

**JOINT STOCK COMPANY
KAZKOMMERTSBANK**

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

JOINT STOCK COMPANY KAZKOMMERTSBANK

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JOINT STOCK COMPANY KAZKOMMERTSBANK

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

Management is responsible for the preparation of the condensed interim consolidated financial information that presents fairly the consolidated financial position of Joint Stock Company Kazkommertsbank ("the Bank") and its subsidiaries ("the Group") as at 31 March 2013 and the results of its operations for the three month period then ended, as well as cash flows and changes in equity for the three month period then ended, in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

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

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

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial information of the Group complies with IAS 34;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2013 was authorised for issue on 13 May 2013 by the Management Board of JSC Kazkommertsbank.

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

13 May 2013
Almaty


Shoinbekova G.K.
Chief Accountant

13 May 2013
Almaty

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

To the Shareholders and Board of Directors of JSC Kazkommertsbank:

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

Scope of Review

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

Conclusion

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

Deloitte, LLP


13 May 2013
Almaty

JOINT STOCK COMPANY KAZKOMMERTSBANK


INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

	Notes	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Interest income	5, 18	57,647	57,931
Interest expense	5, 18	(27,227)	(27,459)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		30,420	30,472
Provision for impairment losses on interest bearing assets	6, 18	(17,677)	(25,672)
NET INTEREST INCOME		12,743	4,800
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	7	(4,413)	4,425
Net gain on foreign exchange and precious metals operations	8	4,372	663
Fee and commission income		7,085	6,071
Fee and commission expense		(2,236)	(1,979)
Net realized gain on investments available-for-sale		59	610
Dividend income		5	5
Other income		2,615	1,693
NET NON-INTEREST INCOME		7,487	11,488
OPERATING EXPENSES	9, 18	(7,775)	(8,339)
PROFIT BEFORE OTHER OPERATING PROVISIONS		12,455	7,949
Provision for impairment losses on other transactions	6, 18	(3,028)	(443)
(Provision)/recovery of provision for guarantees and other contingencies	6, 18	(312)	611
PROFIT BEFORE INCOME TAX		9,115	8,117
Income tax expense	10	(1,807)	(1,757)
NET PROFIT		7,308	6,360
Attributable to:			
Ordinary shareholders of the Parent		6,365	5,626
Preference shareholders of the Parent		835	692
Non-controlling interest		108	42
		7,308	6,360
EARNINGS PER SHARE			
<i>Basic and diluted (KZT)</i>	11	8.18	7.23

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

13 May 2013
Almaty


Shoibekova G.K.
Chief Accountant

13 May 2013
Almaty

The notes on pages 10-38 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
NET PROFIT	<u>7,308</u>	<u>6,360</u>
<i>Investments available-for-sale:</i>		
Unrealized gain on revaluation of investments available-for-sale	252	1,339
Gain transferred to income statement on sale of investments available-for-sale	<u>(59)</u>	<u>(610)</u>
	193	729
<i>Cash flow hedges:</i>		
Net gain on hedging reserve transferred to earnings	<u>496</u>	<u>140</u>
	496	140
Exchange differences on translation of foreign operations	<u>(528)</u>	<u>1,450</u>
<i>Deferred income tax:</i>		
Deferred income tax recognized on revaluation of property and equipment	5	-
Deferred income tax recognized on loss on investments available-for-sale	(47)	(121)
Deferred income tax recognized on loss on cash flow hedges	<u>(99)</u>	<u>(28)</u>
	(141)	(149)
TOTAL COMPREHENSIVE INCOME	<u><u>7,328</u></u>	<u><u>8,530</u></u>
Attributable to:		
Ordinary shareholders of the Parent	6,254	7,323
Preference shareholders of the Parent	988	1,164
Non-controlling interest	<u>86</u>	<u>43</u>
TOTAL COMPREHENSIVE INCOME	<u><u>7,328</u></u>	<u><u>8,530</u></u>

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

13 May 2013
Almaty


Shoinbekova G.K.
Chief Accountant

13 May 2013
Almaty

The notes on pages 10-38 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
ASSETS:			
Cash and balances with national (central) banks	12	230,461	106,497
Precious metals		4,673	3,823
Financial assets at fair value through profit or loss	13	141,115	118,822
Loans and advances to banks and other financial institutions		136,747	146,703
Loans to customers	14, 18	1,879,467	1,917,692
Investments available-for-sale		15,448	15,682
Investments held to maturity		6,587	6,937
Goodwill		2,405	2,405
Property, equipment and intangible assets		33,056	32,520
Deferred income tax assets	10	4,570	4,220
Other assets		105,848	89,511
TOTAL ASSETS		2,560,377	2,444,812
LIABILITIES AND EQUITY			
LIABILITIES:			
Loans and advances from banks and other financial institutions		68,379	110,477
Customer accounts	15, 18	1,700,060	1,553,576
Financial liabilities at fair value through profit or loss	13	7,648	8,877
Debt securities issued	16	295,080	297,247
Other borrowed funds		17,115	18,631
Provisions	6	19,336	15,549
Dividends payable		333	40
Other liabilities		14,244	10,296
		2,122,195	2,014,693
Subordinated debt		122,904	122,150
Total liabilities		2,245,099	2,136,843
EQUITY:			
Equity attributable to equity holders of the Parent:			
Issued and outstanding share capital		9,010	9,008
Share premium reserve		194,700	194,721
Property and equipment revaluation reserve		5,687	5,808
Other reserves		104,480	97,117
Total equity attributable to equity holders of the Parent		313,877	306,654
Non-controlling interest		1,401	1,315
Total equity		315,278	307,969
TOTAL LIABILITIES AND EQUITY		2,560,377	2,444,812

On behalf of the Management Board of the Bank:


Zhussupova V.A.
Chairperson of the Board

13 May 2013
Almaty


Shoinbekova G.K.
Chief Accountant

13 May 2013
Almaty

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JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Share capital	Treasury shares	Share premium reserve	Property and equipment revaluation reserve	Investments available-for-sale fair value (deficit) ¹ / reserves	Cumulative translation reserve ¹	Hedging reserve ¹	Statutory reserves ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2011	9,044	(21)	194,924	5,488	(621)	(1,273)	402	172,009	55,568	435,520	1,112	436,632
Net profit	-	-	-	-	-	-	-	-	6,318	6,318	42	6,360
Other comprehensive income	-	-	-	-	608	1,449	112	-	-	2,169	1	2,170
Total comprehensive income	-	-	-	(12)	608	1,449	112	-	6,318	8,487	43	8,530
Transfer to statutory reserve	-	-	-	-	-	-	-	6,099	(6,099)	-	-	-
Repurchase of treasury shares	-	(7)	(170)	-	-	-	-	-	-	(177)	-	(177)
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(12)	-	-	-	-	12	-	-	-
31 March 2012 (unaudited)	<u>9,044</u>	<u>(28)</u>	<u>194,754</u>	<u>5,476</u>	<u>(13)</u>	<u>176</u>	<u>514</u>	<u>178,108</u>	<u>55,799</u>	<u>443,830</u>	<u>1,155</u>	<u>444,985</u>

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Share capital	Treasury shares	Share premium reserve	Property and equipment revaluation reserve	Investments available-for-sale fair value (deficit)/reserve ¹	Cumulative translation reserve ¹	Hedging reserve ¹	Statutory reserves ¹	Retained earnings ¹	Total equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
31 December 2012	9,044	(36)	194,721	5,808	(98)	122	591	802	95,700	306,654	1,315	307,969
Net profit	-	-	-	-	-	-	-	-	7,200	7,200	108	7,308
Other comprehensive income	-	-	-	5	146	(506)	397	-	-	42	(22)	20
Total comprehensive income	-	-	-	5	146	(506)	397	-	7,200	7,242	86	7,328
Transfer to statutory reserve	-	-	-	-	-	-	-	7,022	(7,022)	-	-	-
Repurchase/(sale) of treasury shares	-	2	(21)	-	-	-	-	-	-	(19)	-	(19)
Release of property and equipment revaluation reserve due to depreciation and disposal of previously revalued assets	-	-	-	(126)	-	-	-	-	126	-	-	-
31 March 2013 (unaudited)	<u>9,044</u>	<u>(34)</u>	<u>194,700</u>	<u>5,687</u>	<u>48</u>	<u>(384)</u>	<u>988</u>	<u>7,824</u>	<u>96,004</u>	<u>313,877</u>	<u>1,401</u>	<u>315,278</u>

¹The amounts included within the Investments available-for-sale fair value (deficit)/reserve, Cumulative translation reserve, Hedging reserve, Statutory reserves and Retained earnings, in the above table, are included within "Other reserves" in the interim consolidated statement of financial position.

On behalf of the Management Board of the Bank:

Zhussupova N.A.
Chairperson of the Board

13 May 2013
Almaty

Shoinbekova G.K.
Chief Accountant

13 May 2013
Almaty

The notes on pages 10-38 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from financial assets at fair value through profit or loss	1,399	1,706
Interest received on loans and advances to banks and other financial institutions	464	545
Interest received from loans to customers	40,232	43,302
Interest received from investments available-for-sale	184	120
Interest received from investments held to maturity	66	33
Interest paid on loans and advances from banks and other financial institutions	(596)	(699)
Interest paid on customer accounts	(17,764)	(17,412)
Interest paid on debt securities issued	(5,967)	(7,874)
Interest paid on other borrowed funds	(434)	(418)
Interest paid on subordinated debt	(1,353)	(1,868)
Fee and commission received	6,624	6,045
Fee and commission paid	(2,241)	(1,990)
Other income received	2,540	1,652
Operating expenses paid	(7,013)	(6,092)
Cash inflow from operating activities before changes in operating assets and liabilities	16,141	17,050
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Funds deposited with National Bank of the Republic of Kazakhstan	(3,410)	2,253
Funds deposited with Central Bank of Russian Federation	577	(311)
Funds deposited with National Bank of the Kyrgyz Republic	(24)	(25)
Funds deposited with National Bank of Tajikistan	(26)	(3)
Precious metals	(850)	(2,215)
Financial assets at fair value through profit or loss	(27,115)	33,003
Loans and advances to banks and other financial institutions	8,483	(605)
Loans to customers	38,619	(26,890)
Other assets	(4,857)	(301)
Increase/(decrease) in operating liabilities:		
Loans and advances from banks and other financial institutions	(43,015)	11,666
Customer accounts	136,161	(11,421)
Other liabilities	3,901	436
Cash inflow from operating activities before taxation	124,585	22,637
Income tax paid	(2,101)	(214)
Net cash inflow from operating activities	122,484	22,423

JOINT STOCK COMPANY KAZKOMMERTSBANK

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

	Notes	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets		(1,290)	(340)
Proceeds on sale of property, equipment and intangible assets		15	210
Dividends received		5	5
Proceeds on sale of investments available-for-sale		1,888	379
Purchase of investments available-for-sale		(1,509)	(619)
Purchase of investments held-to-maturity		(100)	-
Proceeds on redemption of investments held-to-maturity		180	-
Net cash outflow from investing activities		(811)	(365)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repurchase of treasury shares		(19)	(177)
Proceeds from debt securities issued		207	3,952
Repurchase and repayment of debt securities issued		(480)	(28,632)
Repayment of other borrowed funds		(1,421)	(1,667)
Net cash outflow from financing activities		(1,713)	(26,524)
Effect of changes in foreign exchange rate on cash and cash equivalents		(50)	81
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		119,910	(4,385)
CASH AND CASH EQUIVALENTS, beginning of period	12	178,245	78,064
CASH AND CASH EQUIVALENTS, end of period	12	298,155	73,679

On behalf of the Management Board of the Bank:


Zhussupova N.A.
Chairperson of the Board

13 May 2013
Almaty


Shoinbekova G.K.
Chief Accountant

13 May 2013
Almaty

The notes on pages 10-38 form an integral part of this condensed interim consolidated financial information.

JOINT STOCK COMPANY KAZKOMMERTSBANK

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2013 (UNAUDITED)

1. ORGANISATION

Joint Stock Company (“JSC”) Kazkommertsbank (“the Bank”, or “Kazkommertsbank”) is a Joint Stock Company and has operated in the Republic of Kazakhstan since 1990. The Bank’s activities are regulated by the National Bank of the Republic of Kazakhstan (“the NBRK”) and by the Committee for control and supervision of financial market and financial organizations of the NBRK (“the FMSC”) in accordance with the license № 48 dated 27 December 2007. The Bank’s primary business consists of commercial banking activities, operations with securities, foreign currencies and derivative instruments, originating loans and guarantees.

The registered office of the Bank is located at: 135Zh, Gagarin Str., Almaty, 050060, the Republic of Kazakhstan.

As at 31 March 2013 and 31 December 2012, the Bank has 23 branches in the Republic of Kazakhstan.

Kazkommertsbank is the Parent company of a banking group (“the Group”) which consists of the following enterprises consolidated in the condensed interim consolidated financial information for the three months ended 31 March 2013 and the consolidated financial statements for the year ended 31 December 2012:

Name	Country of operation	Proportion or ownership interest/voting rights		Type of operation
		31 March 2013 (unaudited)	31 December 2012	
JSC Kazkommerts Securities	Republic of Kazakhstan	100%	100%	Securities market transactions
LLP Processing Company	Republic of Kazakhstan	100%	100%	Payment card processing and other related services
Kazkommerts International B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Finance II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
Kazkommerts Capital II B.V.	Kingdom of Netherlands	100%	100%	Raising funds for the Bank on international capital markets
JSC OCOPAIM GRANTUM Asset Management	Republic of Kazakhstan	100%	100%	Investment management of pension assets
JSC Life Insurance Company Kazkommerts Life	Republic of Kazakhstan	100%	100%	Life insurance
CJSC Kazkommertsbank Tajikistan	Republic of Tajikistan	100%	100%	Commercial bank
JSC Insurance Company Kazkommerts-Policy	Republic of Kazakhstan	100%	100%	Insurance
OJSC Commercial Bank Moskommertsbank	Russian Federation	100%	100%	Commercial bank
SAMC-KKB-1 LLP	Republic of Kazakhstan	100%	-	Management of stress assets
SAMC KKB-2 LLP	Republic of Kazakhstan	100%	-	Management of stress assets
OJSC Kazkommertsbank Kyrgyzstan	Kyrgyz Republic	95.75%	95.75%	Commercial bank
JSC Grantum APF	Republic of Kazakhstan	82.52%	82.52%	Pension fund

In December 2011, Kazakhstan adopted the Law of the Republic of Kazakhstan on the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan regarding the Regulation of Banking Activities and Financial Institutions with Respect to Risk Mitigation, which stipulated that commercial banks create special subsidiaries to purchase banks' non-working (stress) assets and manage them. On 28 January 2013, the Bank's special subsidiaries for the management of stress assets – SAMC-KKB-1 LLP and SAMC KKB-2 LLP - were registered by the Ministry of Justice of the Republic of Kazakhstan.

2. BASIS OF PRESENTATION

Accounting basis

The condensed interim consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and disclosures normally required to be included in the notes to the annual consolidated financial statements have been omitted or condensed. The condensed interim consolidated financial information should be read in conjunction with the consolidated financial statements and with selective notes to the consolidated financial statements of the Group for the year ended 31 December 2012.

The condensed interim consolidated financial information has been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments according to IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") and measurement of property and equipment at revalued amounts according to IAS 16, Property, Plant and Equipment ("IAS 16").

The preparation of the condensed interim consolidated financial information in conformity with IAS 34 requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities of the Group, and disclosure of contingent assets and liabilities at the reporting date, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment of loans and receivables and determination of the fair value of financial instruments.

The condensed interim consolidated financial information reflects all adjustments that, in the opinion of management of the Group, are necessary for a fair presentation of the results of operations for the interim period. All such adjustments to the financial information are of a normal, recurring nature. Because the results from common banking activities are closely related and responsive to changes in market conditions, the results for any interim period are not necessarily indicative of the results that can be expected for the year.

Functional currency

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The reporting currency of this condensed interim consolidated financial information is the Kazakhstan tenge ("KZT").

3. SIGNIFICANT ACCOUNTING POLICIES

In preparing this condensed interim 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 2012. There were no changes in accounting policies during the three months ended 31 March 2013.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed interim 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 2012, except for the adoption of new standards and interpretations effective as at 1 January 2013, which are relevant for interim financial reporting.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment.

The Group provides this disclosure as total segment assets were reported to the chief operating decision maker.

However, this amendment does not impact the disclosure as the Group disclosed previously total segment liabilities also (Note 19).

4. RECLASSIFICATIONS

For the three months ended 31 March 2012, some accounts of consolidated financial statements were reclassified for consistency with current period information. The Management of the Group reclassified commission expenses on insurance activity from fee and commission expenses to other income, as they believe that such classification better reflects the nature of these expenses.

As per Interim Consolidated Income Statement	Amount	As per previous report Three months ended 31 March 2012	As per reclassified report Three months ended 31 March 2012
	(KZT million)	(KZT million) (unaudited)	(KZT million) (unaudited)
Fee and commission expense	842	(2,821)	(1,979)
Other income	(842)	2,535	1,693
As per Interim Consolidated Statement of Cash flows			
Fee and commission paid	842	(2,832)	(1,990)
Other income received	(842)	2,494	1,652

5. NET INTEREST INCOME

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Interest income comprise:		
Interest income on financial assets recorded at amortized cost:		
- interest income on homogenous and individually assessed watch assets	35,613	34,668
- interest income on impaired financial assets	13,337	15,360
- interest income on unimpaired financial assets	7,007	6,003
Interest income on financial assets at fair value through profit or loss	1,476	1,711
Interest income on investments available-for-sale	214	189
Total interest income	<u>57,647</u>	<u>57,931</u>
Interest income on financial assets recorded at amortized cost comprise:		
Interest on loans to customers	55,389	55,425
Interest on loans and advances to banks and other financial institutions	507	574
Interest on investments held to maturity	61	32
	<u>55,957</u>	<u>56,031</u>
Total interest income on financial assets recorded at amortized cost		
Interest income on financial assets at fair value through profit or loss:		
Interest income on financial assets held-for-trading	1,476	1,711
Total interest income on financial assets at fair value through profit or loss	<u>1,476</u>	<u>1,711</u>
Interest income on investments available-for-sale	214	189
Total interest income	<u>57,647</u>	<u>57,931</u>
Interest expense comprise:		
Interest expense on financial liabilities recorded at amortized cost		
Total interest expense	<u>27,227</u>	<u>27,459</u>
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest on customer accounts	17,857	16,727
Interest on debt securities issued	5,857	6,271
Interest expense on subordinated debt	2,175	2,982
Interest on loans and advances from banks and other financial institutions	866	911
Preference share dividends	173	203
Other interest expense	299	365
	<u>27,227</u>	<u>27,459</u>
Total interest expense on financial liabilities recorded at amortized cost		
Net interest income before provision for impairment losses on interest bearing assets	<u><u>30,420</u></u>	<u><u>30,472</u></u>

6. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

Individually assessed watch assets represent loans with some minor indicators of deterioration in credit quality not yet resulting in the impairment of the loan. Such indicators may include minor breaches of loan covenants, and/or some factors leading to the deterioration of the financial position of the borrower, which are not yet affecting the ability of the borrower to repay the amounts in due course. Watch list loans are subject to stricter monitoring of financial position, collateral and other enhanced credit risk management tools in comparison with unimpaired assets.

The Group expects changes in the banking legislation of the Republic of Kazakhstan regarding the introduction of general dynamic reserves in 2013. This general dynamic reserve is supposed to be created through an appropriation of retained earnings in the equity of the Bank on the basis of the methodology approved by the regulator of the Republic of Kazakhstan. The methodology involves the creation of several pools of loans for which there is a risk of unexpected loss detection. Additionally the methodology requires a counter-cyclical tool that will neutralize the effect of the financial and economic crisis on the banking system of the Republic of Kazakhstan. The Group classifies corporate loans as non-performing and accordingly impaired if there is a default on payment of the principal or accrued interest for 30 days or more.

The Group classifies corporate loans as non-performing and accordingly impaired if there is a default on payment of the principal or accrued interest for 30 days or more.

The movements in allowance for impairment losses on interest bearing assets were as follows:

	Loans and advances to banks and other financial institutions (KZT million)	Loans to customers (KZT million) (Note 14)	Investments available-for- sale (KZT million)	Total (KZT million)
31 December 2011	160	658,108	186	658,454
Additional provision recognized	49	25,623	-	25,672
Write-off of assets	-	(2,856)	-	(2,856)
Foreign exchange difference	(1)	843	-	842
31 March 2012 (unaudited)	<u>208</u>	<u>681,718</u>	<u>186</u>	<u>682,112</u>
31 December 2012	280	923,287	186	923,753
(Recovery of provision)/additional provision recognized	(153)	17,869	(39)	17,677
Write-off of assets	-	(20,368)	-	(20,368)
Foreign exchange difference	-	(472)	-	(472)
31 March 2013 (unaudited)	<u>127</u>	<u>920,316</u>	<u>147</u>	<u>920,590</u>

As at 31 March 2013, the Group has identified certain corporate customer loans, where under the contractual terms of the loan agreements there are no cash flows to the Group in the next few years. These loans are considered impaired by management. In accordance with IAS 39, interest should continue to be accrued on impaired loans, even where there are doubts in relation to its collection. The accrued interest income on these loans for the three months ended 31 March 2013 amounted to KZT 10,526 million (31 March 2012: KZT 10,775 million). Management has established an allowance for loan losses against this interest. While there is currently evidence of impairment, the Group continues to progress work out strategies on these loans. The Group regularly evaluates probability of cash flows and introduces respective changes to the list of these corporate loans.

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Insurance provisions, gross	16,353	12,876
Reinsurance share in provision	(4,620)	(3,322)
	<u>11,733</u>	<u>9,554</u>

The movements in insurance provisions, allowances for impairment losses on other transactions were as follows:

	Insurance provisions, gross (KZT million)	Other assets (KZT million)	Total (KZT million)
31 December 2011	8,200	3,773	11,973
Additional provision recognized	278	165	443
Write-off of assets	-	(65)	(65)
Foreign exchange difference	-	6	6
	<u>8,478</u>	<u>3,879</u>	<u>12,357</u>
31 March 2012 (unaudited)			
31 December 2012	12,876	4,890	17,766
Additional provision recognized	3,477	849	4,326
Write-off of assets	-	(35)	(35)
Foreign exchange difference	-	5	5
	<u>16,353</u>	<u>5,709</u>	<u>22,062</u>
31 March 2013 (unaudited)			

Insurance provisions, net of reinsurance, comprised:

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)	31 March 2012 (unaudited) (KZT million)
Annuity insurance	6,387	4,432	3,987
Civil liability for damage	2,162	1,851	335
Property	1,323	1,395	744
Civil liability for owners of vehicles	652	645	800
Medical insurance	257	276	-
Life insurance	296	252	171
Accidents	194	226	1,440
Vehicles	221	193	286
Freight	105	104	103
Other	136	180	612
	<u>11,733</u>	<u>9,554</u>	<u>8,478</u>

Other includes provisions for insurance of private lawyers, auditors and audit organizations, medical, owners of air and marine transport and others.

The movements in provision for guarantees and other contingencies were as follows:

	Guarantees and other contingencies (KZT million)
31 December 2011	2,524
Additional provision recognized	(611)
Foreign exchange difference	3
	<u>1,916</u>
31 March 2012 (unaudited)	
31 December 2012	2,673
Recovery of provision	312
Foreign exchange difference	(2)
	<u>2,983</u>
31 March 2013 (unaudited)	

The movements in provision for reinsurance assets were as follows:

	Reinsurance assets (KZT million)
31 December 2012	(3,322)
Reinsurance share in provision	<u>(1,298)</u>
31 March 2013 (unaudited)	<u><u>(4,620)</u></u>

7. NET (LOSS)/GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Net (loss)/gain on financial assets and liabilities held-for-trading	<u>(4,413)</u>	<u>4,425</u>
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	<u><u>(4,413)</u></u>	<u><u>4,425</u></u>
Net (loss)/gain on operations with financial assets and liabilities held-for-trading comprise:		
Net (loss)/gain on operations with derivative financial instruments	(5,675)	2,261
Unrealized gain on fair value adjustment	1,015	1,475
Realized gain on trading operations	<u>247</u>	<u>689</u>
Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss	<u><u>(4,413)</u></u>	<u><u>4,425</u></u>

8. NET GAIN ON FOREIGN EXCHANGE AND PRECIOUS METALS OPERATIONS

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Dealing, net	1,223	1,439
Translation differences, net	3,149	(776)
	<u>4,372</u>	<u>663</u>

9. OPERATING EXPENSES

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Staff costs	4,255	4,823
Depreciation and amortization	730	806
Property and equipment maintenance	541	481
Operating leases	519	613
Taxes, other than income tax	399	318
Advertising costs	254	252
Bank cards services	206	211
Communications	153	170
Other expenses	718	665
	<u>7,775</u>	<u>8,339</u>

10. INCOME TAX

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Bank and its subsidiaries operate; such tax accounts may differ from IFRS.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 March 2013 and 31 December 2012 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Tax effect of temporary differences as at 31 March 2013 and 31 December 2012:

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Deferred income tax assets:		
Tax losses carried forward	6,534	5,907
Allowance for impairment losses on loans and advances to banks and customers	1,326	533
Bonuses accrued	560	459
Unrealised loss on trading securities and derivatives	231	1,570
Provision on guarantees and letters of credit	2	1
Other assets	73	273
Total deferred income tax assets	<u>8,726</u>	<u>8,743</u>
Deferred income tax liabilities:		
Property, equipment and intangible assets	(2,166)	(2,151)
Unrealised gain on revaluation of financial instruments treated as cash flow hedges	(987)	(1,538)
Unrealised gain on trading securities and derivatives	(247)	(147)
Provision for guarantees and other contingencies	(66)	-
Other liabilities	(6)	(3)
Total deferred income tax liabilities	<u>(3,472)</u>	<u>(3,839)</u>
Unrecognized deferred tax asset	<u>(684)</u>	<u>(684)</u>
Net deferred income tax assets	<u>4,570</u>	<u>4,220</u>

Relationships between tax expenses and accounting profit for the three months ended 31 March 2013 and 2012 are explained as follows:

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Profit before income tax	<u>9,115</u>	<u>8,117</u>
Tax at the statutory tax rate (20%)	1,823	1,623
Tax effect of permanent differences:		
- tax exempt income	(1,113)	(301)
- non-deductible expense	<u>1,097</u>	<u>435</u>
Income tax expense	<u>1,807</u>	<u>1,757</u>
Current income tax expense	2,298	225
Deferred income tax (benefit)/expense	<u>(491)</u>	<u>1,532</u>
Income tax expense	<u>1,807</u>	<u>1,757</u>

The corporate income tax rate in the Republic of Kazakhstan was 20% during the three months ended 31 March 2013 and 2012.

	Three months ended 31 March 2013 (unaudited) (KZT million)	Year ended 31 December 2012 (KZT million)
Deferred income tax (assets)/liabilities		
As at beginning of the period	(4,220)	29,131
Increase of deferred tax asset	(491)	(33,534)
Change in hedging reserve	99	47
Change in available-for-sale reserve	47	136
Change in deferred tax liability from revaluation of property and equipment	(5)	-
	<u>(4,570)</u>	<u>(4,220)</u>
As at end of the period	<u>(4,570)</u>	<u>(4,220)</u>

11. EARNINGS PER SHARE

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

Dividend payments per ordinary shares cannot exceed the dividends per share on preference shares for the same period. Therefore, net profit for the period is allocated to the ordinary shares and the preference shares in accordance with their legal and contractual dividend rights to participate in undistributed earnings:

	Three months ended 31 March 2013 (unaudited) (KZT million)	Three months ended 31 March 2012 (unaudited) (KZT million)
Basic and diluted earnings per share		
Net profit attributable to equity holders of the Parent	7,200	6,318
Less: additional dividends that would be paid on full distribution of profit to the preference shareholders	(835)	(692)
Net profit attributable to ordinary shareholders	6,365	5,626
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>777,775,150</u>	<u>778,135,532</u>
Earnings per share – basic and diluted (KZT)	<u>8.18</u>	<u>7.23</u>

The book value per share for each type of shares as at 31 March 2013 and 31 December 2012 is as follows:

Type of shares	Outstanding shares	31 March 2013 (unaudited)		31 December 2012		
		Net asset value (KZT million)	Book value per share, KZT	Outstanding shares	Net asset value (KZT million)	Book value per share, KZT
Ordinary shares	777,775,150	307,115	394.86	777,588,523	300,454	386.39
Preference shares	123,206,652	13,325	108.15	123,209,769	13,038	105.82
		<u>320,440</u>			<u>313,492</u>	

The number of outstanding ordinary and preference shares is calculated net of treasury shares.

According to amendments enacted to the Kazakhstan Stock Exchange (“the KASE”) Listing Rules effective from 25 August 2010, listed companies are required to present book value per share (ordinary and preference) in their financial statements. The Management of the Group believes that the book value per share is calculated in accordance with the methodology in the KASE Listing Rules.

12. CASH AND BALANCES WITH NATIONAL (CENTRAL) BANKS

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Cash on hand	58,442	50,188
Balances with the national (central) banks	<u>172,019</u>	<u>56,309</u>
	<u>230,461</u>	<u>106,497</u>

Cash and cash equivalents for the purposes of the interim consolidated statement of cash flows are comprised of the following:

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)	31 March 2012 (unaudited) (KZT million)
Cash and balances with national (central) banks	230,461	106,497	98,391
Loans and advances to banks with original maturities less than 3 months	111,562	112,733	31,148
Less funds deposited with the National Bank of the Republic of Kazakhstan (“the NBRK”)	(41,216)	(37,806)	(52,400)
Less funds deposited with the Central Bank of Russian Federation (“the CBR”)	(2,397)	(2,974)	(3,227)
Less funds deposited with the National Bank of the Kyrgyz Republic (“the NBKR”)	(157)	(133)	(151)
Less funds deposited with the National Bank of Tajikistan (“the NBT”)	(98)	(72)	(82)
	<u>298,155</u>	<u>178,245</u>	<u>73,679</u>

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

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Debt securities	133,780	103,644
Equity investments	6,085	6,355
Derivative financial instruments	1,250	8,823
	<u>141,115</u>	<u>118,822</u>

The financial assets at fair value through profit or loss relate entirely to financial assets held-for-trading.

	31 March 2013 (unaudited)		31 December 2012	
	Nominal interest rate %	Amount (KZT million)	Nominal interest rate %	Amount (KZT million)
Debt securities:				
Bonds of the Ministry of Finance of the Republic of Kazakhstan	3.30-9.25	78,139	0.00-8.75	77,504
US Treasury bonds	0.00-0.25	30,155	-	-
Bonds of Russian companies	7.40-13.50	9,960	7.40-13.50	13,760
Short-term NBRK notes	1.05	4,987	-	-
Bonds of Russian banks	7.9-10.15	2,425	7.90-10.15	4,039
Bonds of Kazakhstani companies	0.00-7.10	2,417	0.00-9.20	2,489
Eurobonds of Kazakhstani banks	7.25-9.50	1,933	7.25-9.50	1,891
Municipal bonds of the Russian Federation	8.62	1,820	8.86-9.00	2,010
Eurobonds of Kazakhstani companies	6.95-8.38	870	8.38	866
Bonds of Kazakhstani banks	5.80-8.60	735	6.00-9.70	768
Bonds of JSC Development Bank of Kazakhstan	6.50	177	6.50	173
Eurobonds of Russian banks	8.7	61	-	-
Eurobonds of the Government of the Russian Federation	7.85	52	7.85	55
Bonds of international financial organizations, foreign banks and foreign financial organizations	6.69	49	5.87-6.95	89
		<u>133,780</u>		<u>103,644</u>

As at 31 March 2013, financial assets at fair value through profit or loss included accrued interest income on debt securities of KZT 2,414 million (31 December 2012: KZT 2,250 million).

	31 March 2013 (unaudited)		31 December 2012	
	Ownership share %	Amount (KZT million)	Ownership share %	Amount (KZT million)
Equity investments:				
Shares of Kazakhstani companies	0.000-3.083	5,621	0.001-3.083	4,430
GDRs of Russian banks	0.0009	218	0.000-0.010	240
Shares of Russian companies*	0.000-0.001	142	-	161
Shares of Russian banks*	0.003	79	-	76
GDRs of Kazakhstani banks	0.007-0.014	25	0.015-0.016	25
GDRs of Kazakhstani companies	-	-	1.425	1,262
Shares of foreign companies	-	-	0.000-0.060	106
Shares of foreign banks*	-	-	-	55
		<u>6,085</u>		<u>6,355</u>

*Ownership interest in equity securities is below 1%

As at 31 March 2013, the fair value of financial assets at fair value through profit or loss pledged under repurchase agreements amounted to KZT 35,584 million (31 December 2012: KZT 77,936 million).

	Notional amount	31 March 2013 (unaudited)		Notional amount	31 December 2012	
		Fair value (KZT million)			Fair value (KZT million)	
		Assets	Liabilities		Assets	Liabilities
Derivative financial instruments:						
<i>Foreign exchange contracts:</i>						
Swaps	186,048	1,238	(6,410)	166,073	8,701	(1,514)
Spot	2,667	1	(1)	21,723	23	(12)
Forwards	3,475	3	(6)	4,540	22	-
Spot with precious metals	566	3	-	-	-	-
<i>Interest rate contracts:</i>						
Swaps	11,012	5	(1,231)	34,193	77	(7,351)
		<u>1,250</u>	<u>(7,648)</u>		<u>8,823</u>	<u>(8,877)</u>

As at 31 March 2013, the Group used quoted market prices from independent information sources to value all of its financial assets at fair value through profit or loss, with the exception of derivative financial instruments, which are valued using valuation models based on market data, and certain debt securities, which are valued using valuation models based on non-observable market data.

14. LOANS TO CUSTOMERS

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Recorded as loans and receivables:		
Originated loans	2,792,911	2,834,240
Net investments in finance lease	<u>6,872</u>	<u>6,739</u>
	2,799,783	2,840,979
Less allowance for impairment losses	<u>(920,316)</u>	<u>(923,287)</u>
	<u><u>1,879,467</u></u>	<u><u>1,917,692</u></u>

As at 31 March 2013, accrued interest income included in loans to customers amounted to KZT 360,625 million (31 December 2012: KZT 371,611 million).

Movements in allowances for impairment losses on loans to customers for the three month periods ended 31 March 2013 and 2012 are disclosed in Note 6.

The table below summarizes the amount of loans secured by type of collateral, rather than the fair value of the collateral itself:

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Analysis by type of collateral:		
Loans collateralized by real estate	1,044,258	1,053,504
Loans collateralized by equipment	397,106	400,186
Loans collateralized by inventories	153,611	175,388
Loans collateralized by shares of the banks and other companies	136,019	135,693
Loans collateralized by accounts receivable	52,997	61,316
Loans collateralized by cash or Kazakhstan Government guarantees	13,680	15,977
Loans collateralized by mixed types of collateral	15,435	11,667
Loans collateralized by guarantees of enterprises	-	11,579
Loans with collateral under the registration process (property, land, shares, guarantees, etc.)	2,188	7,883
Unsecured loans	53,584	44,499
	<u>1,879,467</u>	<u>1,917,692</u>

Mixed collateral consists of multiple types of collateral including real estate, guarantees and inventories. Loans are classified as being collateralized by mixed collateral where it is impractical to split this collateral into the categories disclosed above.

In addition to the collateral disclosed above, as at 31 March 2013, the Bank has its own bonds and Eurobonds (previously issued by its subsidiary Kazkommerts Finance II B.V.) with a fair value of KZT 47 million (USD 313 thousand) (31 December 2012: KZT 47 million (USD 313 thousand)) as collateral for certain loans.

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Analysis by sector:		
Housing construction	515,330	504,032
Commercial real estate construction	303,109	296,818
Individuals	224,086	213,185
Wholesale and retail trade	161,528	197,549
Hospitality business	122,152	138,146
Real estate	116,844	113,363
Production of other non-metal materials	105,328	103,829
Transport and communication	40,991	40,262
Investments and finance	39,299	39,860
Energy	36,130	43,558
Industrial and other construction	35,428	36,321
Production of construction materials	19,700	19,325
Agriculture	15,720	21,847
Food industry	13,983	15,259
Mining and metallurgy	11,227	8,786
Medicine	7,406	7,323
Machinery construction	5,860	4,233
Other	105,346	113,996
	<u>1,879,467</u>	<u>1,917,692</u>

During the three month period ended 31 March 2013 and the year ended 31 December 2012, the Group received non-financial assets by taking possession of collateral it held as security. As at 31 March 2013, such assets in the amount of KZT 81,776 million (31 December 2012: KZT 71,853 million) are included in the other assets line. These assets are represented mostly by real estate, the majority of which will be realized through auctions.

Loans to individuals comprise the following products:

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Mortgage loans	123,327	123,104
Consumer loans	94,529	83,595
Car loans	2,328	2,536
Business loans	1,968	2,186
Other	1,934	1,764
	<u>224,086</u>	<u>213,185</u>

As at 31 March 2013, the Group granted loans to the borrowers, which individually exceeded 10% of the Group's equity, in the total amount of KZT 825,743 million (31 December 2012: KZT 832,629 million), which are represented by loans issued to 14 borrowers.

As at 31 March 2013, a significant part of loans 90.69% (31 December 2012: 90.52%) of the total portfolio is granted to borrowers operating in the territory of the Republic of Kazakhstan, which represents a significant geographical concentration.

As at 31 March 2013 and 31 December 2012, there were no loans under reverse repurchase agreements.

15. CUSTOMER ACCOUNTS

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Recorded at amortized cost:		
Time deposits	1,087,303	1,064,077
Demand deposits	503,955	379,974
JSC National Welfare Fund "Samruk-Kazyna", JSC Entrepreneurship Development Fund "DAMU" and JSC Distressed Assets Fund	105,427	105,883
Accounts in precious metals	3,375	3,642
	<u>1,700,060</u>	<u>1,553,576</u>

As at 31 March 2013, customer accounts included accrued interest expense of KZT 12,936 million (31 December 2012: KZT 12,844 million).

As at 31 March 2013, customer accounts were pledged as a guarantee for issued letters of credit and other transactions relating to contingent liabilities of KZT 3,893 million (31 December 2012: KZT 6,626 million).

As at 31 March 2013, the total amount of funds deposited under the stabilization program of the Government of Kazakhstan by means of deposits from JSC National Welfare Fund "Samruk-Kazyna" and JSC Distressed Assets Fund amounted to KZT 103,015 million (31 December 2012: KZT 103,701 million), including:

- KZT 21,943 million for refinancing mortgage loans (initially granted and deposited in the Bank KZT 24,000 million);
- KZT 77,432 million for completion of construction projects in Almaty and Astana (initially granted and deposited in the Bank KZT 111,998 million); and
- KZT 3,640 million for financing small private enterprises businesses in the manufacturing sector.

As at 31 March 2013, customer accounts of KZT 798,337 million or 46.96% (31 December 2012: KZT 645,158 million or 42.11%) were due to 10 customer s, which represents a significant concentration. The Management of the Group believes that in the event of withdrawal of funds, the Group would be given sufficient notice as to realize its liquid assets to enable repayment.

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Analysis by sector:		
Individuals	658,020	659,384
Chemical and petrochemical industry	236,899	199,811
Transport and communication	185,024	96,591
Investments and finance	100,787	105,072
Public organizations and unions	86,678	84,825
Government related entities	81,422	83,355
Distribution of electricity, gas and water	73,258	70,207
Construction	54,341	60,053
Education	46,381	35,944
Wholesale and retail trade	44,355	49,602
Individual services	42,552	41,419
Mining and metallurgy	31,214	10,887
Agriculture	16,059	12,519
Other	43,070	43,907
	<u>1,700,060</u>	<u>1,553,576</u>

16. DEBT SECURITIES ISSUED

	Currency	Maturity date	Annual coupon rate %	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Recorded at amortized cost:					
Eurobonds of JSC Kazkommertsbank (previously Kazkommerts International B.V.):					
Issued in April 2003 at the price of 97.548%	USD	April 2013	8.50	45,897	45,940
Issued in April 2004 at the price of 99.15%	USD	April 2014	7.875	29,035	29,016
Issued in November 2005 at the price of 98.32%	USD	November 2015	8.00	42,643	42,671
Issued in November 2006 at the price of 98.282%	USD	November 2016	7.50	43,300	43,121
Issued in February 2007 at the price of 99.277%	EUR	February 2017	6.875	75,890	78,202
Issued in May 2011, at the price of 99.353%*	USD	May 2018	8.50	45,218	45,188
				<u>281,983</u>	<u>284,138</u>
(Less)/including:					
Discount on Eurobonds issued				(1,633)	(1,791)
Accrued interest on Eurobonds issued				7,503	7,401
Total issued Eurobonds of JSC Kazkommertsbank (previously Kazkommerts International B.V.)				<u>287,853</u>	<u>289,748</u>
Debt securities issued of					
JSC Kazkommertsbank at the price 102.21%-104.48%		April 2016	9.00	2,329	2,329
Accrued interest expenses on debt securities issued of JSC Kazkommertsbank				100	47
Premium on debt securities issued of JSC Kazkommertsbank				56	60
Issued promissory notes of					
OJSC Moskommertsbank at the price of 88.00%-100.00%		April 2014	5.5-12.00	373	414
Accrued interest expense on issued promissory notes of OJSC Moskommertsbank				-	9
Issued bonds of Moscow Stars B.V. at the price of 99.00%		June 2022	2.03-5.53	4,361	4,633
Accrued interest on issued bonds of Moscow Stars B.V.				8	7
				<u>295,080</u>	<u>297,247</u>

* Eurobonds issued by JSC Kazkommertsbank initially.

As at 31 March 2013, accrued interest expense included in debt securities issued amounted to KZT 7,610 million (31 December 2012: KZT 7,465 million).

During the three months ended 31 March 2013, the Bank acquired its own bonds for a total nominal amount of KZT Nil million (USD Nil million) (31 December 2012: KZT 556 million (USD 3.6 million)) and realized previously repurchased bonds for a total nominal amount of KZT 151 million (USD 1 million) (31 December 2012: KZT 6,119 million (USD 41 million)).

17. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the interim consolidated statement of financial position.

The Group's maximum exposure to credit loss under contingent liabilities and credit commitments, in the event of non-performance or in the event of impairment by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As at 31 March 2013, provision for losses on guarantees and other contingencies amounted to KZT 3,008 million (31 December 2012: KZT 2,683 million), where reserves (provisions) for covering losses on granted guarantees and other contingencies amounted to KZT 2,983 million (31 December 2012: KZT 2,673 million) and commission income on granted guarantees amounted to KZT 25 million (31 December 2012: KZT 10 million).

The risk-weighted amount is obtained by applying credit conversion factor and counterparty risk weightings according to the principles employed by the Basel Committee on Banking Supervision.

As at 31 March 2013 and 31 December 2012, the nominal or contract amounts and risk-weighted amounts were:

	31 March 2013 (unaudited) (KZT million)	31 December 2012 (KZT million)
Contingent liabilities and credit commitments:		
Guarantees issued and similar commitments	84,147	79,314
Commitments on loans and unused credit lines	13,591	13,947
Letters of credit and other transaction related to contingent obligations	1,954	3,952
Commitments on loans sold to JSC Kazakhstan Mortgage Company with recourse	27	28
	<u>99,719</u>	<u>97,241</u>
Less collateral in cash	(3,893)	(6,626)
Less allowances	(2,983)	(2,673)
	<u>92,843</u>	<u>87,942</u>
Total contingent liabilities and credit commitments, net	<u>92,843</u>	<u>87,942</u>
Total risk-weighted amount	<u>92,211</u>	<u>87,440</u>

The decision to issue loans to customers within open credit lines is made by the Group at the request of a customer and depends on the financial position of the borrower, credit history and other factors. As at 31 March 2013, the amount of liabilities on such unused credit lines equals KZT 314,488 million (31 December 2012: KZT 417,634 million). The decision to issue further funds is not obligatory since the Group is entitled to suspend or stop providing the borrower with a credit line or deny the borrower the credit line without warning the borrower for any reason including: the borrower violates the obligations before the Group; insufficiency of collateral when revaluing the collateral due to a decrease in its pledge value or if change of prices in the market; or as a result of provision of the credit line (provision of loan) the Group will violate any of the prudential norms established by the regulatory authorities for the second-tier banks.

Capital commitments

As at 31 March 2013, capital commitments amounted to KZT 183 million (31 December 2012: KZT 173 million).

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 consolidated financial information.

Taxation

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

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all probable tax amounts due. Income tax related provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly, tax and regulatory framework are subject to varying interpretations. The future economic direction 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.

18. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties are assessed in accordance with IAS 24, Related Party Disclosures.

In considering each possible related party relationship, special attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	31 March 2013 (unaudited) (KZT million)		31 December 2012 (KZT million)	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Loans to customers	1,012	2,799,783	1,015	2,840,979
- key management personnel of the entity or its parent	1,012		1,015	
Allowance for impairment losses on loans to customers	(57)	(920,316)	(61)	(923,287)
- key management personnel of the entity or its parent	(57)		(61)	
Customer accounts	5,627	1,700,060	5,359	1,553,576
- parent company	1,631		1,467	
- entities with joint control or significant influence over the entity	267		349	
- key management personnel of the entity or its parent	3,607		3,494	
- other related parties	122		49	
Commitments on loans and unused credit lines	107	13,591	110	13,947
- key management personnel of the entity or its parent	107		110	
Guarantees issued and similar commitments	2	84,147	12	79,314
- key management personnel of the entity or its parent	2		12	

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

	Three months ended 31 March 2013 (unaudited) (KZT million)		Three months ended 31 March 2012 (unaudited) (KZT million)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	15	57,647	15	57,931
- key management personnel of the entity or its parent	15		15	
Interest expense	(76)	(27,227)	(71)	(27,459)
-parent company	(16)		(15)	
- key management personnel of the entity or its parent	(60)		(56)	
Operating expenses	(147)	(7,775)	(190)	(8,339)
Short-term employee benefits	(147)	(4,255)	(190)	(4,823)
(Provision)/recovery of provision for impairment losses on interest bearing assets, other transactions, guarantees and other contingencies	(1)	(21,017)	15	(25,504)
- key management personnel of the entity or its parent	(1)		15	

Key management personnel compensation for the three months ended 31 March 2013 and 2012 is represented by short-term employee benefits.

As at 31 March 2013 and 31 December 2012, the Group does not pledge any assets in connection with guarantees issued to management.

19. SEGMENT REPORTING

Business segments

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

- Retail banking – representing private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- Corporate banking – representing direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, documentary credits, foreign currency and derivative products.
- Investment banking – representing financial instruments trading, structured financing, and merger and acquisitions advice.
- Other – representing insurance operations and other activities.

Retail Banking offers a range of personal banking, savings and mortgage products and services. Corporate Banking offers business banking services principally to small and mid sized companies and commercial loans to larger corporate and commercial customers. Investment Banking consists of assets and liabilities required to support the liquidity and funding requirements of the Group, Asset and Liability Management activities, Group Capital and shared services.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments. Internal charges and transfer pricing adjustments, if any, have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the financial position, but excluding taxation. Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

More specific information on the revenues from external customers for each product and service, or each group of similar products and services is not available and the cost to develop it is excessive. Hence the Group presents operating segments on the basis of three main segments.

The amounts disclosed in the segment analysis below are regularly provided to and reviewed by the chief operating decision maker.

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	As at and for the three months ended 31 March 2013 (unaudited) (KZT million)
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	
External interest income	8,060	47,329	1,989	269	-	-	57,647
Internal interest income	12,979	8,307	57,018	-	-	(78,304)	-
External interest expenses	(10,388)	(7,631)	(9,208)	-	-	-	(27,227)
Internal interest expenses	(4,058)	(34,052)	(40,194)	-	-	78,304	-
Net interest income before provision for impairment losses on interest bearing assets	6,593	13,953	9,605	269	-	-	30,420
Recovery of provision/(provision) for impairment losses on interest bearing assets	4,575	(22,444)	153	39	-	-	(17,677)
NET INTEREST INCOME/(EXPENSE)	11,168	(8,491)	9,758	308	-	-	12,743
Net loss on financial assets and liabilities at fair value through profit or loss	-	-	(4,365)	(48)	-	-	(4,413)
Net gain/(loss) on foreign exchange and precious metals operations	189	84	4,101	(2)	-	-	4,372
Fee and commission income	3,530	2,145	1,410	-	-	-	7,085
Fee and commission expense	(1,881)	(196)	(104)	(55)	-	-	(2,236)
Net realized gain on investments available-for-sale	-	-	59	-	-	-	59
Dividends income	-	-	4	1	-	-	5
Other income	9	(176)	77	2,705	-	-	2,615
NET NON-INTEREST INCOME	1,847	1,857	1,182	2,601	-	-	7,487
OPERATING EXPENSES	(4,408)	(2,143)	(579)	(645)	-	-	(7,775)
PROFIT BEFORE OTHER OPERATING PROVISIONS	8,607	(8,777)	10,361	2,264	-	-	12,455
Provision for impairment losses on other transactions	-	(836)	(1)	(2,191)	-	-	(3,028)
Provision for guarantees and other contingencies	-	(312)	-	-	-	-	(312)
PROFIT BEFORE INCOME TAX	8,607	(9,925)	10,360	73	-	-	9,115
Segment assets	257,803	1,739,612	550,054	73,406	13,011	(73,509)	2,560,377
Segment liabilities	633,292	1,079,042	539,752	20,051	931	(27,969)	2,245,099

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Eliminations	For the three months ended 31 March 2012
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
External interest income	7,721	47,704	2,284	222	-	-	57,931
Internal interest income	15,009	7,821	45,261	-	-	(68,091)	-
External interest expenses	(11,120)	(5,809)	(10,530)	-	-	-	(27,459)
Internal interest expenses	(4,057)	(36,489)	(27,545)	-	-	68,091	-
Net interest income before provision for impairment losses on interest bearing assets	7,553	13,227	9,470	222	-	-	30,472
Recovery of provision/(provision) for impairment losses on interest bearing assets	5,248	(30,870)	(50)	-	-	-	(25,672)
NET INTEREST INCOME/(EXPENSE)	12,801	(17,643)	9,420	222	-	-	4,800
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	4,344	81	-	-	4,425
Net gain/(loss) on foreign exchange and precious metals operations	1,014	897	(1,316)	68	-	-	663
Fee and commission income	2,776	2,348	947	-	-	-	6,071
Fee and commission expense	(1,464)	(326)	(135)	(54)	-	-	(1,989)
Net realized gain on investments available-for-sale	-	-	609	1	-	-	610
Dividends income	-	-	4	1	-	-	5
Other income	148	491	94	960	-	-	1,693
NET NON-INTEREST INCOME	2,474	3,410	4,547	1,057	-	-	11,488
OPERATING EXPENSES	(4,533)	(2,432)	(725)	(649)	-	-	(8,339)
PROFIT/(LOSS) BEFORE OTHER OPERATING PROVISIONS	10,742	(16,665)	13,242	630	-	-	7,949
Provision for impairment losses on other transactions	-	(104)	-	(339)	-	-	(443)
Recovery of provision for guarantees and other contingencies	-	611	-	-	-	-	611
PROFIT/(LOSS) BEFORE INCOME TAX	10,742	(16,158)	13,242	291	-	-	8,117
Segment assets as at 31 December 2012	243,952	1,779,516	416,700	67,029	11,215	(73,600)	2,444,812
Segment liabilities as at 31 December 2012	632,079	931,481	586,930	14,800	1,038	(29,485)	2,136,843

20. RISK MANAGEMENT POLICIES

Management of risks is fundamental to the Group's business. The risk management functions include:

- Risk identification: the risks, which the Group is exposed to in its daily activities, are identified by the risk management system.
- Measuring risks: the Group measures the risks using various quantitative and qualitative methodologies, which include risk based profitability analysis, calculation of possible loss amounts, and utilization of specialized models. Measurement models and associated assumptions are periodically reviewed to ensure that the tools adequately and reasonably represent the risks.
- Risk monitoring: the Group's policies and procedures determine the processes for mitigating and minimizing the risks and establish limits on various types of operations. Such limits set forth in internal documents of the Group are reviewed on a periodic basis.
- Risk reporting: risk reporting is performed on a line of business and on a consolidated basis. This information is periodically presented to the management.

The main risks inherent to the Group's operations are those related to:

- Credit risk
- Interest rate risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk

The risk management policies that the Group applied during three months ended 31 March 2013 are not significantly different from the Group's risk management policies disclosed in the consolidated financial statements for the year ended 31 December 2012.

Liquidity risk

Liquidity risk is the risk that the Group will not have enough funding at reasonable price to meet all cash outflows (on- and off-balance sheet).

Assets and Liabilities Management Committee ("ALMC") controls these types of risks by means of weekly liquidity gap analysis and taking appropriate decisions to reduce liquidity risk. Current liquidity is managed by the Treasury Department through the deals in the money markets, with placement of available funds in liquid securities in line with instructions of ALMC.

The Group maintains the compliance to regulatory requirements, including term liquidity ratios and foreign exchange liquidity. The Group considers these requirements to be strict, and, as such, this measure guarantees maintaining appropriate liquidity level.

The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the contractual maturity date. The presentation below is based upon the information provided internally to key management personnel of the Group.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 March 2013 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
FINANCIAL ASSETS:							
Debt securities and derivatives in the financial assets at fair value through profit or loss	79,387	1,136	17,849	23,378	10,866	-	132,616
Loans and advances to banks and other financial institutions	117,613	2,839	3,690	12,119	81	-	136,342
Loans to customers	25,393	21,028	204,381	655,142	612,899	-	1,518,843
Debt securities included in investments available-for-sale	111	1,133	957	3,883	6,901	-	12,985
Investments held to maturity	-	-	1,331	4,296	839	-	6,466
Total interest bearing assets	222,504	26,136	228,208	698,818	631,586	-	1,807,252
Cash and balances with national (central) banks	228,064	-	-	-	2,397	-	230,461
Precious metals	4,673	-	-	-	-	-	4,673
Equity securities in the financial assets at fair value through profit or loss	-	-	-	-	-	6,085	6,085
Equity securities in the investments available-for-sale	-	-	-	-	-	1,955	1,955
Accrued interest income on interest-bearing assets	27,015	24,286	60,871	251,502	398	-	364,072
Other financial assets	5,766	951	1,559	45	-	-	8,321
TOTAL FINANCIAL ASSETS AND PRECIOUS METALS	488,022	51,373	290,638	950,365	634,381	8,040	2,422,819
FINANCIAL LIABILITIES:							
Loans and advances from banks and other financial institutions	35,396	710	4,402	27,378	-	-	67,886
Customer accounts	73,657	216,521	634,979	134,692	110,082	-	1,169,931
Debt securities issued	72	138	46,110	196,039	45,111	-	287,470
Other borrowed funds	-	-	-	16,864	-	-	16,864
Subordinated debt	-	-	-	86,333	27,349	6,901	120,583
Total interest bearing liabilities	109,125	217,369	685,491	461,306	182,542	6,901	1,662,734
Financial liabilities at fair value through profit or loss	2,163	-	294	4,181	1,010	-	7,648
Customer accounts	517,192	-	-	-	-	-	517,192
Dividends payable	5	119	209	-	-	-	333
Accrued interest expense on interest-bearing liabilities	3,959	8,899	9,582	1,172	-	-	23,612
Other financial liabilities	4,282	2,672	6,037	-	-	-	12,991
TOTAL FINANCIAL LIABILITIES	636,726	229,059	701,613	466,659	183,552	6,901	2,224,510
Liquidity gap	(148,704)	(177,686)	(410,975)	488,706	450,829		
Interest sensitivity gap	113,379	(191,233)	(457,283)	237,512	449,044		
Cumulative interest sensitivity gap	113,379	(77,854)	(535,137)	(297,625)	151,419		
Cumulative interest sensitivity gap as a percentage of total financial assets and precious metals	4.7%	(3.2%)	(22.1%)	(12.3%)	6.2%		
Contingent liabilities and credit commitments	2,410	9,706	40,417	28,848	4,307	413	

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2012 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
FINANCIAL ASSETS:							
Debt securities and derivatives in the financial assets at fair value through profit or loss	682	8,374	8,855	51,768	40,538	-	110,217
Loans and advances to banks and other financial institutions	125,830	1,610	6,718	12,106	75	-	146,339
Loans to customers	11,862	70,560	364,394	692,385	406,880	-	1,546,081
Debt securities included in investments available-for-sale	7	81	970	5,396	7,029	-	13,483
Investments held to maturity	-	-	413	5,556	841	-	6,810
Total interest bearing assets	138,381	80,625	381,350	767,211	455,363	-	1,822,930
Cash and balances with national (central) banks	103,523	-	-	-	2,974	-	106,497
Precious metals	3,823	-	-	-	-	-	3,823
Equity securities in the financial assets at fair value through profit or loss	-	-	-	-	-	6,355	6,355
Equity securities in the investments available-for-sale	-	-	-	-	-	1,717	1,717
Accrued interest income on interest-bearing assets	34,324	58,728	66,887	213,817	1,078	-	374,834
Other financial assets	3,175	94	1,500	62	-	-	4,831
TOTAL FINANCIAL ASSETS AND PRECIOUS METALS	283,226	139,447	449,737	981,090	459,415	8,072	2,320,987
FINANCIAL LIABILITIES:							
Loans and advances from banks and other financial institutions	75,525	880	5,852	28,007	-	-	110,264
Customer accounts	143,956	197,364	581,501	122,572	100,196	-	1,145,589
Debt securities issued	155	23	46,194	198,547	44,863	-	289,782
Other borrowed funds	-	-	16	18,229	-	-	18,245
Subordinated debt	-	-	-	101,417	12,258	6,851	120,526
Total interest bearing liabilities	219,636	198,267	633,563	468,772	157,317	6,851	1,684,406
Financial liabilities at fair value through profit or loss	783	1,338	1,242	4,412	1,102	-	8,877
Customer accounts	395,143	-	-	-	-	-	395,143
Dividends payable	5	-	35	-	-	-	40
Accrued interest expense on interest-bearing liabilities	4,120	8,251	9,426	729	6	-	22,532
Other financial liabilities	2,320	155	5,002	-	-	-	7,477
TOTAL FINANCIAL LIABILITIES	622,007	208,011	649,268	473,913	158,425	6,851	2,118,475
Liquidity gap	(338,781)	(68,564)	(199,531)	507,177	300,990	-	-
Interest sensitivity gap	(81,255)	(117,642)	(252,213)	298,439	298,046	-	-
Cumulative interest sensitivity gap	(81,255)	(198,897)	(451,110)	(152,671)	145,375	-	-
Cumulative interest sensitivity gap as a percentage of total financial assets and precious metals	(3.5%)	(8.6%)	(19.4%)	(6.6%)	6.3%	-	-
Contingent liabilities and credit commitments	5,315	6,304	40,061	26,590	4,751	242	-

Based on prior experience, the Group considers it highly unlikely that all customer accounts seek repayment on maturity. Historically the majority of such deposits are rolled over.

Currency risk

Currency risk is defined as the risk of taking losses from open currency positions and financial instruments in foreign currencies as a result of changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in foreign currency exchange rates on its open currency positions and trading portfolio.

The ALMC controls currency risk by managing its open currency positions on the basis of macroeconomic analysis and exchange rate forecasts, which give the Group an opportunity to minimize losses from significant currency fluctuations. Similar to liquidity risk management, the Treasury Department manages open currency positions of the Group using data generated by the Prudentials Monitoring and Credit Reporting Division on a daily basis.

The FMSC sets strict limits on open currency positions. This measure also limits the currency risk. In addition, the Treasury Department uses various hedging strategies including cross currency swaps in order to mitigate currency risks.

As at 31 March 2013 the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	31 March 2013 Total
	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)	(unaudited) (KZT million)
FINANCIAL ASSETS:						
Cash and balances with national (central) banks	66,252	154,492	4,013	4,058	1,646	230,461
Precious metals	-	-	-	-	4,673	4,673
Financial assets at fair value through profit or loss	92,971	32,486	1,119	14,539	-	141,115
Loans and advances to banks and other financial institutions	10,825	111,884	8,642	3,896	1,500	136,747
Loans to customers	1,046,266	806,446	7,838	18,807	110	1,879,467
Investments available-for-sale	10,832	3,220	-	1,396	-	15,448
Investments held to maturity	5,760	825	-	-	2	6,587
Other financial assets	4,411	3,143	38	656	73	8,321
TOTAL FINANCIAL ASSETS	1,237,317	1,112,496	21,650	43,352	8,004	2,422,819
FINANCIAL LIABILITIES:						
Loans and advances from banks and other financial institutions	21,202	35,393	567	11,141	76	68,379
Customer accounts	933,116	687,248	48,403	25,924	5,369	1,700,060
Financial liabilities at fair value through profit or loss	5,194	2,379	-	-	75	7,648
Debt securities issued	2,333	216,173	76,202	372	-	295,080
Other borrowed funds	15,982	1,133	-	-	-	17,115
Dividends payable	-	208	-	-	125	333
Other financial liabilities	12,679	67	2	170	73	12,991
Subordinated debt	33,960	88,944	-	-	-	122,904
TOTAL FINANCIAL LIABILITIES	1,024,466	1,031,545	125,174	37,607	5,718	2,224,510
OPEN POSITION	212,851	80,951	(103,524)	5,745	2,286	
DERIVATIVE FINANCIAL INSTRUMENTS:						
Net settled:						
- foreign exchange forward contracts	455	(3)	-	-	-	452
Gross settled:						
- foreign exchange forward contracts	(455)	453	-	-	-	(2)
- currency swaps	31,046	(134,698)	99,564	486	(1,285)	(4,887)
- spot	1,159	618	197	700	(229)	2,445
OPEN POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS	32,205	(133,630)	99,761	1,186	(1,514)	1,992
OPEN POSITION	245,056	(52,679)	(3,763)	6,931	772	

As at 31 December 2012, the Group's exposure to foreign currency exchange rate risk is presented in the table below:

	KZT	USD	EUR	RUR	Other CCY	31 December 2012 Total
	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)	(KZT million)
FINANCIAL ASSETS:						
Cash and balances with national (central) banks	81,606	12,596	3,148	7,653	1,494	106,497
Precious metals	-	-	-	-	3,823	3,823
Financial assets at fair value through profit or loss	86,107	4,736	7,888	20,091	-	118,822
Loans and advances to banks and other financial institutions	14,384	120,046	9,836	1,108	1,329	146,703
Loans to customers	1,001,784	888,031	7,693	20,001	183	1,917,692
Investments available-for-sale	12,081	3,048	-	551	2	15,682
Investments held to maturity	5,175	1,378	-	384	-	6,937
Other financial assets	2,789	1,576	6	435	25	4,831
TOTAL FINANCIAL ASSETS AND PRECIOUS METALS	1,203,926	1,031,411	28,571	50,223	6,856	2,320,987
FINANCIAL LIABILITIES:						
Loans and advances from banks and other financial institutions	41,172	57,150	742	11,284	129	110,477
Customer accounts	859,581	610,077	50,563	27,969	5,386	1,553,576
Financial liabilities at fair value through profit or loss	5,753	3,054	-	4	66	8,877
Debt securities issued	2,437	211,866	82,553	391	-	297,247
Other borrowed funds	17,540	1,091	-	-	-	18,631
Dividends payable	-	35	-	-	5	40
Other financial liabilities	7,170	18	42	203	44	7,477
Subordinated debt	33,899	88,251	-	-	-	122,150
TOTAL FINANCIAL LIABILITIES	967,552	971,542	133,900	39,851	5,630	2,118,475
OPEN BALANCE SHEET POSITION	236,374	59,869	(105,329)	10,372	1,226	
DERIVATIVE FINANCIAL INSTRUMENTS:						
Net settled:						
- foreign exchange forward contracts	4,544	(4,522)	-	-	-	22
Gross settled:						
- foreign exchange forward contracts	(18)	18	-	-	-	-
- currency swaps	6,103	(107,762)	105,587	(1,287)	(257)	2,384
- spot	(11,287)	11,299	-	-	-	12
OPEN POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS	(658)	(100,967)	105,587	(1,287)	(257)	2,418
OPEN POSITION	235,716	(41,098)	258	9,085	969	

21. SUBSEQUENT EVENTS

On 16 April 2013, the Bank has repaid Eurobonds issued in April 2003 for the original amount of USD 500 million. The Eurobond was repaid in full on the date of its maturity from the Bank's own funds.