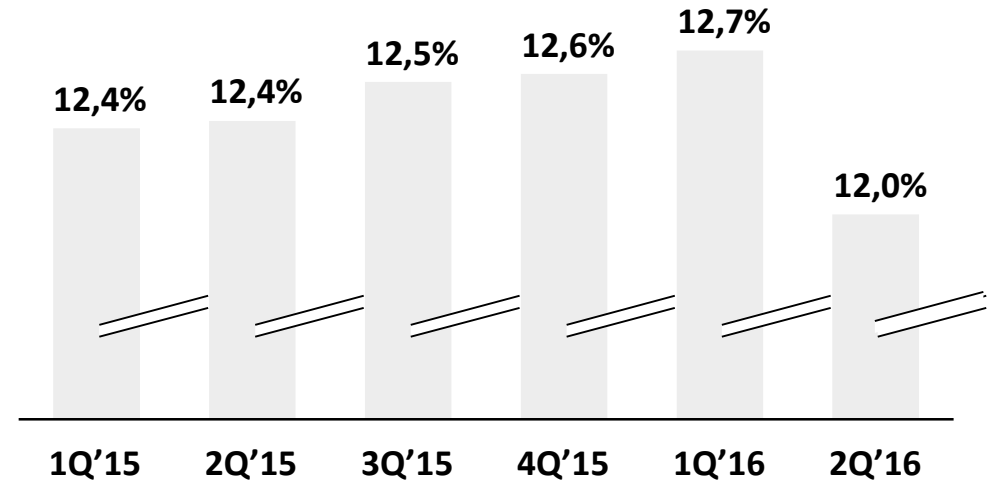
FINANCIAL PERFORMANCE

INTEREST INCOME DISCLOSURE

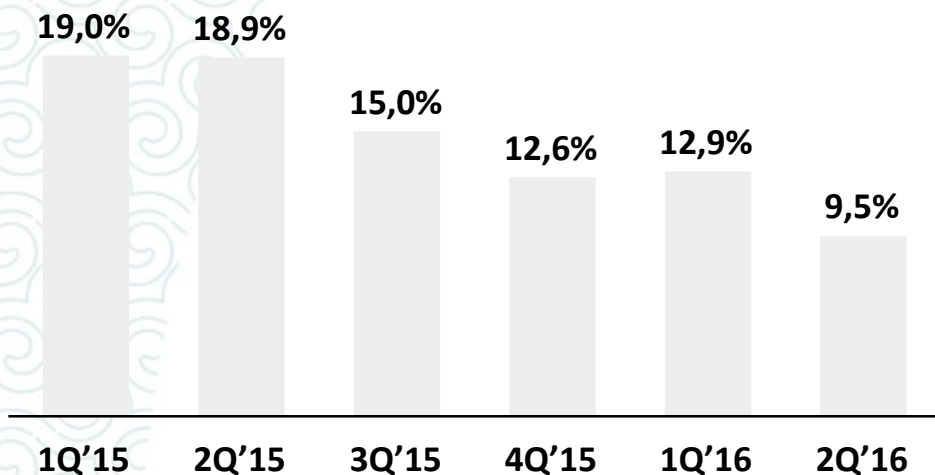
Interest income, KZT, bn



Effective interest rate*, %



Portion of interest income from Heritage loans, %



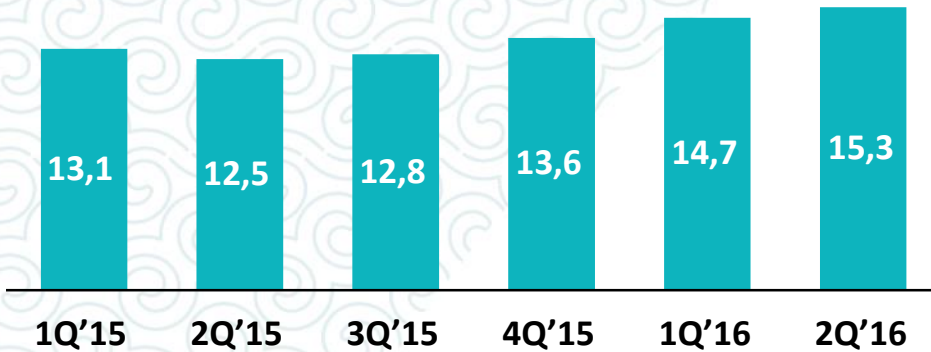
Comments:

- ❑ Growth in 3Q'15 due to devaluation effect and OUSA revenue recognition KZT 2,6 bn for 2Q and 3Q'15
- ❑ Interest income becomes more reliable (portion of Heritage is declining)
- ❑ Low interest collection due to accrued interest write-off (KZT 7,3 bn)

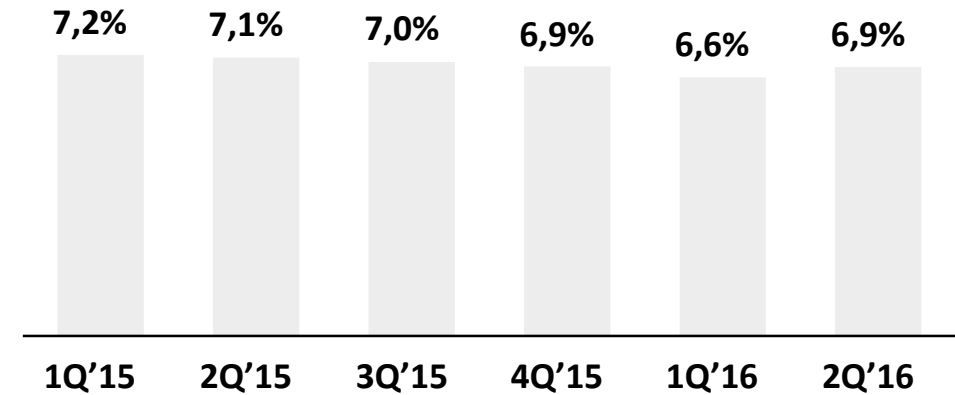
* Data for ForteBank on standalone basis, 2015 without OUSA

INTEREST EXPENSE DISCLOSURE

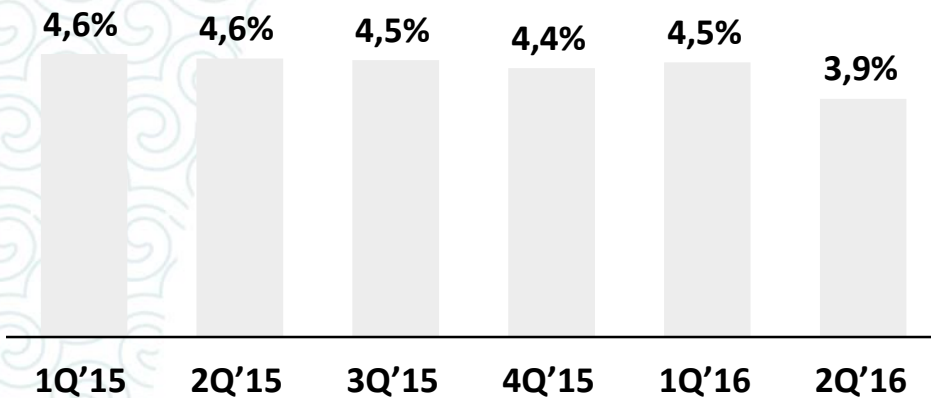
Interest expense, KZT, bn



Effective interest rate*, %



NIM*, %



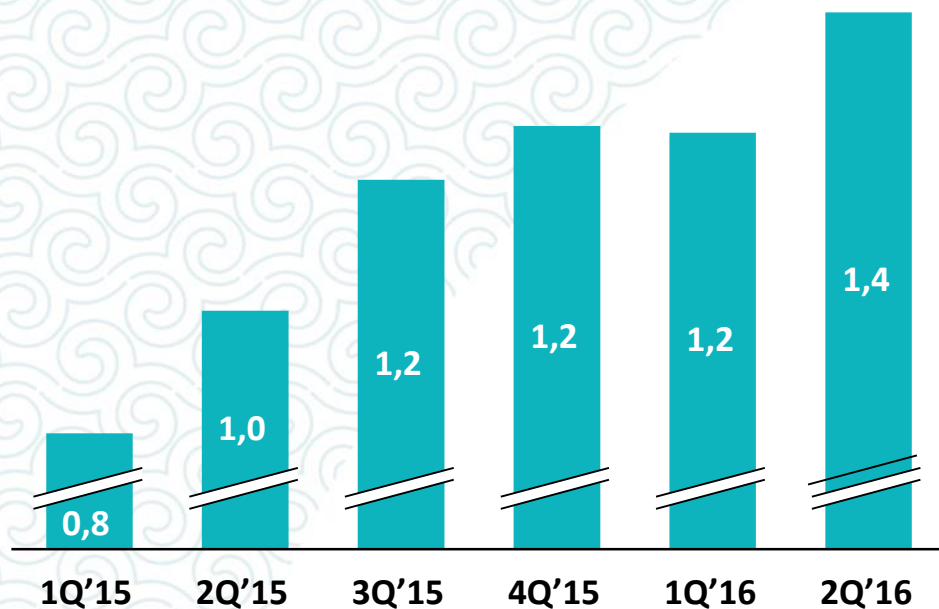
Comments:

- ❑ Payment to KDIF decreased from 0,5% to 0,11% per quarter on PI deposits
- ❑ Structure of obligations in FX during 2015 changed from 35% to 40%
- ❑ NIM changed due to sale of Samruk-Kazyna bonds in June 2015 for KZT 105 bn

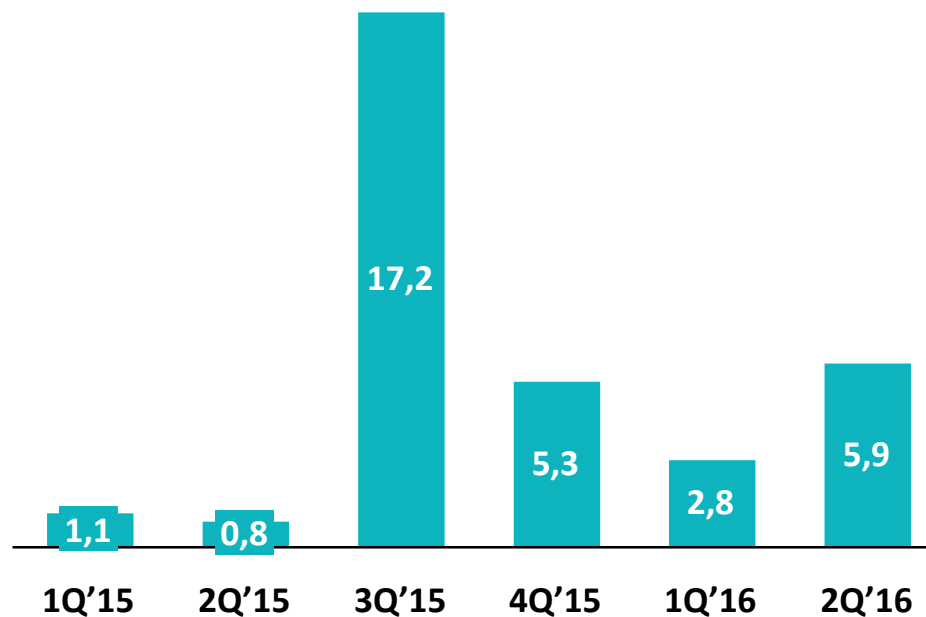
* Data for ForteBank on standalone basis

F&C AND OTHER INCOME

Net F&C income, KZT, bn



Other operating income, KZT, bn

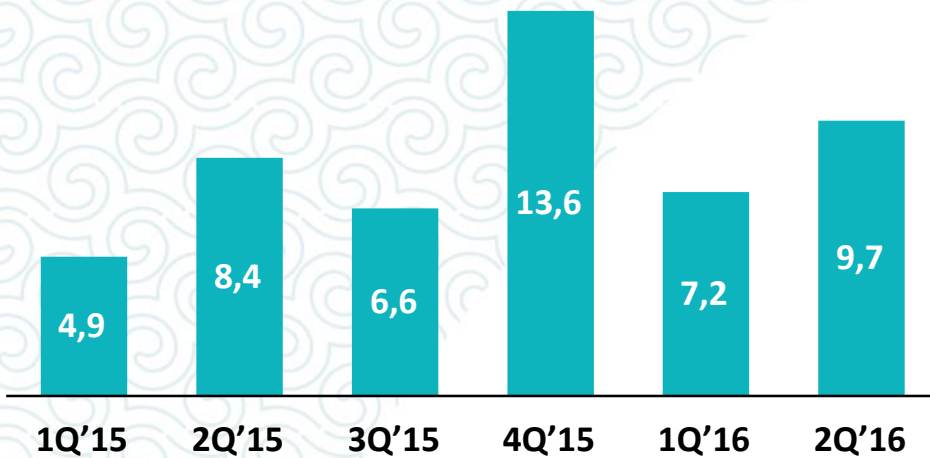


Comments:

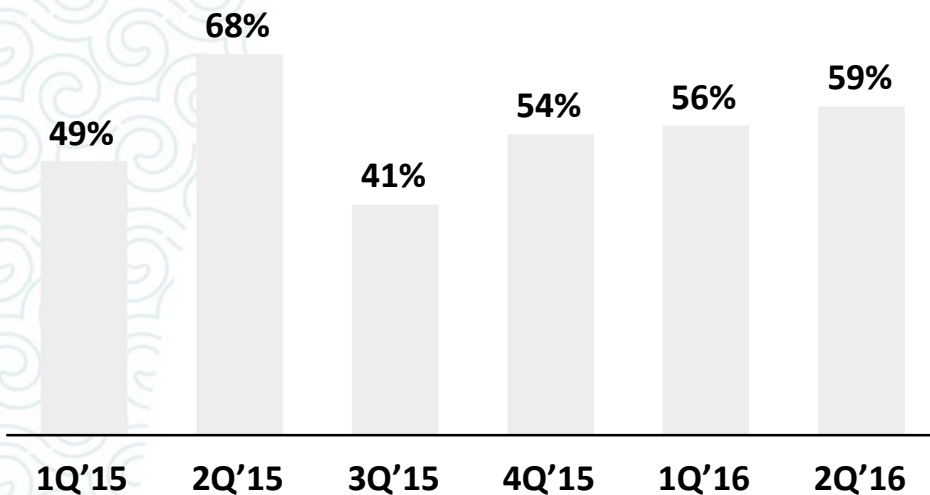
- Growth in F&C due to growth of business, new Clients attraction and revision of tariffs in 2016
- Other operating income growth due to:
 - 3Q'15 – devaluation effect +7,4 bn, revaluation of issued bonds + 6,2 bn, loan portfolio sales +3,6 bn KZT.
 - 4Q'15 – devaluation effect +7,1 bn, losses from court decisions execution -1,5 bn KZT.
 - 1Q'16 – devaluation effect +1,9 bn, revaluation of securities +1,9 bn, losses from court decisions execution -1,7 bn KZT
 - 2Q'16- devaluation effect +0,3 bn, revaluation of securities +5,5 bn, losses from court decisions execution -1,6 bn KZT

OPEX DISCLOSURE

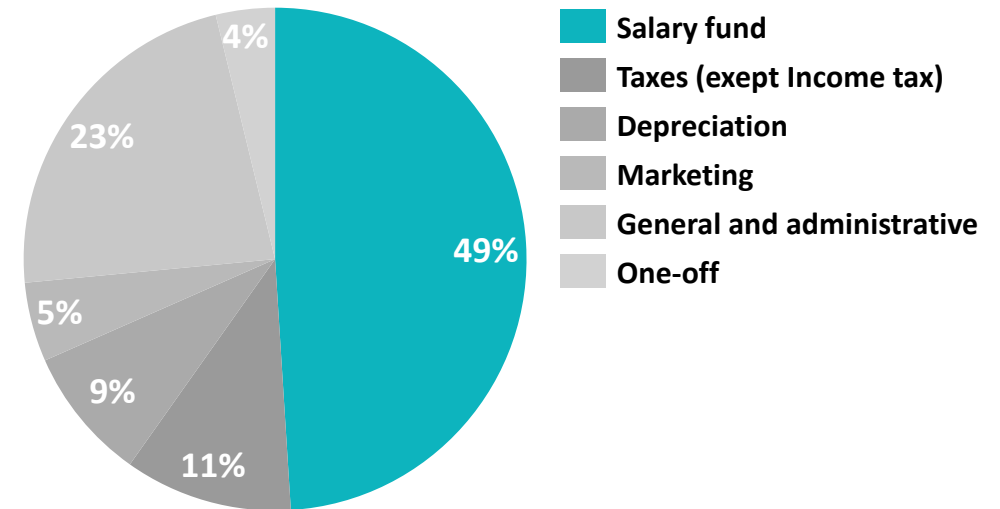
Operating expenses, KZT, bn



Cost/Income ratio (shown on cumulative basis), %



Structure of OPEX as of 01/07/2016, %

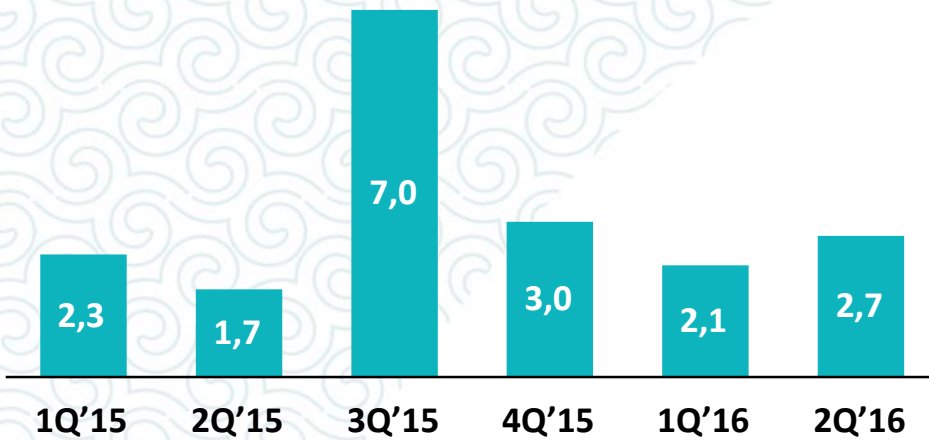


Comments:

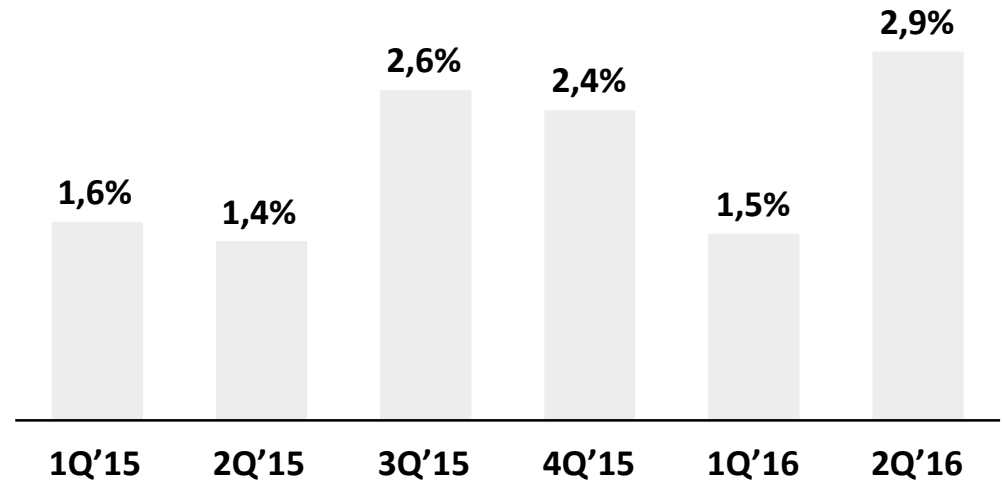
- ❑ 4Q'15 bonus expenses accrued for 2 years in amount around KZT 4,5 bn
- ❑ One-off expenses in 2015 – KZT 2,0 bn for international courts and rebranding during banks merger
- ❑ One-off expenses in 1H'16 – KZT 615 mn (KZT 557 mn HO movement to Astana)
- ❑ Expected expenses related to Astana HQ movement around KZT 1,5 bn per annum, offset by reduced headcount numbers

NET PROVISIONS

Net provisions creation for the period, KZT, bn



Net provisions/gross loan portfolio (shown on cumulative basis), %

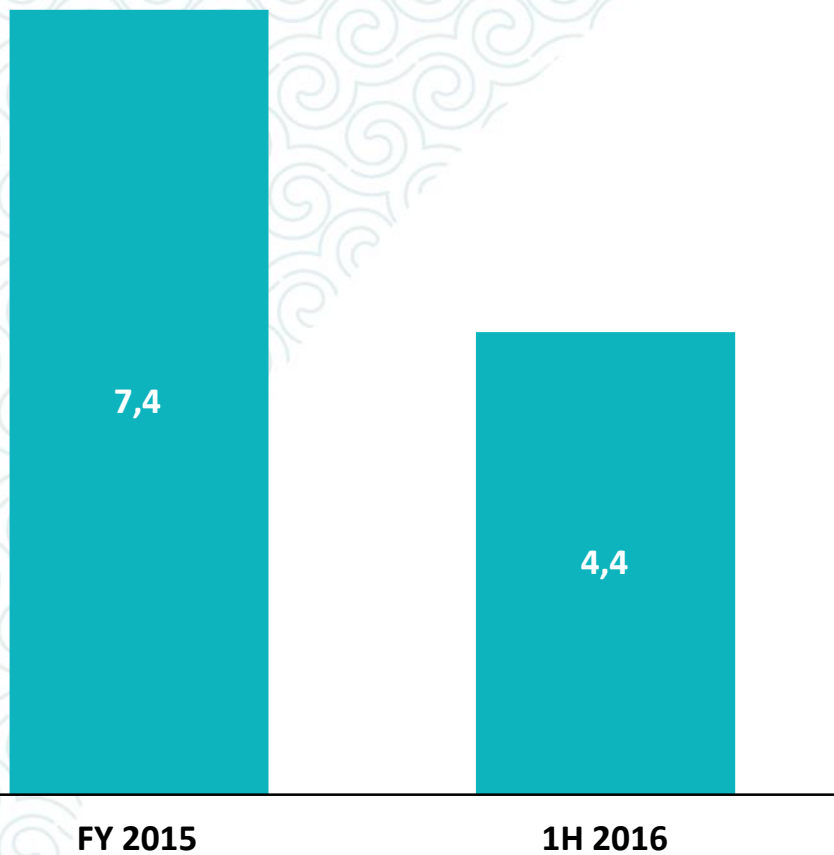


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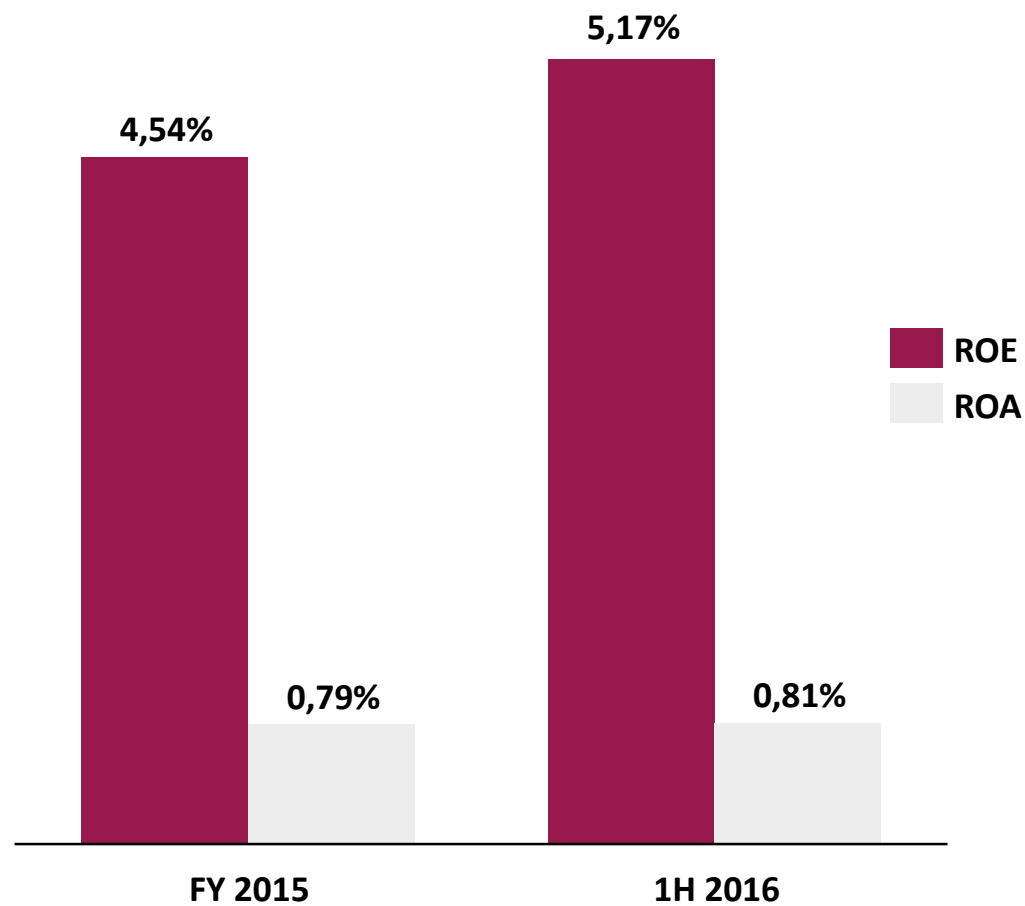
- Provisions are created for portfolio cleaning through write-off of bad loans. Amounts of write-offs are:
 - 1Q'15 – KZT 45,5 bn
 - 2Q'15 - KZT 30,4 bn
 - 3Q'15 – KZT 8,5 bn
 - 4Q'15 – KZT 8,0 bn
 - 1Q'16 – KZT 10,4 bn
 - 2Q'16 - KZT 7,9 bn

NET INCOME

Net Income, KZT, bn

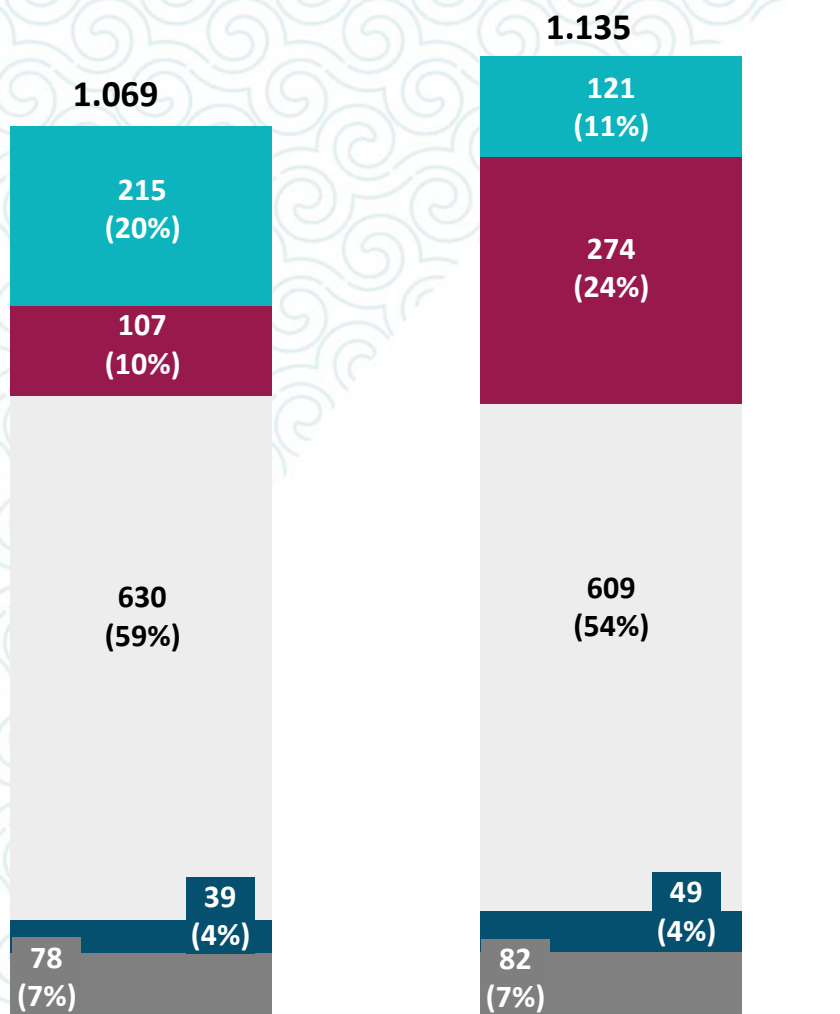


ROE and ROA, %

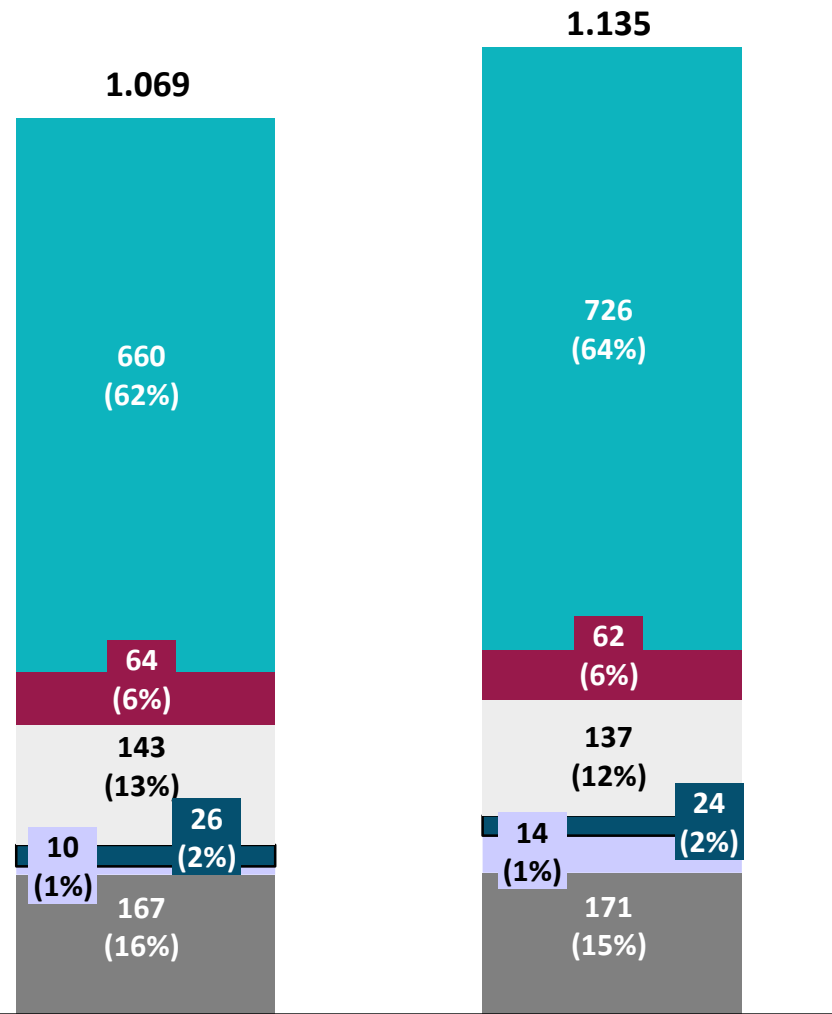


ASSETS AND LIABILITY COMPOSITION

Assets, KZT, bn



Liabilities and equity, KZT, bn



- Cash and equivalents
- Securities
- Loans
- Fixed assets
- Other

- Client's deposits
- Bank's deposits
- Bonds issued
- Subordinated debt
- Other (incl. REPO)
- Owner's equity

CAPITAL ADEQUACY RATIOS

KZT, mn	01.01.2016	01.07.2016	Difference	
			Abs.	%
Owner's equity*	186 281	182 897	-3 384	-1,8%
Tier 1 capital	161 315	160 333	-981	-0,6%
<i>Fixed capital</i>	<i>161 315</i>	<i>160 333</i>	<i>-981</i>	<i>-0,6%</i>
<i>Additional capital</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>-</i>
Tier 2 capital	24 966	22 564	-2 402	-9,6%
Assets and contingent liabilities weighted by credit and market risk	861 962	814 369	-47 593	-5,5%
Assets weighted by credit risk	814 155	781 240	-32 915	-4,0%
Contingent liabilities by credit risk	20 227	28 615	+8 388	+41,5%
Assets and cont. liab. by market risk	25 363	2 297	-23 066	-90,9%
Other	2 217	2 217	-	-

Coefficient	Min. requirements	01.01.2016	01.07.2016	Difference
Tier 1 (Basel III)			14,9%	
Total Capital Adequacy (Basel III)			22,5%	
K1	Not less 5%	18,7%	19,7%	+1,0%
K1-2	Not less 6%	18,7%	19,7%	+1,0%
K2	Not less 7,5%	21,6%	22,5%	+0,8%
K3	Not more 25%	24,1%	11,4%	-12,7%
K4	Not less 30%	232,0%	250,7%	+18,7%
K7	Not more 1	0,019	0,038	+0,020
K8	Not more 2	0,047	0,064	+0,017
K9	Not more 3	0,546	0,543	-0,003
Internal assets alloc. (KBA)	Not less 1	1,069	1,061	-0,008
Open currency position (OBП)	Not more 25%	11,5%	1,0%	-10,5%