

# **JSC HALYK BANK**

**Interim Condensed Consolidated  
Financial Information (Unaudited)**  
For the three months ended 31 March 2015

# JSC HALYK BANK

## TABLE OF CONTENTS

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	<b>Page</b>
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)	1
INDEPENDENT AUDITOR’S REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED):	
Interim consolidated statement of financial position (unaudited)	3
Interim consolidated statement of profit or loss (unaudited)	4
Interim consolidated statement of other comprehensive income (unaudited)	5
Interim consolidated statement of changes in equity (unaudited)	6-7
Interim consolidated statement of cash flows (unaudited)	8-9
Selected explanatory notes to the interim condensed consolidated financial information (unaudited)	10-49

## JSC HALYK BANK

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

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Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the financial position of JSC Halyk Bank ("the Bank") and its subsidiaries (collectively – "the Group") as at 31 March 2015, 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 interim condensed 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 interim condensed consolidated financial information 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 interim condensed consolidated financial information of the Group for the three months ended 31 March 2015 was authorized for issue by the Management Board on 15 May 2015.

On behalf of the Management Board:

Umut B. Shayaldimetova  
Chairperson of the Board

15 May 2015  
Almaty, Kazakhstan



Pavel A. Ghensov  
Chief Accountant

15 May 2015  
Almaty, Kazakhstan





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## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE INTERIM CONDENSED 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 2015 and the related interim consolidated statements of profit or loss, 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 interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed 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 interim condensed 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

*DELOITTE, LLP*

15 May 2015  
Almaty, Kazakhstan

# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015 (UNAUDITED) (Millions of Kazakhstani Tenge)

	Notes	31 March 2015 (unaudited)	31 December 2014
<b>ASSETS</b>			
Cash and cash equivalents	5	517,112	540,537
Obligatory reserves	6	48,146	48,225
Financial assets at fair value through profit or loss	7	15,869	15,727
Amounts due from credit institutions	8	44,271	27,095
Available-for-sale investment securities	9	335,270	386,423
Precious metals		1,449	1,385
Loans to customers	10, 32	1,671,765	1,648,013
Investment property	11	9,910	5,684
Property and equipment		79,586	79,564
Assets held-for-sale		11,608	8,798
Goodwill		4,954	4,954
Intangible assets		8,342	8,664
Insurance assets	12	23,132	20,320
Other assets	13	15,890	14,393
<b>TOTAL ASSETS</b>		<b>2,787,304</b>	<b>2,809,782</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Amounts due to customers	14, 32	1,728,948	1,848,213
Amounts due to credit institutions	15	115,991	107,192
Financial liabilities at fair value through profit or loss	7	2,532	3,131
Debt securities issued	16	365,902	311,009
Provisions	17	419	407
Deferred tax liability	18	10,467	10,673
Insurance liabilities	12	44,514	38,807
Other liabilities	19	17,636	15,129
<b>Total liabilities</b>		<b>2,286,409</b>	<b>2,334,561</b>
<b>EQUITY</b>			
Share capital	20	143,695	143,695
Share premium reserve		1,442	1,439
Treasury shares		(78,994)	(78,994)
Retained earnings and other reserves		434,752	409,081
<b>Total equity</b>		<b>500,895</b>	<b>475,221</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,787,304</b>	<b>2,809,782</b>

On behalf of the Management Board:

Umud B. Shayakhmetova  
Chairperson of the Board

15 May 2015  
Almaty, Kazakhstan



Payel A. Chrussov  
Chief Accountant

15 May 2015  
Almaty, Kazakhstan



The notes on pages 10 to 49 form an integral part of this interim condensed consolidated financial information.

# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

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

	Notes	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Interest income	22, 32	57,665	51,116
Interest expense	22, 32	(20,990)	(19,046)
<b>NET INTEREST INCOME BEFORE IMPAIRMENT CHARGE</b>	22	<b>36,675</b>	<b>32,070</b>
Recovery of provisions/(impairment charge)	17	1,662	(508)
<b>NET INTEREST INCOME</b>		<b>38,337</b>	<b>31,562</b>
Fee and commission income	23	12,070	22,006
Fee and commission expense		(2,171)	(1,958)
<b>Fees and commissions, net</b>		<b>9,899</b>	<b>20,048</b>
Net gain from financial assets and liabilities at fair value through profit or loss	24	1,098	412
Net realized loss from available-for-sale investment securities		(1,204)	(361)
Net (loss)/gain on foreign exchange operations	25	(236)	3,136
Insurance underwriting income	26	5,208	3,283
Other income		918	840
<b>OTHER NON-INTEREST INCOME</b>		<b>5,784</b>	<b>7,310</b>
Operating expenses	27	(16,008)	(13,726)
(Provisions)/recovery of provisions	17	(49)	4,050
Insurance claims incurred, net of reinsurance	26	(4,503)	(2,674)
<b>NON-INTEREST EXPENSES</b>		<b>(20,560)</b>	<b>(12,350)</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>33,460</b>	<b>46,570</b>
Income tax expense	18	(6,488)	(8,653)
<b>NET INCOME</b>		<b>26,972</b>	<b>37,917</b>
Attributable to:			
Non-controlling interest		-	404
Preferred shareholders		460	648
Common shareholders		26,512	36,865
		<b>26,972</b>	<b>37,917</b>
Basic earnings per share (in Kazakhstani Tenge)	28	2.43	3.38
Diluted earnings per share (in Kazakhstani Tenge)	28	1.57	2.46

On behalf of the Management Board:

Umud B. Shayakhmetova  
Chairperson of the Board

15 May 2015  
Almaty, Kazakhstan

Pavel A. Zheussov  
Chief Accountant

15 May 2015  
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this interim condensed consolidated financial information.

# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
Net income	26,972	37,917
Other comprehensive loss		
Items that will not to be subsequently reclassified to profit or loss:		
(Loss)/gain on revaluation of property (net of tax – KZT Nil)	(30)	97
Items that may be subsequently reclassified to profit or loss:		
Loss on revaluation of available-for-sale investment securities (net of tax – KZT Nil)	(1,749)	(2,980)
Reclassification adjustment relating to available-for-sale investment securities impaired during the period (net of tax – KZT Nil)	39	-
Reclassification adjustment relating to available-for-sale investment securities disposed of in the period (net of tax – KZT Nil)	1,204	361
Exchange differences on translating foreign operations (net of tax – KZT Nil)	(765)	1,314
Other comprehensive loss for the period	(1,301)	(1,208)
Total comprehensive income for the period	25,671	36,709
Attributable to:		
Non-controlling interest	-	403
Preferred shareholders	437	627
Common shareholders	25,234	35,679
Total comprehensive income	25,671	36,709

On behalf of the Management Board:

Umuf B. Shayakhmetova  
Chairperson of the Board

15 May 2015  
Almaty, Kazakhstan



Pavel Chussov  
Chief Accountant

15 May 2015  
Almaty, Kazakhstan



# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Share capital				Treasury shares		Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property revaluation reserve*	Retained earnings*	Total equity
	Common shares	Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Common shares	Preferred shares					
31 December 2014	83,571	46,891	13,233	1,439	(39,973)	(39,021)	(845)	(9,292)	17,341	401,877	475,221
Net income	-	-	-	-	-	-	-	-	-	26,972	26,972
Other comprehensive (loss)/income	-	-	-	-	-	-	(765)	(506)	(34)	4	(1,301)
Total comprehensive (loss)/income	-	-	-	-	-	-	(765)	(506)	(34)	26,976	25,671
Treasury shares purchased	-	-	-	(72)	(2)	-	-	-	-	-	(74)
Treasury shares sold	-	-	-	75	2	-	-	-	-	-	77
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(121)	121	-
31 March 2015 (unaudited)	83,571	46,891	13,233	1,442	(39,973)	(39,021)	(1,610)	(9,798)	17,186	428,974	500,895



# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Share capital				Treasury shares			Cumulative translation reserve*	Revaluation reserve of available-for-sale investment securities*	Property revaluation reserve*	Retained earnings*	Total	Non-controlling interest	Total equity
	Common shares	Non-convertible preferred shares	Convertible preferred shares	Share premium reserve	Common shares	Preferred shares								
31 December 2013	83,571	46,891	13,233	1,415	(39,974)	(37,560)	602	1,790	13,808	307,470	391,246	933	392,179	
Net income	-	-	-	-	-	-	-	-	-	37,513	37,513	404	37,917	
Other comprehensive income/(loss)	-	-	-	-	-	-	1,314	(2,618)	97	-	(1,207)	(1)	(1,208)	
Total comprehensive income/(loss)	-	-	-	-	-	-	1,314	(2,618)	97	37,513	36,306	403	36,709	
Treasury shares purchased	-	-	-	(25)	(1)	-	-	-	-	-	(26)	-	(26)	
Treasury shares sold	-	-	-	71	2	-	-	-	-	-	73	-	73	
Release of property and equipment revaluation reserve on depreciation and disposal of previously revalued assets	-	-	-	-	-	-	-	-	(79)	79	-	-	-	
31 March 2014 (unaudited)	83,571	46,891	13,233	1,461	(39,973)	(37,560)	1,916	(828)	13,826	345,062	427,599	1,336	428,935	

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

### On behalf of the Management Board:

**Umut B. Shayakhmetova**  
Chairperson of the Board

15 May 2015  
Almaty, Kazakhstan

**Pavel A. Cheussov**  
Chief Accountant

15 May 2015  
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this interim condensed consolidated financial information.

# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

(Millions of Kazakhstani Tenge)

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest received from cash equivalents and amounts due from credit institutions	602	1,149
Interest received from financial assets at fair value through profit or loss	17	5
Interest received on available-for-sale investment securities	4,864	4,289
Interest received from loans to customers	50,342	39,678
Interest paid on due to customers	(12,685)	(13,208)
Interest paid on due to credit institutions	(1,736)	(261)
Interest paid on debt securities issued	(6,667)	(2,726)
Fee and commission received	11,708	23,069
Fee and commission paid	(2,171)	(1,958)
Insurance underwriting income received	1,407	6,752
Ceded insurance share paid	(680)	(1,546)
Other income received	751	840
Operating expenses paid	(12,554)	(5,221)
Insurance reimbursements paid	(2,350)	(2,689)
Cash flows from operating activities before changes in net operating assets	30,848	48,173
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets:		
Obligatory reserves	79	(10,686)
Financial assets at fair value through profit or loss	(102)	(391)
Amounts due from credit institutions	(16,992)	(36)
Precious metals	62	15,366
Loans to customers	(9,912)	(26,526)
Assets held-for-sale	220	42
Insurance assets	(4,014)	(3,696)
Other assets	(3,272)	(4,931)
Increase/(decrease) in operating liabilities:		
Amounts due to customers	(136,712)	403,732
Amounts due to credit institutions	6,452	(69,876)
Financial liabilities at fair value through profit or loss	495	478
Insurance liabilities	9,238	3,984
Other liabilities	1,583	(699)
Net cash (outflow)/inflow from operating activities before income tax	(122,027)	354,934
Income tax paid	(7,234)	(9,057)
Net cash (outflow)/inflow from operating activities	(129,261)	345,877
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of available-for-sale investment securities	63,381	40,924
Purchase of available-for-sale investment securities	(11,438)	(43,412)
Purchase and prepayment for property and equipment and intangible assets	(1,664)	(1,056)
Proceeds on sale of property and equipment	166	128
Net cash inflow/(outflow) from investing activities	50,445	(3,416)

# JSC HALYK BANK

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED) (Millions of Kazakhstani Tenge)

	Notes	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds on sale of treasury shares		77	73
Purchase of treasury shares		(74)	(26)
Proceeds on debt securities issued		51,112	-
		<u>51,115</u>	<u>-</u>
Net cash inflow from financing activities		<u>51,115</u>	<u>47</u>
Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents		<u>4,276</u>	<u>993</u>
Net change in cash and cash equivalents		(23,425)	343,501
CASH AND CASH EQUIVALENTS, beginning of the period	5	<u>540,537</u>	<u>486,313</u>
CASH AND CASH EQUIVALENTS, end of the period	5	<u>517,112</u>	<u>829,814</u>

### On behalf of the Management Board:

\_\_\_\_\_  
**Umut B. Shayakhmetova**  
Chairperson of the Board

15 May 2015  
Almaty, Kazakhstan

\_\_\_\_\_  
**Pavel A. Cheussov**  
Chief Accountant

15 May 2015  
Almaty, Kazakhstan

The notes on pages 10 to 49 form an integral part of this interim condensed consolidated financial information.

# JSC HALYK BANK

## SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)

(Millions of Kazakhstani Tenge)

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### 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, leasing services in Kazakhstan and Russia, as well as asset management, insurance 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 banking and other operations and activities on the securities market, renewed by the National Bank of the Republic of Kazakhstan (“the NBRK”) 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, collecting deposits, trading in securities and foreign currencies, executing transfers, cash and payment card operations as well as rendering other banking services to its customers. In addition, the Bank acts as a non-exclusive 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 London Stock Exchange. The Bank has also allocated Global Depository Receipts (“GDRs”) on the London Stock Exchange.

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

#### *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 interim condensed consolidated financial information.

#### *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, which decreased significantly during 2014. Management is unable to reliably estimate the effects of any further price fluctuations on the Group’s financial position.

As at 31 March 2015 and 31 December 2014 the Group was owned by the following shareholders, which own individually more than 5% of the issued shares of the Group:

	31 March 2015 (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	8,024,149,068	72.3%	8,003,381,500	73.4%	20,767,568	11.0%
JSC Single Accumulative Pension Fund	869,738,261	7.8%	710,233,299	6.5%	159,504,962	84.3%
GDR	1,841,123,480	16.6%	1,841,123,480	16.9%	-	0.0%
Other	364,116,615	3.3%	355,228,800	3.2%	8,887,815	4.7%
<b>Total shares in circulation (on consolidated basis)</b>	<b>11,099,127,424</b>	<b>100.0%</b>	<b>10,909,967,079</b>	<b>100.0%</b>	<b>189,160,345</b>	<b>100.0%</b>
	31 December 2014					
	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	8,024,149,068	72.3%	8,003,381,500	73.4%	20,767,568	11.0%
JSC Single Accumulated Pension Fund	869,738,261	7.8%	710,233,299	6.5%	159,504,962	84.3%
GDR	1,848,929,480	16.7%	1,848,929,480	16.9%	-	0.0%
Other	356,244,249	3.2%	347,354,434	3.2%	8,889,815	4.7%
<b>Total shares in circulation (on consolidated basis)</b>	<b>11,099,061,058</b>	<b>100%</b>	<b>10,909,898,713</b>	<b>100%</b>	<b>189,162,345</b>	<b>100%</b>

As at 31 March 2015, the Bank operated through its head office in Almaty and its 22 regional branches, 122 sub-regional offices and 393 cash settlement units (31 December 2014 – 22, 122 and 393, respectively) located throughout Kazakhstan. The address of the Bank's registered office is: 109 V Abai Avenue, Almaty, 050008, Republic Kazakhstan.

As at 31 March 2015, the number of the Group's full-time employees was 11,555 (31 December 2014 - 10,984).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2015 was authorized for issue by the Management Board on 15 May 2015.

## 2. BASIS OF PRESENTATION

### Accounting basis

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed 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 2014 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 2014 prepared in accordance with IFRS. Management believes that the disclosures in this interim condensed consolidated financial information are adequate to make the information presented not misleading if this interim condensed consolidated financial information is read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2014 prepared in accordance with IFRS. In management’s opinion, this interim condensed 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 interim condensed 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 interim condensed consolidated financial information includes the following subsidiaries:

Subsidiary	Holding, %		Country	Industry
	31 March 2015 (unaudited)	31 December 2014		
JSC Halyk Leasing	100	100	Kazakhstan	Leasing
JSC Kazteleport	100	100	Kazakhstan	Telecommunications
OJSC Halyk Bank Kyrgyzstan	100	100	Kyrgyzstan	Banking
JSC Halyk Finance	100	100	Kazakhstan	Broker and dealer activities
LLP Halyk Inkassatsiya	100	100	Kazakhstan	Cash collection services
JSC Halyk Life	100	100	Kazakhstan	Life insurance
JSC Kazakhinstrakh	100	100	Kazakhstan	Insurance
JSC Accumulation Pension fund of Halyk Bank of Kazakhstan (“APF”)	100	100	Kazakhstan	Pension assets accumulation and management
JSC NBK Bank	100	100	Russia	Banking
JSC Halyk Bank Georgia	100	100	Georgia	Banking
LLC Halyk Project	100	100	Kazakhstan	Management of doubtful and loss assets
JSC Altyn-Bank (Subsidiary Bank of JSC Halyk Bank Kazakhstan) (JSC “Altyn Bank”)	100	100	Kazakhstan	Banking

### 3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this interim condensed consolidated financial information the Group has applied the same accounting policies and methods of computation as those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2014. There were no changes in accounting policies during the three months ended 31 March 2015.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

### 4. SIGNIFICANT ACCOUNTING ESTIMATES

In preparing this interim condensed consolidated financial information, the significant judgments made by the 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 year ended 31 December 2014 prepared in accordance with IFRS.

### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
Cash on hand	109,290	130,413
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Correspondent accounts with Organization for Economic Co-operation and Development countries (the "OECD") based banks	74,014	90,574
Overnight deposits with OECD based banks	94,682	31,000
Short-term deposits with OECD based banks	20,422	14,595
Correspondent accounts with National Bank of Republic of Kazakhstan (the "NBRK")	174,279	260,070
Short-term deposits with Kazakhstan banks (loans under reverse repurchase agreements)	29,441	3,803
Correspondent accounts with non-OECD based banks	14,157	8,553
Short-term deposits with non-OECD based banks	827	1,529
	<u>517,112</u>	<u>540,537</u>

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

	<b>31 March 2015 (unaudited)</b>		<b>31 December 2014</b>	
	<b>KZT</b>	<b>Foreign currencies</b>	<b>KZT</b>	<b>Foreign currencies</b>
Overnight deposits with OECD based banks	-	0.06%-0.2%	-	0.08%
Short-term deposits with OECD based banks	-	0.1%	-	0.3%
Short-term deposits with Kazakhstan banks	12.0%-14.0%	-	30.0%	-
Short-term deposits with non-OECD based bank	-	2.8%-4.6%		2.0%- 3.3%

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 2015 and 31 December 2014 are presented as follows:

	31 March 2015 (unaudited)		31 December 2014	
	Carrying amount of deposits	Fair value of collateral	Carrying amount of deposits	Fair value of collateral
Treasury bills of the Ministry of Finance of Kazakhstan and NBRK notes	29,441	38,089	3,803	4,103
	<u>29,441</u>	<u>38,089</u>	<u>3,803</u>	<u>4,103</u>

As at 31 March 2015 and 31 December 2014, maturities of loans under reverse repurchase agreements were less than 1 month.

## 6. OBLIGATORY RESERVES

Obligatory reserves comprise:

	31 March 2015 (unaudited)	31 December 2014
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Due from the NBRK allocated to obligatory reserves	48,146	48,225

The obligatory reserves represent the minimum reserve deposits and cash on hand balances required by the National Banks of the Republic of Kazakhstan, Kyrgyzstan, Georgia and Central Bank of Russian Federation and used for calculation of the minimum reserve requirements. As at 31 March 2015, obligatory reserves of OJSC Halyk Bank Kyrgyzstan, JSC NBK Bank and JSC Halyk Bank Georgia comprised KZT 3,606 million (31 December 2014 – KZT 4,464 million).

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

Financial assets at fair value through profit or loss comprise:

	31 March 2015 (unaudited)	31 December 2014
<b>Financial assets held for trading:</b>		
Derivative financial instruments	12,171	12,094
Treasury bills of the Ministry of Finance of Kazakhstan	2,043	2,026
Corporate bonds	741	751
Equity securities of Kazakhstan corporations	315	261
Bonds of foreign organizations	173	174
Bonds of Kazakhstan banks	167	164
Bonds of JSC Development Bank of Kazakhstan	156	152
Equity securities of foreign organizations	52	56
Equity securities of Kazakhstan banks	51	49
	<u>15,869</u>	<u>15,727</u>



Financial liabilities at fair value through profit or loss comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Financial liabilities at fair value through profit or loss:</b>		
Derivative financial instruments	2,532	3,131

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

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
	<b>Interest rate, %</b>	<b>Interest rate, %</b>
Treasury bills of the Ministry of Finance of Kazakhstan	4.7%	4.4%
Corporate bonds	6.7%	6.3%
Bonds of foreign organizations	5.7%	6.3%
Bonds of Kazakhstan banks	11.5%	11.4%
Bonds of JSC Development Bank of Kazakhstan	5.2%	5.2%

Derivative financial instruments comprise:

	<b>31 March 2015 (unaudited)</b>			<b>31 December 2014</b>		
	<b>Notional amount</b>	<b>Fair value</b>		<b>Notional amount</b>	<b>Fair value</b>	
<b>Foreign currency contracts:</b>		<b>Asset</b>	<b>Liability</b>		<b>Asset</b>	<b>Liability</b>
Swaps	385,671	12,052	2,207	305,163	9,380	2,232
Forwards	16,000	119	325	63,716	2,714	899
		<u>12,171</u>	<u>2,532</u>		<u>12,094</u>	<u>3,131</u>

As at 31 March 2015 and 31 December 2014, 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:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Loans to credit institutions	14,300	14,303
Term deposits	27,185	10,058
Deposit pledged as collateral for derivative financial instruments	2,786	2,734
	<u>44,271</u>	<u>27,095</u>

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

	<b>31 March 2015</b> <b>(unaudited)</b>		<b>31 December 2014</b>	
	<b>Interest rate</b>	<b>Maturity, year</b>	<b>Interest rate</b>	<b>Maturity, year</b>
Loans to credit institutions	8.2%	2017	8.2%	2017
Term deposits	6.9%-9.0%	2015-2017	1.0%-9.0%	2015-2017
Deposit pledged as collateral for derivative financial instruments	0.2%-1.8%	2015	0.2%-1.8%	2015

## 9. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Available-for-sale investment securities comprise:

	<b>31 March 2015</b> <b>(unaudited)</b>	<b>31 December 2014</b>
Treasury bills of the Ministry of Finance of Kazakhstan	150,992	149,640
Corporate bonds	121,676	121,714
Bonds of JSC Development Bank of Kazakhstan	18,870	18,209
Bonds of foreign organizations	17,785	48,968
Bonds of Kazakhstan banks	11,975	12,422
Local municipal bonds	3,844	3,913
Equity securities of Kazakhstan corporations	3,490	4,066
Treasury bills of the USA	3,159	-
Equity securities of foreign corporations	1,579	1,713
Treasury bills of Georgia	1,424	1,562
Treasury bills of the Russian Federation	414	6,618
Equity securities of Kazakhstan banks	62	62
Treasury bills of the Republic of Poland	-	17,536
	<u>335,270</u>	<u>386,423</u>

As at 31 March 2015 and 31 December 2014, available-for-sale investment securities included Treasury bills of the Ministry of Finance of Kazakhstan and NBK Notes in the fair value of KZT 2,255 million and KZT 12,575 million, respectively, which were pledged under repurchase agreements with other banks (see Note 15).

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 2015 (unaudited)		31 December 2014	
	Interest rate	Maturity, year	Interest rate	Maturity, year
Treasury bills of the Ministry of Finance of Kazakhstan	5.7%	2015-2031	5.5%	2015-2031
Corporate bonds	7.1%	2015-2029	7.0%	2015-2023
Bonds of JSC Development Bank of Kazakhstan	4.4%	2022-2026	4.7%	2022-2026
Bonds of foreign organizations	4.8%	2016-2020	4.0%	2015-2022
Bonds of Kazakhstan banks	11.8%	2015-2023	10.5%	2015-2023
Local municipal bonds	4.9%	2015	4.9%	2015
Treasury bills of the USA	0.01%	2015	-	-
Treasury bills of Georgia	9.8%	2016-2024	11.9%	2016-2024
Treasury bills of the Russian Federation	12.1%	2021	2.7%	2018-2021
Treasury bills of Republic of Poland	-	-	2.2%	2019

## 10. LOANS TO CUSTOMERS

Loans to customers comprise:

	31 March 2015 (unaudited)	31 December 2014
<b>Recorded as loans and receivables in accordance with IAS 39:</b>		
Originated loans to customers	1,950,915	1,931,218
Overdrafts	<u>1,302</u>	<u>2,813</u>
	1,952,217	1,934,031
Less – Allowance for loan impairment losses (Note 17)	<u>(280,452)</u>	<u>(286,018)</u>
Loans to customers	<u><u>1,671,765</u></u>	<u><u>1,648,013</u></u>

Weighted average interest rate on loans to customers is calculated as interest income on loans to customers divided by monthly average balances of loans to customers. As at 31 March 2015, average interest rate on loans was 12.4% (for the year ended 31 December 2014 – 12.1%).

As at 31 March 2015, the Group's loan concentration to the ten largest borrowers was KZT 403,934 million, which comprised 21% of the Group's total gross loan portfolio (as at 31 December 2014 – KZT 356,266 million; 18%) and 81% of the Group's total equity (as at 31 December 2014 – 75%).

As at 31 March 2015, the allowance for loan impairment losses amounting to KZT 44,176 million was created against these loans (as at 31 December 2014 – KZT 58,214 million).

As at 31 March 2015 and 31 December 2014, loans were extended to the customers operating in the following sectors:

	<b>31 March 2015 (unaudited)</b>	<b>Share</b>	<b>31 December 2014</b>	<b>Share</b>
Retail loans:				
- consumer loans	372,834	19%	352,028	18%
- mortgage loans	<u>145,277</u>	<u>7%</u>	<u>138,615</u>	<u>7%</u>
	518,111		490,643	
Wholesale trade	368,670	19%	386,201	20%
Services	232,889	12%	229,741	12%
Construction	162,070	9%	159,975	8%
Real estate	128,022	7%	130,622	7%
Agriculture	101,993	5%	103,836	5%
Retail trade	100,430	5%	112,497	6%
Transportation	81,151	4%	66,045	3%
Mining	42,677	2%	39,782	2%
Financial services	39,260	2%	37,960	2%
Hotel industry	29,990	2%	29,969	2%
Food industry	27,833	2%	28,327	2%
Communication	27,367	1%	27,959	2%
Metallurgy	22,510	1%	22,026	1%
Chemical industry	9,204	1%	8,793	0%
Oil and gas	8,407	0%	9,059	0%
Energy	7,973	0%	9,264	0%
Machinery	5,450	0%	5,250	0%
Light industry	5,226	0%	4,171	0%
Other	<u>32,984</u>	<u>2%</u>	<u>31,911</u>	<u>2%</u>
	<u><u>1,952,217</u></u>	<u><u>100%</u></u>	<u><u>1,934,031</u></u>	<u><u>100%</u></u>

As at 31 March 2015 the amount of accrued interest on loans comprised KZT 101,923 million (as at 31 December 2014 – KZT 103,757 million).

During the three months ended 31 March 2015 and year ended 31 December 2014 the Group received financial and non-financial assets by taking possession of collateral it held as security. As at 31 March 2015 and 31 December 2014 such assets in amount of KZT 7,234 million and KZT 8,029 million, respectively, are included in assets held for sale.

As at 31 March 2015 and 31 December 2014 loans to customers included loans amounted to KZT 144,349 million and KZT 150,382 million, respectively, whose terms were renegotiated. Otherwise, these loans would be past due or impaired.

## 11. INVESTMENT PROPERTY

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Year ended 31 December 2014</b>
Beginning balance	5,684	906
Additions	4,204	1,912
Transferred from property and equipment	22	2,129
Transferred from non-current assets held for sale	-	235
Capitalized expenses	-	141
Gain on revaluation of investment property	-	361
	<hr/>	<hr/>
Ending balance	<u>9,910</u>	<u>5,684</u>

As at 31 March 2015 and 31 December 2014, there was no investment property that was pledged as collateral for liabilities.

Included into other income is investment property rental income for the three months ended 31 March 2015 and 2014 amounted to KZT 164 million and KZT 12 million, respectively.

Operating expenses arising from the investment property that generated rental income during the three months ended 31 March 2015 and 2014 amounted to KZT 43 million and KZT 4 million, respectively.

As at 31 March 2015 and 31 December 2014, the fair value measurements of the Group's investment property are categorized into Level 2 in amount of KZT 9,910 million and KZT 5,684 million, respectively (description of measurement hierarchy is disclosed in Note 31).

## 12. INSURANCE ASSETS AND LIABILITIES

Insurance assets comprised the following:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
Reinsurance premium unearned	11,101	10,420
Reinsurance amounts recoverable	<hr/> 1,322	<hr/> 2,221
	12,423	12,641
Premiums receivable	<hr/> 10,709	<hr/> 7,679
Insurance assets	<u>23,132</u>	<u>20,320</u>

Insurance liabilities comprised the following:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
Gross unearned insurance premium reserve	18,906	15,105
Reserves for insurance claims	<u>18,220</u>	<u>18,360</u>
	37,126	33,465
Payables to reinsurers and agents	<u>7,388</u>	<u>5,342</u>
Insurance liabilities	<u><u>44,514</u></u>	<u><u>38,807</u></u>

### 13. OTHER ASSETS

Other assets comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Other financial assets recorded as loans and receivables in accordance with IAS 39:</b>		
Debtors on banking activities	10,914	9,788
Accrued other commission income	1,139	778
Debtors on non-banking activities	1,032	2,204
Other	<u>24</u>	<u>20</u>
	13,109	12,790
Less – Allowance for impairment (Note 17)	<u>(4,323)</u>	<u>(4,297)</u>
	8,786	8,493
<b>Other non financial assets:</b>		
Prepayments for property and equipment	1,740	1,682
Corporate income tax prepaid	1,365	530
Advances for taxes other than income tax	1,262	615
Inventory	888	1,161
Deferred income tax asset (Note 18)	369	447
Investments in associates	30	30
Other	<u>1,450</u>	<u>1,435</u>
	7,104	5,900
	<u><u>15,890</u></u>	<u><u>14,393</u></u>

## 14. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers include the following:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Recorded at amortized cost:</b>		
<b>Term deposits:</b>		
Individuals	712,225	764,935
Legal entities	306,141	380,810
	<u>1,018,366</u>	<u>1,145,745</u>
<b>Current accounts:</b>		
Legal entities	547,171	529,204
Individuals	163,411	173,264
	<u>710,582</u>	<u>702,468</u>
	<u><u>1,728,948</u></u>	<u><u>1,848,213</u></u>

As at 31 March 2015, the Group's ten largest groups of related customers accounted for approximately 25% of the total amounts due to customers (31 December 2014 – 26%), 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 follows:

	<b>31 March 2015 (unaudited)</b>	<b>Share</b>	<b>31 December 2014</b>	<b>Share</b>
Individuals and entrepreneurs	875,636	51%	938,199	51%
Oil and gas	218,520	13%	296,546	16%
Financial sector	93,933	5%	43,796	2%
Transportation	89,239	5%	108,663	6%
Wholesale trade	75,186	4%	77,060	4%
Healthcare and social services	58,914	3%	31,213	2%
Other consumer services	51,213	3%	72,918	4%
Construction	47,802	3%	66,379	4%
Government	34,586	2%	25,139	1%
Metallurgy	27,797	2%	29,383	2%
Insurance and pension funds activity	25,398	1%	22,284	1%
Education	15,563	1%	18,291	1%
Communication	12,452	1%	15,045	1%
Energy	14,772	1%	14,195	1%
Other	87,937	5%	89,102	4%
	<u><u>1,728,948</u></u>	<u><u>100%</u></u>	<u><u>1,848,213</u></u>	<u><u>100%</u></u>

## 15. AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Recorded at amortized cost:</b>		
Loans from JSC National Managing Holding KazAgro	47,118	47,846
Loans from JSC Entrepreneurship Development Fund DAMU	33,146	21,127
Loans from JSC Development Bank of Kazakhstan	16,056	8,009
Loans and deposits from Kazakhstan banks	7,819	17,678
Correspondent accounts	6,730	5,646
Loans and deposits from OECD based banks	3,956	3,963
Loans from other financial institutions	1,164	1,174
Loans and deposits from non-OECD based banks	2	1,749
	<u>115,991</u>	<u>107,192</u>

As at 31 March 2015 loans from JSC National Managing Holding KazAgro (“KazAgro”) included long-term loans in the amount of KZT 47,055 (31 December 2014 - KZT 47,783 million) at 3.0% interest rate maturing in 2022. These loans were received for restructuring/refinancing of loan/leasing debts of the Bank’s borrowers operating in agricultural sector, originated before 1 January 2014 in connection with working capital loans, loans for the purchase of property and equipment, loans for construction-and-assembling works and loans for leasing of agriculture and technology equipment. Restructuring/refinancing of loan/leasing obligations is provided at 6.0% - 7.0% interest rate for the period not later than 31 December 2022.

As at 31 March 2015 loans from JSC Entrepreneurship Development Fund DAMU (“DAMU”) included long-term loans in the amount of KZT 32,000 million (31 December 2014 – 20,000 million) at 2.0% interest rate maturing in 2034 with an early recall option. These loans were received in accordance with the Government program (“the Program”) to finance small and medium enterprises (“SME”) operating in certain industries. According to the loan agreement between DAMU and the Group, the Group is responsible to extend loans to SME borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate.

As at 31 March 2015 loans from JSC Development Bank of Kazakhstan (“DBK”) included long-term loans in the amount of KZT 16,000 million (31 December 2014 – KZT 8,000 million) at 2.0% interest rate maturing in 2034-2035. These loans were received to finance corporate enterprises operating in manufacturing industries. According to the loan agreement between DBK and the Group, the Group is responsible to extend loans to corporate borrowers, eligible to participate in the Program, up to 10 years at 6.0% interest rate.

The Management of the Group believes that there are no other similar financial instruments and due to its specific nature, the loans from KazAgro, DAMU and DBK represent separate segments in SME and corporate lending. As a result, these loans were received in an orderly transaction and as such have been recorded at fair value at the recognition date.



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

	<b>31 March 2015 (unaudited)</b>		<b>31 December 2014</b>	
	<b>Interest Rate</b>	<b>Maturity, year</b>	<b>Interest Rate</b>	<b>Maturity, year</b>
Loans from JSC National Managing Holding KazAgro	3.0%	2019-2022	3.0%	2019-2022
Loans from JSC Entrepreneurship Development Fund DAMU	2.0%	2015-2034	2.0%	2015-2034
Loans from JSC Development Bank of Kazakhstan	2.0%	2034-2035	2.0%	2034
Loans and deposits from Kazakhstan banks	2.0%-3.25%	2015-2034	2.0%-3.5%	2015-2034
Loans and deposits from OECD based banks	0.9%-6.5%	2016-2023	0.9%-6.5%	2016-2023
Loans from other financial institutions	4.8%-6.2%	2015-2016	4.8%-6.2%	2015-2016
Loans and deposits from non-OECD based banks	5.0%	2015-2017	0.7%-7.0%	2015-2017

Fair value of assets pledged and carrying amounts of loans included in loans and deposits from Kazakhstan banks under repurchase agreements as at 31 March 2015 and 31 December 2014 are presented as follows:

	<b>31 March 2015 (unaudited)</b>		<b>31 December 2014</b>	
	<b>Fair value of collateral</b>	<b>Carrying amount of loans</b>	<b>Fair value of collateral</b>	<b>Carrying amount of loans</b>
Treasury bills of the Ministry of Finance of Kazakhstan	<u>2,255</u>	<u>2,365</u>	<u>12,575</u>	<u>12,017</u>
	<u>2,255</u>	<u>2,365</u>	<u>12,575</u>	<u>12,017</u>

Details of transferred financial assets that are not derecognized in their entirety as at 31 March 2015 and 31 December 2014 are disclosed below.

Loans under repurchase agreements used by the Group as collateral for the current cash flows in KZT within the Group's operations. The Group regularly uses this type of instruments to attract short-term liquidity and plans to continue raising funds through loans under repurchase agreements when the need arise.

The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

	<b>Investments available-for- sale (Note 9)</b>
<b>As at 31 March 2015:</b>	
Carrying amount of transferred assets	2,255
Carrying amount of associated liabilities	2,365
<b>As at 31 December 2014:</b>	
Carrying amount of transferred assets	12,575
Carrying amount of associated liabilities	12,017

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 2015 and 31 December 2014, the Group was in compliance with the covenants of the agreements that the Group has with other banks and credit institutions.

## 16. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Recorded at amortized cost:</b>		
<b>Subordinated debt securities issued:</b>		
Inflation indexed KZT denominated bonds	8,629	3,944
Fixed rate KZT denominated bonds	8,088	7,815
Reverse inflation indexed KZT denominated bonds	4,017	8,470
	<hr/>	<hr/>
Total subordinated debt securities outstanding	20,734	20,229
	<hr/>	<hr/>
<b>Unsubordinated debt securities issued:</b>		
USD denominated bonds	198,764	195,255
KZT denominated bonds	146,404	95,525
	<hr/>	<hr/>
Total unsubordinated debt securities outstanding	345,168	290,780
	<hr/>	<hr/>
Total debt securities issued	<u>365,902</u>	<u>311,009</u>

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

	<b>31 March 2015 (unaudited)</b>		<b>31 December 2014</b>	
	<b>Coupon rate</b>	<b>Maturity, year</b>	<b>Coupon Rate</b>	<b>Maturity, year</b>
<b>Subordinated debt securities issued:</b>				
Fixed rate KZT denominated bonds	7.5%-13.0%	2015-2018	7.5%-13.0%	2015-2018
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
<b>Unsubordinated debt securities issued:</b>				
USD denominated bonds	7.3%	2017-2021	7.3%	2017-2021
KZT denominated bonds	7.5%	2024-2025	7.5%	2024

As at 31 March 2015 the amount of accrued interest on debt securities issued was KZT 8,346 million (as at 31 December 2014 – KZT 4,829 million).

Subordinated securities are unsecured obligations of the Group and are subordinated in the 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 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 at 31 March 2015 and 31 December 2014 the Group was in compliance with the covenants of the agreements that 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 (Note 10)	Amounts due from credit institutions (Note 8)	Available- for-sale investment securities	Other Assets (Note 13)	Total
<b>31 December 2013</b>	(323,311)	(5)	(1,040)	(5,176)	(329,532)
Additional provisions recognized	(120,965)	-	(500)	(2,528)	(123,993)
Recovery of provision	120,512	-	1	2,972	123,485
Write-offs	152	5	-	2	159
Foreign exchange differences	(26,836)	-	(2)	(47)	(26,885)
<b>31 March 2014 (unaudited)</b>	<u>(350,448)</u>	<u>-</u>	<u>(1,541)</u>	<u>(4,777)</u>	<u>(356,766)</u>
<b>31 December 2014</b>	(286,018)	-	(1,867)	(4,297)	(292,182)
Additional provisions recognized	(32,632)	-	(39)	(1,851)	(34,522)
Recovery of provision	34,294	-	-	1,890	36,184
Write-offs	6,142	-	4	-	6,146
Foreign exchange differences	(2,238)	-	-	(65)	(2,303)
<b>31 March 2015 (unaudited)</b>	<u>(280,452)</u>	<u>-</u>	<u>(1,902)</u>	<u>(4,323)</u>	<u>(286,677)</u>

During the three months ended 31 March 2015, the Group has written off loans in the amount of KZT 6,142 million. Main portion of write-off relates to changes introduced to the Tax Code of Kazakhstan as at 1 January 2014, which allow the write-off of loans without being considered forgiveness of the loan for tax purposes and are therefore not subject to corporate income tax.

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

	Three months ended 31 March 2015 (unaudited)	Three months ended 31 March 2014 (unaudited)
At the beginning of the period	(407)	(4,163)
Additional provisions recognised	(93)	(40)
Recovery of provisions	44	4,090
Foreign exchange differences	37	(6)
At the end of the period	<u>(419)</u>	<u>(119)</u>

## 18. TAXATION

The Bank and its subsidiaries, other than JSC NBK Bank, OJSC Halyk Bank Kyrgyzstan and JSC Halyk Bank Georgia are subject to taxation in Kazakhstan. JSC NBK Bank is 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:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
Current tax charge	6,976	9,304
Deferred tax benefit relating to origination and reversal of temporary differences	<u>(488)</u>	<u>(651)</u>
Income tax expense	<u><u>6,488</u></u>	<u><u>8,653</u></u>

The tax rate for Kazakhstan companies was 20% during the three months ended 31 March 2015 and 2014. Income on state and other qualifying securities is tax exempt.

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

Deferred tax assets and liabilities comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Tax effect of deductible temporary differences:</b>		
Bonuses accrued	1,789	1,453
Vacation pay accrual	292	265
Other	<u>31</u>	<u>162</u>
Deferred tax asset	<u>2,112</u>	<u>1,880</u>
<b>Tax effect of taxable temporary differences:</b>		
Dynamic provisions	(3,762)	(3,769)
Property and equipment, accrued depreciation	(5,653)	(5,725)
Fair value of derivatives and investments available-for-sale	(433)	(578)
Core deposit intangible	(415)	(445)
Other	<u>(1,947)</u>	<u>(1,589)</u>
Deferred tax liability	<u>(12,210)</u>	<u>(12,106)</u>
Net deferred tax liability	<u><u>(10,098)</u></u>	<u><u>(10,226)</u></u>

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:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
Deferred tax asset (Note 13)	369	447
Deferred tax liability	<u>(10,467)</u>	<u>(10,673)</u>
Net deferred tax liability	<u><u>(10,098)</u></u>	<u><u>(10,226)</u></u>

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 others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing 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 differing positions with regard to interpretive issues.

## 19. OTHER LIABILITIES

Other liabilities comprise:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
<b>Other financial liabilities:</b>		
Salary payable	9,863	8,263
Payable for general and administrative expenses	939	489
Creditors on bank activities	926	822
Creditors on non-banking activities	327	282
Other	810	497
	<u>12,865</u>	<u>10,353</u>
<b>Other non financial liabilities:</b>		
Current income tax payable	2,310	2,444
Taxes payable other than income tax	1,794	1,413
Other prepayments received	667	919
	<u>4,771</u>	<u>4,776</u>
	<u><u>17,636</u></u>	<u><u>15,129</u></u>

## 20. EQUITY

Authorized, issued and fully paid number of shares as at 31 March 2015 and 2014 were as follows:

### 31 March 2014 (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	(218,150,932)	10,910,367,519
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(194,326,117)	115,533,313
Convertible preferred shares	80,225,222	-	80,225,222	(227,972)	79,997,250

### 31 March 2015 (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	(218,551,372)	10,909,967,079
Non-convertible preferred shares	600,000,000	(290,140,570)	309,859,430	(200,558,485)	109,300,945
Convertible preferred shares	80,225,222	-	80,225,222	(365,822)	79,859,400

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

	Number of shares			Nominal (placement) amount		
	Common	Non-convertible preferred	Convertible preferred	Common	Non-convertible preferred	Convertible preferred
<b>31 December 2013</b>	10,908,700,519	115,533,834	79,997,250	43,597	9,331	13,233
Purchases of treasury shares	(629,770)	(521)	-	(1)	-	-
Sale of treasury shares	2,296,770	-	-	2	-	-
<b>31 March 2014 (unaudited)</b>	<u>10,910,367,519</u>	<u>115,533,313</u>	<u>79,997,250</u>	<u>43,598</u>	<u>9,331</u>	<u>13,233</u>
<b>31 December 2014</b>	10,909,898,713	109,300,945	79,861,400	43,598	7,870	13,233
Purchases of treasury shares	(2,315,336)	-	(2,000)	(2)	-	-
Sale of treasury shares	2,383,702	-	-	2	-	-
<b>31 March 2015 (unaudited)</b>	<u>10,909,967,079</u>	<u>109,300,945</u>	<u>79,859,400</u>	<u>43,598</u>	<u>7,870</u>	<u>13,233</u>

### Common shares

At 31 March 2015, the Group held 218,551,372 of the Group's common shares as treasury shares at KZT 39,973 million (31 December 2014 – 218,150,932 shares at KZT 39,973 million).

Each common share outstanding is entitled to one vote and dividends. Treasury shares are not entitled to any vote or dividend.

### 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 paid only after the Board of Directors approves payment terms of such dividends and the Annual General Shareholders Meeting approves distribution of net income received for the respective financial year. 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:

	<b>31 March 2015 (unaudited)</b>	<b>31 December 2014</b>
Guarantees issued	151,346	155,639
Commitments to extend credit	22,501	20,525
Commercial letters of credit	5,096	6,657
	<hr/>	<hr/>
Financial commitments and contingencies	178,943	182,821
Less: cash collateral against letters of credit	(2,876)	(3,427)
Less: provisions (Note 17)	(419)	(407)
	<hr/>	<hr/>
Financial commitments and contingencies, net	<u>175,648</u>	<u>178,987</u>

Guarantees issued represent bank guarantees issued by the Bank by order of its clients and which are in effect as at the reporting date. As at 31 March 2015, the ten largest guarantees accounted for 75%

of the Group's total financial guarantees (as at 31 December 2014 – 76%) and represented 23% of the Group's total equity (as at 31 December 2014 – 25%).

Commercial letters of credit represent letters of credit issued by the Bank by order of its clients, and under which as at the reporting date, the payment has not yet been made. As at 31 March 2015, the ten largest unsecured letters of credit accounted for 70% of the Group's total commercial letters of credit (31 December 2014 – 73%) and represented 1% of the Group's total equity (31 December 2014 – 1%).

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 not necessary 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.

### **Capital commitments**

As at 31 March 2015 and 31 December 2014 the Group had commitments for capital expenditures in respect of construction in progress in the amount of KZT 929 million and KZT Nil million, respectively.

### **Operating lease commitments**

There was no material operating lease commitments under non-cancellable operating leases outstanding as at 31 March 2015 and 31 December 2014.



## 22. NET INTEREST INCOME

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
<b>Interest income comprises:</b>		
<b>Interest income on financial assets recorded at amortized cost:</b>		
- interest income on impaired assets	32,117	25,113
- interest income on unimpaired assets	20,229	20,713
Interest income on available-for-sale investment securities	5,274	5,273
Interest income on financial assets at fair value through profit or loss	45	17
Total interest income	<u>57,665</u>	<u>51,116</u>
<b>Interest income on financial assets recorded at amortized cost:</b>		
Interest income on loans to customers	51,736	44,612
Interest income on amounts due from credit institutions and cash and cash equivalents	610	1,214
Total interest income on financial assets recorded at amortized cost	<u>52,346</u>	<u>45,826</u>
<b>Interest income on financial assets at fair value through profit or loss:</b>		
Interest income on financial assets held-for-trading	45	17
Total interest income on financial assets at fair value through profit or loss	<u>45</u>	<u>17</u>
Interest income on available-for-sale investment securities	<u>5,274</u>	<u>5,273</u>
Total interest income	<u>57,665</u>	<u>51,116</u>
<b>Interest expense comprises:</b>		
Interest expense on financial liabilities recorded at amortized cost	<u>(20,990)</u>	<u>(19,046)</u>
Total interest expense	<u>(20,990)</u>	<u>(19,046)</u>
<b>Interest expense on financial liabilities recorded at amortized cost:</b>		
Interest expense on amounts due to customers	(12,972)	(14,493)
Interest expense on debt securities issued	(6,457)	(3,922)
Interest expense on amounts due to credit institutions	(1,561)	(631)
Total interest expense on financial liabilities recorded at amortized cost	<u>(20,990)</u>	<u>(19,046)</u>
Net interest income before impairment charge	<u><u>36,675</u></u>	<u><u>32,070</u></u>

## 23. FEES AND COMMISSIONS

Fee and commission income was derived from the following sources:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
Bank transfers - settlements	3,189	2,259
Payment cards maintenance	2,195	1,799
Cash operations	1,959	1,742
Bank transfers – salary projects	1,615	1,413
Servicing customers’ pension payments	1,423	1,181
Letters of credit and guarantees issued	763	847
Maintenance of customer accounts	376	244
Other	550	656
	<u>12,070</u>	<u>10,141</u>
Pension fund and asset management	<u>-</u>	<u>11,865</u>
	<u><u>12,070</u></u>	<u><u>22,006</u></u>

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

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
Investment income from management of pension assets	-	10,259
Income from administration of pension assets	<u>-</u>	<u>1,606</u>
	<u><u>-</u></u>	<u><u>11,865</u></u>

On 26 March 2014 APF transferred all pension assets to JSC Single Accumulated Pension Fund. Subsequently the Group stopped carrying out pension asset management activities.

## 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:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
<b>Net gain on operations with financial assets and liabilities classified as held for trading:</b>		
Net gain on derivative operations	618	241
Net unrealized gain/(loss) on trading operations	535	(7)
Realized (loss)/gain on trading operations	<u>(55)</u>	<u>178</u>
<b>Total net gain on operations with financial assets and liabilities classified as held for trading</b>	<u><u>1,098</u></u>	<u><u>412</u></u>

## 25. NET (LOSS)/GAIN ON FOREIGN EXCHANGE OPERATIONS

Net (loss)/gain on foreign exchange operations comprises:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
Translation differences, net	(4,248)	4,057
Dealing, net	<u>4,012</u>	<u>(921)</u>
	<u>(236)</u>	<u>3,136</u>

## 26. INSURANCE UNDERWRITING INCOME

Insurance underwriting income/expense comprised:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
Insurance premiums written, gross	13,453	8,474
Change in unearned insurance premiums, net	(3,535)	(2,051)
Ceded reinsurance share	<u>(4,710)</u>	<u>(3,140)</u>
	<u>5,208</u>	<u>3,283</u>
Insurance payments	(2,224)	(2,580)
Insurance reserves expenses	(790)	(47)
Commissions to agents	<u>(1,489)</u>	<u>(47)</u>
	<u>(4,503)</u>	<u>(2,674)</u>
Total insurance income	<u>705</u>	<u>609</u>

## 27. OPERATING EXPENSES

Operating expenses comprised:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
Salaries and other employee benefits	9,309	8,040
Depreciation and amortization expenses	1,604	1,484
Taxes other than income tax	878	680
Rent	574	311
Security	428	369
Communication	391	385
Repairs and maintenance	317	315
Utilities expenses	305	357
Information services	302	236
Expenses from sale of property and equipment and intangible assets	245	17
Stationery and office supplies	175	156
Insurance agents fees	175	130
Advertisement	155	149
Professional services	139	517
Business trip expenses	134	157
Transportation	114	113
Charity	40	31
Hospitality expenses	15	8
Social events	8	7
Other	700	264
	<u>16,008</u>	<u>13,726</u>

## 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:

	<b>Three months ended 31 March 2015 (unaudited)</b>	<b>Three months ended 31 March 2014 (unaudited)</b>
<b>Basic earnings per share</b>		
Net income for the period attributable to shareholders of the Parent	26,972	37,513
Less: Additional dividends that would be paid on full distribution of profit to the preferred shareholders	<u>(460)</u>	<u>(660)</u>
Earnings attributable to common shareholders	<u>26,512</u>	<u>36,853</u>
Weighted average number of common shares for the purposes of basic earnings per share	<u>10,909,837,993</u>	<u>10,909,787,212</u>
Basic earnings per share (in Kazakhstani Tenge)	<u><u>2.43</u></u>	<u><u>3.38</u></u>
<b>Diluted earnings per share</b>		
Earnings used in the calculation of basic earnings per share	26,512	36,853
Add: Additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	194	270
Less: Amounts payable to convertible preferred shareholders upon conversion	<u>(9,462)</u>	<u>(10,105)</u>
Earnings used in the calculation of total diluted earnings per share	<u>17,244</u>	<u>27,018</u>
Weighted average number of common shares for the purposes of basic earnings per share	10,909,837,993	10,909,787,212
Shares deemed to be issued:		
Weighted average number of common shares that would be issued for the convertible preferred shares	<u>79,859,512</u>	<u>79,997,250</u>
Weighted average number of common shares for the purposes of diluted earnings per share	<u>10,989,697,505</u>	<u>10,989,784,462</u>
Diluted earnings per share (in Kazakhstani Tenge)	<u><u>1.57</u></u>	<u><u>2.46</u></u>

As required by KASE rules for listed companies the book value of one share per each class of shares as at 31 March 2015 and 31 December 2014, is disclosed as follows:

Class of shares	Outstanding shares	31 March 2015 (unaudited)	
		Equity	Book value of one share, in KZT
Common	10,909,967,079	470,213	43.10
Non-convertible preferred	109,300,945	9,049	82.79
Convertible preferred	79,859,400	<u>13,291</u>	166.43
		<u><u>492,553</u></u>	
Class of shares	Outstanding shares	31 December 2014	
		Equity	Book value of one share, in KZT
Common	10,909,898,713	444,217	40.72
Non-convertible preferred	109,300,945	9,049	82.79
Convertible preferred	79,861,400	<u>13,291</u>	166.43
		<u><u>466,557</u></u>	

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; and
- 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 counterparty is unable to meet its contractual obligations on time or in full.

Risk Management division plays an important role in managing and controlling the credit risk. This division is responsible for credit risk identification and evaluation and implementation of control and monitoring measures. The Risk Management division directly participates in credit decision-making processes and consideration of internal rules, regulations and loan programs. In addition, the division provides independent recommendations concerning credit exposure minimization measures, controls limits and monitors credit risks, provides relevant reporting to 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.

### **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 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. Currency risk is assessed in relation to the consolidated statement of financial position and off-balance sheet positions. Current Group's sensitivity to fluctuations in exchange rates is acceptable due to the fact that the off balance sheet items significantly neutralize the statement of financial position.

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

	USD	EURO	RUR	31 March 2015 Other	TOTAL foreign currencies	KZT	TOTAL
<b>FINANCIAL ASSETS:</b>							
Cash and cash equivalents	386,992	27,159	10,583	12,272	437,006	80,106	517,112
Obligatory reserves	29,879	199	162	442	30,682	17,464	48,146
Financial assets at fair value through profit or loss	626	-	-	84	710	15,159	15,869
Amounts due from credit institutions Available-for-sale investment securities	2,733	-	-	-	2,733	41,538	44,271
Loans to customers	128,555	934	586	-	130,075	205,195	335,270
Other financial assets	457,389	2,132	8,299	8,137	475,957	1,195,808	1,671,765
	1,051	23	2,652	69	3,795	4,991	8,786
	<u>1,007,225</u>	<u>30,447</u>	<u>22,282</u>	<u>21,004</u>	<u>1,080,958</u>	<u>1,560,261</u>	<u>2,641,219</u>
<b>FINANCIAL LIABILITIES</b>							
Amounts due to customers	967,238	31,286	3,881	6,063	1,008,468	720,480	1,728,948
Amounts due to credit institutions	13,720	286	1,861	73	15,940	100,051	115,991
Financial liabilities at fair value through profit or loss	-	-	-	-	-	2,532	2,532
Debt securities issued	200,091	-	-	-	200,091	165,811	365,902
Other financial liabilities	504	198	91	167	960	11,905	12,865
	<u>1,181,553</u>	<u>31,770</u>	<u>5,833</u>	<u>6,303</u>	<u>1,225,459</u>	<u>1,000,779</u>	<u>2,226,238</u>
Net position – on balance	<u>(174,328)</u>	<u>(1,323)</u>	<u>16,449</u>	<u>14,701</u>	<u>(144,501)</u>	<u>559,482</u>	<u>414,981</u>
Net position – off-balance	<u>195,545</u>	<u>1,272</u>	<u>(9,982)</u>	<u>(12,212)</u>	<u>174,623</u>	<u>(174,544)</u>	
Net position	<u><u>21,217</u></u>	<u><u>(51)</u></u>	<u><u>6,467</u></u>	<u><u>2,489</u></u>	<u><u>30,122</u></u>	<u><u>384,938</u></u>	



	USD	EURO	RUR	31 December 2014 Other	TOTAL foreign currencies	KZT	TOTAL
<b>FINANCIAL ASSETS:</b>							
Cash and cash equivalents	399,727	44,879	9,395	13,434	467,435	73,102	540,537
Obligatory reserves	29,053	980	333	356	30,722	17,503	48,225
Financial assets at fair value through profit or loss	578	-	-	86	664	15,063	15,727
Amounts due from credit institutions	2,490	-	-	-	2,490	24,605	27,095
Available-for-sale investment securities	190,531	1,057	1,059	1,617	194,264	192,159	386,423
Loans to customers	427,775	4,289	8,208	9,011	449,283	1,198,730	1,648,013
Other financial assets	1,399	26	76	63	1,564	6,929	8,493
	<u>1,051,553</u>	<u>51,231</u>	<u>19,071</u>	<u>24,567</u>	<u>1,146,422</u>	<u>1,528,091</u>	<u>2,674,513</u>
<b>FINANCIAL LIABILITIES</b>							
Amounts due to customers	1,139,993	52,080	3,135	7,976	1,203,184	645,029	1,848,213
Amounts due to credit institutions	11,672	290	802	399	13,163	94,029	107,192
Financial liabilities at fair value through profit or loss	-	-	-	-	-	3,131	3,131
Debt securities issued	195,266	-	-	-	195,266	115,743	311,009
Other financial liabilities	199	118	32	173	522	9,831	10,353
	<u>1,347,130</u>	<u>52,488</u>	<u>3,969</u>	<u>8,548</u>	<u>1,412,135</u>	<u>867,763</u>	<u>2,279,898</u>
Net position – on balance	<u>(295,577)</u>	<u>(1,257)</u>	<u>15,102</u>	<u>16,019</u>	<u>(265,713)</u>	<u>660,328</u>	<u>394,615</u>
Net position – off-balance	<u>318,777</u>	<u>(346)</u>	<u>(9,171)</u>	<u>(13,591)</u>	<u>295,669</u>	<u>(295,669)</u>	
Net position	<u><u>23,200</u></u>	<u><u>(1,603)</u></u>	<u><u>5,931</u></u>	<u><u>2,428</u></u>	<u><u>29,956</u></u>	<u><u>364,659</u></u>	

## Liquidity Risk

Liquidity risk is the risk resulting from the inability of the Group to provide funds for repayment of its obligations when they become due. 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 and liabilities, and obligatory reserves 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 earliest of the contractual maturity date or available 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.

	<b>31 March 2015 (unaudited)</b>					
	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	517,112	-	-	-	-	517,112
Obligatory reserves	25,426	3,117	13,703	3,390	2,510	48,146
Financial assets at fair value through profit or loss	5,726	-	2,828	7,315	-	15,869
Amounts due from credit institutions	3,773	753	672	14,458	24,615	44,271
Available-for-sale investment securities	11,680	35,532	17,615	141,890	128,553	335,270
Loans to customers	142,586	177,431	1,048,575	231,242	71,931	1,671,765
Other financial assets	8,459	185	134	6	2	8,786
	<u>714,762</u>	<u>217,018</u>	<u>1,083,527</u>	<u>398,301</u>	<u>227,611</u>	<u>2,641,219</u>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	916,374	117,226	566,359	84,915	44,074	1,728,948
Amounts due to credit institutions	14,727	8	392	3,511	97,353	115,991
Financial liabilities at fair value through profit or loss	2,532	-	-	-	-	2,532
Debt securities issued	4,156	6,387	9,008	116,556	229,795	365,902
Other financial liabilities	11,625	532	278	420	10	12,865
	<u>949,414</u>	<u>124,153</u>	<u>576,037</u>	<u>205,402</u>	<u>371,232</u>	<u>2,226,238</u>
Net position	<u>(234,652)</u>	<u>92,865</u>	<u>507,490</u>	<u>192,899</u>	<u>(143,621)</u>	
Accumulated gap	<u>(234,652)</u>	<u>(141,787)</u>	<u>365,703</u>	<u>558,602</u>	<u>414,981</u>	

	<b>31 December 2014</b>					
	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>FINANCIAL ASSETS:</b>						
Cash and cash equivalents	537,252	3,285	-	-	-	540,537
Obligatory reserves	26,799	3,353	12,141	3,320	2,612	48,225
Financial assets at fair value through profit or loss	7,951	-	2,064	5,712	-	15,727
Amounts due from credit institutions	2,734	8,279	1,773	14,309	-	27,095
Available-for-sale investment securities	6,007	2,878	52,498	196,413	128,627	386,423
Loans to customers	154,159	172,535	1,011,360	235,171	74,788	1,648,013
Other financial assets	7,909	389	142	15	38	8,493
	<u>742,811</u>	<u>190,719</u>	<u>1,079,978</u>	<u>454,940</u>	<u>206,065</u>	<u>2,674,513</u>
<b>FINANCIAL LIABILITIES:</b>						
Amounts due to customers	995,765	215,470	489,419	104,434	43,125	1,848,213
Amounts due to credit institutions	24,908	-	274	3,837	78,173	107,192
Financial liabilities at fair value through profit or loss	3,131	-	-	-	-	3,131
Debt securities issued	2,797	-	13,754	113,869	180,589	311,009
Other financial liabilities	9,310	237	729	74	3	10,353
	<u>1,035,911</u>	<u>215,707</u>	<u>504,176</u>	<u>222,214</u>	<u>301,890</u>	<u>2,279,898</u>
Net position	<u>(293,100)</u>	<u>(24,988)</u>	<u>575,802</u>	<u>232,726</u>	<u>(95,825)</u>	
Accumulated gap	<u>(293,100)</u>	<u>(318,088)</u>	<u>257,714</u>	<u>490,440</u>	<u>394,615</u>	

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 three main operating segments. The Group's segments are strategic business units that offer different products and services which are managed separately.

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, cash and foreign currency related services to individuals.

Corporate banking – representing bank services for corporate clients and financial organizations including current accounts, deposits, overdrafts, loans and other credit facilities, documentary

operations and guarantees, trade finance products, interbank operations, as well as cash services and foreign exchange transactions.

Small and medium enterprises (hereinafter - SME) banking – representing bank services for SME clients including current accounts, deposits, overdrafts, loans and other credit facilities, documentary operations and guarantees, foreign exchange transactions and trade finance products.

Other – representing capital market services.

Unallocated amounts are account balances and classes of transactions, which are not allocated to particular segment, not initiated by any business function and relate to the current activity of the Group. Unallocated assets include fixed assets, intangible assets, non-current assets held for sale, cash on hand and other unallocated assets. Unallocated liabilities include deferred tax liabilities and other unallocated liabilities. Unallocated income includes other income from main and nonoperating activities and insurance income. Unallocated expenses include provision on account receivables, operating overhead expenses, insurance expenses and income tax.

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.

There were no transactions between business segments during the three months ended 31 March 2015 and 2014.

Segment information for the main reportable business segments of the Group as at 31 March 2015 and 2014 and for the three months then ended is set out below:

	Retail banking	Corporate banking	SME banking	Other	Unallocated	Total
<b>As at 31 March 2015 and for the three months then ended</b>						
External revenues	24,841	35,175	6,720	5,735	6,150	78,621
Total revenues	24,841	35,175	6,720	5,735	6,150	78,621
<b>Total revenues comprise:</b>						
- Interest income	20,991	24,673	6,681	5,320	-	57,665
- (Impairment charge)/recovery of provisions	(4,901)	7,861	(1,310)	-	12	1,662
- Fee and commission income	8,751	1,543	1,349	415	12	12,070
- Net gain from financial assets and liabilities at fair value through profit or loss	-	1,098	-	-	-	1,098
- Insurance underwriting income and other income	-	-	-	-	6,126	6,126
Total revenues	24,841	35,175	6,720	5,735	6,150	78,621
- Interest expense	(8,881)	(11,593)	(516)	-	-	(20,990)
- Fee and commission expense	(2,016)	(53)	(38)	(8)	(56)	(2,171)
- Net realized loss from available-for-sale investment securities	-	(1,204)	-	-	-	(1,204)
- Net (loss)/gain on foreign exchange operations	(224)	(166)	154	-	-	(236)
- Operating expenses	(8,801)	(1,234)	(1,697)	(174)	(4,102)	(16,008)
- Recovery of provisions/(additional provisions recognized)	-	17	(65)	-	(1)	(49)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(4,503)	(4,503)
Segment result	4,919	20,942	4,558	5,553	(2,512)	33,460
Income before income tax expense						33,460
Income tax expense					(6,488)	(6,488)
Net income						26,972
Total segment assets	462,720	1,518,756	203,020	340,097	262,711	2,787,304
Total segment liabilities	868,387	1,121,411	214,339	2,351	79,921	2,286,409
<b>Other segment items:</b>						
Capital expenditures					(1,664)	(1,664)
Depreciation and amortization					(1,604)	(1,604)

	Retail banking	Corporate banking	SME banking	Other	Unallocated	Total
<b>As at 31 March 2014 and for the period then ended</b>						
External revenues	25,876	29,047	7,580	18,209	4,131	84,843
Total revenues	25,876	29,047	7,580	18,209	4,131	84,843
<b>Total revenues comprise:</b>						
- Interest income	16,395	24,270	5,129	5,322	-	51,116
- Fee and commission income	7,026	1,322	1,175	12,475	8	22,006
- Net gain from financial assets and liabilities at fair value through profit or loss	-	-	-	412	-	412
- Net gain/(loss) on foreign exchange operations	2,455	(246)	927	-	-	3,136
- Insurance underwriting income and other income	-	-	-	-	4,123	4,123
- Recovery of other provisions	-	3,701	349	-	-	4,050
Total revenues	25,876	29,047	7,580	18,209	4,131	84,843
- Interest expense	(10,536)	(8,127)	(383)	-	-	(19,046)
- Impairment charge	(2,015)	(397)	2,279	(375)	-	(508)
- Fee and commission expense	(1,626)	(99)	(49)	(180)	(4)	(1,958)
- Operating expenses	(6,563)	(1,612)	(1,455)	(145)	(3,951)	(13,726)
- Net realized loss from available-for-sale investment securities	-	-	-	(361)	-	(361)
- Insurance claims incurred, net of reinsurance	-	-	-	-	(2,674)	(2,674)
Segment result	5,136	18,812	7,972	17,148	(2,498)	46,570
Income before income tax expense						46,570
Income tax expense						(8,653)
Net income						37,917
Non-controlling interest						(404)
						37,513
Total segment assets	356,967	1,822,765	181,040	374,473	183,810	2,919,055
Total segment liabilities	886,185	1,291,842	243,873	-	68,220	2,490,120
Other segment items:						
Capital expenditures					(1,056)	(1,056)
Depreciation and amortization					(1,484)	(1,484)

## Geographical information

Information for the main geographical areas of the Group is set out below as at 31 March 2015 and 31 December 2014 and for the three-months ended 31 March 2015 and 2014.

	<b>Kazakhstan</b>	<b>OECD</b>	<b>Non-OECD</b>	<b>Total</b>
<b>31 March 2015 (unaudited)</b>				
Total assets	2,522,027	197,417	67,860	2,787,304
<b>31 December 2014</b>				
Total assets	2,547,344	185,108	77,330	2,809,782
<b>Three months ended</b>				
<b>31 March 2015 (unaudited)</b>				
External revenues	77,043	108	1,470	78,621
Capital expenditure	(1,664)	-	-	(1,664)
<b>Three months ended</b>				
<b>31 March 2014 (unaudited)</b>				
External revenues	81,982	944	1,917	84,843
Capital expenditure	(1,056)	-	-	(1,056)

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. FAIR VALUES OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes unlisted equity securities.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported on its consolidated statement of financial position as well as its profit/(loss) could be material.

The tables below summarizes the Group's financial assets and liabilities held at fair value by valuation methodology at 31 March 2015 and 31 December 2014, before any allowances for impairment losses:



Financial Assets/Liabilities	Fair value hierarchy		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	
	31 March 2015	31 December 2014				
Non-derivative financial assets at fair value through profit or loss (Note 7)	3,698	3,633	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	2,031	4,318	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Derivative financial assets at fair value through profit or loss (Note 7)	10,140	7,776	Level 3	Future cash flows in USD discounted using LIBOR rate obtained from available sources. Future cash flows in KZT discounted using internal rate of return, which was calculated based on LIBOR and foreign exchange rates obtained from available sources. The difference between net present values of these discounted cash flows should be equal to zero at initial recognition.	KZT implied rate	The greater KZT implied rate – the smaller fair value
Derivative financial liabilities at fair value through profit or loss (Note 7)	2,532	3,131	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period).	Not applicable	Not applicable
Non-derivative available-for-sale investment securities (Note 9)	333,368	384,327	Level 1	Quoted bid prices in an active market.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities included in bonds of foreign organizations (Note 9)	-	172	Level 2	Discounted cash flows. Future cash flows discounted using LIBOR adjusted for credit risk of the issuer obtained from available sources.	Not applicable	Not applicable
Non-derivative available-for-sale investment securities – unquoted equity securities (Note 9)	1,902	1,924	Level 3	Valuation model based on internal rating model.	Percentage discount	The greater discount - the smaller fair value

There were no transfers between Level 1 and 2 during the three months ended 31 March 2015 and 2014.

		<b>Financial assets at fair value through profit or loss (Level 3)</b>	<b>Available-for- sale investment securities Unquoted equity securities (Level 3)</b>
	<b>31 December 2013</b>	-	1,123
Redemption/sale		-	(21)
	<b>31 March 2014</b>	-	1,102
	<b>31 December 2014</b>	7,776	1,924
Total gains or losses		2,364	39
Redemption/sale		-	(61)
	<b>31 March 2015</b>	10,140	1,902

## 32. 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 Group had the following balances outstanding as at 31 March 2015 and 31 December 2014 with related parties:

	<b>31 March 2015 (unaudited)</b>		<b>31 December 2014</b>	
	<b>Related party balances</b>	<b>Total category as per financial statements caption</b>	<b>Related party balances</b>	<b>Total category as per financial statements caption</b>
Loans to customers before allowance for impairment losses	4,490	1,952,217	4,597	1,934,031
- <i>entities with joint control or significant influence over the entity</i>	4,404		4,597	
- <i>other related parties</i>	86		-	
Allowance for impairment losses	(17)	(280,452)	(15)	(286,018)
- <i>entities with joint control or significant influence over the entity</i>	(17)		(15)	
Amounts due to customers	119,710	1,728,948	105,405	1,848,213
- <i>the parent</i>	57,112		73,757	
- <i>entities with joint control or significant influence over the entity</i>	8,625		8,086	
- <i>key management personnel of the entity or its Parent</i>	4,947		5,903	
- <i>other related parties</i>	49,026		17,659	

Included in the interim consolidated income statement and in the interim consolidated statement of other comprehensive income for the three months ended 31 March 2015 and 2014 are the following amounts which arose due to transactions with related parties:

	Three months ended 31 March 2015 (unaudited)		Three months ended 31 March 2014 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	124	57,665	164	51,116
- <i>entities with joint control or significant influence over the entity</i>	122		154	
- <i>other related parties</i>	2		10	
Interest expense	(753)	(20,990)	(1,022)	(19,046)
- <i>the Parent</i>	(656)		(962)	
- <i>key management personnel of the entity or its Parent</i>	(59)		(39)	
- <i>other related parties</i>	(38)		(21)	
	Three months ended 31 March 2015 (unaudited)		Three months ended 31 March 2014 (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:				
- <i>short-term employee benefits</i>	109	9,309	103	8,040
	109		103	

### 33. SUBSEQUENT EVENTS

On 13 April 2015, the Bank repaid at maturity 10-year subordinated local bonds bearing a coupon of inflation rate plus 1% issued as per Kazakhstan legislation at nominal KZT 4,000 million.

On 20 April 2015, the Bank placed bonds at KASE KZT 30,000 million (face value) at 94.6836%. This issue is subject to Kazakhstan legislation, bear a coupon rate of 7.5% bonds and mature in February 2025. The Bank plans to utilize the raised funds for its liabilities diversification and lending to customers.

On 23 April 2015, at the annual shareholders meeting, the shareholders made a decision to declare dividend for common shares of 3.14 tenge per one common share outstanding and to declare dividends on preferred shares in the total amount of KZT 2,605 million. The approved date for common shares dividend payment is 1 June 2015. The approved period for preferred shares dividend payment is from 18 to 22 May 2015.