JSC HALYK BANK

Condensed Interim Consolidated Financial Information (Unaudited)
For the three months ended 31 March 2013

JSC HALYK BANK

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

Management is responsible for the preparation of the condensed interim consolidated financial information that present fairly the financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 31 March 2013, and the results of its operations, cash flows and changes in equity for the three months then ended, in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

In preparing the condensed interim consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IAS 34;
- Maintaining accounting records in compliance with the Republic of Kazakhstan legislation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2013 was authorized for issue by the Management Board on 16 May 2013.

On behalf of the Management Board:

Umut B. Shayakhmetova	**Pavel A. Cheussov**
Chairperson of the Board	**Chief Accountant**
16 May 2013	16 May 2013
Almaty, Kazakhstan	Almaty, Kazakhstan

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Halyk Bank:

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 31 March 2013 and the related interim consolidated statement of profit or loss and interim consolidated statements of other comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management of the Group is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte, LLP

16 May 2013
Almaty, Kazakhstan

JSC HALYK BANK

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	31 March 2013 (unaudited)	31 December 2012
ASSETS			
Cash and cash equivalents	5	602,350	534,069
Obligatory reserves	6	48,980	48,467
Financial assets at fair value through profit or loss	7, 31	1,521	1,271
Amounts due from credit institutions	8	32,831	32,799
Available-for-sale investment securities	9, 31	336,312	334,362
Investments held to maturity	10, 31	25,995	25,766
Precious metals		1,544	1,646
Loans to customers	11, 31	1,355,019	1,319,208
Property and equipment		64,355	65,005
Assets held-for-sale		6,980	7,434
Goodwill		3,085	3,085
Intangible assets		5,708	5,594
Insurance assets	12	21,293	14,923
Other assets	13	12,310	14,369
TOTAL ASSETS		2,518,283	2,407,998
LIABILITIES AND EQUITY			
LIABILITIES			
Amounts due to customers	14, 31	1,761,439	1,699,182
Amounts due to credit institutions	15, 31	29,814	15,202
Financial liabilities at fair value through profit or loss	7	254	439
Debt securities issued	16	305,368	301,919
Provisions	17	3,915	4,385
Deferred tax liability	18	8,399	7,907
Insurance liabilities	12	39,677	25,201
Other liabilities	19	13,361	14,124
Total liabilities		2,162,227	2,068,359
EQUITY			
Share capital	20	143,695	143,695
Share premium reserve		1,464	1,496
Treasury shares		(81,040)	(81,028)
Retained earnings and other reserves		290,191	273,835
		354,310	337,998
Non-controlling interest		1,746	1,641
Total equity		356,056	339,639
TOTAL LIABILITIES AND EQUITY		2,518,283	2,407,998

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 May 2013
Almaty, Kazakhstan

The notes on pages 10 to 47 form an integral part of this condensed interim consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge, except for earnings per share which is in Tenge)

	Notes	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Interest income	22, 31	43,062	39,668
Interest expense	22, 31	(19,564)	(17,116)
NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE	22	23,498	22,552
Impairment charge	17	(2,263)	(7,203)
NET INTEREST INCOME		21,235	15,349
Fee and commission income	23	12,440	12,771
Fee and commission expense		(1,519)	(1,312)
Fees and commissions, net		10,921	11,459
Net gain from financial assets and liabilities at fair value through profit or loss	24	896	205
Net realized gain from available-for-sale investment securities		177	584
Net gain on foreign exchange operations	25	1,172	1,665
Insurance underwriting income	26	7,079	4,064
Other income		392	348
OTHER NON-INTEREST INCOME		9,716	6,866
Operating expenses	27	(13,102)	(11,270)
Recoveries of provisions	17	442	352
Insurance claims incurred, net of reinsurance	26	(5,878)	(2,316)
NON-INTEREST EXPENSES		(18,538)	(13,234)
INCOME BEFORE INCOME TAX EXPENSE		23,334	20,440
Income tax expense	18	(4,067)	(3,622)
NET INCOME		19,267	16,818
Attributable to:			
Non-controlling interest		105	169
Preferred shareholders		303	541
Common shareholders		18,859	16,108
		19,267	16,818
Basic earnings per share (in Kazakhstani Tenge)	28	1.73	1.48*
Diluted earnings per share (in Kazakhstani Tenge)	28	0.78	0.48*

*** As restated for share split – see Note 20**

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 May 2013
Almaty, Kazakhstan

The notes on pages 10 to 47 form an integral part of this condensed interim consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Net income		19,267	16,818
Other comprehensive (loss)/income			
(Loss)/gain on revaluation of property and equipment, net of tax		(48)	5
(Loss)/gain on revaluation of available-for-sale investment securities (net of tax – Nil tenge)		(2,464)	4,241
Gain on sale of available-for-sale investment securities (net of tax – Nil tenge)		(177)	(584)
Reclassified to profit and loss as a result of impairment of available-for-sale investment securities (net of tax – Nil tenge)		-	24
Exchange differences on translation of foreign operations (net of tax – Nil tenge)		(117)	471
Other comprehensive (loss)/income for the period		(2,806)	4,157
Total comprehensive income for the period		16,461	20,975
Attributable to:			
Non-controlling interest		105	172
Preferred shareholders		259	675
Common shareholders		16,097	20,128
		16,461	20,975

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 May 2013
Almaty, Kazakhstan

The notes on pages 10 to 47 form an integral part of this condensed interim consolidated financial information

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)
(Millions of Kazakhstani Tenge)

	Share capital				Treasury shares								
	Common shares	**Non-convertible preferred shares**	**Convertible preferred shares**	**Share premium reserve**	**Common shares**	**Preferred shares**	**Cumulative translation reserve***	**Revaluation reserve of available-for-sale investment securities***	**Property and equipment revaluation reserve***	**Retained earnings***	**Total**	**Non-controlling interest**	**Total equity**
31 December 2012	83,571	46,891	13,233	1,496	(39,974)	(41,054)	1,122	8,926	14,754	249,033	337,998	1,641	339,639
Net income	-	-	-	-	-	-	-	-	-	19,162	19,162	105	19,267
Other comprehensive loss	-	-	-	-	-	-	(117)	(2,641)	(48)	-	(2,806)	-	(2,806)
Total comprehensive (loss)/income	-	-	-	-	-	-	(117)	(2,641)	(48)	19,162	16,356	105	16,461
Treasury shares purchased	-	-	-	(44)	(18)	-	-	-	-	-	(62)	-	(62)
Treasury shares sold	-	-	-	12	6	-	-	-	-	-	18	-	18
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(133)	133	-	-	-
31 March 2013 (unaudited)	83,571	46,891	13,233	1,464	(39,986)	(41,054)	1,005	6,285	14,573	268,328	354,310	1,746	356,056

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Common shares	Share capital Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Treasury Shares	Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property and equipment revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
31 December 2011	83,571	46,891	13,233	1,156	(39,960)	1,223	3,593	15,487	183,937	309,131	1,196	310,327
Net income	-	-	-	-	-	-	-	-	16,649	16,649	169	16,818
Other comprehensive income	-	-	-	-	-	471	3,678	5	-	4,154	3	4,157
Total comprehensive income	-	-	-	-	-	471	3,678	5	16,649	20,803	172	20,975
Treasury shares purchased	-	-	-	(192)	(4)	-	-	-	-	(196)	-	(196)
Treasury shares sold	-	-	-	258	8	-	-	-	-	266	-	266
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	(41)	41	-	-	-
31 March 2012 (unaudited)	83,571	46,891	13,233	1,222	(39,956)	1,694	7,271	15,451	200,627	330,004	1,368	331,372

* These amounts are included within Retained earnings and other reserves in the condensed interim consolidated statement of financial position.

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 May 2013
Almaty, Kazakhstan

The notes on pages 10 to 47 form an integral part of this condensed interim consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received from financial assets at fair value through profit or loss		5	2
Interest received from cash equivalents and amounts due from credit institutions		849	228
Interest received on available-for-sale investment securities		3,790	3,491
Interest received on investments held-to-maturity		401	288
Interest received from loans to customers		30,436	34,362
Interest paid on due to customers		(13,650)	(11,965)
Interest paid on due to credit institutions		(103)	(150)
Interest paid on debt securities issued		(2,723)	(3,967)
Fee and commission received		13,369	12,338
Fee and commission paid		(1,519)	(1,312)
Insurance underwriting income received		16,284	7,707
Ceded insurance share paid		(1,862)	(1,152)
Other income received		1,493	3,139
Operating expenses paid		(11,331)	(11,883)
Insurance reimbursements paid		(3,999)	(1,689)
Reimbursement of losses due to reinsurance risks received		359	1
Cash flows from operating activities before changes in net operating assets		31,799	29,438
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Obligatory reserves		(513)	(6,341)
Financial assets at fair value through profit or loss		315	898
Amounts due from credit institutions		(128)	(888)
Precious metals		52	(1,159)
Loans to customers		(30,577)	28,988
Insurance assets		(7,591)	(3,056)
Other assets		797	(4,460)
Increase/(decrease) in operating liabilities:			
Financial liabilities at fair value through profit or loss		(185)	(493)
Amounts due to customers		62,726	282,987
Amounts due to credit institutions		14,621	(16,788)
Insurance liabilities		6,117	2,830
Other liabilities		(734)	(3,700)
Net cash inflow from operating activities before income tax		76,699	308,256
Income tax paid		(3,614)	(526)
Net cash inflow from operating activities		73,085	307,730
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase and prepayment for property and equipment and intangible assets		(1,400)	(1,792)
Proceeds on sale of property and equipment		8	2
Proceeds on sale of available-for-sale investment securities		48,432	37,430
Purchase of available-for-sale investment securities		(52,531)	(24,775)
Proceeds from redemption of investments held-to-maturity		332	40,450
Purchase of investments held-to-maturity		(210)	(50,687)
Net cash (outflow)/inflow from investing activities		(5,369)	628

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds on sale of treasury shares		18	266
Purchase of treasury shares		(62)	(196)
Redemption and repurchase of debt securities issued		-	(13,113)
Net cash outflow from financing activities		(44)	(13,043)
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		609	(2,295)
Net change in cash and cash equivalents		68,281	293,020
CASH AND CASH EQUIVALENTS, beginning of the period	5	534,069	519,991
CASH AND CASH EQUIVALENTS, end of the period	5	602,350	813,011

On behalf of the Management Board:

Umut B. Shayakhmetova
Chairperson of the Board

16 May 2013
Almaty, Kazakhstan

Pavel A. Cheussov
Chief Accountant

16 May 2013
Almaty, Kazakhstan

The notes on pages 10 to 47 form an integral part of this condensed interim consolidated financial information.

1. PRINCIPAL ACTIVITIES

JSC Halyk Bank ("the Bank") and its subsidiaries (collectively, "the Group") provide retail and corporate banking services principally in Kazakhstan, Russia, Kyrgyzstan and Georgia, as well as pension asset management, asset management, insurance, leasing and brokerage services in Kazakhstan. The primary state registration of the Bank with the authorities of justice of Kazakhstan was made on 20 January 1994. The Bank operates under the license No. 10 for carrying out of banking and other operations and activities on the securities market, renewed by the Committee for Control and Supervision of Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan ("FMSC" – previously known as Agency for Regulation and Supervision of Financial Market and Financial Organizations of the Republic of Kazakhstan) on 6 August 2008. The Bank is a member of the obligatory deposit insurance system provided by JSC Kazakhstan Deposit Insurance Fund.

The Bank's primary business includes originating loans and guarantees, attracting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations and rendering other banking services to its customers. In addition, the Bank acts as the agent of the Government of the Republic of Kazakhstan in channelling various budgetary payments and pensions through its nationwide branch network.

The Bank has a primary listing with the Kazakhstan Stock Exchange ("KASE"). In addition, the Bank's Eurobonds are primarily listed on the Luxembourg and London Stock Exchanges. The Bank has also allocated Global Depository Receipts ("GDRs") on the London Stock Exchange.

In 2009, JSC "Sovereign Wealth Fund "Samruk-Kazyna" ("Samruk-Kazyna"), an entity controlled by the Government of the Republic of Kazakhstan, acquired 259,064,909 common shares of the Bank for KZT 26,951 million and 196,232,499 non-convertible preferred shares of the Bank for KZT 33,049 million.

In 2011, the Bank acquired from JSC Almex Holding Group (hereafter – "the parent") a call option for KZT 12,867 million and has immediately exercised the option and repurchased 213,000,000 of its own common shares from Samruk-Kazyna for KZT 27,008 million.

In 2012, the Bank acquired from the parent a call option for KZT 7,114 million and partially exercised the option and repurchased 190,000,000 of its own preferred shares from Samruk-Kazyna. The Group has recorded KZT 41,054 million as cost of acquired treasury shares.

After the repurchase, Samruk-Kazyna continues owning 6,232,499 preferred shares of the Bank.

The Group is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

As at 31 March 2013 and 31 December 2012 the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

31 March 2013 (unaudited)	Total shares	Stake in total shares in circulation	Common shares	Stake in common shares in circulation	Convertible and non-convertible preferred shares	Stake in convertible and non-convertible preferred shares in circulation
JSC HG Almex	7,559,973,820	68.2%	7,559,973,820	69.3%	-	-
JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan *	758,082,743	6.8%	661,367,710	6.1%	96,715,033	55.1%
GDR	2,516,767,080	22.7%	2,516,767,080	23.1%	-	-
Other	247,300,511	2.3%	168,645,391	1.5%	78,655,120	44.9%
Total shares in circulation (on consolidated basis)	**11,082,124,154**	**100.0%**	**10,906,754,001**	**100.0%**	**175,370,153**	**100.0%**

31 December 2012	Total shares	Stake in total shares in circulation	Common shares	Stake in common shares in circulation	Convertible and non-convertible preferred shares	Stake in convertible and non-convertible preferred shares in circulation
JSC HG Almex	7,559,973,820	68.2%	7,559,973,820	69.3%	-	-
JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan *	758,082,743	6.8%	661,367,710	6.1%	96,715,033	55.1%
GDR	2,510,925,720	22.7%	2,510,925,720	23.0%	-	-
Other	254,416,525	2.3%	175,694,405	1.6%	78,722,120	44.9%
Total shares in circulation (on consolidated basis)	**11,083,398,808**	**100.0%**	**10,907,961,655**	**100.0%**	**175,437,153**	**100.0%**

* Common and preferred shares owned by JSC Accumulation Pension Fund of Halyk Bank of Kazakhstan are not eliminated as those shares were purchased on clients' funds and are owned by the clients.

On 14 December 2012 the Bank performed a share split of its common shares in proportion of one common share to ten common shares as described in Note 21.

As at 31 March 2013, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 410 cash settlement units (as at 31 December 2012 – 22, 122, 410, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai Avenue, Almaty, 050008, Republic of Kazakhstan.

As at 31 March 2013, the number of the Group' full-time equivalent employees was 12,214 (31 December 2012 – 12,149).

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2013 was authorized for issue by the Management Board on 16 May 2013.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34").

The condensed interim consolidated financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group's annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with IFRS. Management believes that the disclosures in this condensed interim consolidated financial information are adequate to make the information presented not misleading if this condensed interim consolidated financial information is read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012 prepared in accordance with IFRS. In the opinion of management, this condensed interim consolidated financial information reflects all adjustments necessary to present fairly the Group's financial position, results of operations, statements of changes in shareholders' equity and cash flows for the interim reporting periods.

This condensed interim consolidated financial information is presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

Consolidated subsidiaries

This condensed interim consolidated financial information includes the following subsidiaries:

Subsidiary	Holding, % 31 March 2013 (unaudited)	Holding, % 31 December 2012	Country	Industry
JSC Halyk-Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
HSBK (Europe) B.V.	100	100	Netherlands	Issue and placement of Eurobonds, attracting of syndicated loans
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer Activities
LLC Affiliated organization of Halyk Bank of Kazakhstan "Halyk Collection"	100	100	Kazakhstan	Cash collection services
JSC Halyk-Life	100	100	Kazakhstan	Life insurance
LLP NBK-Finance	100	100	Russia	Broker and dealer activities
JSC Kazakhinstrakh	100	100	Kazakhstan	Insurance
OJSC NBK-Bank	100	100	Russia	Banking
JSC Halyk Bank Georgia	100	100	Georgia	Banking
JSC Accumulated Pension fund of Halyk Bank of Kazakhstan	96	96	Kazakhstan	Pension assets accumulation and management
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and bad assets

Associates

JSC Processing Centre, the associate, provides data processing services in Kazakhstan. It is classified within other assets and accounted for under the equity method:

Holding, %	Share in net loss	Total assets	Total liabilities	Equity	Total revenue
As at 31 March 2013 and for the three months then ended (unaudited)					
25.14	-	9	-	9	1
As at 31 December 2012 and for the year then ended					
25.14	(1)	9	-	9	1

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial information has been prepared on the accrual basis of accounting under the historical cost convention, except for certain financial instruments that are accounted for at fair value and insurance liabilities which are accounted for based on actuarial calculations and certain property and equipment which are carried at revalued cost less depreciation.

In preparing this condensed interim consolidated financial information, the Group applied the same accounting policies and methods of computation as those applied in the consolidated financial statements of the Group for the year ended 31 December 2012, except for the impact of the new Standards and Interpretations adopted by the Group.

Amendments to IAS 34 *Interim Financial Reporting* clarify the requirements relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). The amendment did not have an impact on the condensed interim consolidated financial information, as this information was presented already.

4. SIGNIFICANT ACCOUNTING ESTIMATES

In preparing this condensed interim consolidated financial information, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for the 12 months ended 31 December 2012 prepared in accordance with IFRS.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 March 2013 (unaudited)	31 December 2012
Cash on hand	75,387	64,256
Recorded as loans and receivables in accordance with IAS 39:		
Short-term deposits with Organization for Economic Co-operation and Development countries ("the OECD") based banks	313,012	257,783
Short-term deposit with the National Bank of the Republic of Kazakhstan ("the NBK")	130,009	15,001
Correspondent accounts with OECD based banks	37,761	70,088
Correspondent accounts with the NBK	33,637	114,175
Short-term deposits with Kazakhstan banks (loans under reverse repurchase agreements)	6,389	3,510
Correspondent accounts with non-OECD based banks	3,904	5,764
Short-term deposits with non-OECD based banks	2,251	3,437
Overnight deposits with non-OECD based banks	-	55
	602,350	534,069

Interest rates and currencies in which interest earning cash and cash equivalents are denominated are presented as follows:

	31 March 2013 (unaudited)		31 December 2012	
	KZT	Foreign currencies	KZT	Foreign currencies
Short-term deposits with the OECD based banks	-	0.1%-0.3%	-	0.1%-1.0%
Short-term deposits with the NBK	0.5%-1.0%	-	0.5%-1.0%	-
Short-term deposits with Kazakhstan banks	3.0%	-	-	-
Short-term deposits with non-OECD based bank	-	2.5%-5.8%	-	4.0%-6.0%
Overnight deposits with non-OECD based banks	-	-	-	0.1%

Fair value of assets pledged and carrying amounts of loans under reverse repurchase agreements within short-term deposits with Kazakhstan banks as at 31 March 2013 and 31 December 2012 are presented as follows:

	31 March 2013 (unaudited)		**31 December 2012**	
	Carrying value of deposits	**Fair value of collateral**	**Carrying value of deposits**	**Fair value of collateral**
Treasury bills of the Ministry of Finance of Kazakhstan and NBK notes	5,908	6,239	3,459	3,721
Equity securities of Kazakhstan banks	330	329	51	51
	6,238	6,568	3,510	3,772

As at 31 March 2013 and 31 December 2012, maturities of loans under reverse repurchase agreements are less than 1 month.

6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 March 2013 (unaudited)	**31 December 2012**
Recorded as loans and receivables in accordance with IAS 39:		
Due from the NBK allocated to obligatory reserves	48,980	48,467
	48,980	48,467

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the NBK and used for calculation of the minimum reserve requirement.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	31 March 2013 (unaudited)	**31 December 2012**
Financial assets held for trading:		
Derivative financial instruments	1,005	733
Corporate bonds	268	277
Securities of foreign organizations	145	144
Equity securities of Kazakhstan corporations	70	85
Bonds of JSC Development Bank of Kazakhstan	33	32
	1,521	1,271

Financial liabilities at fair value through profit or loss comprise:

	31 March 2013 (unaudited)	**31 December 2012**
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	254	439

Interest rates of financial assets at fair value through profit or loss are presented as follows:

	31 March 2013 (unaudited) Interest rate	31 December 2012 Interest rate
Corporate bonds	6.2%	7.6%
Securities of foreign organizations	13.0%	13.8%
Bonds of JSC Development Bank of Kazakhstan	5.5%	5.5%

Derivative financial instruments comprise:

	31 March 2013 (unaudited)			31 December 2012		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign currency contracts:						
Forwards	35,774	244	7	32,159	83	51
Swaps	25,292	509	247	40,321	395	388
Options	7,391	252	-	7,231	255	-
		1,005	254		733	439

As at 31 March 2013 and 31 December 2012, the Group used quoted market prices from independent information sources for all of its financial assets recorded at fair value through profit or loss, except for derivative financial instruments, which are valued using valuation models based on observable market data.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprise:

	31 March 2013 (unaudited)	31 December 2012
Recorded as loans and receivables in accordance with IAS 39:		
Term deposits	16,508	15,765
Loans to credit institutions	15,225	15,931
Deposit pledged as collateral for derivative financial instruments	1,100	1,105
	32,833	32,801
Less - Allowance for loan impairment (Note 17)	(2)	(2)
	32,831	32,799

Interest rates and maturities of amounts due from credit institutions are presented as follows:

	31 March 2013 (unaudited)		31 December 2012	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Loans to credit institutions	8.2%-17.0%	2017	8.2%-17.0%	2017
Term deposits	0.5%-9.0%	2013-2015	0.5%-9.0%	2013-2014
Deposit pledged as collateral for derivative financial instruments	0.2%-1.8%	2014	0.2%-1.8%	2013

9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	31 March 2013 (unaudited)	31 December 2012
Treasury bills of the Ministry of Finance of Kazakhstan	106,380	110,878
Securities of foreign organizations	81,682	84,719
Corporate bonds	81,082	88,657
Treasury bills of the Russian Federation	26,079	11,254
Bonds of JSC Development Bank of Kazakhstan	20,523	20,839
Bonds of Kazakhstan banks	9,419	8,349
Local municipal bonds	3,928	3,997
Equity securities of Kazakhstan corporations	2,623	2,529
NBK notes	2,522	889
Mutual investment funds shares	1,845	1,927
Equity securities of foreign corporations	129	136
Equity securities of Kazakhstan banks	100	188
	336,312	334,362
Subject to repurchase agreements		
NBK notes and Treasury bills of the Ministry of Finance of Kazakhstan	15,678	3,369

Interest rates and maturities of available-for-sale investment securities are presented in the table below. Interest rates in the table below are calculated as weighted average of the effective interest rates for the respective securities.

	31 March 2013 (unaudited)		31 December 2012	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	4.9%	2013-2027	4.5%	2013-2027
Securities of foreign organizations	3.7%	2013-2020	3.8%	2013-2020
Corporate bonds	6.8%	2013-2021	7.2%	2013-2021
Treasury bills of the Russian Federation	2.9%	2015-2021	3.4%	2015-2021
Bonds of JSC Development Bank of Kazakhstan	4.9%	2015-2026	5.6%	2015-2026
Bonds of Kazakhstan banks	8.9%	2013-2022	8.3%	2013-2022
Local municipal bonds	4.9%	2015	4.9%	2015
NBK notes	1.0%	2013	1.0%	2013

As at 31 March 2013 and 31 December 2012, the Group used quoted market prices from independent information sources to determine the fair value for all of its available-for-sale investment securities.

10. INVESTMENTS HELD TO MATURITY

Investments held to maturity comprise:

	31 March 2013 (unaudited)	31 December 2012
Treasury bills of the Ministry of Finance of Kazakhstan	12,526	12,437
Corporate bonds	8,476	8,237
Bonds of Kazakhstan banks	3,063	3,065
Securities of foreign organizations	1,030	996
Notes of the National Bank of Georgia	569	579
Treasury bills of Kyrgyz Republic	321	225
NBK notes	10	5
Notes of the National Bank of Kyrgyz Republic	-	222
	25,995	25,766

Interest rates and maturities of investments held to maturity are presented in the table below. Interest rates in the table below are calculated as the weighted average of the effective interest rates for the respective securities.

	31 March 2013 (unaudited)		31 December 2012	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	2.6%	2013-2030	5.1%	2013-2030
Corporate bonds	10.3%	2015-2020	12.6%	2015-2020
Bonds of Kazakhstan banks	9.2%	2013-2016	9.7%	2013-2016
Securities of foreign organizations	15.7%	2014-2016	14.6%	2014-2016
Notes of the National Bank of Georgia	13.0%	2016-2017	13.2%	2016-2017
Treasury bills of Kyrgyz Republic	8.4%	2013-2014	14.1%	2013
NBK notes	1.0%	2013	1.5%	2013
Notes of the National bank of Kyrgyz Republic	-	-	2.3%	2013

11. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2013 (unaudited)	31 December 2012
Recorded as loans and receivables in accordance with IAS 39:		
Originated loans to customers	1,658,838	1,619,850
Overdrafts	863	2,284
	1,659,701	1,622,134
Less – Allowance for loan impairment (Note 17)	(304,682)	(302,926)
	1,355,019	1,319,208

Average interest rate on loans to customers is calculated as interest income divided by average balances of loans to customers. As at 31 March 2013, average interest rate on loans was 11.5% (as at 31 December 2012 – 12.1%)

As at 31 March 2013, the Group's loan concentration to the ten largest borrowers was KZT 350,250 million, which comprised 21% of the Group's total gross loan portfolio (as at 31 December 2012 – KZT 331,012 million; 20%) and 99% of the Group's total equity (as at 31 December 2012 – 97%).

As at 31 March 2013, an allowance for loan impairment amounting to KZT 48,879 million was made against these loans (as at 31 December 2012 – KZT 45,966 million).

Loans are granted to the following sectors:

	31 March 2013 (unaudited)	**Share**	**31 December 2012**	**Share**
Retail loans:				
- consumer loans	227,843	14%	219,809	14%
- mortgage loans	107,370	6%	110,141	7%
	335,213		329,950	
Wholesale trade	292,200	18%	287,126	18%
Services	204,692	12%	157,560	9%
Construction	165,299	10%	168,244	10%
Real estate	121,291	7%	120,038	7%
Retail trade	111,889	7%	104,408	6%
Agriculture	108,949	7%	116,467	7%
Financial services	67,567	4%	66,250	4%
Transportation	38,656	2%	39,885	3%
Chemical industry	36,480	2%	41,127	3%
Metallurgy	35,987	2%	36,851	2%
Mining	35,812	2%	36,143	2%
Food industry	34,916	2%	37,414	2%
Hotel industry	32,685	2%	32,668	2%
Oil and gas	10,112	0%	10,836	1%
Machinery	5,693	0%	9,416	1%
Light industry	4,463	0%	4,553	0%
Energy	2,200	0%	7,906	1%
Communication	1,507	0%	1,642	0%
Other	14,090	1%	13,650	1%
	1,659,701	100%	1,622,134	100%

As at 31 March 2013 the amount of accrued interest on loans comprised KZT 108,307 million (as at 31 December 2012 – KZT 103,278 million).

12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	31 March 2013 (unaudited)	**31 December 2012**
Reinsurance premium unearned	9,221	7,065
Reinsurance amounts recoverable	5,004	5,003
	14,225	12,068
Premiums receivable	7,068	2,855
Insurance assets	21,293	14,923

Insurance liabilities comprised the following:

	31 March 2013 (unaudited)	31 December 2012
Reserves for insurance claims	16,931	13,108
Gross unearned insurance premium reserve	15,176	9,908
	32,107	23,016
Payables to reinsurers and agents	7,570	2,185
Insurance liabilities	39,677	25,201

13. OTHER ASSETS

Other assets comprise:

	31 March 2013 (unaudited)	31 December 2012
Other financial assets recorded as loans and receivables in accordance with IAS 39:		
Debtors on banking activities	4,933	5,429
Accrued commission for managing pension assets	1,188	2,239
Debtors on non-banking activities	1,061	1,076
Accrued other commission income	769	647
Other	19	3
	7,970	9,394
Less – Allowance for impairment (Note 17)	(1,841)	(1,576)
	6,129	7,818
Other non financial assets:		
Corporate income tax prepaid	2,528	1,835
Inventory	1,418	1,442
Advances for taxes other than income tax	1,398	1,222
Prepayments for property and equipment	951	1,153
Deferred tax asset (Note 18)	112	1,091
Investments in associates	51	53
Other	542	568
	7,000	7,364
Less – Allowance for impairment (Note 17)	(819)	(813)
	6,181	6,551
	12,310	14,369

14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	31 March 2013 (unaudited)	31 December 2012
Recorded at amortized cost:		
Term deposits:		
Individuals	593,381	543,591
Legal entities	360,024	401,705
	953,405	945,296
Current accounts:		
Legal entities	653,657	603,249
Individuals	154,377	150,637
	808,034	753,886
	1,761,439	1,699,182

As at 31 March 2013, the Group's ten largest groups of related customers accounted for approximately 40% of the total amounts due to customers (31 December 2012 – 42%), where each group of related customers represents customers related to each other within that group.

Management believes that in the event of withdrawal of funds, the Group would be given sufficient notice so as to realize its liquid assets to enable repayment.

An analysis of customer accounts by sector is as follows:

	31 March 2013 (unaudited)	Share	31 December 2012	Share
Individuals and entrepreneurs	747,758	43%	694,228	41%
Oil and gas	333,036	19%	312,023	18%
Financial sector	104,691	6%	123,951	7%
Wholesale trade	96,173	6%	107,014	6%
Transportation	76,063	4%	58,308	3%
Government	68,820	4%	78,316	5%
Construction	58,485	3%	68,627	4%
Healthcare and social services	50,061	3%	8,858	0%
Metallurgy	44,339	3%	29,862	2%
Other consumer services	40,288	2%	77,579	5%
Insurance and pension funds activity	24,340	1%	11,187	1%
Communication	19,562	1%	28,675	2%
Education	18,907	1%	13,862	1%
Energy	11,682	0%	12,577	1%
Other	67,234	4%	74,115	4%
	1,761,439	100%	1,699,182	100%

15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	31 March 2013 (unaudited)	31 December 2012
Recorded at amortized cost:		
Loans and deposits from Kazakhstan banks	17,067	4,784
Loans and deposits from OECD based banks	5,259	5,403
Correspondent accounts	4,112	2,529
Loans and deposits from non-OECD based banks	2,184	944
Loans from the other financial institutions	1,192	1,542
	29,814	15,202

Interest rates and maturities of amounts due to credit institutions are presented as follows:

	31 March 2013 (unaudited)		31 December 2012	
	Interest rate	**Maturity, year**	**Interest Rate**	**Maturity, year**
Loans and deposits from Kazakhstan banks	4.1%	2013	3.0%	2013
Loans and deposits from OECD based banks	0.7%-6.5%	2013-2023	0.8%-6.5%	2013-2023
Loans and deposits from non-OECD based banks	8.2%	2013	5.5%	2013
Loans from other financial institutions	2.8%-5.8%	2014-2018	2.8%-5.2%	2014-2016

Fair value of assets pledged and carrying value of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 March 2013 and 31 December 2012 are presented as follows:

	31 March 2013 (unaudited)		31 December 2012	
	Fair value of collateral	**Carrying value of loans**	**Fair value of collateral**	**Carrying value of loans**
Treasury bills of the Ministry of Finance of Kazakhstan	15,678	13,984	2,943	2,791
Equity securities of Kazakhstan banks	290	200	426	300
	15,968	14,184	3,369	3,091

As at 31 March 2013 and 31 December 2012, the maturities of loans and deposits under repurchase agreements are less than 1 month.

In accordance with the contractual terms of the loans from certain OECD based banks, the Group is required to maintain certain financial ratios, particularly with regard to capital adequacy. Some of the Group’s outstanding financing agreements include covenants restricting the Group’s ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group’s other financing arrangements.

The Group’s management believes that as at 31 March 2013 and 31 December 2012, the Group was in compliance with the covenants of the agreements the Group has with the notes’ trustees and holders.

16. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	31 March 2013 (unaudited)	31 December 2012
Recorded at amortized cost:		
Subordinated debt securities issued:		
Fixed rate KZT denominated bonds	11,817	11,725
Reverse inflation indexed KZT denominated bonds	8,665	8,455
Inflation indexed KZT denominated bonds	3,985	3,926
Total subordinated debt securities outstanding	24,467	24,106
Unsubordinated debt securities issued:		
USD denominated bonds	280,901	277,813
Total unsubordinated debt securities outstanding	280,901	277,813
Total debt securities outstanding	305,368	301,919

The coupon rates and maturities of these debt securities issued follow:

	31 March 2013 (unaudited)		31 December 2012	
	Coupon rate	**Maturity, year**	**Coupon rate**	**Maturity, year**
Subordinated debt securities issued:				
Fixed rate KZT denominated bonds	7.5%-13.0%	2014-2018	7.5%-13.0%	2014-2018
Reverse inflation indexed KZT denominated bonds	15% less inflation rate	2015-2016	15% less inflation rate	2015-2016
Inflation indexed KZT denominated bonds	inflation rate plus 1%	2015	inflation rate plus 1%	2015
Unsubordinated debt securities issued:				
USD denominated bonds	7.3%-9.3%	2013-2021	7.3%-9.3%	2013-2021

Subordinated securities are unsecured obligations of the Group and are subordinated in right of payments to all present and future senior indebtedness and certain other obligations of the Group. Interest on debt securities issued is payable on a semi-annual and annual basis.

In accordance with the terms of the USD denominated bonds, the Group is required to maintain certain financial covenants particularly with regard to its capital adequacy, limitations on transactions at less than fair market value and payment of dividends. Furthermore, the terms of the USD denominated bonds include covenants restricting the Group’s ability to create security interests over its assets. Should the Group default under these covenants, this could result in cross-accelerations and cross-defaults under the terms of the Group’s other financing arrangements. The Group’s management believes that as of 31 March 2013 and 31 December 2012 the Group was in compliance with the covenants of the agreements the Group has with the notes’ trustees and holders.

17. ALLOWANCES FOR IMPAIRMENT LOSSES AND PROVISIONS

The movements in accumulated impairment of available-for-sale investment securities, the allowances for impairment of interest earning and other assets were as follows:

	Loans to customers	**Amounts due from credit institutions**	**Available-for-sale investment securities**	**Other assets**	**Total**
31 December 2011	(291,303)	(2)	(1,098)	(2,225)	(294,628)
(Additional provisions recognized)/recovery of provision	(7,394)	1	24	166	(7,203)
Write-offs	69	-	-	42	111
Foreign exchange differences	258	(1)	-	(3)	254
31 March 2012 (unaudited)	(298,370)	(2)	(1,074)	(2,020)	(301,466)
31 December 2012	(302,926)	(2)	(999)	(2,389)	(306,316)
(Additional provisions recognized)/recovery of provision	(1,909)	-	-	(354)	(2,263)
Write-offs	142	-	-	77	219
Foreign exchange differences	11	-	-	6	17
31 March 2013 (unaudited)	(304,682)	(2)	(999)	(2,660)	(308,343)

Provision represents provisions against letters of credit and guarantees issued. The movements in provisions were as follows:

	Three months ended 31 March 2013 (unaudited)	**Three months ended 31 March 2012 (unaudited)**
At the beginning of the period	(4,385)	(3,388)
Provisions	(2,182)	(1,514)
Recoveries of provisions	2,624	1,866
Foreign exchange differences	28	(27)
At the end of the period	(3,915)	(3,063)

18. TAXATION

The Bank and its subsidiaries, other than HSBK (Europe) B.V., OJSC NBK Bank, OJSC Halyk Bank Kyrgyzstan, LLP NBK-Finance and JSC Halyk Bank Georgia are subject to taxation in Kazakhstan. HSBK (Europe) B.V. is subject to income tax in the Netherlands. OJSC NBK Bank and LLP NBK-Finance are subject to income tax in the Russian Federation. OJSC Halyk Bank Kyrgyzstan is subject to income tax in the Republic of Kyrgyzstan. JSC Halyk Bank Georgia is subject to income tax in Georgia.

The income tax expense comprises:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Current tax charge	2,596	3,270
Deferred tax (benefit)/expense relating to origination and reversal of temporary differences	1,471	352
Income tax expense	4,067	3,622

The tax rate for Kazakhstan companies was 20% during the three months ended 31 March 2013 and 2012. Income on state and other qualifying securities is tax exempt.

The tax rates in the Netherlands, the Russian Federation, the Republic of Kyrgyzstan and Georgia are 20%, 20%, 10% and 15%, respectively.

Deferred tax assets and liabilities comprise:

	31 March 2013 (unaudited)	31 December 2012
Tax effect of deductible temporary differences:		
Insurance premium reserves	-	917
Bonuses accrued	1,009	1,069
Provisions, different rates	423	557
Vacation pay accrual	190	151
Fair value of derivatives	8	51
Deferred tax asset	1,630	2,745
Tax effect of taxable temporary differences:		
Loans to customers, allowance for impairment losses	(5,095)	(5,056)
Property and equipment, accrued depreciation	(4,660)	(4,400)
Fair value of derivatives	(162)	(105)
Deferred tax liability	(9,917)	(9,561)
Net deferred tax liability	(8,287)	(6,816)

The Group has offset deferred tax assets and liabilities on the consolidated statement of financial position where a right of offset existed. The amounts presented after offset comprise:

	31 March 2013 (unaudited)	31 December 2012
Deferred tax asset (Note 13)	112	1,091
Deferred tax liability	(8,399)	(7,907)
Net deferred tax liability	(8,287)	(6,816)

Kazakhstan and other countries where the Group operates currently have a number of laws related to various taxes imposed by both state and regional governmental authorities. Applicable taxes include value added tax, income tax, social taxes, and other taxes. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, different opinions regarding legal interpretation exist both among and within government ministries and organizations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Group is in compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take different positions with regard to interpretive issues.

19. OTHER LIABILITIES

Other liabilities comprise:

	31 March 2013 (unaudited)	31 December 2012
Other financial liabilities:		
Creditors on bank activities	1,094	1,720
Creditors on non-banking activities	678	644
Payable for general and administrative expenses	703	243
Other	17	44
	2,492	2,651
Other non financial liabilities:		
Salary payable	5,975	6,033
Current income tax payable	3,004	3,329
Taxes payable other than income tax	1,383	1,351
Other prepayments received	507	760
	10,869	11,473
	13,361	14,124

JSC Accumulated Pension fund of Halyk Bank ("the Pension Fund Management Company") receives two types of fees – 15% for management of pension assets based on the investment income earned or loss incurred on the pension assets during the respective month and 0.05% earned monthly based on total net assets under administration.

20. EQUITY

Authorized, issued and fully paid number of shares as at 31 March 2013 and 2012 were as follows:

31 March 2013 (unaudited)	**Share capital authorized**	**Share capital authorized and not issued**	**Fully paid and issued share capital**	**Share capital repurchased**	**Outstanding shares**
Common shares	24,000,000,000	(12,871,481,549)	11,128,518,451	(221,764,450)	10,906,754,001
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(214,146,931)	95,712,499
Convertible preferred shares	80,225,222	-	80,225,222	(567,568)	79,657,654

31 March 2012 (unaudited)	**Share capital authorized**	**Share capital authorized and not issued**	**Fully paid and issued share capital**	**Share capital repurchased**	**Outstanding shares**
Common shares	2,400,000,000	(1,091,584,040)	1,308,415,960	(218,729,117)	1,089,686,843
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(24,055,583)	285,803,847
Convertible preferred shares	80,225,222	-	80,225,222	(407,398)	79,817,824

All shares are KZT denominated. Movements of shares outstanding are as follows:

	Number of shares			**Nominal (placement) amount**		
	Common	**Non-convertible preferred**	**Convertible preferred**	**Common**	**Non-convertible preferred**	**Convertible preferred**
31 December 2011	1,089,338,798	285,803,817	79,846,624	43,611	46,891	13,233
Purchases of treasury shares	(463,231)	(1,318,700)	(28,800)	(4)	-	-
Sale of treasury shares	811,276	1,318,730	-	8	-	-
31 March 2012 (unaudited)	1,089,686,843	285,803,847	79,817,824	43,615	46,891	13,233
31 December 2012	10,907,961,655	95,712,499	79,724,654	43,597	5,837	13,23
Purchases of treasury shares	(1,795,868)	-	(67,000)	(18)	-	-
Sale of treasury shares	588,214	-	-	6	-	-
31 March 2013 (unaudited)	10,906,754,001	95,712,499	79,657,654	43,585	5,837	13,23

In accordance with the Decision made on extraordinary shareholders meeting held 6 December 2012, the Bank increased total amount of shares by performing a split of the common shares in proportion of one common share to ten common shares. The split was performed on 14 December 2012.

At 31 March 2013, the Group held 221,764,450 of the Group's common shares as treasury shares at KZT 39,986 million (31 March 2012 – 218,729,117 shares at KZT 39,956 million).

Common shares

Each common share is entitled to one vote and dividends.

Preferred shares

In accordance with IAS 32 “Financial Instruments: Presentation”, both the non-convertible and convertible preferred shares (together, the “Preferred Shares”) are classified as compound instruments. Upon the return of capital in the case of liquidation, the assets of the Group available for distribution are applied to any amount equal to paid up share capital or credited as paid up share capital due to the holders of the Preferred Shares in priority to the holders of the Common shares.

The terms of the Preferred Shares require that the Group pay a nominal dividend amount of 0.01 KZT per share in order to comply with Kazakhstan legislation, which represents the liability component. This legislation requires joint stock companies to pay a certain guaranteed amount of dividends on Preferred shares. According to Kazakhstan legislation on Joint Stock Companies, dividend payments on the Preferred shares cannot be less than the dividends paid on common shares. Furthermore, the dividends on common shares will not be paid until dividends on Preferred shares are fully paid.

The payment of additional dividends on the Preferred Shares is determined based on a formula specified in the share prospectus and is based on the Group’s profitability. Where the Group has net income no greater than KZT 160 times the quantity of issued Preferred Shares, multiplied by a factor of inflation as published by the NBK plus one per cent, the dividend per Preferred Share is determined as net income divided by the quantity of issued Preferred Shares. Where net income is greater than this, the dividend per Preferred Share is calculated as KZT 160 multiplied by a factor of inflation as published by the NBK plus one per cent. Inflation in either calculation will range between three and nine per cent. Dividends on the Preferred Shares are only paid if declared and approved by the Board of Directors at the Annual General Meeting of the Shareholders. The Preferred Shares do not have any voting rights, unless the payment of preferred dividends has been delayed for three months or more from the date they became due.

Share premium reserve

Share premium reserve represents an excess of contributions received over the nominal value of shares issued.

Convertible preferred shares

Each convertible preferred share is convertible to one common share at the discretion of the Board of Directors. In addition, the Group will pay a compensation amount to each convertible preferred shareholder on conversion based on a formula specified in the share prospectus. This payment is calculated in a way that, if at the date of conversion, the value of the common shares received by the preferred shareholder is less than KZT 160 per share, the Group will reimburse the preferred shareholders for the difference in cash at the time of conversion.

21. COMMITMENTS AND CONTINGENCIES

Financial Commitments and Contingencies

The Group's financial commitments and contingencies comprised the following:

	31 March 2013 (unaudited)	31 December 2012
Guarantees issued	146,085	117,730
Commercial letters of credit	17,653	20,970
Commitments to extend credit	12,398	16,146
Financial commitments and contingencies	176,136	154,846
Less: cash collateral against letters of credit	(10,208)	(12,177)
Less: provisions (Note 17)	(3,915)	(4,385)
Total financial commitments and contingencies, net	162,013	138,284

Guarantees issued included above represent financial guarantees where payment is unlikely as at the reporting date, and therefore have not been recorded in the interim consolidated statement of financial position. As at 31 March 2013, the ten largest guarantees accounted for 84% of the Group's total financial guarantees (as at 31 December 2012 – 78%) and represented 34% of the Group's total equity (as at 31 December 2012 – 27%).

As at 31 March 2013, the ten largest letters of credit accounted for 42% of the Group's total commercial letters of credit (as at 31 December 2012 –41%) and represented 2% of the Group's total equity (as at 31 December 2012 – 3%).

The Group requires collateral to support credit-related financial instruments when it is deemed necessary. The Group typically requires collateral support unless it is determined to be unnecessary through review of the credit risk of the borrower or analysis of other deposit accounts held by the Group. Collateral held varies, but may include deposits held in the banks, government securities and other assets.

Trust activities

In the normal course of its business, the Group enters into agreements with its customers to manage the customers' assets with limited decision making rights and in accordance with specific criteria established by the customers. The Group may only be liable for losses or actions aimed at appropriation of the customers' funds if such funds or securities are not returned to the customer. The maximum potential financial risk of the Group on any date is equal to the volume of the customers' funds, net of any unrealized income/loss on the customer's position. The balance of the customers' funds under the management of the Group, as at 31 March 2013 is KZT 1,108 billion (31 December 2012 - KZT 1,060 billion).

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in this condensed interim consolidated financial information.

Taxation

Commercial legislation of the countries where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on Management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the condensed interim consolidated financial information.

In Kazakhstan tax years remain open to review by the tax authorities within next subsequent five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review can be altered, if the court acknowledges the fact of interdiction to conducting the tax review by the tax authorities.

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks more than developed markets, including economic, political, social, legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

The pension system of the Republic of Kazakhstan is currently under reform and systematic changes are possible. On 23 January 2013, the President of the Republic of Kazakhstan announced the plan to create one pension fund that will control all pension accounts of all private pension funds. At the time of issuing this condensed interim consolidated financial information, the legislative changes in regard to pension system were incomplete

22. NET INTEREST INCOME

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on impaired assets	21,711	22,224
- interest income on unimpaired assets	17,328	14,050
Interest income on available-for-sale investment securities	4,015	3,389
Interest income on financial assets at fair value through profit or loss	8	5
Total interest income	43,062	39,668
Interest income on financial assets recorded at amortized cost comprises:		
Interest income on loans to customers	37,441	35,190
Interest income on investments held-to-maturity	747	672
Interest income on amounts due from credit institutions and cash and cash equivalents	851	412
Total interest income on financial assets recorded at amortized cost	39,039	36,274
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	8	5
Total interest income on financial assets at fair value through profit or loss	8	5
Interest income on available-for-sale investment securities	4,015	3,389
Total interest income	43,062	39,668
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost	(19,564)	(17,116)
Total interest expense	(19,564)	(17,116)
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest expense on amounts due to customers	(13,362)	(10,749)
Interest expense on debt securities issued	(6,094)	(6,198)
Interest expense on amounts due to credit institutions	(108)	(169)
Total interest expense on financial liabilities recorded at amortized cost	(19,564)	(17,116)
Net interest income before impairment charge	23,498	22,552

23. FEES AND COMMISSIONS

Fee and commission income was derived from the following sources:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Pension fund and asset management	3,524	5,470
Bank transfers - settlements	2,178	2,027
Cash operations	1,447	898
Payment cards maintenance	1,328	1,180
Bank transfers – salary projects	1,312	1,220
Servicing customers’ pension payments	1,027	891
Letters of credit and guarantees issued	746	519
Maintenance of customer accounts	441	218
Other	437	348
	12,440	12,771

Fee and commission income from Pension fund and asset management was derived from the following:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Investment income from management of pension assets	2,070	4,238
Income from administration of pension assets	1,454	1,232
	3,524	5,470

24. NET GAIN FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets and liabilities at fair value through profit or loss comprises:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Net gain/(loss) on operations with financial assets and liabilities classified as held for trading:		
Unrealized net gain on trading operations	561	449
Net gain on derivative operations	370	440
Realised loss on trading operations	(35)	(684)
Total net gain on operations with financial assets and liabilities classified as held for trading	896	205

25. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations comprises:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Dealing, net	1,142	1,777
Translation differences, net	30	(112)
	1,172	1,665

26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income/expense comprised:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Insurance premiums written, gross	15,679	10,468
Change in unearned insurance premiums, net	(3,385)	(2,618)
Ceded reinsurance share	(5,215)	(3,786)
	7,079	4,064
Insurance reserves	3,947	533
Insurance payments	1,703	1,689
Commissions to agents	228	94
	5,878	2,316
Total insurance income	1,201	1,748

27. OPERATING EXPENSES

Operating expenses comprised:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Salaries and other employee benefits	8,241	6,293
Depreciation and amortization expenses	1,570	1,792
Taxes other than income tax	511	436
Security	357	350
Communication	312	299
Rent	299	287
Repairs and maintenance	235	270
Advertisement	193	113
Insurance agents fees	192	190
Information services	186	165
Stationery and office supplies	154	157
Transportation	120	116
Business trip expenses	108	117
Professional services	37	53
Expenses from sale of property and equipment and intangible assets	20	-
Hospitality expenses	9	12
Social events	9	2
Charity	8	7
Other	541	611
	13,102	11,270

28. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to equity holders of the Bank by the weighted average number of participating shares outstanding during the period.

According to Kazakhstan legislation on Joint Stock Companies, dividend payments per common share cannot exceed the dividends per share on preferred shares for the same period. Therefore, net profit for the period is allocated to the common shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings.

The following table presents basic and diluted earnings per share:

	Three months ended 31 March 2013 (unaudited)	Three months ended 31 March 2012 (unaudited)
Basic earnings per share		
Net income for the period attributable to shareholders of the parent	19,162	16,649
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	(303)	(541)
Earnings attributable to common shareholders	18,859	16,108
Weighted average number of common shares for the purposes of basic earnings per share	10,907,539,176	10,895,240,859
Basic earnings per share (in Kazakhstani Tenge)	1.73	1.48*
Diluted earnings per share		
Earnings used in the calculation of basic earnings per share	18,859	16,108
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	138	119
Less: Amounts payable to convertible preferred shareholders upon conversion	(10,425)	(10,960)
Earnings used in the calculation of total diluted earnings per share	8,572	5,267
Weighted average number of common shares for the purposes of basic earnings per share	10,907,539,176	10,895,240,859
Shares deemed to be issued:		
Weighted average number of common shares that would be issued for the convertible preferred shares	79,657,631	79,834,873
Weighted average number of common shares for the purposes of diluted earnings per share	10,987,196,807	10,975,075,732
Diluted earnings per share (in Kazakhstani Tenge)	0.78	0.48*

* Restated for share split – see Note 20

Basic and diluted earnings per share for the years ended 31 March 2013 and 2012 were presented based on the new number of shares resulting from the share split on 14 December 2012 (see Note 20).

On 8 November 2010, KASE has enacted new rules for listed companies that require presentation of book value of one share in the financial statements of the listed companies.

The book value of one share per each class of shares as at 31 March 2013 and 31 December 2012 is as follows.

		31 March 2013 (unaudited)	
Class of shares	Outstanding shares	Equity	Book value of one share, in KZT
Common	10,906,754,001	330,041	30.26
Non-convertible preferred	95,712,499	7,074	73.91
Convertible preferred	79,657,654	13,233	166.13
		350,348	

Class of shares	Outstanding shares	31 December 2012 Equity	Book value of one share, in KZT
Common	10,907,961,655	313,738	28.76
Non-convertible preferred	95,712,499	7,074	73.91
Convertible preferred	79,724,654	13,233	165.98
		334,045	

The amount of equity attributable to non-convertible preferred shares is calculated as the sum of non-convertible shares carrying amount and the share premium reserve attributable to non-convertible preferred shares. The amount of equity attributable to convertible preferred shares is calculated as carrying amount of convertible shares. The amount of equity attributable to common shares is calculated as the difference between the total equity, total net book value of intangible assets, and the amounts attributable to preferred shares.

The management of the Group believes that it fully complies with the requirement of KASE as at the reporting date.

29. FINANCIAL RISK MANAGEMENT

Risk management is fundamental to the Group's banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to:

- Credit risk
- Liquidity risk
- Market risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. Through the risk management framework, the Group manages the following risks:

Credit risk

Credit risk is the risk of loss arising for the Group when a counterparty is unable to meet its contractual obligations on time or in full.

Risk Management division plays important role in managing and controlling the credit risk. This division is responsible for the credit risks identification and evaluation, implementation of the control and monitoring measures. Risk Management division directly participates in a credit decision-making processes and consideration of internal rules, regulations and loan programs. Along with that, the division provides independent recommendations concerning credit exposure minimization measures, controls limits and monitors credit risks, provides relevant reporting to the management and ensures compliance of the credit process with external laws/regulations as well as internal requirements and procedures.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower/counterparty, or groups of borrowers, and to industry (and geographical) segments. Limits on the level of credit risk concentration by industry sector are approved and controlled by the Assets and Liabilities Management Committee (ALMC). Limits on credit risk exposure with respect to credit programmes (Small and medium enterprises (SME) and retail) are approved by the Management Board. The exposure to any one borrower, including banks and brokers, covers on and off-balance sheet exposures which are reviewed by the Credit Committees and ALMC. Actual exposures against limits are monitored daily.

The risk, that the counterparty will not meet its obligations, is restricted by the limits covering on and off-balance sheet exposure.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk for off-balance sheet financial instruments is defined as a probability of losses due to the inability of counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon counterparties maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the financial instruments recorded in the consolidated statement of financial position, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off-balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Structure and authorities of credit committees

Credit committees, ALMC, the Management Board and the Board of Directors are credit authorities responsible for implementation of the Bank's Credit Policy and credit decision-making process.

Head Office Credit Committee (CC)

Is the committee, the primary goal of which is implementation of the Bank's Credit Policy in terms of credit operations and credit applications from corporate customers.

Branch Credit Committee and Branch Network Credit Committee (BCC, BNCC)

Are committees, the primary goal of which is implementation of the Bank's Credit Policy in terms of granting financial instruments via branches to the small and medium enterprises customers.

Delegated credit authority limits for BCC and BNCC are established by the Management Board. BCC makes credit decisions within its limits. If the loan application exceeds the relevant credit limit or the authorities of the BCC, the final decision has to be taken by the BNCC. The procedure of the decision-making by the BNCC involves consideration of the package of documents, including complex analysis, assessments of the potential borrowers conducted by the Bank's experts.

Retail Branch Credit Committee of the Head Office and Decision Making Center (RCCHO and DMC)

Are credit decision authorities, the primary goal of which is implementation of the Bank's Credit Policy in terms of granting retail financial instruments via branches.

DMC comprised of credit underwriters with delegated credit authorities based on four eyes principle. DMC makes credit decisions within their authorities and limits established by the Management Board and RCCHO. RCCHO is authorized to consider loan applications that exceed relevant credit limits or the authorities of the DMC, as well as other matters within the authorities established by the Management Board.

Along with the process of decision-making via credit decision authorities mentioned above, there is an automated approach of decision procedures for potential borrowers whose income can be confirmed by the Independent Government body. This approach takes into account risk-profile of the potential borrower and allows minimizing the credit risk exposure in the decision-making procedures

Problem loans committee of the Head Office, branches

Are committees, the primary goal of which is implementation of the Bank's Credit Policy in terms of management, servicing and maintaining the repayment of the problem loans.

Authorized credit authorities of the Bank subsidiaries

Consideration and approval of the loan applications in the subsidiaries are performed by the Authorized credit authorities in accordance with the internal rules and regulations of the subsidiary. The loan applications exceeding the limits and the authorities have to be approved by the Board of Directors of the subsidiaries with the preliminary consideration by the relevant Credit committee according to the Bank's internal rules and regulations.

ALMC

Is the committee, the primary goal of which is the profit maximization and limit the risks of banking activities related to raising and allocation of funds. The main tasks of the ALMC are: liquidity management, interest rate risk management, price risk and other banking risks management.

ALMC is also responsible for establishing country and counterparty limits. ALMC reports to the Board of Directors.

The Management Board

The loan applications exceeding the authorities of the Head Office Credit Committee, Branch Network Credit Committee, Retail Credit Committee of the Head Office, or exceeding the relevant limits of Branch Network Credit Committee, Retail Credit Committee of the Head Office have to be considered by the Management Board.

The Board of Directors

If the loan applications exceed 5 % of the Bank's equity capital or the potential borrower is a related party, such applications have to be considered by the Board of Directors.

Currency Risk

The Group is exposed to currency risk. Currency risk arises from open positions in foreign currencies and adverse movements of market exchange rates that may have a negative impact on the financial performance of the Group.

ALMC controls currency risk by management of the open currency position based on the estimations of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations of national and foreign currencies.

The Treasury Department performs daily monitoring of the Group's open currency position with the aim to comply with the requirements of the regulatory authority.

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates (primarily USD) on its financial position, results of operations and cash flows, which are monitored daily. ALMC sets limits on the level of exposure by currencies within the authority approved by the Board of Directors. These limits also comply with the minimum requirements of the regulator authority.

The Group's exposure to foreign currency exchange rate risk follows:

	31 March 2013 (unaudited)			31 December 2012		
	KZT	Foreign currencies	Total	KZT	Foreign currencies	Total
FINANCIAL ASSETS:						
Cash and cash equivalents	189,953	412,397	602,350	71,763	462,306	534,069
Obligatory reserves	25,718	23,262	48,980	24,324	24,143	48,467
Financial assets at fair value through profit or loss	1,144	377	1,521	303	968	1,271
Amounts due from credit institutions	30,831	2,000	32,831	21,205	11,594	32,799
Available-for-sale investment securities	168,338	167,974	336,312	177,232	157,130	334,362
Investments held to maturity	17,363	8,632	25,995	17,233	8,533	25,766
Loans to customers	955,501	399,518	1,355,019	965,552	353,656	1,319,208
Other financial assets	5,587	542	6,129	6,571	1,247	7,818
	1,394,435	1,014,702	2,409,137	1,284,183	1,019,577	2,303,760
FINANCIAL LIABILITIES:						
Amounts due to customers	1,083,621	677,818	1,761,439	1,030,300	668,882	1,699,182
Amounts due to credit institutions	18,112	11,702	29,814	5,382	9,820	15,202
Debt securities issued	24,459	280,909	305,368	23,977	277,942	301,919
Financial liabilities at fair value through profit or loss	40	214	254	-	439	439
Other financial liabilities	1,432	1,060	2,492	2,430	221	2,651
	1,127,664	971,703	2,099,367	1,062,089	957,304	2,019,393
Net balance sheet position	266,771	42,999	309,770	222,094	62,273	284,367

The Group's principal cash flows are generated in KZT and USD. As a result, potential movements in the exchange rate between KZT and USD will affect the carrying values of the Group's USD denominated monetary assets and liabilities.

Liquidity Risk

Liquidity risk is the risk resulting from the inability of the Group to provide funds for repayment of its obligations in a due time. The Group's liquidity risk arises when terms of assets on active operations and maturity dates of obligations do not match.

Short-term liquidity needs are managed by the Group's Treasury function collecting daily customers' cash inflow/outflow forecasts. Long-term liquidity management is performed by ALMC by analyzing longer term liquidity positions and making decisions on managing significant gaps through various available means. In order to manage liquidity risk, the Group analyzes the financial assets, obligatory reserves and liabilities, taking into account payment schedules for loans issued to customers. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the contractual maturity date, except for financial assets at fair value through profit or loss which are included in the column "Less than 1 month" as they are available to meet the Group's short-term liquidity needs.

	31 March 2013 (unaudited)					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	496,609	105,741	-	-	-	602,350
Obligatory reserves	27,392	6,961	10,149	2,462	2,016	48,980
Financial assets at fair value through profit or loss	1,521	-	-	-	-	1,521
Amounts due from credit institutions	337	1	13,786	18,704	3	32,831
Available-for-sale investment securities	10,285	13,524	34,627	175,287	102,589	336,312
Investments held to maturity	46	1,711	2,257	17,115	4,866	25,995
Loans to customers	128,160	187,264	574,973	345,356	119,266	1,355,019
Other financial assets	5,108	164	249	396	212	6,129
	669,458	315,366	636,041	559,320	228,952	2,409,137
FINANCIAL LIABILITIES:						
Amounts due to customers	1,028,453	232,051	399,520	74,561	26,854	1,761,439
Amounts due to credit institutions	23,338	108	1,029	1,569	3,770	29,814
Financial liabilities at fair value through profit or loss	247	7	-	-	-	254
Debt securities issued	-	41,973	76,974	110,124	76,297	305,368
Other financial liabilities	1,949	415	103	25	-	2,492
	1,053,987	274,554	477,626	186,279	106,921	2,099,367
Net position	(384,529)	40,812	158,415	373,041	122,031	
Accumulated gap	(384,529)	(343,717)	(185,302)	187,739	309,770	

			31 December 2012			
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
FINANCIAL ASSETS:						
Cash and cash equivalents	291,363	242,706	-	-	-	534,069
Obligatory reserves	28,017	3,298	12,270	2,633	2,249	48,467
Financial assets at fair value through profit or loss	1,271	-	-	-	-	1,271
Amounts due from credit institutions	48	6,557	8,094	17,799	301	32,799
Available-for-sale investment securities	3,125	17,403	57,373	189,484	66,977	334,362
Investments held to maturity	260	157	2,203	18,231	4,915	25,766
Loans to customers	185,647	159,602	627,777	287,899	58,283	1,319,208
Other financial assets	7,011	228	51	177	351	7,818
	516,742	429,951	707,768	516,223	133,076	2,303,760
FINANCIAL LIABILITIES:						
Amounts due to customers	1,032,288	131,690	421,072	85,479	28,653	1,699,182
Amounts due to credit institutions	8,903	26	1,208	1,307	3,758	15,202
Financial liabilities at fair value through profit or loss	366	41	32	-	-	439
Debt securities issued	109	-	116,592	107,847	77,371	301,919
Other financial liabilities	2,425	38	166	22	-	2,651
	1,044,091	131,795	539,070	194,655	109,782	2,019,393
Net position	(527,349)	298,156	168,698	321,568	23,294	
Accumulated gap	(527,349)	(229,193)	(60,495)	261,073	284,367	

Assets and liabilities are recorded on the basis of their contractual maturity and payment schedules. The Group possesses a right to unilaterally call back part of long-term loans provided to customers in ten months period after proper notification would be issued by the Group.

A significant portion of the Group's liabilities is represented by customer term deposits, current accounts of corporate and retail customers and bonds.

Management believes that although a substantial portion of current accounts and customer deposits are on demand and mature in less than one month, diversification of these deposits by number and type of depositors, and the past experience of the Group indicate that these deposits provide a long-term and stable source of funding for the Group. Therefore an essential part of current accounts is considered as stable resources for the purposes of liquidity analysis and management.

30. SEGMENT ANALYSIS

The Group is managed and reported on the basis of two main operating segments. The Group's segments are strategic business units that offer different products and services which are managed separately.

Retail banking offers a range of personal banking, savings and mortgage products and services. Corporate banking offers business banking services principally to small and medium sized companies and commercial loans to larger corporate and commercial customers.

The products and services offered by each segment are:

Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages to individuals and cash and foreign currency related services.

Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and trade finance products to legal entities.

Other – representing capital market services, insurance services, and documentary operations with guarantees issued and commercial letters of credit.

The segment information below is presented on the basis used by the Bank's Chairperson of the Management Board, who is the Group's chief operating decision maker, to evaluate performance, in accordance with IFRS 8. The Management of the Group reviews discrete financial information for each of its segments, including measures of operating results, assets and liabilities. The segments are managed primarily on the basis of their results, which excludes certain unallocated costs related to interest expense on debt securities issued and amounts due to credit institutions and operating expenses other than salaries and other employee benefits.

There were no transactions between business segments during the three months ended 31 March 2013 and 2012. Segment assets and liabilities exclude certain unallocated amounts. Unallocated assets include obligatory reserves, property and equipment and other unallocated assets. Unallocated liabilities include debt securities issued, amounts due to credit institutions and other unallocated liabilities.

Segment information for the main reportable business segments of the Group as at 31 March 2013 and 2012 and for the three months then ended is set out below:

	Retail banking	Corporate banking	Other	Total
As at 31 March 2013 and for the three months then ended (unaudited)				
External revenues	18,981	38,135	8,544	65,660
Total revenues	18,981	38,135	8,544	65,660
Total revenues comprise:				
- Interest income	13,202	29,860	-	43,062
- Fee and commission income	5,306	7,134	-	12,440
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	896	896
- Net realized gain from available-for-sale investment securities	-	-	177	177
- Net gain on foreign exchange operations	473	699	-	1,172
- Insurance underwriting income and other income	-	-	7,471	7,471
- Recovery of provision	-	442	-	442
Total revenues	18,981	38,135	8,544	65,660
- Interest expense on amounts due to customers	(9,635)	(3,727)	-	(13,362)
- Impairment charge	(123)	(2,140)	-	(2,263)
- Fee and commission expense	(307)	(1,212)	-	(1,519)
- Salaries and other employee benefits	(1,679)	(6,562)	-	(8,241)
- Advertisement expenses	(193)	-	-	(193)
Segment result	7,044	24,494	8,544	40,082
Unallocated costs:				(16,748)
- Interest expense from debt securities issued and amounts due to credit institutions				(6,203)
- Insurance claims incurred, net of reinsurance				(5,878)
- Unallocated operating expenses				(4,667)
Income before income tax expense				23,334
Income tax expense				(4,067)
Net Income				19,267
Total segment assets	367,652	1,622,548	363,880	2,354,080
Unallocated assets				164,203
Total assets				2,518,283
Total segment liabilities	(747,758)	(1,013,681)	(3,915)	(1,765,354)
Unallocated liabilities				(396,873)
Total liabilities				(2,162,227)
Other segment items:				
Capital expenditure (unallocated)				(1,400)
Depreciation and amortization expense (unallocated)				(1,570)

	Retail banking	Corporate banking	Other	Total
As at 31 March 2012 and for the three months then ended (unaudited)				
External revenues	18,564	35,892	5,201	59,657
Total revenues	18,564	35,892	5,201	59,657
Total revenues comprise:				
- Interest income	10,964	28,704	-	39,668
- Fee and commission income	6,930	5,841	-	12,771
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	205	205
- Net realized gain from available-for-sale investment securities	-	-	584	584
- Net gain on foreign exchange operations	670	995	-	1,665
- Insurance underwriting income and other income	-	-	4,412	4,412
- Recovery of provision	-	352	-	352
Total revenues	18,564	35,892	5,201	59,657
- Interest expense on amounts due to customers	(7,638)	(3,111)	-	(10,749)
- Impairment charge	(136)	(7,067)	-	(7,203)
- Fee and commission expense	(238)	(1,074)	-	(1,312)
- Salaries and other employee benefits	(1,199)	(5,094)	-	(6,293)
- Advertisement expenses	(113)	-	-	(113)
Segment result	9,240	19,546	5,201	33,987
Unallocated costs:				
- Interest expense from debt securities issued and amounts due to credit institutions				(6,367)
- Insurance claims incurred, net of reinsurance				(2,316)
- Unallocated operating expenses				(4,864)
Income before income tax expense				20,440
Income tax expense				(3,622)
Net income				16,818
Total segment assets	301,946	1,679,999	394,022	2,375,967
Unallocated assets				168,552
Total assets				2,544,519
Total segment liabilities	(602,960)	(1,232,816)	(3,063)	(1,838,839)
Unallocated liabilities				(374,308)
Total liabilities				(2,213,147)
Other segment items:				
Capital expenditure (unallocated)				(1,792)
Depreciation and amortization expense (unallocated)				(1,792)

Geographical information

Information for the main geographical areas of the Group is set out below as at 31 March 2013 and 31 December 2012 and for the three-months ended 31 March 2013 and 2012.

	Kazakhstan	**OECD**	**Non-OECD**	**Total**
31 March 2013 (unaudited)				
Total assets	2,031,142	411,628	75,513	2,518,283
31 December 2012				
Total assets	1,947,751	404,924	55,323	2,407,998
Three months ended 31 March 2013 (unaudited)				
External revenues	63,425	857	1,378	65,660
Capital expenditure	(1,400)	-	-	(1,400)
Three months ended 31 March 2012 (unaudited)				
External revenues	18,564	35,982	5,201	59,657
Capital expenditure	(1,792)	-	-	(1,792)

External revenues, assets and credit related commitments have generally been allocated based on domicile of the counterparty. Cash on hand, property and equipment and capital expenditure have been allocated based on the country in which they are physically held.

31. RELATED PARTY TRANSACTIONS

Related parties or transactions with related parties are assessed in accordance with IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally effected on the same terms, conditions and amounts as transactions between unrelated parties.

Considering each possible related party not only their legal status is taken into account but also the substance of the relationship between these parties.

The ultimate shareholder of the Group Timur Kulibayev (please see Note 1) held the position of Chairman in Samruk-Kazyna during the period from 12 April 2011 till 26 December 2011. Timur Kulibayev held the position of Chairman of the Board of Directors in subsidiaries of Samruk-Kazyna, including JSC NC KazMunayGas from 21 May 2009 till 12 January 2012 and JSC NC Kazatomprom from October 2008 till 12 January 2012. According to the requirements of IAS 24, applicable for annual reports for periods starting 1 January 2011, the entity is considered as related to the reporting entity if a person, who has control or joint control over reporting entity is considered as a member of key management personnel of the entity or a parent of the entity. Accordingly, Samruk-Kazyna together with its subsidiaries were considered as related parties until 26 December 2011, except for JSC NC KazMunayGas and JSC NC Kazatomprom, which were considered as related parties up to and including 12 January 2012.

The transactions and balances with Samruk-Kazyna are disclosed as a separate line in related party transactions disclosure below for the periods in which Samruk-Kazyna was a shareholder of the Group.

The Group had the following balances outstanding as at 31 March 2013 and 31 December 2012 with related parties:

	31 March 2013 (unaudited)		31 December 2012	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Financial assets at fair value through profit or loss	33	1,521	33	1,271
- Samruk-Kazyna and its subsidiaries	33		33	
Available-for-sale investment securities before allowance for impairment	61,556	337,311	61,661	335,361
- Samruk-Kazyna and its subsidiaries	61,556		61,661	
Allowance for available-for-sale investment securities impairment	(490)	(999)	(490)	(999)
- Subsidiaries of Samruk-Kazyna	(490)		(490)	
Investments held to maturity	5,919	25,995	6,958	25,766
- Subsidiaries of Samruk-Kazyna	5,919		6,958	
Loans to customers before allowance for impairment losses	8,250	1,659,701	8,221	1,622,134
- entities with joint control or significant influence over the entity	6,871		6,738	
- other related parties	1,379		1,483	
Allowance for impairment losses	(391)	(304,682)	(298)	(302,926)
- entities with joint control or significant influence over the entity	(292)		(298)	
- other related parties	(99)		-	
Amounts due to customers	59,686	1,761,439	56,441	1,699,182
- the parent	36,756		36,457	
- entities with joint control or significant influence over the entity	683		558	
- associates	68		75	
- key management personnel of the entity or its parent	2,137		2,057	
- Samruk-Kazyna and its subsidiaries	11,767		11,765	
- other related parties	8,275		5,529	
Amounts due to credit institutions	33	29,814	54	15,202
- Subsidiaries of Samruk-Kazyna	33		54	

Included in the interim consolidated income statement and in the interim statement of other comprehensive income for the three months ended 31 March 2013 and 2012 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2013 (unaudited)		Three months ended 31 March 2012 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Interest income	1,646	43,062	1,713	39,668
- entities with joint control or significant influence over the entity	202		207	
- Samruk-Kazyna and its subsidiaries	1,416		1,488	
- other related parties	28		18	
Interest expense	(824)	(19,564)	(3,353)	(17,116)
- the parent	(651)		(280)	
- key management personnel of the entity or its parent	(29)		(41)	
- Samruk-Kazyna and its subsidiaries	(129)		(3,004)	
- other related parties	(15)		(28)	

	Three months ended 31 March 2013 (unaudited)		Three months ended 31 March 2012 (unaudited)	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Key management personnel compensation:	93	8,241	72	6,293
- short-term employee benefits	93		72	

32. SUBSEQUENT EVENTS

On 30 April 2013, the Bank has sold its property with book value as at 31 March 2013 of KZT 3,756 million for KZT 4,100 million, which was included into the "Assets held-for-sale" in the interim consolidated statement of financial position.

On 13 May 2013, the Bank made scheduled repayment of its Eurobond for amount of USD 270 million placed in May 2006 with the original placement amount of USD 300 million.

On 15 May 2013, the annual meeting of the shareholders took place, where a decision to pay dividends on common shares of 1.12 tenge per one common share was made; the date when the payment of dividends on common shares commences is 15 June 2013. In addition a decision to distribute net income of the Bank on payment of dividends on preferred shares in the amount of KZT 2,241 million was made; payment of dividends on preferred shares is from 21 May to 31 May 2013.