



**2018 FINANCIAL PERFORMANCE  
PRESENTATION**

 **OVERVIEW & BUSINESS POSITION**

- **FINANCIAL PERFORMANCE & LIQUIDITY**
- **SME & CORPORATE**
- **RETAIL BUSINESS**

# FORTEBANK AT GLANCE

**ForteBank** is a modern high-tech Bank that provides each customer with the largest possible range of banking services of high quality and reliability, following international standards and principles of corporate ethics. Following those principles allows us to bring stable benefits to our customers, shareholders and employees.

In 2018, an independent agency conducted an analysis of customer satisfaction of the 7 largest banks in Kazakhstan, according to which ForteBank:

**#1**

- by NPS index
- by Customer satisfaction index
- by Recommendation index

## FORTEBANK OWNS:

**100%** OUSA-Alliance LLP – company managing doubtful and bad assets

**100%** OUSA-F LLP – company managing doubtful and bad assets

**81%** ForteLeasing JSC - company operating in all regions of Kazakhstan. The main activity of the company is leasing operations.

**20** Branches covering all regions of Kazakhstan

**100** Outlets in 35 cities and settlements

**862** ATMs. But ForteCard allows to withdraw cash in all Kazakhstani banks ATMs without any fees

**4 133** Employees, of which:  
female - 67,6%/ 32,3% - male

## FORTEBANK RATINGS:

**Standard & Poor's** B/Positive/B/kzBBB-

**Moody's** B3/Positive/B2(cr)/NP

**Fitch Ratings** B/Stable/B/BB+(kaz)

# 2018 HIGHLIGHTS

**#3** BY ASSETS

+18,1% (+KZT 272,0 billion) growth in assets, +2 ranks in comparison with 2017

**> KZT 29 billion** NET PROFIT

net profit increased by 47.4% and amounted to KZT 29,108 billion. Commission income increased by 76.5% as compared to 2017

**16.2** K1 %

the capital adequacy ratio K1 measuring the ratio of the Bank's equity to risk-weighted assets, was 16.2%, against the minimum regulatory level of at least 5.5%

**154** K4 %

the current liquidity ratio (ratio of current working assets to short-term liabilities) remains one of the highest in the market, against the regulatory minimum level at 30%

**+2,6%** LOANS

growth of net loan portfolio in 2018, amounted to more than KZT 690 billion as of the end of 2018. The quality of loan portfolio has improved in 2018 as well. Thus, the share of NPLs in accordance with National Bank has decreased from 7.24% to 6.63% in 2018.

**+10%** ACCOUNTS & DEPOSITS

growth of total currents accounts and deposits in 2018. The deposit portfolio has grown by 9,6% (by 27,5% without Samruk-Kazyna KZT 220 bln deposit) and amounted to KZT 1,076 billion.

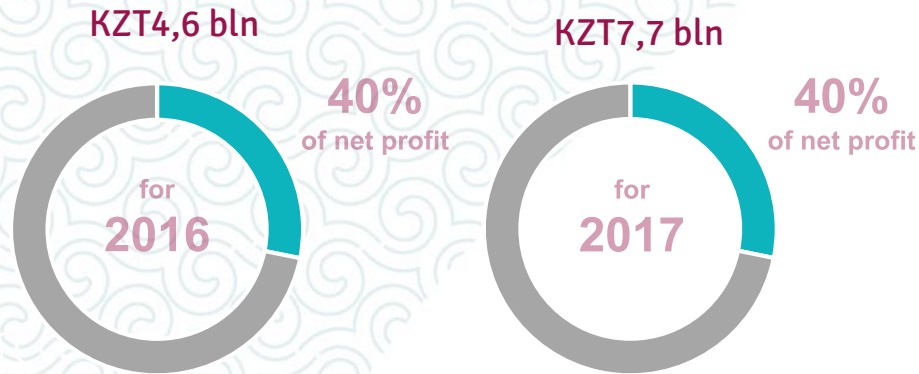
**#1** EXCELLENCE AWARDS

Achievements of the Bank were honored by awards from leading worldwide magazines



# SHARE CAPITAL

## DIVIDENDS PAID



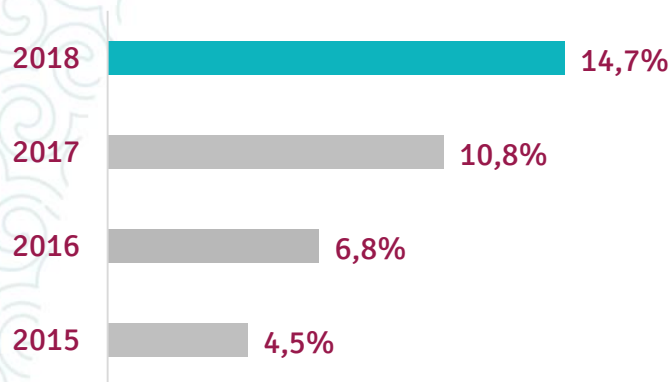
ForteBank's Eurobond covenants limit dividend payout to 40% of annual Net Income.

## SHAREHOLDERS STRUCTURE

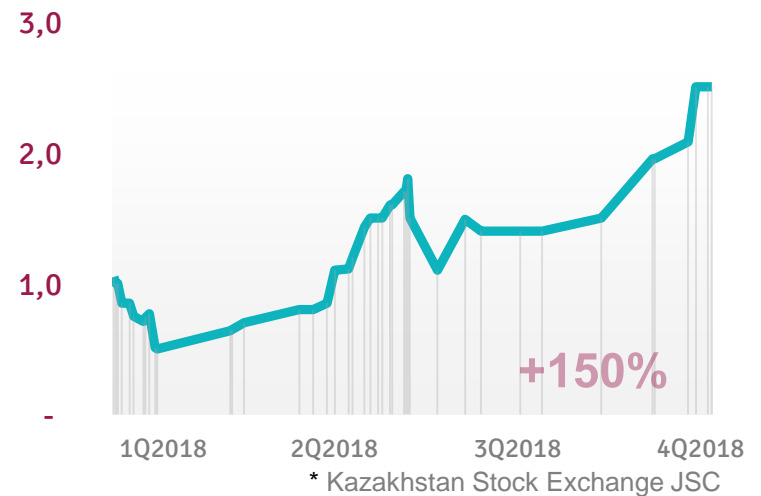
Shared Issued (ordinary)	- 92,387,104,089
Hold by B. Utemuratov	- 87,27%
Free float (>25,000 holders)	- 12,73%

As of 01.01.2019 ForteBank does not have any issued or authorized preferred shares.

## ROE DYNAMIC

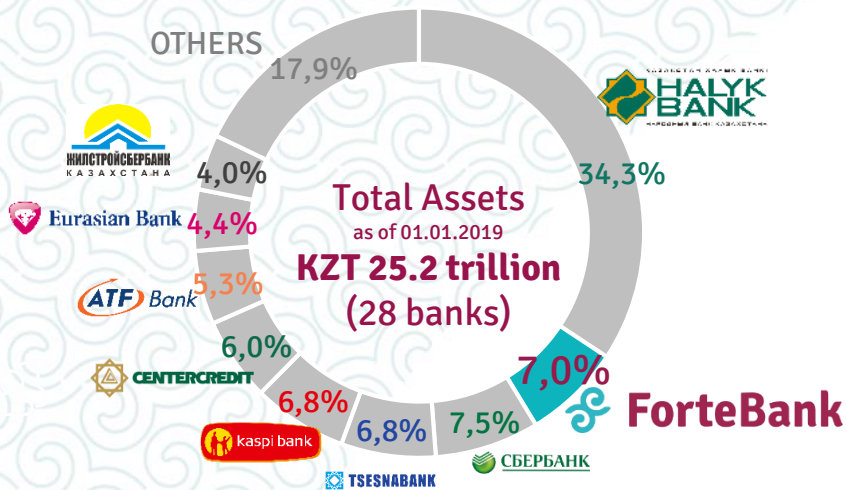


## SHARE PRICE TREND\* IN 2018, KZT

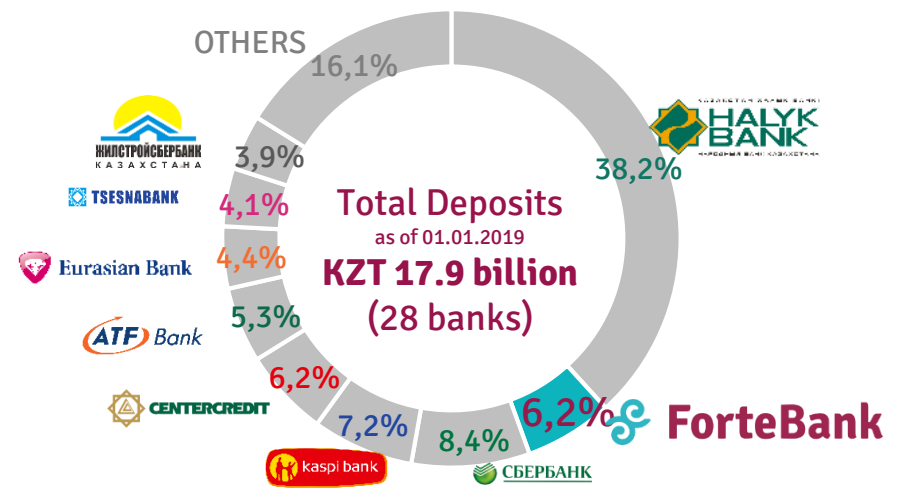


# COMPETITIVE ENVIRONMENT

## #3 BY TOTAL ASSETS

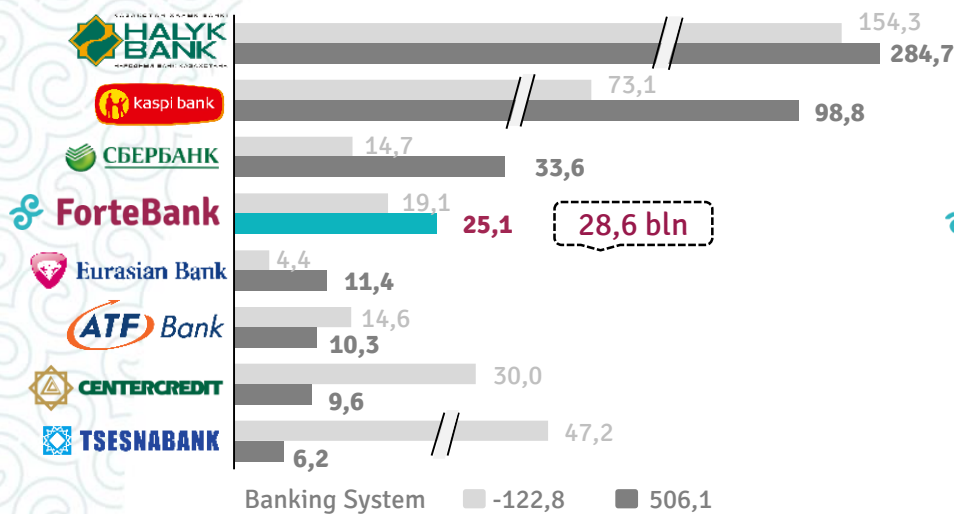


## #4 BY DEPOSITS

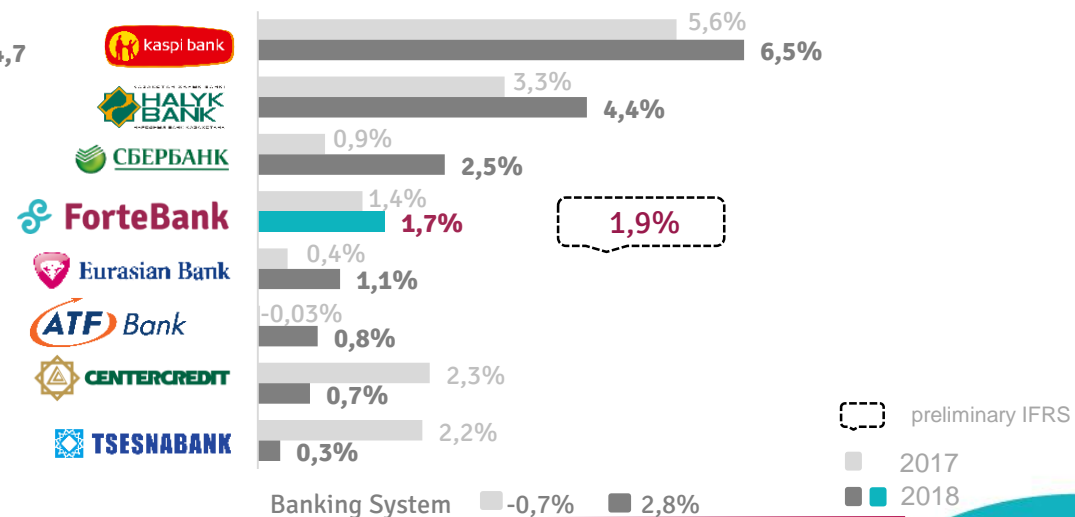


All indicators are taken on the basis of data from the official website of the National Bank of RK

## #4 BY NET INCOME billion KZT

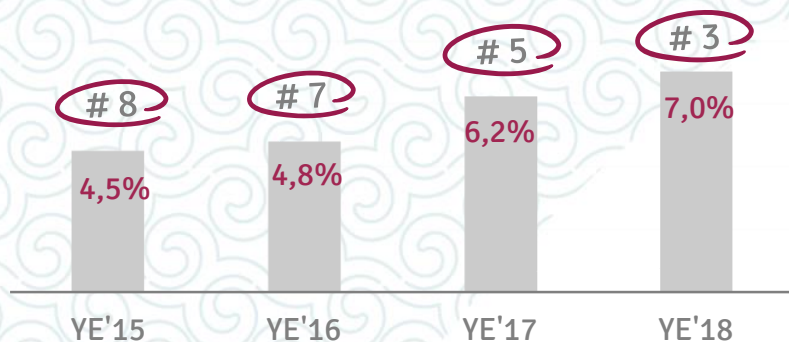


## #4 BY ROA, %

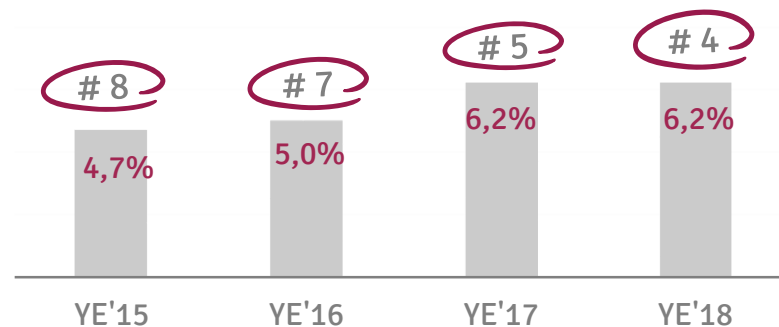


# BUSINESS POSITION: INCREASING MARKET SHARE AND POSITION..

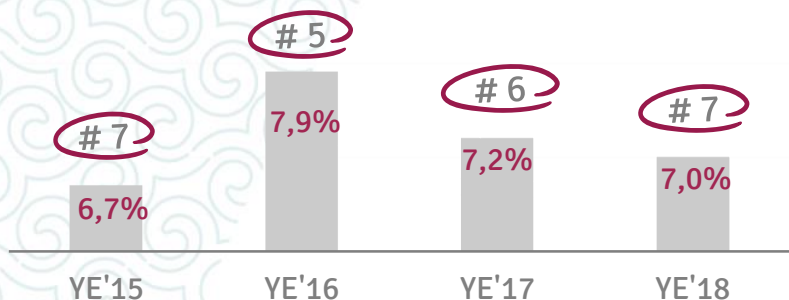
## ASSETS



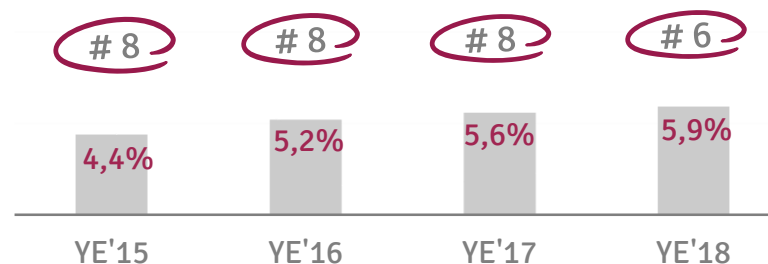
## DEPOSITS



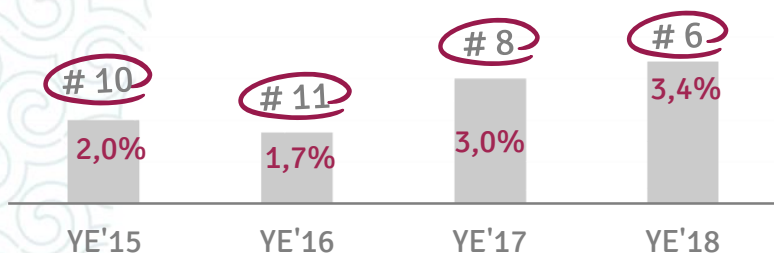
## RETAIL LOANS\*



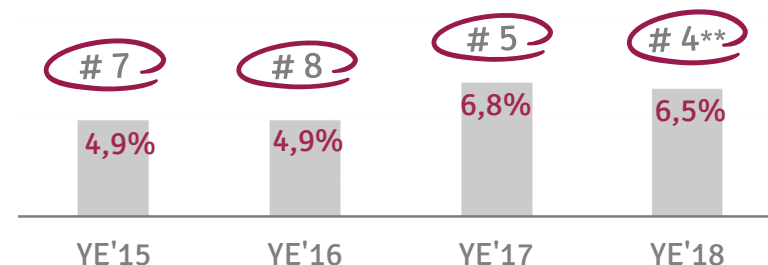
## RETAIL DEPOSITS



## CORPORATE LOANS\*



## CORPORATE DEPOSITS



\*In accordance with management accounts

\*\*Real increase of deposit portfolio is not reflected as in 2018 KZT 220 bln deposit of Samruk-Kazyna was converted to bonds.

# DIGITALISATION

## RETAIL



Functionality development in MIB (target: leading Russian Banks, loans and become TOP 5 in CIS according to Markswebb)



Launch of payments for banking and non-banking services  
Launch of payments and mobile system for FX transactions for Individuals



Creation of new DataWareHouse for better analysis of existing data and connecting new data sources, incl. «big data»  
After implementation – analysis of collected data with «machine learning»

## LEGAL ENTITIES



New Internet Bank for Legal Entities, including creation of mobile app



Implementation of CRM for Legal Entities



Implementation of concept of ForteBusiness Apps for Legal Entities

# KEY BUSINESS LINES, INCLUDING A 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

Business products

- Standardized simple products
- Government programs

- 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

# THE BOARD OF DIRECTORS



**Magzhan Auezov**

**Chairman of the Board, Member of Risk Committee, Strategic Committee, Internal Audit Committee, HR and Remuneration Committee**

03/2018 - current – Chairman of the Board of Directors of ForteBank JSC, B.Utemuratov interest representative

12/2016 – 02/2017 – Chairman of the Management Board of ForteBank JSC

12/2016 – current – Chairman of the Board of Directors of Bank KassaNova JSC

2016 – 2017 – Member of the Board – Independent Director of Kazakhstan Deposit Insurance Fund

2016 – 2017 – Chairman of the Board of Kazakhstan Association of Financiers



**Anuar Utemuratov**

**Member of the Board, Member of Risk Committee, Strategic Committee, Internal Audit Committee, HR and Remuneration Committee**

2014 – current Member of the Board of Directors of ForteBank JSC, B.Utemuratov interest representative of

2013 – 2016 Member of the Board of Directors, ABC Bank JSC (former - ForteBank JSC)

2010 – 2013 Member of the Management Board, Chief Risk Officer, ForteBank JSC (currently JSC ABC Bank)



**Timur Issatayev**

**Member of the Board, Member of Risk Committee, Strategic Committee, Internal Audit Committee, HR and Remuneration Committee**

2013 – current Member of the Board of Directors of ForteBank JSC, B.Utemuratov interest representative

2012 – 2013 Member of the Board of Directors, ABC Bank JSC (former - ForteBank JSC)



**Rustem Bekturov**

**Member of the Board - Independent director, Head of Risk Committee, HR and Remuneration Committee, Member of Strategic Committee, Internal Audit Committee**

2014 – current – Member of the Board of Directors of ForteBank JSC, Independent Director

2013 – 2016 – Member of the Board of Directors, Independent Director, ABC Bank JSC (former - ForteBank JSC)

2010 – current Member of Investment Committee, Deputy General Director, KMG Refining and Marketing JSC



**Hubert Albert Pandza**

**Member of the Board - Independent director, Member of Risk Committee, HR and Remuneration Committee, Head of Strategic Committee, Internal Audit Committee**

2015- current – Member of the Board of Directors of ForteBank JSC, Independent Director

2015 - current – Member of the Board of Directors, Rosenergobank

2010 - 2014 – Member of the Board of Directors, Independent Director, Alliance Bank JSC



**Yeldar Abdrazakov**

**Member of the Board - Independent director, Member of Risk Committee, Strategic Committee, Internal Audit Committee, HR and Remuneration Committee**

03/2019 - current – Member of the Board of Directors of ForteBank JSC, Independent Director

07/2012 - current – Member of the Board of Directors, Kazakhstan Stock Exchange JSC

04/2015 – current – owner of Centras Group, Chairman of the Board of Directors of “Kommesk-Omir” Insurance Company JSC, Centras Securities JSC, “Centras Insurance” Insurance Company JSC, Centras Venture Fund, SOS Medical Assistance

# MANAGEMENT BOARD



**Guram Andronikashvili**

**Chairman of the Management Board, General management of the Bank, Premier Banking, International Relations, Treasury, PR, Financial Planning**

02/2018 – current – Chairman of the Management Board, ForteBank JSC

12/2016 – 02/2018 – Member of the Management Board - First Deputy Chairman of the Management Board, ForteBank JSC

01/2015 – 12/2016 – Member of the Management Board - Deputy Chairman of the Management Board, ForteBank JSC .

04/2010 – 12/2016 – Chairman of the Management Board, ABC Bank JSC (former – Forte Bank JSC)



**Aidyn Ayezkanov**

**Deputy Chairman, Recovery of bad loans (legal entities and retail), Sale of non-core assets, Administration activity**

10/2013 – present – Member of the Management Board - Deputy Chairman of the Management Board, ForteBank JSC

11/2008 – 10/2013 Entrepreneur

06/2006 – 11/2008 Deputy Chairman of the Management Board, ATF Bank JSC



**Gaukhar Bissembiyeva**

**Deputy Chairwoman, Payments, Operational Services**

02/2017 – present – Member of the Management Board - Deputy Chairwoman of the Management Board, ForteBank JSC

01/2015-02/2017 Managing Director, ForteBank JSC

07/2009 – 01/2015 Deputy Chairwoman of the Management Board, ABC Bank JSC (former – Forte Bank JSC).



**Adil Batyrbekov**

**Deputy Chairman, SME & Corporate**

02/2017 – present – Member of the Board – Deputy Chairman of the Management Board, ForteBank JSC

09/2004 – 07/2016 – Director of the Risk Management department, Managing Director, Member of the Management Board, Kazkommerzbank JSC



**Zhumabek Mamutov**

**Deputy Chairman, Retail**

02/2018 – present – Member of the Board – Deputy Chairman of the Management Board, ForteBank JSC

05/2017 – 02/2018 – Member of the Board – Deputy Chairman of the Management Board, Bank Kassa Nova JSC

07/2015 – 05/2017 – Executive Director, Managing Director, Kazkommerzbank JSC



**Ruslan Omarov**

**Deputy Chairman, IT**

11/2018 – present - Member of the Board – Deputy Chairman of the Management Board, ForteBank JSC

8/2018 – 10/2018 - Councilor of the CEO, ForteBank JSC

2018 – present - Executive General Manager, DARecosystem LLP

2010 - 2018 - Executive General Manager, Deputy of General Manager, The First Credit Bureau

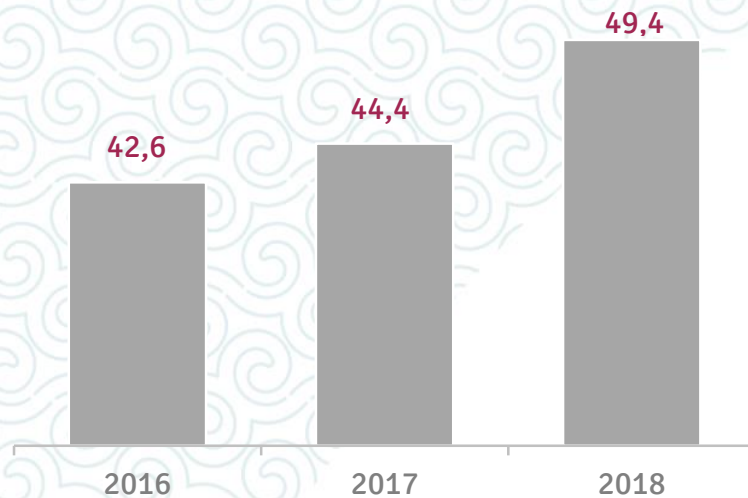
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 **FINANCIAL PERFORMANCE & LIQUIDITY**

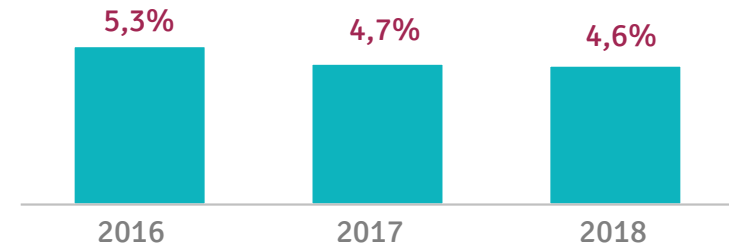
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# FINANCIAL PERFORMANCE: NET INTEREST AND F&C INCOME

## NET INTEREST INCOME [KZT, bln]

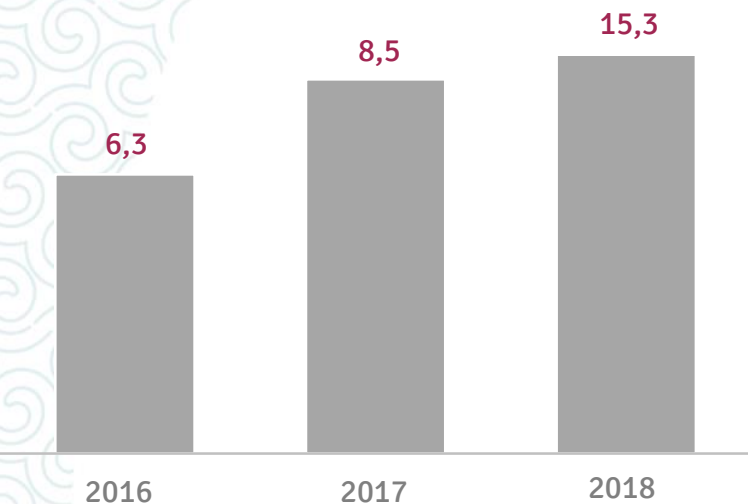


## NET INTEREST MARGIN [%]

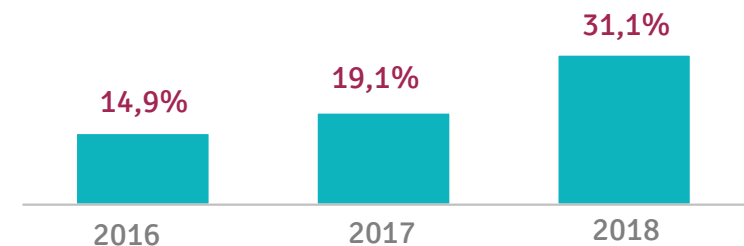


- ❑ NII increased by 11,2% in 2018 as a result of interest income growth on securities because of significant growth of securities portfolio (by 1,5 times), combined with decrease of interest expenses (-3,1%)
- ❑ NIM decreased due to higher proportion of securities in working assets compared to loans with lower margins and lower risks on such securities portfolio

## NET FEES & COMMISSIONS INCOME [KZT, bln]



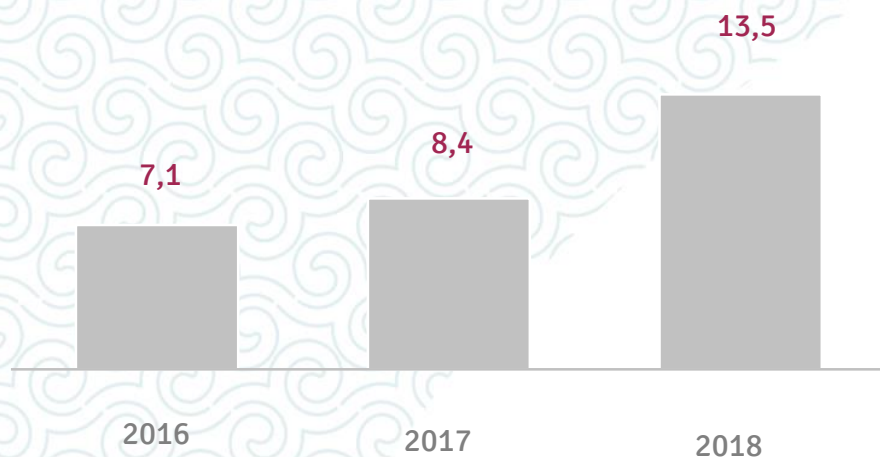
## NET FEES & COMMISSIONS/NET INTEREST INCOME [%]



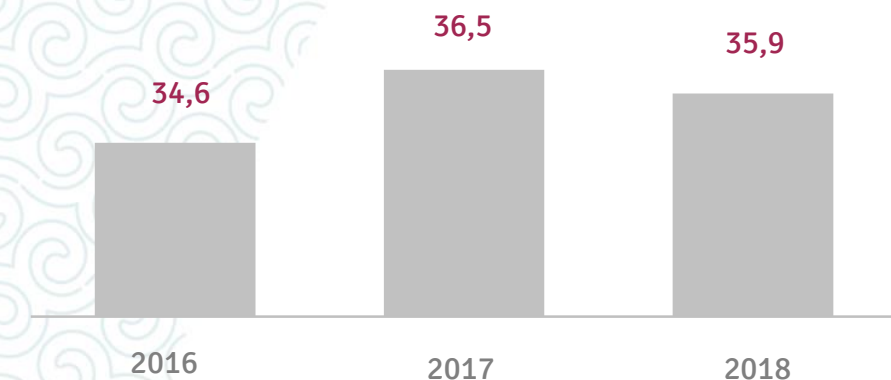
- ❑ Growth in F&C is due to growth of business, new Clients capture and revision of tariffs in 2017-2018
- ❑ SME growth is driven by new clients capture and revision of tariffs
- ❑ Retail growth is mostly due to growth of card business

# INCOME AND EXPENSES

## OTHER OPERATING INCOME \* [KZT, bln]



## OPERATING EXPENSES [KZT, bln]

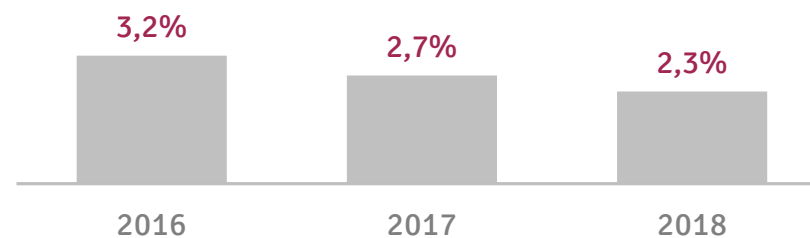


\* Together with expenses from below the market price currency sale according to the court decision

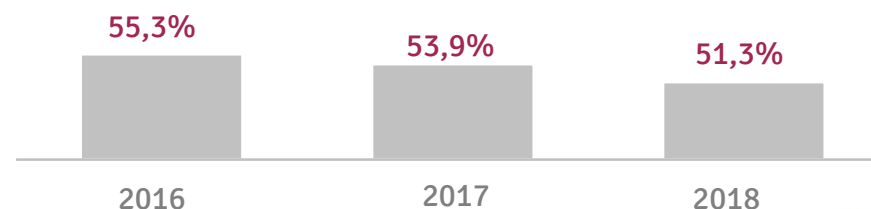
\*\* Without considering expenses from below the market price currency sale according to the court decision

- Other operating income growth/ reduction due to:
  - **2018:** KZT 14,4 bln - one-off gain from the conversion of Samruk-Kazyna deposit and participation in the state mortgage restructuring program
  - **2017:** KZT 2,1 bln - revaluation effect, KZT 2,5 bln - revaluation of securities, KZT 6,4 bln - losses from execution of court decisions, KZT 3,1 bln - income unclaimed entitlements from 2014 restructuring, KZT 1,1 bln - revaluation of land sold
  - **2016:** KZT 0,4 bln - devaluation effect, KZT 9,7 bln - revaluation of securities, KZT 6,4 bln - losses from execution of court decisions
- Operating expenses:
  - **2018:** KZT 0,9 bln - salary growth
  - **2017:** KZT 1,5 bln - salary growth, KZT 0,85 bln - amortization related to network re-branding
  - **2016:** KZT 1,6 bln - one-off expenses

## COSTS/ AVERAGE ASSETS [%]

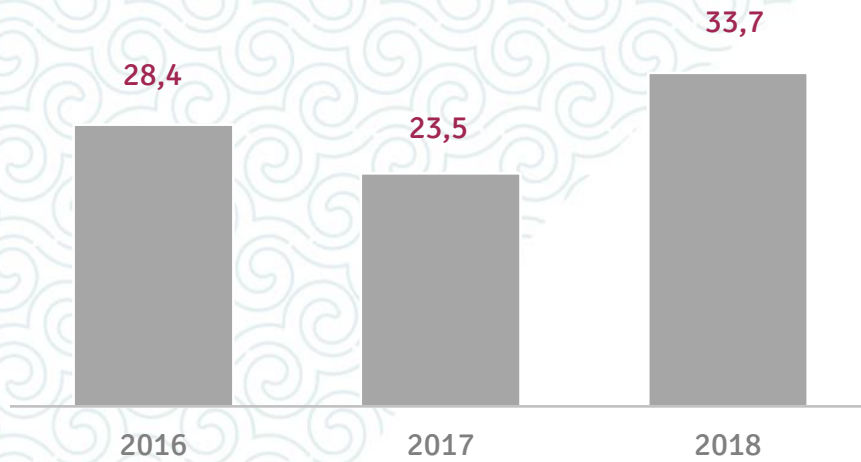


## COSTS/ INCOME RATIO\*\* [%]

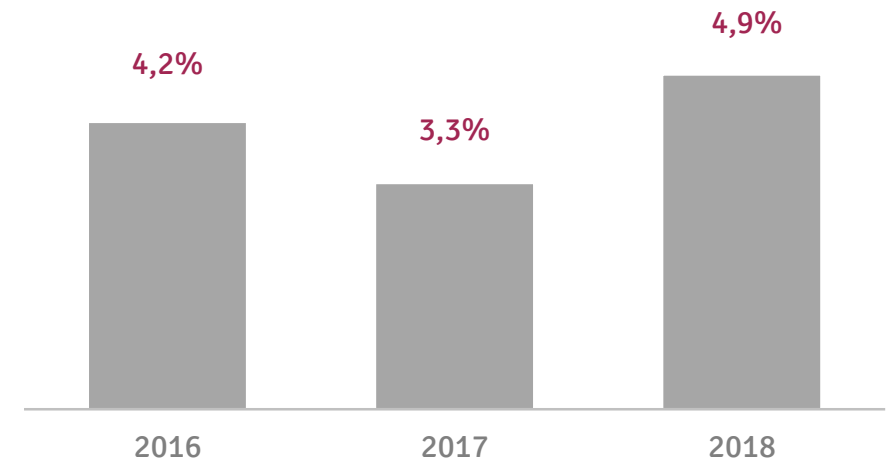


# PROVISIONS

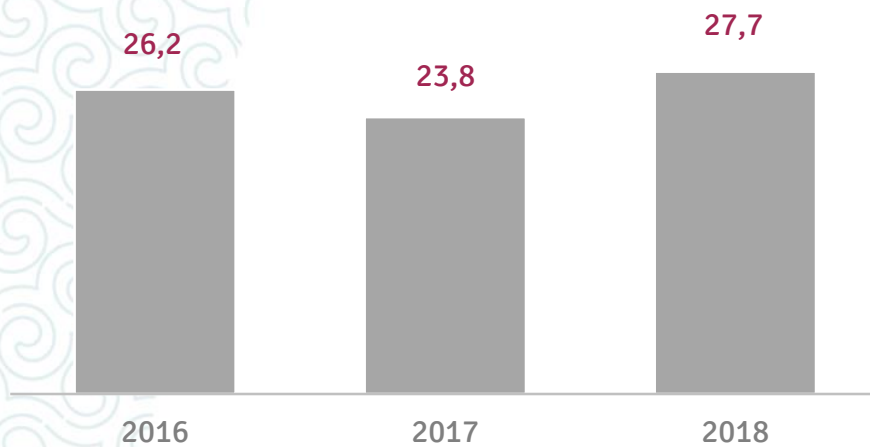
PROVISION EXPENSES\* [KZT, bln]



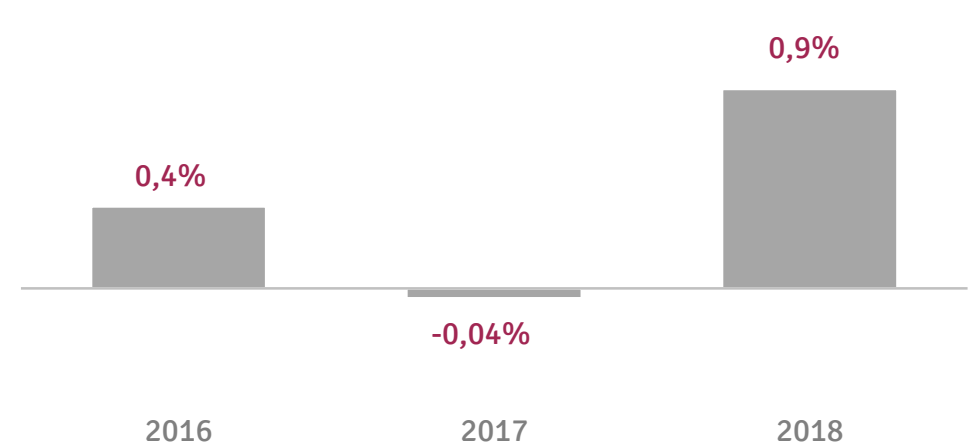
PROVISION EXPENSES/ AVERAGE LOANS [%]



PROVISION RECOVERY FROM HERITAGE [KZT, bln]

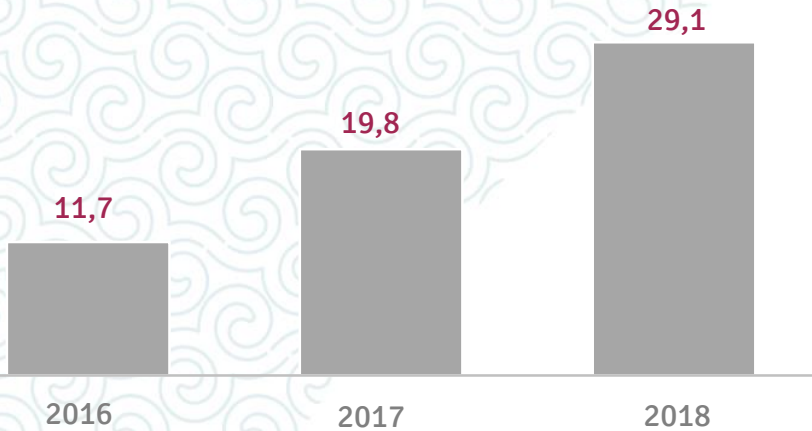


NET LOANS PROVISION/ AVERAGE LOANS [%]

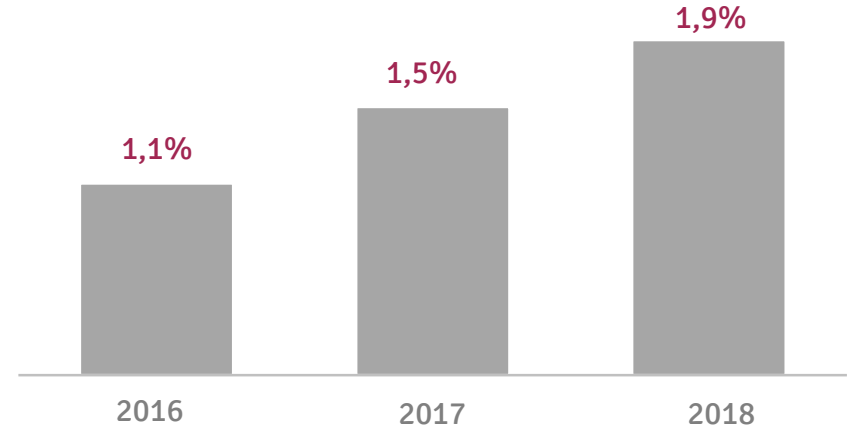


# NET INCOME

NET INCOME [KZT, bln]



RETURN ON ASSETS, ROA [%]

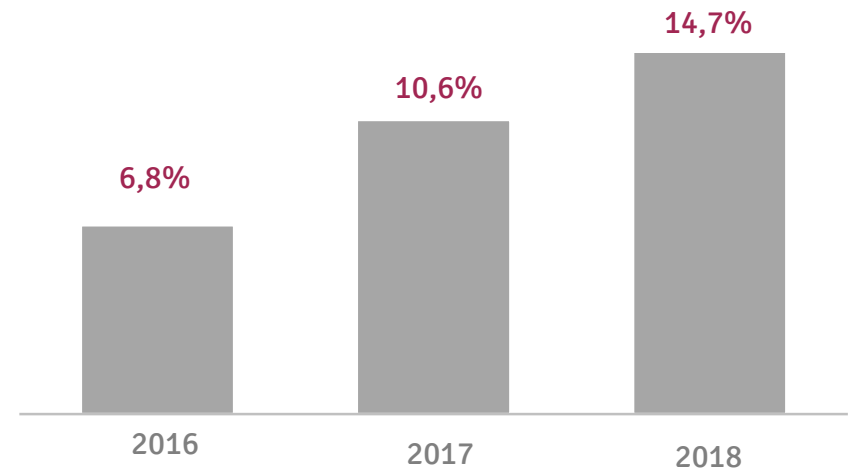


- Net income for 2018 increased by 47,4% mainly due to the growth of the Bank's business income\* by KZT 14.7 bln, including net commission income of KZT 6.9 bln, net interest income of KZT 5.0 bln.
- Structure of revenues becomes more business driven:

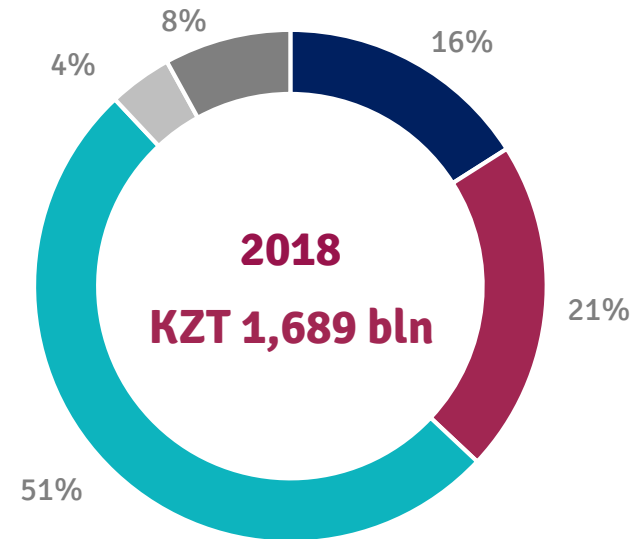
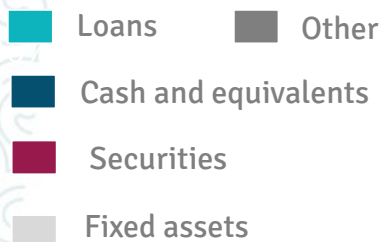
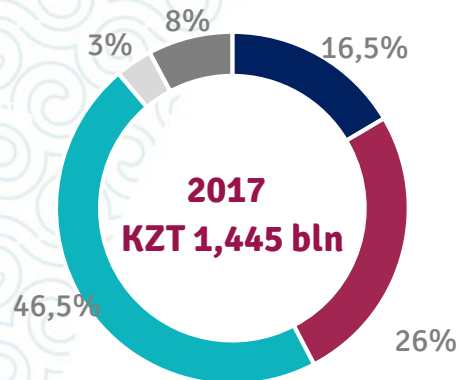
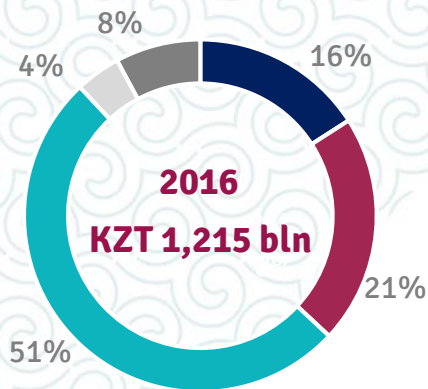
KZT, mln	2016	2017	2018
Extraordinary income	7 283	7 211	14 399
Business income*	53 608	58 908	73 625
Net Income	11 654	19 751	29 108

\* Business income = Net % income + Net F&C income + Net FX income (without losses from execution of court decisions).

RETURN ON EQUITY, ROE [%]



## ASSETS STRUCTURE [KZT, bln]

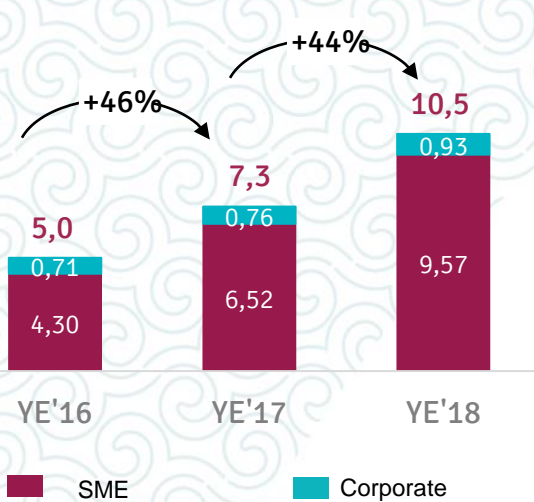


- ❑ Assets of the Bank increased by 17% in 2018
- ❑ Securities portfolio of the Bank increased by KZT 207 bln (+55%) from KZT 373 bln as of YE'2017 to KZT 580 bln as of YE'2018 although its share decreased from 26% to 21%
- ❑ Cash and cash equivalents slightly decreased by 1,7% from KZT 238 bln as of YE'2017 to KZT 234 bln as of YE'2018

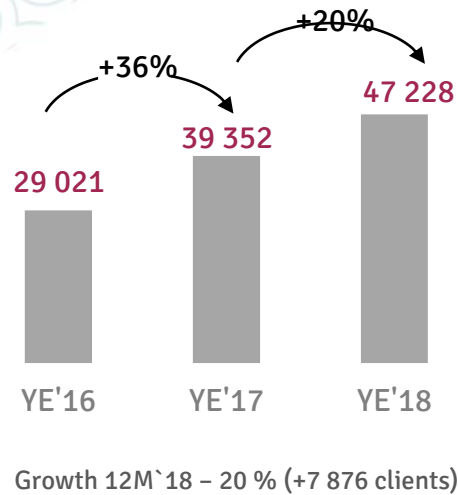
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# FORTEBUSINESS (SME&CORP): RESULTS OF 2018

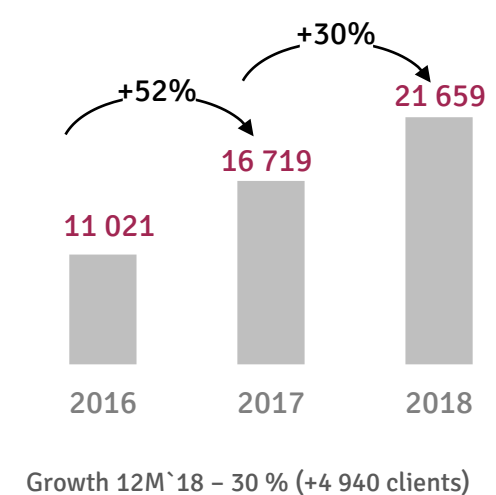
## F&C INCOME [KZT, bln]



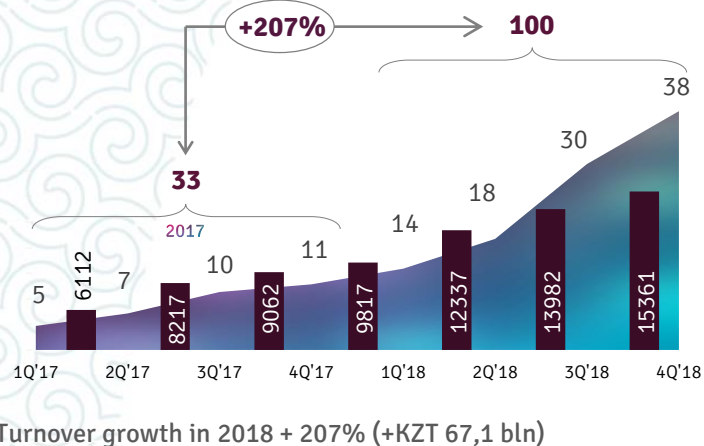
## #ACTIVE CLIENTS



## #NEW CLIENTS



## POS TERMINALS AND VOLUME OF TRANSACTIONS

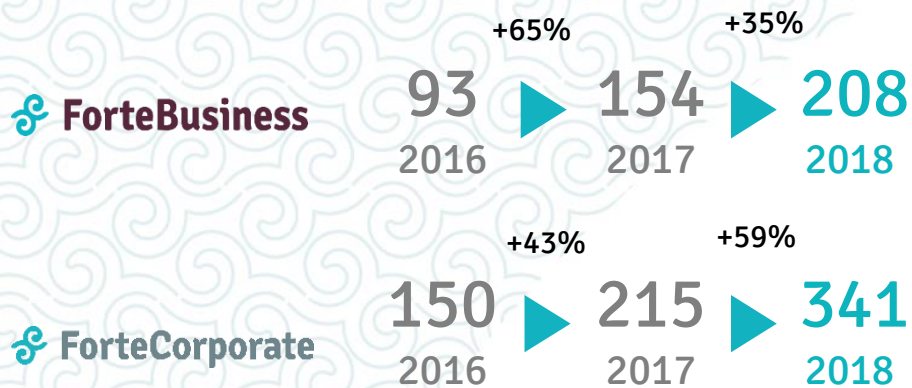


## NUMBER OF SHOPS / ACQUIRING

Ranking			% annual growth	Absolute annual growth	Market share
01.01.18	01.01.19	Banking system	2 298	2,9%	100%
1	1	Halyk Bank	-6 731	-13,5%	53%
3	2	<b>ForteBank</b>	3 039	54,2%	11%
2	3	Sberbank	-566	-8,2%	8%
5	4	Bank CenterCredit	1 906	54,7%	7%
4	5	ATF	727	18,2%	6%
6	6	KASPI	1 916	88,8%	5%
7	7	Eurasian Bank	283	14,0%	3%
8	8	Tsesnabank	521	31,8%	3%
9	9	ALFA-BANK	253	26,9%	1%

# FORTEBUSINESS (SME&CORP): RESULTS OF 2018

## DEPOSIT PORTFOLIO



\* without conversion of KZT 220 bln deposit of Samruk-Kazyna the Bank would be on the second place per market share

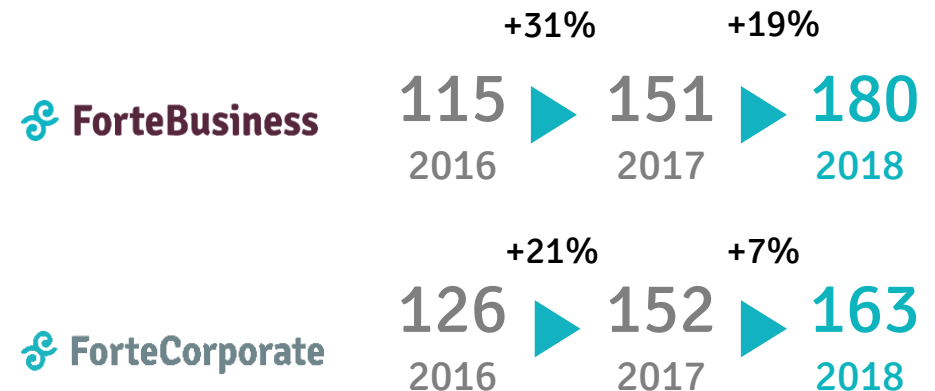
## MARKET SHARE

01.01.18	01.01.19	Banking system	% annual growth	absolute annual growth	market share
1	1	Halyk Bank	44,1%	816	39,3%
4	2	Sberbank	11,4%	55	7,9%
6	3	ATF Bank	13,6%	54	6,6%
5	4	ForteBank*	22,6%	106	6,5%
8	5	Citibank	62,6%	163	6,2%
7	6	Bank CenterCredit	-3,3%	-13	5,5%
3	7	Tsesnabank	-59,9%	-427	4,2%
13	8	Bank of China	111,2%	143	4,0%
9	9	Eurasian Bank	-10,7%	-23	2,8%
10	10	Altyn Bank	-11,0%	-19	2,3%

## MARKET SHARE

01.01.18	01.01.19	Banking system	% annual growth	absolute annual growth	market share
1	1	Halyk Bank	46%	53	35%
2	2	Tsesnabank	-18%	-286	16%
3	3	Sberbank	0%	3	11%
5	4	ATF Bank	11%	68	9%
6	5	Bank CenterCredit	2%	13	7%
8	6	ForteBank"	9%	22	3%
7	7	Eurasian Bank	-16%	-45	3%
11	8	Nurbank	7%	12	2%
10	9	Bank RBK	29%	49	3%
13	10	ALFA-BANK	45%	54	2%

## LOAN PORTFOLIO



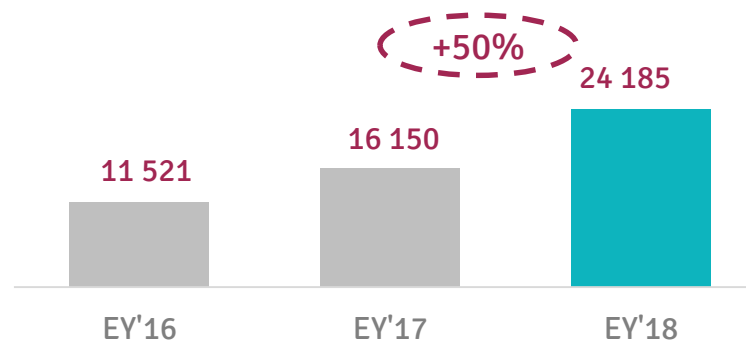
# FORTEBUSINESS (SME&CORP): IT SOLUTIONS

Current Basic Client need is

**INTERNET BANKING:** functional  
convenient  
user friendly

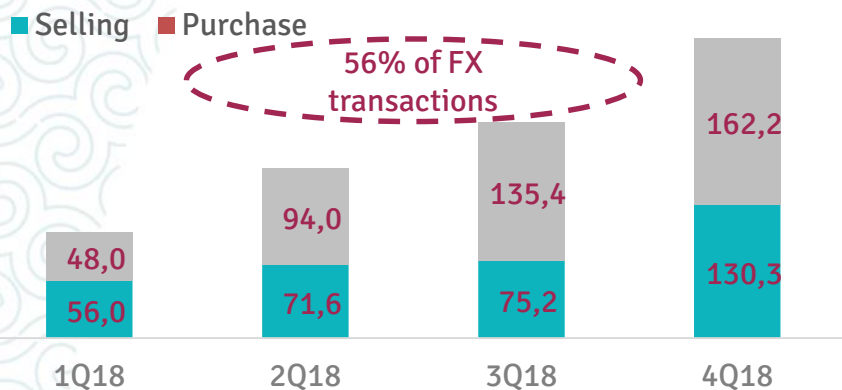
The Bank has started to develop its Internet Banking creating the platform meeting all the needs and requirements of our Clients. Thus in 2018 number of MIB users grew by 50%.

# MIB USERS

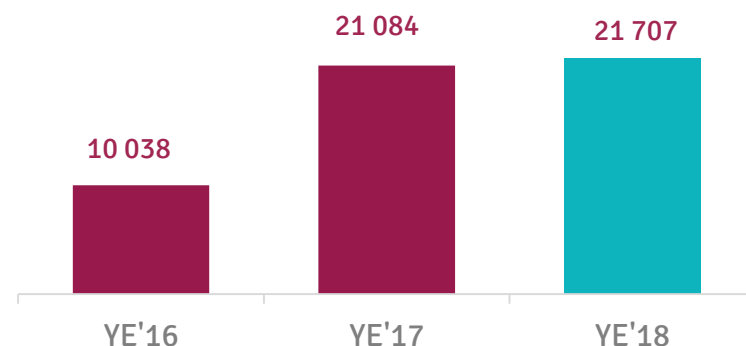


In 2018 ForteBank launched **ForteKassa** - automated Client point of sale, which provides the ability to manage employees and sales, control the inventory. The technological solution consists of two parts: an application for sellers and a personal account for a business owner.

# FORTEX TRANSACTIONS [KZT, bln]



# GUARANTEES ISSUED



Average number of currency conversion operations in ForteX is about 5 thsd per month. Average amount of operations per month is KZT 66,2 bln per month.

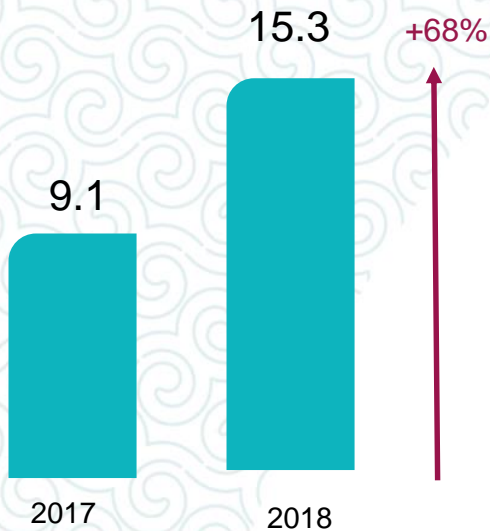
- **OVERVIEW & BUSINESS POSITION**
- **FINANCIAL PERFORMANCE & LIQUIDITY**
- **SME & CORPORATE**



**RETAIL BUSINESS**

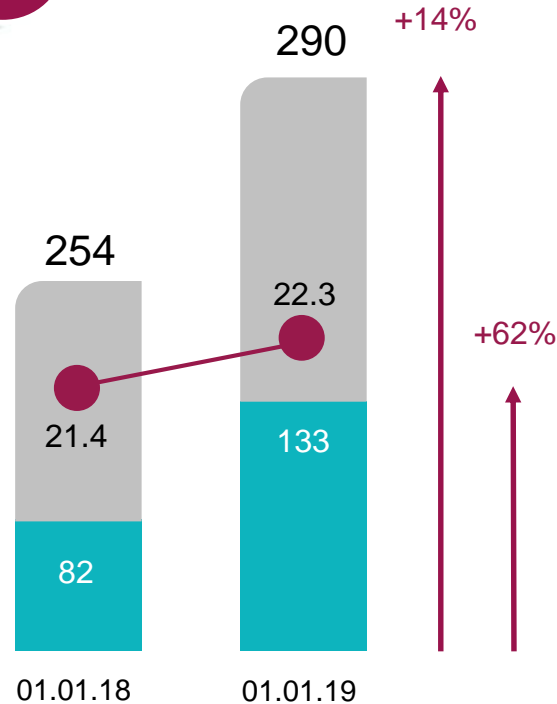
# RETAIL BUSINESS: 2018 RESULTS

## I NET INCOME [KZT, bln] (before provisions and taxes)



2017 2018

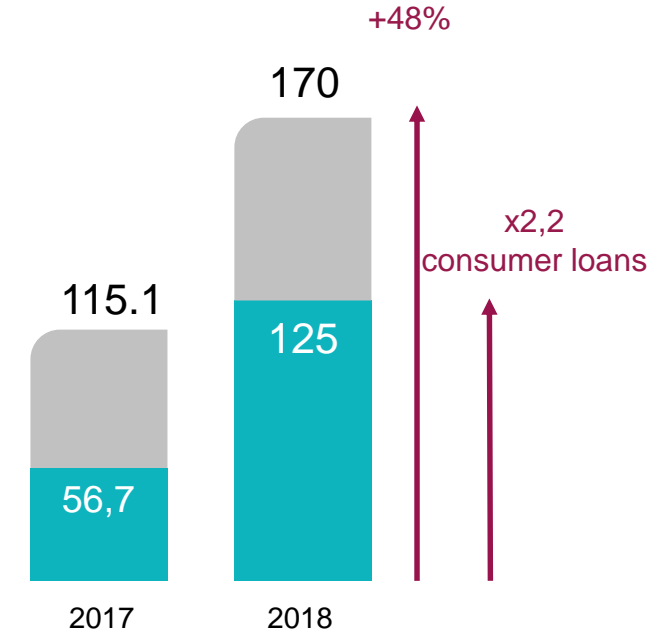
## II LOAN PORTFOLIO [KZT, bln]



● Interest Rate, %    ■ Incl. Consumer Loans

- Budget implementation – 102,4%
- Historical max in consumer loans size

## III LOANS GRANTED [KZT, bln]



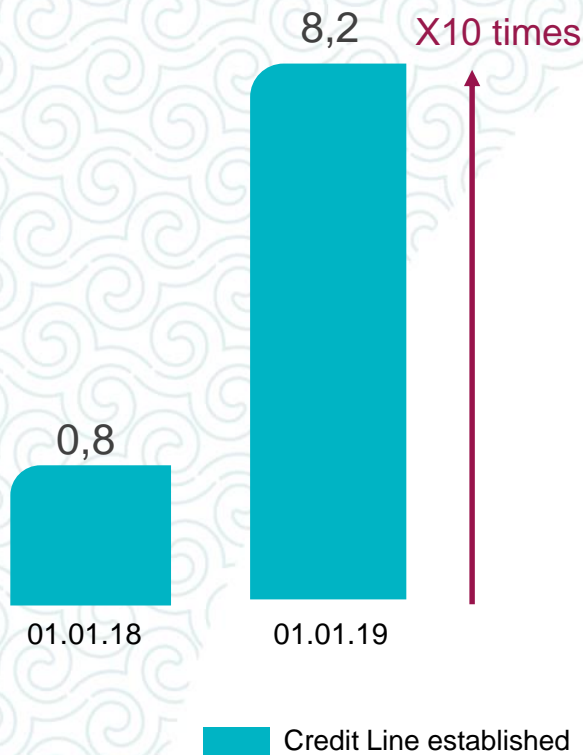
■ Incl. Consumer Loans

- Historical max in volume of consumer loans granted
- Volume of Consumer Loans granted increased by 2,2 times in comparison to 2017

# RETAIL BUSINESS: 2018 RESULTS

IV

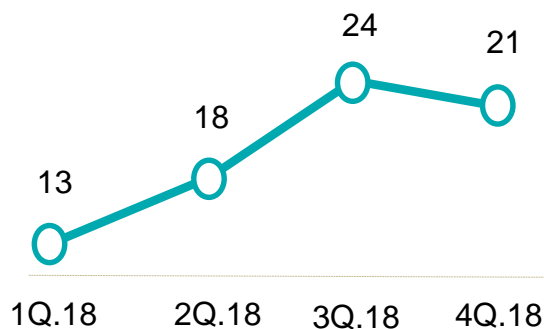
CREDIT CARDS, VOLUME [KZT, bln]



- Number of Credit Cards 01.01.18 – 1,5 thsd units
- Number of Credit Cards 01.01.19 – 16,5 thsd units (x11 times)
- Turnover on Credit Cards increased to KZT2,1 bln per month

V

TEAM EFFICIENCY [units, month]

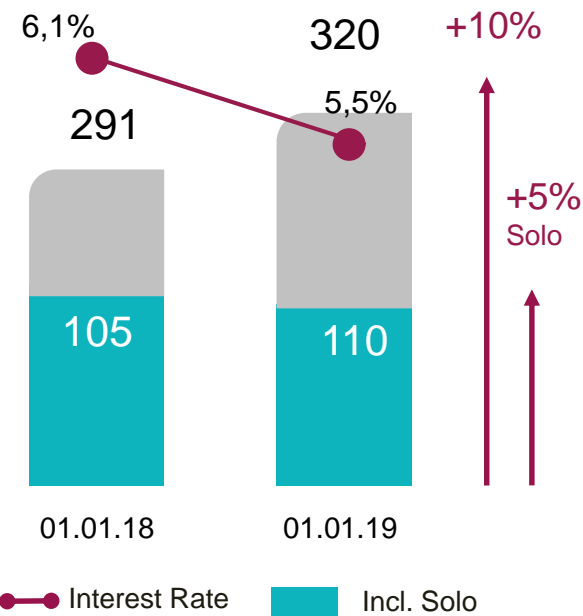


- Efficiency of 1 employee increased from 13 to 21 loan products per month +62% (to 1Q2018)

VI

DEPOSIT PORTFOLIO [KZT,bln]

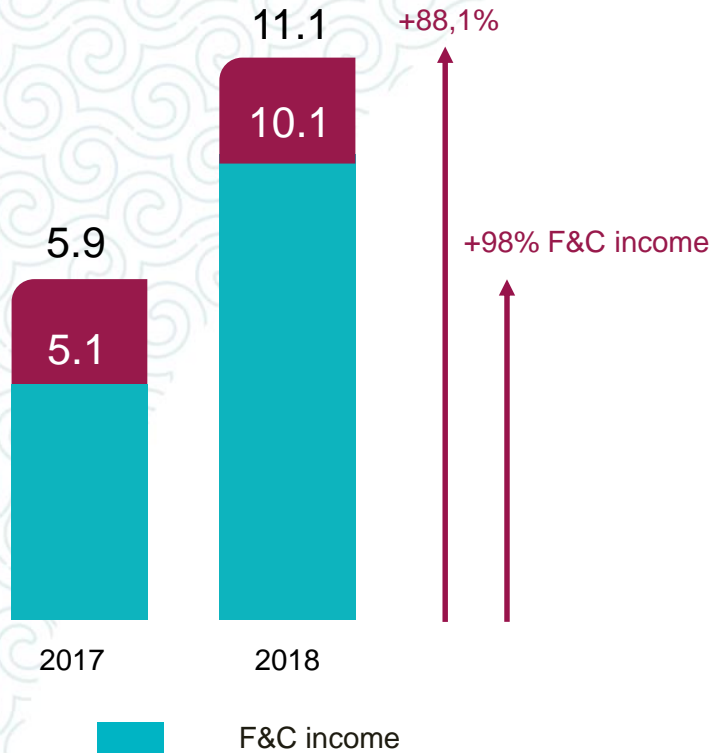
EXPENSES ARE DECREASING



- Market share as of 01/01/2019 – 5,9%, 6 place, +2 position from the beginning of 2018

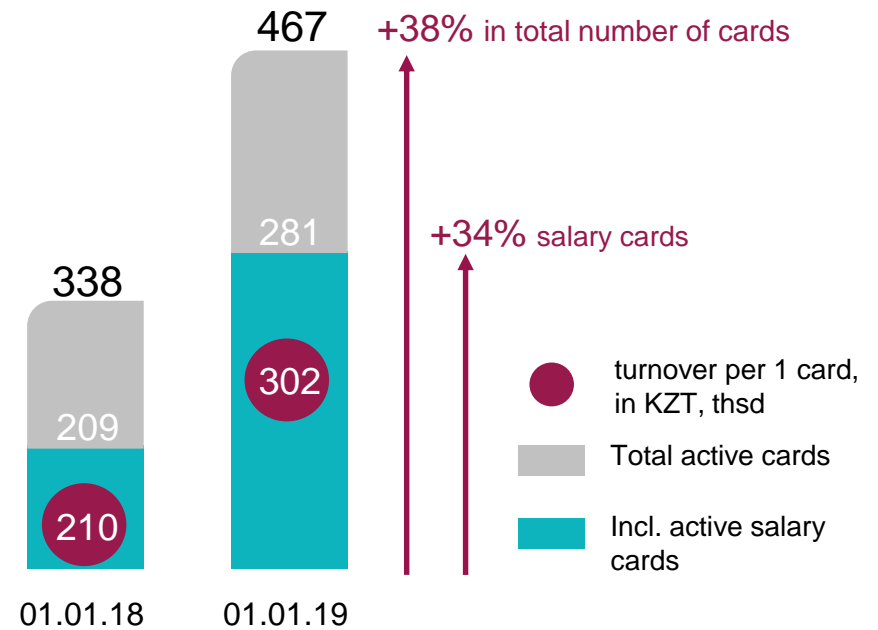
# RETAIL BUSINESS: 2018 RESULTS

## I NON-INTEREST INCOME [KZT, bln]



- NET F&C INCOME increased from KZT3.1 bln to KZT6.6 bln (x2 times)

## II ACTIVE CARDS [thds, units] GROWTH IN CONTINUING

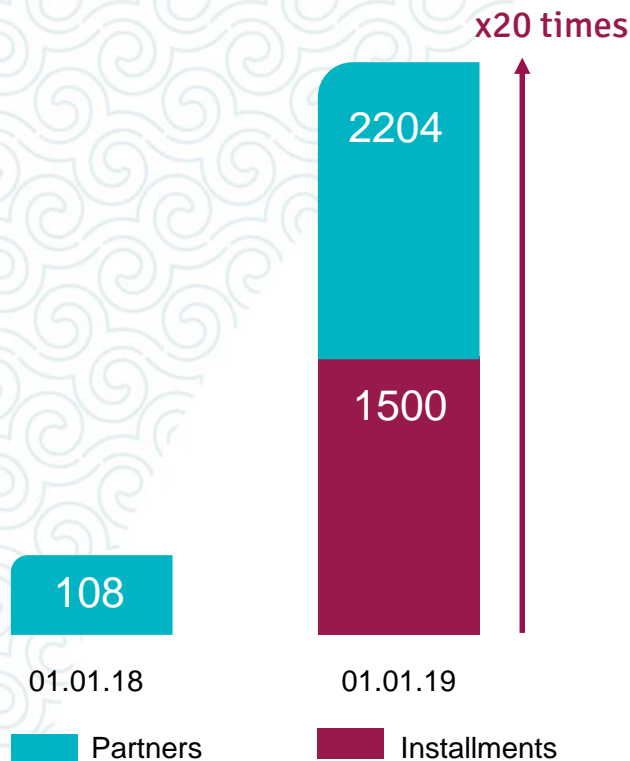


- In 2018 amounts under salary projects increased by +45% (KZT 32 bln per month) comparing to 2017 (KZT 22 bln per month)
- Card turnover increased by 71%.

# RETAIL BUSINESS: 2018 RESULTS



## DEVELOPMENT OF FORTE CLUB NUMBER OF PARTNERS IS GROWING..



- Partners' payments volume increased to KZT200 mln
- Average cash back from partners 4,3%

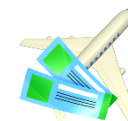
## KEY PARTNERS



- Free Mobile Banking
- Lead generation
- Start of Data Products (Verification)
- Start of transfer of customers to Beeline



- Help Card:
- 2 723 families
  - material aid: KZT81,7 mln



- Installment up to 12 months for travel



Installments up to 12 months for electronics



- Launch of a project in collaboration with Samsung «Mobile Phone with up to 100% discount»



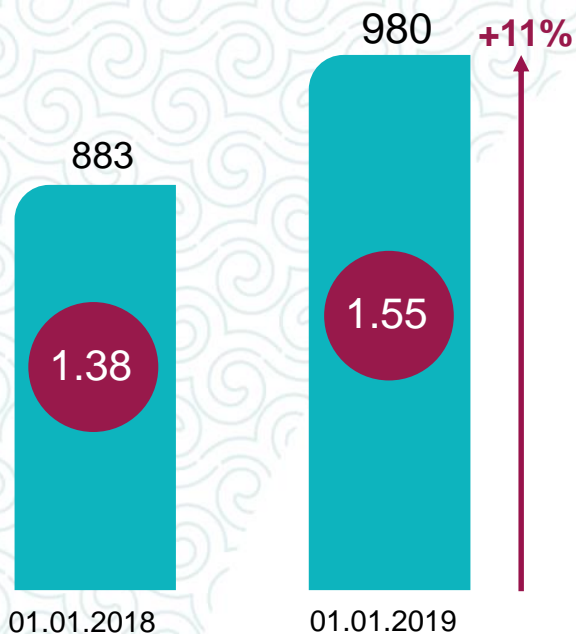
- In collaboration with KMG – petrol without leaving the car



- Lockers in outlets of the Bank
- Lead generation

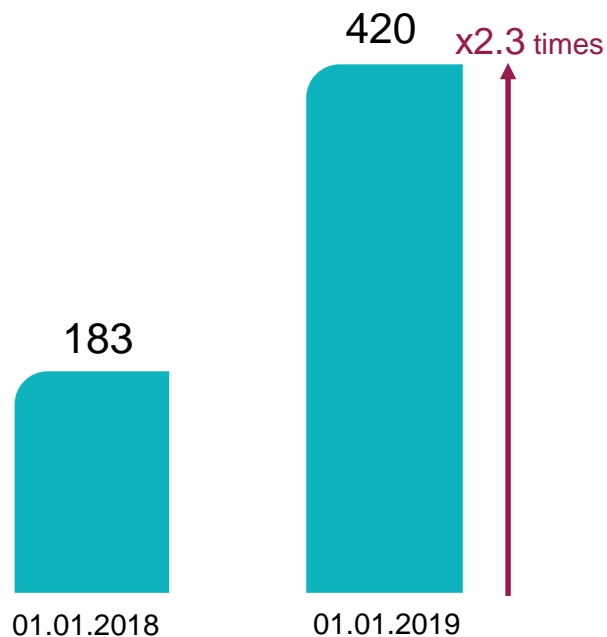
# RETAIL BUSINESS: 2018 RESULTS

## IV #CLIENTS [clients, thsd]



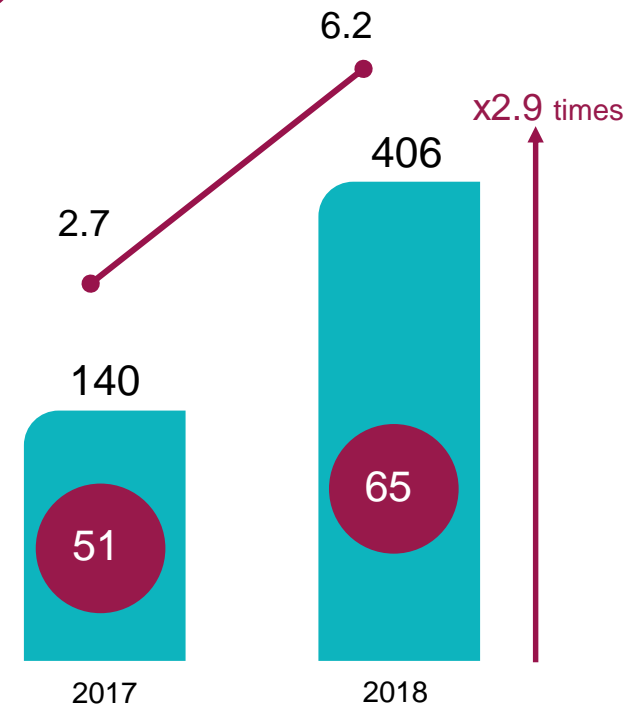
- Number of products per 1 client:
  - loans
  - deposits
  - cards
  - credit cards
  - mobile and internet banking

## V #MIB USERS [clients, thsd]



- Number of clients, conducting transactions, increased from **59 thsd** to **114 thsd** people **x1,9** times
- Turnover on 1 active client increased up to **KZT297 thsd** per month (+50%)
- Number of clients using template for fines increased from **747** to **16 266**

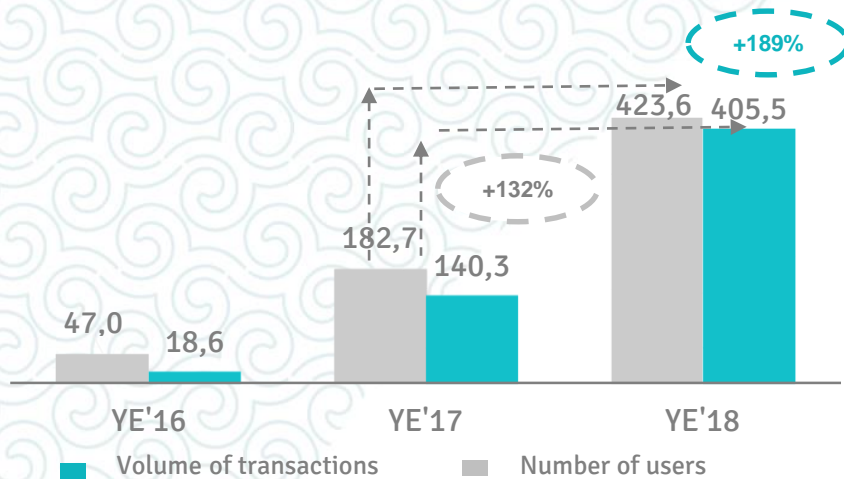
## VI MIB ACTIVITY [KZT, bln]



- Average check, KZT, thsd
- Number of transactions, thsd
- Turnover in MIB, KZT, thsd

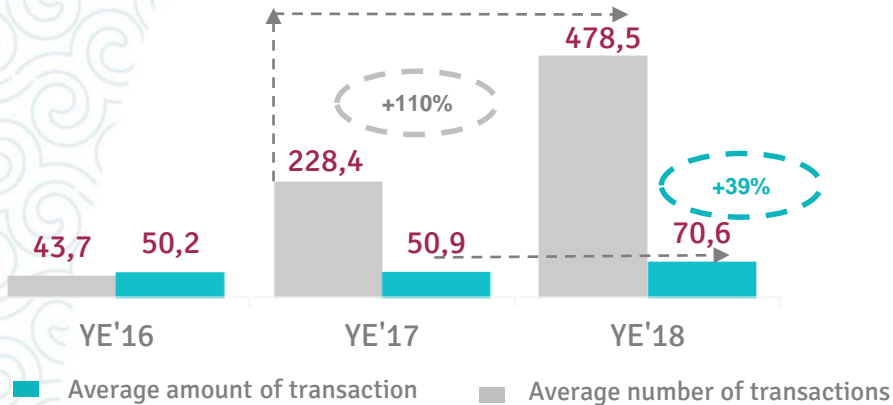
# DIGITALISATION: BANK RAPIDLY DEVELOPES ITS DIGITAL SERVICES

## DIGITAL RETAIL BANKING\*

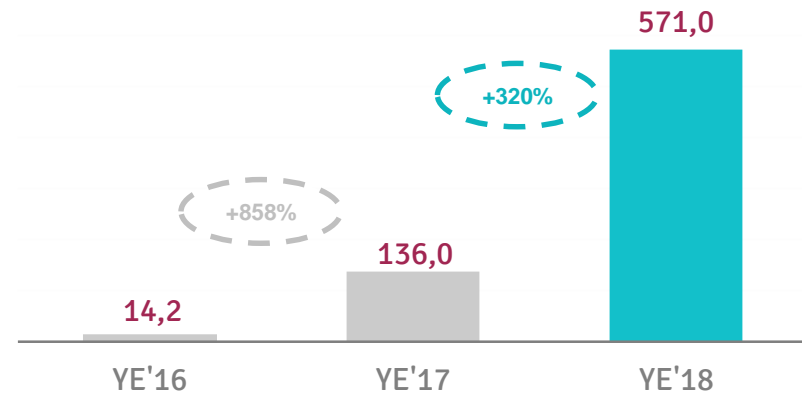


- Functionality of ForteBank is wider compared to other banks in Kazakhstan.
- In 2016 Bank began the process of creation new generation of online banking services being for its clients comfy and handy.
- In 2018 number of retail MIB users grew by 132%. Average growth is more than 24 thsd new users per month.

## AVERAGE OPERATIONS PER MONTH\*



## MIB REVENUE [KZT, mln]\*



\*In accordance with management accounts

**THANK YOU  
FOR ATTENTION**

**SINCERELY,  
 ForteBank**