

**REPORT ARCHIVE COPY**

**JOINT STOCK COMPANY  
BANK CENTERCREDIT**

**Interim Condensed Consolidated Financial  
Information (Unaudited)**

For the six months ended 30 June 2013

# JOINT STOCK COMPANY BANK CENTERCREDIT

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# JOINT STOCK COMPANY BANK CENTERCREDIT

## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

Management is responsible for the preparation of interim condensed consolidated financial information that presents fairly the consolidated financial position of the Joint Stock Company Bank CenterCredit and its subsidiaries ("the Group") as at 30 June 2013 and the results of its operations for the three and six months periods then ended, as well as cash flows and changes in equity for the six months period 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's interim condensed 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 interim condensed 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 statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- 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 for the six months ended 30 June 2013 was authorized for issue on 9 August 2013 by the Management Board of the JSC Bank CenterCredit.

On behalf of the Management Board:


  
**Lee V.S.**  
**Chairman**

9 August 2013  
Almaty



  
**Oh Ki Hong**  
**Managing Director**

9 August 2013  
Almaty

  
**Nurgaliyeva A. T.**  
**Chief Accountant**

9 August 2013  
Almaty



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

To the Shareholders and Board of Directors of Joint Stock Company Bank CenterCredit:

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Joint Stock Company Bank CenterCredit and its subsidiaries ("the Group") as at 30 June 2013, the interim condensed consolidated statements of income, and comprehensive income for the three and six months periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and selected explanatory information. Management of the Group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. 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 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*

9 August 2013  
Almaty



# JOINT STOCK COMPANY BANK CENTERCREDIT

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

(in Kazakhstani tenge and in millions, except for earnings per share which is in tenge)

	Notes	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Interest income	4, 24	22,373	17,985	42,726	38,525
Interest expense	4, 24	(12,031)	(13,592)	(25,072)	(27,918)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		10,342	4,393	17,654	10,607
Provision for impairment losses on interest bearing assets	5	(9,899)	(1,496)	(15,549)	(5,332)
NET INTEREST INCOME		443	2,897	2,105	5,275
Net gain on financial assets and liabilities at fair value through profit or loss	6	95	130	167	68
Net realized loss on disposal of investments available-for-sale	7	(36)	-	(36)	-
Net loss on early redemption of debt	21	-	(1,054)	-	(1,318)
Net gain on foreign exchange operations	8	1,017	470	1,849	1,922
Fee and commission income	9	5,611	5,366	10,555	9,734
Fee and commission expense	9	(363)	(670)	(691)	(1,034)
Provision for impairment losses on other transactions	5	(807)	(228)	(505)	(384)
Other expense		(11)	(92)	(26)	(110)
NET NON-INTEREST INCOME		5,506	3,922	11,313	8,878
OPERATING INCOME		5,949	6,819	13,418	14,153
OPERATING EXPENSES	10, 24	(6,531)	(6,388)	(13,578)	(13,064)
(LOSS)/PROFIT BEFORE INCOME TAX		(582)	431	(160)	1,089
Income tax (expense)/benefit	11	(547)	34	(431)	(47)
NET (LOSS)/PROFIT		(1,129)	465	(591)	1,042
Attributable to:					
Equity shareholders of the parent		(1,216)	425	(780)	968
Non-controlling interest		87	40	189	74
		(1,129)	465	(591)	1,042
(LOSS)/EARNINGS PER SHARE					
Basic (KZT)	12	(7.49)	2.11	(4.81)	4.80
Diluted (KZT)	12	(7.49)	2.11	(4.81)	4.80

On behalf of the Management Board

Lee V.S.  
Chairman

9 August 2013  
Almaty



Oh Ki Hong  
Managing Director

9 August 2013  
Almaty

Nurgaliyeva A.T.  
Chief Accountant

9 August 2013  
Almaty

Selected explanatory notes on pages 9-47 form an integral part of this interim condensed consolidated financial information.

# JOINT STOCK COMPANY BANK CENTERCREDIT

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

(in Kazakhstani tenge and in millions)

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
NET (LOSS)/PROFIT	(1,129)	465	(591)	1,042
OTHER COMPREHENSIVE INCOME				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations	(166)	(939)	(273)	158
Net gain/(loss) resulting on revaluation of available-for-sale investments during the period	(91)	124	(198)	54
Reclassification adjustment relating to available-for-sale investments disposed of in the period, net of income tax of nil tenge	41	-	41	-
OTHER COMPREHENSIVE (LOSS)/INCOME AFTER INCOME TAX	(216)	(815)	(430)	212
TOTAL COMPREHENSIVE (LOSS)/INCOME	(1,345)	(350)	(1,021)	1,254
Attributable to:				
Owners of the parent	(1,432)	(390)	(1,210)	1,180
Non-controlling interest	87	40	189	74
TOTAL COMPREHENSIVE (LOSS)/INCOME	(1,345)	(350)	(1,021)	1,254

On behalf of the Management Board:

Lee V.S.  
Chairman

9 August 2013  
Almaty



Oh Ki Hong  
Managing Director

9 August 2013  
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Nurgaliyeva A.T.  
Chief Accountant

9 August 2013  
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# JOINT STOCK COMPANY BANK CENTERCREDIT

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013 (UNAUDITED) (in Kazakhstani tenge and in millions)

	Notes	30 June 2013 (unaudited)	31 December 2012
<b>ASSETS</b>			
Cash and cash equivalents	13,24	159,291	149,129
Financial assets at fair value through profit or loss	14	28,952	25,178
Investments available-for-sale	15	50,552	57,549
Investments held-to-maturity	16	20,753	26,373
Due from banks		4,240	2,036
Loans to customers and banks	17, 24	790,997	789,096
Current income tax assets		2,372	2,148
Deferred income tax assets	11	1,568	2,036
Other assets	18	19,494	11,058
Property, equipment and intangible assets		22,542	23,214
<b>TOTAL ASSETS</b>		<b>1,100,761</b>	<b>1,087,817</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Due to banks and financial institutions	19, 24	77,523	106,176
Customer and banks accounts	20, 24	842,229	790,550
Debt securities issued	21	48,397	65,204
Subordinated bonds		39,924	33,249
Other liabilities		6,552	5,520
<b>Total liabilities</b>		<b>1,014,625</b>	<b>1,000,699</b>
<b>EQUITY:</b>			
Equity attributable to owners of the parent:			
Share capital	22	69,837	69,798
Investments available-for-sale fair value (deficit)/reserve		(125)	32
Foreign currency translation deficit		(299)	(26)
Statutory reserves		3,723	3,723
Retained earnings		11,605	12,385
<b>Total equity attributable to owners of the parent</b>		<b>84,741</b>	<b>85,912</b>
Non-controlling interest		1,395	1,206
<b>Total equity</b>		<b>86,136</b>	<b>87,118</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,100,761</b>	<b>1,087,817</b>

On behalf of the Management Board:

Lee V.S.  
Chairman

9 August 2013  
Almaty



Oh Ki Hong  
Managing Director

9 August 2013  
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Chief Accountant

9 August 2013  
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# JOINT STOCK COMPANY BANK CENTERCREDIT

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) (in Kazakhstani tenge and in millions)

	Share capital	Investments available-for-sale fair value reserve/ (deficit)	Foreign currency translation deficit	Statutory reserves	Retained earnings
31 December 2011	69,797	666	(619)	1,633	14,253
Net profit	-	-	-	-	968
Other comprehensive income	-	54	158	-	-
<b>Net comprehensive income</b>	-	54	158	-	968
Repurchase of treasury shares	(141)	-	-	-	-
Transfer to statutory reserve	-	-	-	5	(5)
30 June 2012 (unaudited)	69,656	720	(461)	1,638	15,216
31 December 2012	69,798	32	(26)	3,723	12,385
Net loss	-	-	-	-	(780)
Other comprehensive loss	-	(157)	(273)	-	-
<b>Net comprehensive income</b>	-	(157)	(273)	-	(780)
Sale of treasury shares	39	-	-	-	-
30 June 2013 (unaudited)	69,837	(125)	(299)	3,723	11,605

On behalf of the Management Board:

Lee V.S.  
Chairman

9 August 2013  
Almaty



Oh Ki Hong  
Managing Director

9 August 2013  
Almaty

Nurgaliyeva A.T.  
Chief Accountant

9 August 2013  
Almaty

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# JOINT STOCK COMPANY BANK CENTERCREDIT

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

(in Kazakhstani tenge and in millions)

	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Interest received from financial assets at fair value through profit or loss	704	556
Interest received from investments available-for-sale	1,319	1,343
Interest received from investments held-to-maturity	1,016	1,096
Interest received on due from banks	144	194
Interest received on loans to customers and banks	34,477	36,947
Penalties received from loans to customers and banks	376	984
Interest paid on due to banks and financial institutions	(3,184)	(3,635)
Interest paid on customer and banks accounts	(15,207)	(17,361)
Interest paid on debt securities issued	(3,573)	(6,603)
Interest paid on subordinated bonds	(1,176)	(1,716)
Fee and commission received	10,378	9,348
Fee and commission paid	(669)	(1,255)
Other expense paid	(26)	(110)
Operating expenses paid	(13,285)	(14,276)
	<hr/>	<hr/>
Cash flows from operating activities before changes in operating assets and liabilities	11,294	5,512
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Financial assets at fair value through profit or loss	(3,411)	179
Due from banks	(2,195)	4,835
Loans to customers and banks	(16,815)	(24,910)
Other assets	(2,324)	413
(Decrease)/increase in operating liabilities:		
Due to banks and financial institutions	(28,484)	21,273
Customer and banks accounts	49,422	6,645
Other liabilities	2,216	3,750
	<hr/>	<hr/>
Cash flows from operating activities before taxation	9,703	17,697
Income tax paid	(187)	(84)
	<hr/>	<hr/>
Net cash inflow from operating activities	9,516	17,613
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property, equipment and intangible assets	(1,691)	(997)
Proceeds on sale of property and equipment	260	20
Proceeds on maturity and sale of investments available-for-sale	15,869	68,340
Purchase of investments available-for-sale	(9,009)	(57,169)
Proceeds on maturity of investments held-to-maturity	7,489	2,984
Purchase of investments held-to-maturity	(2,062)	(3,122)
	<hr/>	<hr/>
Net cash inflow from investing activities	10,856	10,056
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# JOINT STOCK COMPANY BANK CENTERCREDIT

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED) (CONTINUED) (in Kazakhstani tenge and in millions)

	Notes	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from sale/(purchase) of treasury shares		39	(141)
Repurchase and repayment of debt securities issued		(18,876)	(31,517)
Proceeds from debt securities issued		2,007	1,554
Proceeds from subordinated bonds issued		6,509	-
Net cash outflow from financing activities		(10,321)	(30,104)
<i>Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents</i>		111	(81)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10,162	(2,516)
CASH AND CASH EQUIVALENTS, beginning of the period	13	149,129	148,771
CASH AND CASH EQUIVALENTS, end of the period	13	159,291	146,255

On behalf of the Management Board:

Lee V.S.  
Chairman

9 August 2013  
Almaty



Oh Ki Hong  
Managing Director

9 August 2013  
Almaty

Nurgaliyeva A.T.  
Chief Accountant

9 August 2013  
Almaty

Selected explanatory notes on pages 9-47 form an integral part of this interim condensed consolidated financial information.



# JOINT STOCK COMPANY BANK CENTERCREDIT

## SELECTED EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

*(in Kazakhstani tenge and in millions, unless otherwise stated)*

### 1. ORGANIZATION

JSC Bank CenterCredit (“the Bank”) is a Joint Stock Company (“JSC”), which was incorporated in the Republic of Kazakhstan and started its operations in 1988. The Bank is regulated by the legislation of the Republic of Kazakhstan. The Bank is regulated by the National Bank of the Republic of Kazakhstan (“the NBRK”) and the Committee for control and supervision of the financial market and financial organizations of the NBRK (“the FMSC”). The Bank conducts its business under license number 248, renewed on 13 December 2007 by the FMSC. On 27 August 2008, Kookmin Bank (South Korea) purchased 23% of the Bank’s issued ordinary share capital. As at 30 June 2013, Kookmin Bank’s share was 41.93% and the International Financial Corporation’s (“IFC”) share was 10% of the issued capital of the Bank.

The Bank’s primary business consists of commercial banking activities, trading with securities, loans, foreign currencies and derivative instruments, loan origination activities and guarantees.

The Bank is a member of the Kazakhstan Deposit Insurance Fund (the “KDIF”).

The registered address is: 98 Panfilov Street, Almaty, the Republic of Kazakhstan.

As at 30 June 2013 and 31 December 2012, the Bank had 20 branches in the Republic of Kazakhstan.

The Bank is a parent company of a banking group (the “Group”) which consists of the following subsidiaries consolidated in its interim condensed consolidated financial statements:

Name	Country of operation	30 June 2013 (unaudited)	31 December 2012	Type of operation
JSC APF Capital	Republic of Kazakhstan	75.06%	75.06%	Pension fund management
LLP Center Leasing	Republic of Kazakhstan	90.75%	90.75%	Finance lease
JSC BCC Invest CenterCredit	Republic of Kazakhstan	100%	100%	Brokerage and dealer activity
International B.V.	Netherlands	100%	100%	Issuance of capital on international financial markets
LLC Bank BCC- Moscow	Russian Federation	100%	100%	Banking services

JSC Accumulated Pension Fund Capital (“APF Capital”) was established as a closed joint stock company in October 2001, in accordance with legislation of the Republic of Kazakhstan.

In December 2003, APF Capital was registered as a joint stock company. APF Capital manages pension contribution inflows and the accumulation of individual pension accounts in accordance with the requirements of legislative authorities of the Republic of Kazakhstan.

In September 2002, LLP Center Leasing was established as a limited liability partnership in accordance with the legislation of the Republic of Kazakhstan. The main activity of LLP Center Leasing is leasing operations, which are carried out in accordance with Article 10 on financial leasing of the Republic of Kazakhstan.

In May 1998, JSC BCC Invest was established as a limited liability partnership (previously named “LLP KIB ASSET MANAGEMENT”) in accordance with legislation of the Republic of Kazakhstan. On 26 September 2006, LLP KIB ASSET MANAGEMENT was registered as a joint stock company. The main activity of JSC BCC Invest consists of management of assets of mutual funds and management of investment portfolios.

CenterCredit International B.V. was registered in January 2006 in Rotterdam, Netherlands, as a special purpose entity. Its main activity was to raise capital on international financial markets. In December 2012, the Board of Directors of the Group decided to liquidate this entity.

In August 2006, the Bank received permission from the FMSC for establishment of its subsidiary LLC Bank BCC-Moscow. On 21 March 2008, LLC Bank BCC-Moscow received its license from the Central Bank of Russian Federation. The main activity of LLC Bank BCC-Moscow consists of banking services.

As at 30 June 2013 and 31 December 2012 the following ultimate beneficial shareholders owned individually more than 5% of the issued shares of the Group:

	<b>30 June 2013 (unaudited) %</b>	<b>31 December 2012 %</b>
Kookmin Bank	41.93	41.93
Baiseitov B.R.	25.10	25.10
IFC	10.00	10.00
Other (individually hold less than 5%)	22.97	22.97
Total	100.00	100.00

The interim condensed consolidated financial statements were authorized for issue by the Management Board of the Group on 9 August 2013.

## **2. BASIS OF PRESENTATION**

### *Accounting basis*

The interim condensed consolidated financial information of the Group has been prepared using accounting policies consistent with International Financial Reporting Standards and International Accounting Standard (“IAS”) 34 Interim Financial Reporting. 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 interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements and with the related notes to the consolidated financial statements of the Group for the year ended 31 December 2012.

The interim condensed consolidated financial information has been prepared on the accrual basis of accounting under the historical cost convention, except for the measurement of buildings at revalued amounts and the measurement of investments available-for-sale, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments at fair value.



The preparation of the interim condensed 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 date of the consolidated financial information, 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 setup of impairment loss provisions on loans and investments, determination of the fair value of financial instruments and determination of the deferred tax liabilities.

Although the interim condensed consolidated financial information is unaudited, it does reflect all adjustments that, in the opinion of Management of the Group, are necessary for a fair presentation of the consolidated results of operations for the interim periods. All such adjustments to the consolidated financial information are of a normal, recurring nature. Because the results from common banking activities are so 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 interim condensed financial information 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 functional currency of the Group is the Kazakhstani tenge (“KZT” or “Tenge”).

### **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 2012.

#### **New standards, interpretations and amendments adopted by the Group**

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 2012, except for the adoption of new standards and interpretations effective as at 1 January 2013, which are relevant for interim financial reporting.

Application of IFRS 12 Disclosure of Interests in Other Entities resulted in more extensive disclosures in the interim condensed consolidated financial statements (Note 1).

#### **IFRS 13 Fair Value Measurement**

IFRS 13 Fair Value Measurement establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 Fair Value Measurement is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures amount fair value measurements, except in specified circumstances. Application of IFRS 13 Fair Value Measurement resulted in more extensive disclosures in the interim condensed consolidated financial information (Note 26).

#### **IAS 19 (as revised in 2011) Employee Benefits**

The amendments to IAS 19 Employee Benefits change the accounting for defined benefit plans and termination benefits and a definition of short-term benefits.



The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 Employee Benefits and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 Employee Benefits are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Application of the Amendments to IAS 19 Employee Benefits did not result in significant changes to the Group's interim condensed consolidated financial statements.

## **Amendments to IAS 1 Presentation of Financial Statements “Presentation of Items of Other Comprehensive Income”**

The Group has applied the amendments to IAS 1 Presentation of Financial Statements “Presentation of Items of Other Comprehensive Income”. The amendments require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

## **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 and was previously 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 25).



#### 4. NET INTEREST INCOME

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
<b>Interest income comprises:</b>				
Interest income on financial assets recorded at amortized cost:				
- interest income on unimpaired assets	10,975	8,366	20,476	17,854
- interest income on impaired assets	10,209	8,692	19,975	18,903
Interest income on financial assets at fair value	1,189	927	2,275	1,768
<b>Total interest income</b>	<b>22,373</b>	<b>17,985</b>	<b>42,726</b>	<b>38,525</b>
Interest income on financial assets recorded at amortized cost:				
Interest on loans to customers and banks	20,563	15,646	39,099	34,930
Interest on investments held-to- maturity	365	363	823	669
Penalties on loans to customers and banks	187	984	376	984
Interest on due from banks	69	65	153	174
Total interest income on financial assets recorded at amortized cost	21,184	17,058	40,451	36,757
Interest income on financial assets at fair value:				
Interest income on financial assets available-for-sale	701	661	1,375	1,273
Interest income on financial assets initially recognized at fair value through profit or loss	488	266	900	495
Total interest income on financial assets recorded at fair value	1,189	927	2,275	1,768
<b>Total interest income</b>	<b>22,373</b>	<b>17,985</b>	<b>42,726</b>	<b>38,525</b>
<b>Interest expense comprises:</b>				
Interest expense on financial liabilities recorded at amortized cost	12,031	13,592	25,072	27,918
<b>Total interest expense</b>	<b>12,031</b>	<b>13,592</b>	<b>25,072</b>	<b>27,918</b>
Interest expense on financial liabilities recorded at amortized cost:				
Interest on customer and banks accounts	8,349	8,468	17,464	17,179
Interest on debt securities issued	1,498	2,571	3,275	5,582
Interest on due to banks and financial institutions	1,458	1,839	3,015	3,591
Interest on subordinated bonds	726	714	1,318	1,566
Total interest expense on financial liabilities recorded at amortized cost	12,031	13,592	25,072	27,918
<b>Net interest income before provision for impairment losses on interest bearing assets</b>	<b>10,342</b>	<b>4,393</b>	<b>17,654</b>	<b>10,607</b>

## 5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

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

	Consumer loans	Corporate loans	Credit cards	Total loans to customers (Note 17)
<b>For three months ended</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>30 June 2012 and 2013</b>				
31 March 2012 (unaudited)	11,116	117,104	36	128,256
(Recovery of provision)/additional provision recognized	(2,800)	3,916	380	1,496
Write-off of assets	(1,304)	(2,918)	-	(4,222)
Recovery of assets previously written off	1,564	2,564	-	4,128
Exchange rate difference	106	442	-	548
<b>30 June 2012 (unaudited)</b>	<b>8,682</b>	<b>121,108</b>	<b>416</b>	<b>130,206</b>
31 March 2013 (unaudited)	18,968	124,076	65	143,109
Additional provision recognized	5,471	4,403	25	9,899
Write-off of assets	(378)	(5,032)	-	(5,410)
Recovery of assets previously written off	929	345	-	1,274
Exchange rate difference	(336)	(272)	-	(608)
<b>30 June 2013 (unaudited)</b>	<b>24,654</b>	<b>123,520</b>	<b>90</b>	<b>148,264</b>
	Consumer loans	Corporate loans	Credit cards	Total loans to customers (Note 17)
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>For six months ended</b>				
<b>30 June 2012 and 2013</b>				
31 December 2011	12,065	112,423	48	124,536
(Recovery of provision)/additional provision recognized	(3,779)	8,743	368	5,332
Write-off of assets	(2,126)	(3,250)	-	(5,376)
Recovery of assets previously written off	2,441	2,886	-	5,327
Exchange rate difference	81	306	-	387
<b>30 June 2012 (unaudited)</b>	<b>8,682</b>	<b>121,108</b>	<b>416</b>	<b>130,206</b>
31 December 2012	14,290	123,088	42	137,420
Additional provision recognized	10,130	5,371	48	15,549
Write-off of assets	(399)	(5,032)	-	(5,431)
Recovery of assets previously written off	969	347	-	1,316
Exchange rate difference	(336)	(254)	-	(590)
<b>30 June 2013 (unaudited)</b>	<b>24,654</b>	<b>123,520</b>	<b>90</b>	<b>148,264</b>



The movements in provision for impairment losses on other transactions were as follows:

	Investments held-to- maturity (Note 16) (unaudited)	Other assets (Note 18) (unaudited)	Guarantees and letters of credit (unaudited)	Total (unaudited)
<b>For three months ended 30 June 2012 and 2013</b>				
31 March 2012 (unaudited)	106	1,080	1,015	2,201
(Recovery of provision) / additional provision recognized	-	(10)	238	228
Recovery of assets previously written off	-	82	-	82
Exchange rate difference	-	-	(17)	(17)
<b>30 June 2012 (unaudited)</b>	<b>106</b>	<b>1,152</b>	<b>1,236</b>	<b>2,494</b>
31 March 2013 (unaudited)	106	1,223	1,407	2,736
Additional provision recognized	-	656	151	807
Write-off of assets	-	(647)	(6)	(653)
Exchange rate difference	-	94	1	95
<b>30 June 2013 (unaudited)</b>	<b>106</b>	<b>1,326</b>	<b>1,553</b>	<b>2,985</b>
	Investments held-to- maturity (Note 16) (unaudited)	Other assets (Note 18) (unaudited)	Guarantees and letters of credit (unaudited)	Total (unaudited)
<b>For six months ended 30 June 2012 and 2013</b>				
31 December 2011	106	1,149	968	2,223
Additional provision recognized	-	99	285	384
Write-off of assets	-	(159)	-	(159)
Recovery of assets previously written off	-	63	-	63
Exchange rate difference	-	-	(17)	(17)
<b>30 June 2012 (unaudited)</b>	<b>106</b>	<b>1,152</b>	<b>1,236</b>	<b>2,494</b>
31 December 2012	106	1,242	1,779	3,127
Additional provision recognized / (recovery of provision)	-	724	(219)	505
Write-off of assets	-	(734)	(6)	(740)
Exchange rate difference	-	94	(1)	93
<b>30 June 2013 (unaudited)</b>	<b>106</b>	<b>1,326</b>	<b>1,553</b>	<b>2,985</b>

## 6. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Net gain on financial assets and liabilities held-for-trading	95	130	167	68
<b>Total net gain on financial assets and liabilities at fair value through profit or loss</b>	<u>95</u>	<u>130</u>	<u>167</u>	<u>68</u>
Net gain on operations with financial assets and liabilities held-for-trading comprise:				
Realized gain on trading operations	5	45	67	374
Unrealized gain/(loss) on fair value adjustment	6	(243)	90	(57)
Unrealized gain/(loss) on operations with derivative financial instruments	28	342	(80)	(258)
Realized gain/(loss) on operations with derivative financial instruments	56	(14)	90	9
<b>Total net gain on operations with financial assets and liabilities at fair value through profit or loss</b>	<u>95</u>	<u>130</u>	<u>167</u>	<u>68</u>

The Group enters into derivative financial instruments to manage currency and liquidity risks and such financial instruments are held primarily for trading purposes.

## 7. NET REALIZED LOSS ON DISPOSAL OF INVESTMENTS AVAILABLE-FOR-SALE

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Net loss on investments available-for-sale	(41)	-	(41)	-
Recovery of provision for impairment loss on investments available-for-sale	5	-	5	-
<b>Total net realized loss on disposal of investments available-for-sale</b>	<u>(36)</u>	<u>-</u>	<u>(36)</u>	<u>-</u>

## 8. NET GAIN ON FOREIGN EXCHANGE OPERATIONS

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Dealing, net	1,211	675	1,961	2,262
Translation differences, net	(194)	(205)	(112)	(340)
<b>Total net gain on foreign exchange operations</b>	<u>1,017</u>	<u>470</u>	<u>1,849</u>	<u>1,922</u>



## 9. FEE AND COMMISSION INCOME AND EXPENSE

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
<b>Fee and commission income:</b>				
Cash operations	1,297	1,124	2,307	2,000
Settlements	1,117	1,117	2,061	2,055
Guarantees	1,024	778	1,854	1,500
Payment cards	948	896	1,771	1,655
Trust operations	625	526	1,452	1,029
Foreign exchange operations	257	258	463	477
Internet-banking operations	108	174	206	174
Custodian activities	42	459	87	459
Other	193	34	354	385
<b>Total fee and commission income</b>	<b>5,611</b>	<b>5,366</b>	<b>10,555</b>	<b>9,734</b>
<b>Fee and commission expense:</b>				
Settlements	236	246	439	419
Custodian activities	39	375	73	427
Brokerage services	18	2	53	20
Documentary operations	19	19	33	65
Purchase and sale of securities	23	12	29	12
Foreign exchange operations	1	5	3	29
Rating agencies services	-	10	-	10
Legal services	-	1	-	1
Other	27	-	61	51
<b>Total fee and commission expense</b>	<b>363</b>	<b>670</b>	<b>691</b>	<b>1,034</b>

## 10. OPERATING EXPENSES

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Staff costs	2,724	2,574	5,346	5,410
Operating leases expenses	804	846	1,609	1,672
Deposit Insurance Fund expenses	712	800	1,444	1,513
Taxes other than income tax	625	510	1,435	1,075
Depreciation and amortization	589	501	1,205	999
Administrative expenses	461	365	802	715
Security expenses	207	161	331	323
Telecommunications	165	150	328	323
Advertising costs	125	160	191	226
Property and equipment maintenance	83	82	125	120
Other expenses	36	239	762	688
<b>Total operating expenses</b>	<b>6,531</b>	<b>6,388</b>	<b>13,578</b>	<b>13,064</b>

## 11. INCOME TAXES

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.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses such as business development expenses and a tax free regime for certain income such as income from operations with state securities and securities listed on the Kazakhstan Stock Exchange.

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 30 June 2013 and 31 December 2012 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Relationships between tax expenses and accounting profit for the three and six months ended 30 June 2013 and 2012 are explained as follows:

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Current income tax expense	78	29	39	102
Adjustments recognised in the period for current tax of prior periods	-	-	(76)	-
Deferred income tax expense/(benefit)	469	(63)	468	(55)
<b>Income tax expense/(benefit)</b>	<u>547</u>	<u>(34)</u>	<u>431</u>	<u>47</u>

The tax rate used for the six months ended 30 June 2013 and the year ended 31 December 2012 is the corporate tax rate of 20%, payable by corporate entities in the Republic of Kazakhstan on taxable profits under tax law in that jurisdiction.

	Six months ended 30 June 2013 (unaudited)	Year ended 31 December 2012
<b>Deferred income tax asset</b>		
Beginning of the period	2,036	2,008
Change in deferred tax assets	(468)	28
<b>End of the period</b>	<u>1,568</u>	<u>2,036</u>



## 12. (LOSS)/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 parent by the weighted average number of participating shares outstanding during the period.

	Three months ended 30 June 2013 (unaudited)	Three months ended 30 June 2012 (unaudited)	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
<b>Basic (loss)/earnings per share</b>				
Net (loss)/profit attributable to owners of the parent	(1,216)	425	(780)	968
Less: additional dividends that would be paid on full distribution of profit to the preferred shareholders	-	(83)	-	(188)
(Loss)/earnings attributable to ordinary shareholders	(1,216)	342	(780)	780
Weighted average number of ordinary shares for purposes of basic earnings per share	162,324,371	162,289,073	162,313,323	162,495,973
(Loss)/earnings per share - basic (tenge)	<u>(7.49)</u>	<u>2.11</u>	<u>(4.81)</u>	<u>4.80</u>
<b>Diluted earnings per share</b>				
Net (loss)/profit for the period attributable to common shareholders	(1,216)	342	(780)	780
Add: additional dividends that would be paid on full distribution of profit to the convertible preferred shareholders	-	83	-	188
(Loss)/earnings used in the calculation of total diluted earnings per share	(1,216)	425	(780)	968
Weighted average number of ordinary shares for the purposes of basic earnings per share	162,324,371	162,289,073	162,313,323	162,495,973
Shares deemed to be issued:				
Weighted average number of ordinary shares that would be issued for the convertible preferred shares	-	39,249,255	-	39,249,255
Weighted average number of ordinary shares for purposes of diluted earnings per share	162,324,371	201,538,328	162,313,323	201,745,228
(Loss)/earnings per share - diluted (tenge)	<u>(7.49)</u>	<u>2.11</u>	<u>(4.81)</u>	<u>4.80</u>

On 25 August 2010 the Kazakhstan Stock Exchange (“KASE”) introduced new rules for listed companies that require the disclosure of book value of one share per each class of shares in the listed company’s financial statements. The Group has calculated the book value of one share per each class of shares in accordance with the methodology for computation of the book value of one share, provided by KASE.

The book value of one share per each class of shares as at 30 June 2013 and 31 December 2012 is as follows:

Class of shares	30 June 2013 (unaudited)			31 December 2012		
	Outstanding shares (number outstanding)	Amount for calculation of book value KZT million	Book value of one share, KZT	Outstanding shares (number outstanding)	Amount for calculation of book value KZT million	Book value of one share, KZT
Ordinary shares	162,355,349	72,508	447	162,155,381	73,230	452
Preference shares	39,249,255	11,775	300	39,249,255	11,775	300
		<u>84,283</u>			<u>85,005</u>	

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

### 13. CASH AND CASH EQUIVALENTS

	30 June 2013 (unaudited)	31 December 2012	30 June 2012 (unaudited)
Deposits with financial institutions	127,136	109,269	113,819
Cash on hand	23,409	34,725	25,834
Cash in transit	<u>8,743</u>	<u>5,129</u>	<u>6,588</u>
	159,288	149,123	146,241
Accrued interest	<u>3</u>	<u>6</u>	<u>14</u>
<b>Total cash and cash equivalents</b>	<u>159,291</u>	<u>149,129</u>	<u>146,255</u>

Minimum reserve requirements are determined as a percentage of average balances of deposits and international borrowings in accordance with the requirements of the NBRK and amounted to KZT 14,942 million and KZT 13,566 million as at 30 June 2013 and 31 December 2012, respectively.

The Group was in compliance with the NBRK requirements by maintaining an average balance with the NBRK and therefore was able to use the amounts without any restrictions. As at 30 June 2013 and 31 December 2012, the obligatory reserves deposited with the Central Bank of Russian Federation amounted to KZT 524 million and KZT 971 million, respectively.

Components of deposits with financial institutions with maturity less than three months:

	Interest rates (%)		30 June 2013 (unaudited)	31 December 2012
	Min	Max		
Demand deposits with banks	0.25	4.75	<u>127,136</u>	<u>109,269</u>
Accrued interest			<u>3</u>	<u>6</u>
<b>Total</b>			<u>127,139</u>	<u>109,275</u>

As at 30 June 2013, the Group had deposits with NBRK, Citibank, New York. As at 31 December 2012 the Group had deposits with Citibank, N.Y., BNP Paribas, France, Societe Generale, France, JP Morgan A.G Frankfurt and LBW Stuttgart, Germany which individually and in the aggregate exceeded 10% of the Group's equity.

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

Financial assets at fair value through profit or loss comprise:

	30 June 2013 (unaudited)	31 December 2012
Financial assets held for trading:		
Debt securities	24,736	20,976
Equity securities	353	284
<b>Total financial assets held for trading</b>	<b>25,089</b>	<b>21,260</b>
Derivative financial instruments	3,863	3,918
<b>Total financial assets at fair value through profit or loss</b>	<b>28,952</b>	<b>25,178</b>

	30 June 2013 (unaudited)		31 December 2012	
	Nominal interest rate %	Fair value	Nominal interest rate %	Fair value
<b>Debt securities:</b>				
Russian corporate bonds	6.75-12.25	8,808	3.15-11.25	5,817
Government bonds of the Republic of Kazakhstan	3.70-7.80	8,376	3.70-6.00	8,109
Kazakhstan corporate bonds	5.70-13.00	6,077	7.00-13.00	6,276
Government bonds of the Russian Federation	6.88-7.10	1,193	6.88-7.10	774
International corporate bonds	4.63	282	-	-
<b>Total debt securities</b>		<b>24,736</b>		<b>20,976</b>

	30 June 2013 (unaudited)	31 December 2012
<b>Equity securities*:</b>		
Shares of Kazakhstan corporations	348	284
Shares of International corporations	5	-
<b>Total equity securities</b>	<b>353</b>	<b>284</b>

\*Ownership interest in equity securities is below 1%

	Notional Value	30 June 2013 (unaudited) Net fair value		Notional Value	31 December 2012 Net fair value	
		Asset	Liability		Asset	Liability
		<b>Foreign currency contracts:</b>				
Swaps	35,113	3,818	8	35,046	3,786	95
Forward	379	35	-	-	-	-
Embedded derivatives	65	10	-	857	132	-
<b>Total derivative financial instruments</b>		<b>3,863</b>	<b>8</b>		<b>3,918</b>	<b>95</b>



The table above shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group.

### Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index. Cross currency swap is an exchange of differently defined interest rates payable and different currencies on a fixed nominal amount (principal) between two contracting parties.

As at 30 June 2013 and 31 December 2012 financial assets at fair value through profit or loss included Treasury bonds of the Ministry of Finance of Republic of Kazakhstan and other securities of KZT 8,647 million and KZT 6,731 million, respectively, were pledged under repurchase agreements with the other banks (Note 19). All repurchase agreements as at 30 June 2013 mature before 26 July 2013.

## 15. INVESTMENTS AVAILABLE-FOR-SALE

	30 June 2013 (unaudited)	31 December 2012
Debt securities	50,326	57,310
Equity securities	226	239
<b>Total investments available-for-sale</b>	<b>50,552</b>	<b>57,549</b>

	30 June 2013 (unaudited)		31 December 2012	
	Nominal interest rate %	Fair value	Nominal interest rate %	Fair value
<b>Debt securities:</b>				
Government bonds of the Republic of Kazakhstan	0.00-8.25	33,785	2.25-8.75	46,239
Kazakhstan corporate bonds	0.00-8.50	9,568	5.36-9.00	11,071
Russian corporate bonds	5.25-10.40	6,973	-	-
<b>Total debt securities</b>		<b>50,326</b>		<b>57,310</b>

	30 June 2013 (unaudited)		31 December 2012	
	Ownership interest %	Fair value	Ownership interest %	Fair value
<b>Equity securities:</b>				
Kazakhstan corporate shares	0.02-18.40	226	0.02-18.40	239
<b>Total equity securities</b>		<b>226</b>		<b>239</b>
<b>Total investments available-for-sale</b>		<b>50,552</b>		<b>57,549</b>

The Group has recognized impairment loss on JSC BTA Bank shares in the amount of KZT 5,280 million due to the worsening of financial position of JSC BTA Bank. As at 30 June 2013 and 31 December 2012 the carrying amount of equity securities of JSC BTA Bank amounted to KZT nil.

As at 30 June 2013 and 31 December 2012 investments available-for-sale included short-term NBRK notes and Treasury bonds of the Ministry of Finance of Republic of Kazakhstan of KZT Nil and of KZT 9,367 million, respectively, which were pledged under repurchase agreements with other banks (Note 19). All repurchase agreements as at 31 December 2012 mature before 4 January 2013.

## 16. INVESTMENTS HELD-TO-MATURITY

	30 June 2013 (unaudited)		31 December 2012	
	Nominal interest rate %	Amount	Nominal interest rate %	Amount
Government bonds of the Republic of Kazakhstan	4.30-8.75	11,432	4.30-8.75	19,061
Kazakhstan corporate bonds	5.89-13.00	8,092	5.01-13.00	5,877
Russian corporate bonds	5.03	1,032	5.03-9.63	1,241
International corporate bonds	8.75	303	5.05	300
		<u>20,859</u>		<u>26,479</u>
Less: allowances for impairment losses		<u>(106)</u>		<u>(106)</u>
<b>Total investments held-to-maturity</b>		<u><u>20,753</u></u>		<u><u>26,373</u></u>

Movement in allowances for impairment losses on investments held-to-maturity for the six months ended 30 June 2013 and 2012 is disclosed in Note 5.

As at 30 June 2013 and 31 December 2012 investments held to maturity included short-term NBRK notes and Treasury bonds of the Ministry of Finance of Republic of Kazakhstan pledged under repurchase agreements with other banks amounting to KZT Nil and KZT 5,595 million, respectively (Note 19). All repurchase agreements as at 31 December 2012 mature before 4 January 2013.

## 17. LOANS TO CUSTOMERS AND BANKS

	30 June 2013 (unaudited)	31 December 2012
Originated loans to customers	873,797	866,044
Net investment in finance lease	5,482	5,947
Accrued interest	<u>52,675</u>	<u>48,900</u>
	931,954	920,891
Less: allowance for impairment losses	<u>(148,264)</u>	<u>(137,420)</u>
<b>Total loans to customers</b>	<u>783,690</u>	<u>783,471</u>
Originated loans to banks	7,110	5,617
Accrued interest	<u>17</u>	<u>8</u>
<b>Total loans to banks</b>	<u>7,127</u>	<u>5,625</u>
<b>Loans under reverse repurchase agreements</b>	<u>180</u>	<u>-</u>
<b>Total loans to customers and banks</b>	<u><u>790,997</u></u>	<u><u>789,096</u></u>

Movement in allowances for impairment losses on loans to customers and banks for the six months ended 30 June 2013 and 2012 is disclosed in Note 5.

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

	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Loans collateralized by real estate	694,529	671,391
Loans collateralized by goods	100,845	100,118
Loans collateralized by equipment	55,001	52,415
Loans collateralized by corporate guarantees	42,186	43,765
Loans collateralized by other assets	16,750	30,738
Loans collateralized by cash	10,211	10,321
Unsecured loans	<u>12,432</u>	<u>12,143</u>
	931,954	920,891
Less: allowance for impairment losses	<u>(148,264)</u>	<u>(137,420)</u>
<b>Total loans to customers</b>	<u><u>783,690</u></u>	<u><u>783,471</u></u>

	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
<b>Analysis by sector:</b>		
Individuals	336,036	325,994
Trading	188,092	186,439
Industrial construction	70,242	61,832
Manufacturing	52,352	50,716
Food industry	48,550	49,269
Rent of real estate	44,857	43,632
Residential construction	40,252	49,464
Agriculture	39,653	36,542
Transportation and equipment maintenance	25,727	26,432
Oil and gas	20,492	22,377
Telecommunications and transport	17,369	12,653
Energy	8,503	8,620
Mass media	1,831	3,431
Other	<u>37,998</u>	<u>43,490</u>
	931,954	920,891
Less: allowance for impairment losses	<u>(148,264)</u>	<u>(137,420)</u>
<b>Total loans to customers</b>	<u><u>783,690</u></u>	<u><u>783,471</u></u>

Loans to individuals comprise the following products:

	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Mortgage loans	159,829	157,862
Consumer loans	107,866	106,386
Business development	61,711	56,853
Car loans	<u>6,630</u>	<u>4,893</u>
	336,036	325,994
Less: allowance for impairment losses	<u>(27,144)</u>	<u>(16,203)</u>
<b>Total loans to individuals</b>	<u><u>308,892</u></u>	<u><u>309,791</u></u>



As at 30 June 2013 and 31 December 2012 the Group provided loans to 15 and 16 borrowers totaling KZT 226,336 million and KZT 251,502 million, which individually and in aggregate exceeded 10% of the Group's equity, respectively.

As at 30 June 2013 and 31 December 2012, a significant amount of loans (97% and 98% of total portfolio, respectively) is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration in one region.

As at 30 June 2013 and 31 December 2012, loans to customers included loans totaling KZT 86,216 million and KZT 103,981 million, respectively, with terms renegotiated. Otherwise these loans would be past due or impaired.

	30 June 2013 (unaudited)		31 December 2012			
	Carrying value before allowance	Allowance for impairment losses	Carrying value	Carrying value before allowance	Allowance for impairment losses	Carrying value
Loans to customers individually determined to be impaired	292,745	(104,513)	188,232	293,076	(106,112)	186,964
Loans to customers collectively determined to be impaired	174,417	(20,731)	153,686	177,552	(14,498)	163,053
Unimpaired loans	464,792	(23,020)	441,772	450,263	(16,810)	433,454
<b>Total</b>	<u>931,954</u>	<u>(148,264)</u>	<u>783,690</u>	<u>920,891</u>	<u>(137,420)</u>	<u>783,471</u>

As at 30 June 2013 and 31 December 2012, the Group entered as a lessor into finance leasing agreements. The interest rate inherent in leases is fixed at the contract date for all of the lease terms.

The components of net investment in finance lease as at 30 June 2013 and 31 December 2012 are presented as follows:

	30 June 2013 (unaudited)	31 December 2012
Not later than one year	1,552	2,049
From one year to five years	1,764	1,915
More than five years	7,769	6,495
Minimum lease payments	11,085	10,459
Less: unearned finance income	(5,603)	(4,512)
Net investment in finance lease	<u>5,482</u>	<u>5,947</u>
Current portion	1,552	2,049
Long-term portion	3,930	3,898
<b>Net investment in finance lease</b>	<u>5,482</u>	<u>5,947</u>

Fair values of assets pledged and carrying value of loans under reverse repurchase agreements as at 30 June 2013 and 31 December 2012 are presented as follows:

	30 June 2013 (unaudited)		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Bonds of the Ministry of Finance of the Republic of Kazakhstan	180	193	-	-
<b>Total</b>	<u>180</u>	<u>193</u>	<u>-</u>	<u>-</u>

## 18. OTHER ASSETS

	30 June 2013 (unaudited)	31 December 2012
<b>Other financial assets:</b>		
Receivables	2,231	2,155
Accrued commission	617	440
Western Union and other wireless transfers	55	34
Other	-	31
	<u>2,903</u>	<u>2,660</u>
Less allowances for impairment losses	<u>(229)</u>	<u>(240)</u>
<b>Total other financial assets</b>	<u>2,674</u>	<u>2,420</u>
<b>Other non-financial assets:</b>		
Non-current assets held for sale	7,840	6,999
Reposessed collateral	5,837	-
Advances paid	2,272	1,362
Tax settlements, other than income tax	1,836	1,075
Inventory	132	204
	<u>17,917</u>	<u>9,640</u>
Less allowances for impairment losses relating to assets held for sale	<u>(1,097)</u>	<u>(1,002)</u>
<b>Total other non-financial assets</b>	<u>16,820</u>	<u>8,638</u>
<b>Total other assets</b>	<u>19,494</u>	<u>11,058</u>

Movement in allowances for impairment losses on other assets for the six months ended 30 June 2013 and 2012 is disclosed in Note 5.

As at 30 June 2013 and 31 December 2012 non-current assets held for sale are represented by assets foreclosed by the Group from non-performing borrowers. These assets have been initially recognized at fair value and subsequently measured at the lower of fair value less cost to dispose or the carrying value, as the appropriate level of management has committed to a plan to sell the assets and an active program to locate a buyer and complete the sale plan has been initiated. The Group expects to dispose of these assets within a year. The Group does not occupy reposessed properties for business use.

Reposessed collateral represents real estate accepted by the Group from the non-performing borrowers. These assets have been initially recognized at fair value and subsequently measured at the lower of fair value less cost to dispose or the carrying value. As at 30 June 2013, the Management have not decided yet on whether the reposessed collateral will be sold or used as property and equipment.



## 19. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Interest rate, %	30 June 2013 (unaudited)	31 December 2012
Long-term loans due to banks and financial institutions	1.05-5.00	25,150	26,896
Subordinated loan	LIBOR+4.5-		
Perpetual debt	LIBOR+6.5	22,742	25,538
Short-term loans due to banks and financial institutions	9.13	11,634	11,563
Loans due to international credit organizations	2.76-7.00	8,073	5,961
Accrued interest	4.18-4.97	1,613	14,245
Correspondent accounts of banks	-	925	1,094
Loans due to Government of the Republic of Kazakhstan and NBRK	-	375	348
	5.5	223	262
		<u>70,735</u>	<u>85,907</u>
Loans under repurchase agreements		<u>6,788</u>	<u>20,269</u>
<b>Total due to banks and financial institutions</b>		<u><u>77,523</u></u>	<u><u>106,176</u></u>

The Perpetual non-cumulative debt was issued by the Group in March 2006 with an option to repay in whole, but not in part, on any interest payment date from and including 3 March 2016 at face value of USD 100 million. Interest payment dates are 3 March and 3 September in each year. Interest and principal on loans due to banks are repayable either quarterly, semiannually or at the end of the term, depending on the agreed repayment schedule.

Interest on the subordinated loan is repayable semiannually, and principal is repayable at the end of the term in 2014 and 2019.

During the six months ended 30 June 2013 the Group has repaid loans received from Eurasian Bank of Development and certain loans received from International Finance Corporation and European Bank for Reconstruction and Development in amounts of KZT 10,425 million, KZT 1,103 million and KZT 1,172 million respectively.

In the event of bankruptcy or liquidation of the Group, repayment of all subordinated debt is subordinate to the repayments of the Group's liabilities to all other creditors.

The Group is obligated to comply with financial covenants in relation to due to banks and subordinated debt. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios. The Group has not breached any of these covenants during the period of the six months ended 30 June 2013 and year ended 31 December 2012.

As at 30 June 2013, the Group had long-term loans received from JSC Entrepreneurship Development Fund DAMU and International Finance Corporation that individually and in aggregate exceeded 10% of the Group's equity. As at 31 December 2012, the Group had long-term loans received from Eurasian Development Bank, JSC Entrepreneurship Development Fund DAMU, and International Finance Corporation that individually and in aggregate exceeded 10% of the Group's equity.

As at 30 June 2013 and 31 December 2012 included in deposits by banks are loans under repurchase agreements of KZT 6,788 million and KZT 20,269 million that were settled before 26 July 2013 and before 4 January 2013, respectively.



Fair value of assets pledged and carrying value of loans under repurchase agreements as at 30 June 2013 and 31 December 2012 are presented as follows:

	30 June 2013 (unaudited)		31 December 2012	
	Carrying value of loans	Fair value of collateral	Carrying value of loans	Fair value of collateral
Russian corporate bonds	4,968	6,154	-	-
Government bonds of Russian Federation	1,171	1,664	759	774
Kazakhstan corporate bonds	369	479	-	-
Shares of Kazakhstan corporations	151	207	-	-
Bonds of the Ministry of Finance of the Republic of Kazakhstan	129	143	9,072	9,765
NBRK notes	-	-	8,001	8,421
Bonds of JSC Agricultural Credit Corporation	-	-	177	211
Bonds of OJSC Rosselhozbank	-	-	657	751
Bonds of other banks	-	-	1,603	1,896
<b>Total</b>	<b>6,788</b>	<b>8,647</b>	<b>20,269</b>	<b>21,818</b>

Details of transferred financial assets that are not derecognized in their entirety as at 30 June 2013 and 31 December 2012 are disclosed below:

	Financial assets at fair value through profit or loss (Note 14)	Investments available-for- sale (Note 15)	Investments held-to- maturity (Note 16)	Total
Total carrying amount of the original assets before the transfer	8,647	-	-	8,647
<b>As at 30 June 2013 (unaudited):</b>				
Carrying amount of assets	8,647	-	-	8,647
Carrying amount of associated liabilities (Loans under repurchase agreements)	6,788	-	-	6,788
Total carrying amount of the original assets before the transfer	6,731	9,367	5,595	21,693
<b>As at 31 December 2012:</b>				
Carrying amount of assets	6,731	9,367	5,595	21,693
Carrying amount of associated liabilities (Loans under repurchase agreements)	6,024	8,744	5,501	20,269

## 20. CUSTOMER AND BANKS ACCOUNTS

	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
<b>Recorded at amortized cost:</b>		
Customer accounts	820,457	772,387
Banks accounts	13,237	11,885
	<u>833,694</u>	<u>784,272</u>
Accrued interest	8,535	6,278
	<u>842,229</u>	<u>790,550</u>
<b>Total customer and banks accounts</b>		
	<u>842,229</u>	<u>790,550</u>
	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
Time deposits	542,156	524,058
Demand deposits	278,301	248,329
	<u>820,457</u>	<u>772,387</u>
Accrued interest	7,432	5,477
	<u>827,889</u>	<u>777,864</u>
<b>Total customer accounts</b>		
	<u>827,889</u>	<u>777,864</u>

As at 30 June 2013 and 31 December 2012, customer accounts totaling KZT 103,582 million and KZT 45,000 million were due to six and two customers, respectively. This represents a significant concentration.

	<b>30 June 2013 (unaudited)</b>	<b>31 December 2012</b>
<b>Analysis by sector:</b>		
Individuals	379,526	368,710
Social services	161,139	162,924
Real estate construction	68,401	58,297
Trade	36,781	37,499
Insurance companies and pension funds	35,227	36,581
Transportation and communication	35,196	15,756
Fuel	21,504	14,732
Research and engineering	11,190	9,104
Metallurgy	11,026	9,756
Manufacturing	10,360	8,754
Energy	8,071	11,757
Agriculture	5,997	6,759
Entertainment services	5,401	4,639
Chemical production	3,178	1,309
Machinery	1,727	1,342
Other	33,165	29,945
	<u>827,889</u>	<u>777,864</u>
<b>Total customer accounts</b>		
	<u>827,889</u>	<u>777,864</u>

Banks accounts as at 30 June 2013 and 31 December 2012 comprised the following:

	30 June 2013 (unaudited)	31 December 2012
Time deposits	13,100	11,600
Demand deposits	137	285
	<u>13,237</u>	<u>11,885</u>
Accrued interest	1,103	801
<b>Total banks accounts</b>	<u><u>14,340</u></u>	<u><u>12,686</u></u>

## 21. DEBT SECURITIES ISSUED

	CCY	Issue date	Maturity date	Annual coupon rate %	30 June 2013 (unaudited)	31 December 2012
International bonds	USD	30/01/2007	30/01/2014	8.63	37,193	55,713
Kazakhstan bonds	KZT	29/12/2004- 27/11/2009	29/12/2014- 27/12/2015	7.60-8.63	9,722	7,676
Bonds issued in Russian Federation	USD	18/08/2011	30/05/2013	-	-	19
Bonds issued in Russian Federation	RUR	07/03/2012	07/04/2013	-	-	15
					<u>46,915</u>	<u>63,423</u>
Accrued interest					1,482	1,781
<b>Total debt securities issued</b>					<u><u>48,397</u></u>	<u><u>65,204</u></u>

Interest on debt securities issued is repayable semiannually.

During the six months ended 30 June 2013, the Bank repaid Eurobonds with par value of KZT 18,843 million. During the six months ended 30 June 2012, the Bank repurchased Eurobonds with par value of KZT 27,606 million and incurred a loss on early redemption of debt amounted to KZT 1,318 million.

The Group is obligated to comply with financial covenants in relation to debt securities issued. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios. As at 30 June 2013 and 31 December 2012, the Group has not breached any of these covenants.

## 22. SHARE CAPITAL

As at 30 June 2013, the Bank's share capital comprised the following:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(101,451)	162,355,349
Preference shares	39,249,255	-	-	39,249,255

As at 31 December 2012 the Bank's share capital comprised the following:

	Authorized share capital	Share capital authorized and not issued	Repurchased share capital	Total share capital
Ordinary shares	260,750,745	(98,293,945)	(301,419)	162,155,381
Preference shares	39,249,255	-	-	39,249,255



All ordinary shares are ranked equally, carry one vote, and have no par value.

As at 30 June 2013 and 31 December 2012, ordinary shares amounted to KZT 25 million and KZT 64 million, respectively, were repurchased.

During the six months ended 30 June 2013 the Bank has sold 199,968 shares from repurchased share capital at average price of KZT 199.87 per share.

According to Kazakhstan's Law on Joint Stock Companies dividends are payable on ordinary shares in the form of money or securities of the Bank on condition that the decision was made at the annual meeting of shareholders of the Bank. In accordance with Regulation of the Group dividend payments are made on the basis of financial results for the year.

Preference shares have no voting rights and are not redeemable. Preference shares have a right to receive dividends prior to common stockholders. Conversion of preferred shares is performed based on the decision of the Board of Directors. Preference shares would receive dividends in amount of KZT 0.01 per share.

	<b>Six months ended 30 June 2013 (unaudited) Quantity</b>	<b>Year ended 31 December 2012  Quantity</b>
<b>Preference shares, beginning of the period</b>	39,249,255	39,249,255
Preference shares issued	-	-
<b>Preference shares, end of the period</b>	<u>39,249,255</u>	<u>39,249,255</u>
<b>Common shares, beginning of the period</b>	162,155,381	162,225,170
Treasury shares repurchased	(99,477)	(1,178,837)
Treasury shares sold	<u>299,445</u>	<u>1,109,048</u>
<b>Common shares, end of the period</b>	<u>162,355,349</u>	<u>162,155,381</u>

## 23. FINANCIAL 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 condensed consolidated statement of financial position.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance 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.

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

As at 30 June 2013 and 31 December 2012, the nominal or contract amounts and risk-weighted amounts were:

	30 June 2013 (unaudited)		31 December 2012	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
<b>Contingent liabilities and credit commitments:</b>				
Guarantees issued and similar commitments	100,442	91,419	91,487	85,777
Letters of credit and other transaction related contingent obligations	2,396	367	3,210	642
<b>Total contingent liabilities and credit commitments</b>	<b>102,838</b>	<b>91,786</b>	<b>94,697</b>	<b>86,419</b>

The table below summarizes the amounts of guarantees and similar commitments secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2013 (unaudited)	31 December 2012
Real estate	38,426	9,416
Receivables	20,497	26,436
Cash deposits	9,023	5,710
Movables	8,186	7,201
Corporate guarantees	6,337	13,236
Land	2,755	714
Goods in turnover	685	2,024
Other	745	195
Unsecured guarantees	13,788	26,555
<b>Total</b>	<b>100,442</b>	<b>91,487</b>

The table below summarizes the amounts of letters of credit and other transactions related to contingent obligations secured by type of collateral, rather than the fair value of the collateral itself:

	30 June 2013 (unaudited)	31 December 2012
Goods in turnover	1,113	-
Cash deposits	562	2,159
Receivables	329	-
Real estate	83	826
Goods	55	-
Other	106	-
Unsecured letters of credit	148	225
<b>Total</b>	<b>2,396</b>	<b>3,210</b>

Extension of loans to customers within credit line limits is approved by the Group on a case-by-case basis and is dependent on borrowers' financial performance, debt service and other conditions.

### Capital commitments

As at 30 June 2013 and 31 December 2012, the Group had no material commitments for capital expenditures outstanding.



## **Rental commitments**

As at 30 June 2013 and 31 December 2012, there were no material rental commitments outstanding.

## **Fiduciary activities**

In the normal course of its business, the Group enters into agreements with limited right of decision making with clients for management of their assets in accordance with specific criteria established by the client. The Group may be liable for losses or actions aimed at appropriation of the clients' funds if such funds or securities are not returned to the client. The balance of the clients' funds under the management of the Group as at 30 June 2013 and 31 December 2012, including assets under trusteeship are KZT 254,791 million and KZT 241,042 million, respectively.

Managed assets are not included in the interim condensed consolidated statement of financial position of the Group, as these assets are not assets of the Group. The face value of the securities presented below differs from the market value of the indicated securities.

As at 30 June 2013 and 31 December 2012, assets of pension funds under management comprise KZT 84,677 million and KZT 84,114 million, respectively.

The Group also provides broker services to its customers. As at 30 June 2013 and 31 December 2012, the Group had customer securities totaling KZT 5,730 million and KZT 2,588 million, respectively, in its nominal holder accounts.

## **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 losses will be incurred and respectively no provision has been made in this interim condensed consolidated financial information.

## **Taxation**

Commercial legislation of the Republic of Kazakhstan and 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 and receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the interim condensed consolidated financial statements.

## **Pensions and retirement plans**

Employees of the Group receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan and Russian Federation. As at 30 June 2013 and 31 December 2012, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.



## 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.

## 24. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, 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:

	30 June 2013 (unaudited)		31 December 2012	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
<b>Cash and cash equivalents</b>	90	159,291	148	149,129
- entity with significant influence over the Group	90		148	
<b>Loans to customers and banks</b>	549	939,261	473	926,516
- other related parties	549		473	
<b>Provision for impairment losses on loans to customers and banks</b>	(7)	(148,264)	(3)	(137,420)
- other related parties	(7)		(3)	
<b>Due to banks and financial institutions</b>	-	77,523	1	106,176
- shareholder of the entity	-		1	
<b>Customer and banks accounts</b>	18,973	842,229	22,051	790,550
- key management personnel of the entity or its parent	11,689		12,645	
- other related parties	7,284		9,406	
<b>Guarantees issued and similar commitment</b>	-	102,838	2	94,697
- key management personnel of the entity or its parent	-		2	

Secured and unsecured loans and guarantees are made to key management personnel of the entity and shareholders in the ordinary course of business. These loans are made on substantially the same terms, including interest rates, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavorable features.

Amounts deposited by the parent and other related parties earn interest at the same rates as those offered to the market or on the same terms and conditions applicable to other employees within the Group.

Included in the interim condensed consolidated income statement for the six months ended 30 June 2013 and 2012 are the following amounts which arose due to transactions with related parties:

	Three months ended 30 June 2013 (unaudited)		Three months ended 30 June 2012 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
<b>Interest income</b>	3	22,373	21	17,985
- other related parties	3		21	
<b>Interest expense</b>	(248)	(12,031)	(537)	(13,592)
- key management personnel of the entity or its parent	(135)		(270)	
- other related parties	(113)		(267)	
<b>Operating expenses</b>	(59)	(6,531)	(47)	(6,388)
- key management personnel of the entity or its parent	(59)		(47)	
	Six months ended 30 June 2013 (unaudited)		Six months ended 30 June 2012 (unaudited)	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
<b>Interest income</b>	5	42,726	36	38,525
- key management personnel of the entity or its parent	-		36	
- other related parties	5		-	
<b>Interest expense</b>	(412)	(25,072)	(901)	(27,918)
- key management personnel of the entity or its parent	(234)		(554)	
- other related parties	(178)		(347)	
<b>Operating expenses</b>	(110)	(13,578)	(95)	(13,064)
- key management personnel of the entity or its parent	(110)		(95)	

Key management personnel compensation for the six months ended 30 June 2013 and 2012 is presented by short-term employee benefits.

## 25. SEGMENT REPORTING

The segment information below is presented on the basis used by the Group's chief operating decision maker to evaluate performance, in accordance with IFRS 8 and in accordance with the segment reporting presented in the consolidated financial statements for the year ended 31 December 2012.

Segment information about these businesses is presented below:

	Retail banking	Corporate banking	Investment banking	Six months ended 30 June 2013* (unaudited)
Interest income	17,209	23,761	1,927	42,897
Interest expense	(11,355)	(13,398)	(489)	(25,242)
Provision for impairment losses on interest bearing assets	(10,178)	(5,371)	-	(15,549)
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	167	167
Net realized loss on investments available-for-sale and investments impairment available-for-sale	-	-	(36)	(36)
Net gain on foreign exchange operations	384	289	1,176	1,849
Fee and commission income	2,044	8,443	84	10,571
Fee and commission expense	-	(407)	(301)	(708)
Provision for impairment losses on other transactions	-	(505)	-	(505)
Other expense	-	(26)	-	(26)
<b>Total operating (loss)/income</b>	<b>(1,896)</b>	<b>12,786</b>	<b>2,528</b>	<b>13,418</b>
<b>Operating expenses</b>	<b>(5,780)</b>	<b>(7,074)</b>	<b>(724)</b>	<b>(13,578)</b>
<b>(Loss)/profit before income tax</b>	<b>(7,676)</b>	<b>5,712</b>	<b>1,804</b>	<b>(160)</b>
Income tax benefit/(expense)	61	(411)	(81)	(431)
<b>Net (loss)/profit</b>	<b>(7,615)</b>	<b>5,301</b>	<b>1,723</b>	<b>(591)</b>
Segment assets**	305,584	686,434	104,803	1,096,821
Segment liabilities	344,214	547,244	123,167	1,014,625
<b>Other segment items</b>				
Depreciation charge on property, equipment and intangible assets	(94)	(1,093)	(18)	(1,205)
Loans to customers and banks	308,892	482,105	-	790,997
Property, equipment and intangible assets	1,603	20,831	108	22,542
Customer and banks accounts	379,526	462,703	-	842,229
Financial guarantees and commitments	-	102,838	-	102,838
Capital expenditure	-	1,691	-	1,691

\*- In order to reconcile to the amounts presented in the interim condensed consolidated income statement, interest income, interest expense, fee and commission income and fee and commission expense include non-eliminated intercompany transactions in the amount of KZT 171 million, KZT (171) million, KZT 17 million and KZT (17) million, respectively.

\*\*- net of income tax assets



	Retail banking	Corporate banking	Investment banking	Six months ended 30 June 2012* (unaudited)
Interest income	16,700	17,459	4,615	38,774
Interest expense	(13,594)	(14,371)	(202)	(28,167)
Recovery of provision/(provision) for impairment losses on interest bearing assets	3,267	(8,599)	-	(5,332)
Net gain on financial assets and liabilities at fair value through profit or loss	-	-	68	68
Net loss on early redemption of debt	-	-	(1,318)	(1,318)
Net gain on foreign exchange operations	769	1,153	-	1,922
Fee and commission income	1,876	7,776	98	9,750
Fee and commission expense	-	(670)	(380)	(1,050)
Provision for impairment losses on other transactions	(99)	(285)	-	(384)
Other expense	-	(110)	-	(110)
Total operating income	8,919	2,353	2,881	14,153
Operating expenses	(5,251)	(7,006)	(807)	(13,064)
<b>Profit/(loss) before income tax</b>	3,668	(4,653)	2,074	1,089
Income tax expense	(14)	(24)	(9)	(47)
<b>Net profit/(loss)</b>	3,654	(4,677)	2,065	1,042
Segment assets**	311,478	636,616	126,150	1,074,244
Segment liabilities	384,285	450,184	156,612	991,081
<b>Other segment items</b>				
Depreciation charge on property, equipment and intangible assets	-	(983)	(16)	(999)
Loans to customers and banks	311,131	469,612	-	780,743
Property, equipment and intangible assets	1,759	21,480	118	23,357
Customer and banks accounts	384,082	349,715	-	733,797
Financial guarantees and commitments	-	93,819	-	93,819
Capital expenditure	-	997	-	997

\*- In order to reconcile to the amounts presented in the interim condensed consolidated income statement, interest income, interest expense, fee and commission income and fee and commission expense include non-eliminated intercompany transactions in the amount of KZT 249 million, KZT (249) million, KZT 16 million and KZT (16) million, respectively.

\*\*- net of income tax assets

### Geographical segments

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the six months ended 30 June 2013 (unaudited)
Interest income	41,095	1,631	-	42,726
Interest expense	(24,329)	(743)	-	(25,072)
Segment assets*	1,064,766	32,041	14	1,096,821
Segment liabilities	986,847	27,774	4	1,014,625
Contingent liabilities	102,838	-	-	102,838
Capital expenditures	1,691	-	-	1,691

\*- net of current and deferred income tax assets

	Kazakhstan	Other non-OECD countries	OECD countries	As at and for the six months ended 30 June 2012 (unaudited)
Interest income	36,807	1,718	-	38,525
Interest expense	(27,241)	(677)	-	(27,918)
Segment assets*	1,037,386	36,841	17	1,074,244
Segment liabilities	960,749	30,332	1	991,082
Contingent liabilities	93,819	-	-	93,819
Capital expenditures	972	25	-	997

\*- net of current income tax assets

Interest income, interest expenses, segment assets and segment liabilities, contingent liabilities and capital expenditure have generally been allocated based on domicile of the counterparty. Tangible assets (cash on hand, precious metals, premises and equipment) have been allocated based on the country in which they are physically held.

## 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities that are not carried at fair value in the interim condensed consolidated statement of financial position compared with the corresponding carrying value is presented below:

	30 June 2013 (unaudited)		31 December 2012	
	Carrying value	Fair value	Carrying value	Fair value
Loans to customers and banks	790,997	697,401	789,096	648,659
Investments held-to-maturity	20,753	20,240	26,373	24,183
Due to banks and financial institutions	77,523	84,079	106,176	111,364
Customer and banks accounts	842,229	839,232	790,550	771,352
Debt securities issued	48,397	49,137	65,204	65,043
Subordinated bonds	39,924	38,573	33,249	30,670

The carrying amount of cash and cash equivalents, due from banks, other financial assets and other financial liabilities approximates fair value due to short-term nature of such financial assets.

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.

	30 June 2013 (unaudited)				31 December 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>	25,089	3,863	-	28,952	21,260	3,918	-	25,178
Derivative financial instruments	-	3,863	-	3,863	-	3,918	-	3,918
Debt securities	24,736	-	-	24,736	20,976	-	-	20,976
Equity securities	353	-	-	353	284	-	-	284
<b>Investments available-for-sale</b>	50,326	-	226	50,552	57,310	-	239	57,549
Debt securities	50,326	-	-	50,326	57,310	-	-	57,310
Equity securities	-	-	226	226	-	-	239	239
<b>Financial liabilities at fair value through profit or loss</b>	-	8	-	8	-	95	-	95
Derivative financial instruments	-	8	-	8	-	95	-	95

There were no transfers between Level 1 and 2 in the period.

Equity securities included in Level 3 are carried at cost because it is practically difficult to quantify the intrinsic value of the equity securities issued by unlisted entities. In addition, probabilities and range of estimated cash flows of the unlisted equity securities cannot be reasonably assessed.

The reconciliation of Level 3 fair value measurements of financial assets is presented as follows:

	Unquoted equity securities
31 December 2011	213
Purchases	26
31 December 2012	239
Sales	(13)
30 June 2013 (unaudited)	226



## 27. REGULATORY MATTERS

The following table analyses the Group's regulatory capital resources for capital adequacy purposes:

Composition of regulatory capital	30 June 2013 (unaudited)	31 December 2012
<b>Tier 1</b>		
Share capital	69,837	69,798
Retained earnings and statutory reserves	15,328	16,108
Non-controlling interest	1,395	1,206
Total qualifying tier 1 capital	<u>86,560</u>	<u>87,112</u>
<b>Tier 2</b>		
Subordinated debt	43,280	43,556
Perpetual debt	11,970	11,918
Other reserves	(424)	6
Total qualifying tier 2 capital	<u>54,826</u>	<u>55,480</u>
Total regulatory capital	<u>141,386</u>	<u>142,592</u>
Risk weighted assets	<u>921,774</u>	<u>891,670</u>
Tier 1 capital ratio	<u>9.39%</u>	<u>9.77%</u>
Total capital adequacy ratio	<u>15.34%</u>	<u>15.99%</u>

Quantitative measures established by the Basle Committee to ensure capital adequacy require the Group to maintain minimum amounts and ratios of total capital adequacy (8%) and tier 1 capital (4%) to risk weighted assets.

## 28. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's banking business and is an essential element of the Group's operations. There have been no changes in risk management policies since year ended 31 December 2012.

### Geographical concentration

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	Other non-OECD countries	OECD countries	30 June 2013 Total (unaudited)
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	86,386	20,008	52,897	159,291
Financial assets at fair value through profit or loss	15,120	10,039	3,793	28,952
Investments available-for-sale	43,579	6,973	-	50,552
Investments held-to-maturity	19,419	1,031	303	20,753
Due from banks	3,081	1	1,158	4,240
Loans to customers and banks	769,063	14,627	7,307	790,997
Other financial assets	2,674	-	-	2,674
<b>TOTAL FINANCIAL ASSETS</b>	<b>939,322</b>	<b>52,679</b>	<b>65,458</b>	<b>1,057,459</b>
<b>FINANCIAL LIABILITIES</b>				
Due to banks and financial institutions	31,445	22,375	23,703	77,523
Customer and banks accounts	834,836	7,393	-	842,229
Debt securities issued	48,397	-	-	48,397
Subordinated bonds	39,924	-	-	39,924
Other financial liabilities	3,534	-	-	3,534
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>958,136</b>	<b>29,768</b>	<b>23,703</b>	<b>1,011,607</b>
<b>NET POSITION</b>	<b>(18,814)</b>	<b>22,911</b>	<b>41,755</b>	
	Kazakhstan	Other non-OECD countries	OECD countries	31 December 2012 Total
<b>Financial assets</b>				
Cash and cash equivalents	49,947	7,904	91,278	149,129
Financial assets at fair value through profit or loss	18,587	6,591	-	25,178
Investments available-for-sale	57,549	-	-	57,549
Investments held to maturity	24,832	1,241	300	26,373
Due from banks	1,182	-	854	2,036
Loans to customers and banks	769,504	17,237	2,355	789,096
Other financial assets	2,348	72	-	2,420
<b>Total financial assets</b>	<b>923,949</b>	<b>33,045</b>	<b>94,787</b>	<b>1,051,781</b>
<b>Financial liabilities</b>				
Due to banks and financial institutions	50,259	23,089	32,828	106,176
Customer and banks accounts	781,206	9,344	-	790,550
Debt securities issued	65,170	34	-	65,204
Subordinated bonds	33,249	-	-	33,249
Other financial liabilities	2,402	39	-	2,441
<b>Total financial liabilities</b>	<b>932,286</b>	<b>32,506</b>	<b>32,828</b>	<b>997,620</b>
<b>Net position</b>	<b>(8,337)</b>	<b>539</b>	<b>61,959</b>	

## **Liquidity risk**

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

Investments available-for-sale and financial assets at fair value through profit or loss are classified into “up to 1 month” category. Although investments held to maturity are grouped on the basis of the remaining period from the reporting date to their maturity date, in case of liquidity crisis the Group can immediately realise short-term Treasury Notes of the Republic of Kazakhstan that are classified as investments held to maturity.



	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 yr 5
<b>Financial assets</b>					
Cash and cash equivalents	0.52%	46,256	1,517	-	
Financial assets at fair value through profit or loss	7.48%	28,519	-	-	
Investments available-for-sale	4.38%	50,326	-	-	
Investments held-to-maturity	7.10%	1,596	133	9,602	
Due from banks	3.25%	-	-	2,186	
Loans to customers and banks	8.57%	131,805	44,435	169,274	
Total interest bearing financial assets					
		258,502	46,085	181,062	
Cash and cash equivalents		111,518	-	-	
Financial assets at fair value through profit or loss		433	-	-	
Investments available-for-sale		226	-	-	
Due from banks		2,053	-	-	
Other financial assets		2,674	-	-	
<b>Total financial assets</b>		<b>375,406</b>	<b>46,085</b>	<b>181,062</b>	
<b>Financial liabilities</b>					
Due to banks and financial institutions	5.76%	12,114	2,833	4,577	
Customer and banks accounts	5.10%	56,530	64,847	319,892	
Debt securities issued	8.46%	-	-	38,531	
Subordinated bonds	8.29%	-	-	-	
Total interest bearing financial liabilities		68,644	67,680	363,000	
Customer and banks accounts		267,638	1,500	-	
Other financial liabilities		3,534	-	-	
Financial guarantees and commitments		17,801	9,571	33,493	
<b>Total financial liabilities and commitments</b>		<b>357,617</b>	<b>78,751</b>	<b>396,493</b>	
Liquidity gap		17,789	(32,666)	(215,431)	
Interest sensitivity gap		189,858	(21,595)	(181,938)	
<b>Cumulative interest sensitivity gap</b>		<b>189,858</b>	<b>168,263</b>	<b>(13,675)</b>	
<b>Cumulative interest sensitivity gap as a percentage of total financial assets</b>		<b>17.95%</b>	<b>15.91%</b>	<b>(1.29%)</b>	

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 y 5:
<b>Financial assets</b>					
Cash and cash equivalents	0.18%	45,173	23,371	-	
Financial assets at fair value through profit or loss	6.96%	24,894	-	-	
Investments available-for-sale	3.96%	57,310	-	-	
Investments held-to-maturity	5.35%	231	5,361	6,940	
Due from banks	6.24%	1,524	-	-	
Loans to customers and banks	8.46%	119,887	53,381	168,456	
<b>Total interest bearing financial assets</b>		<b>249,019</b>	<b>82,113</b>	<b>175,396</b>	
Cash and cash equivalents		80,585	-	-	
Financial assets at fair value through profit or loss		284	-	-	
Investments available-for-sale		239	-	-	
Due from banks		512	-	-	
Other financial assets		2,420	-	-	
<b>Total financial assets</b>		<b>333,059</b>	<b>82,113</b>	<b>175,396</b>	
<b>Financial liabilities</b>					
Due to banks and financial Institutions	7.14%	19,330	5,470	19,002	
Customer and banks accounts	6.27%	36,365	61,466	309,068	
Debt securities issued	9.45%	1,331	94	19,185	
Subordinated bonds	6.79%	-	51	244	
<b>Total interest bearing financial liabilities</b>		<b>57,026</b>	<b>67,081</b>	<b>347,499</b>	
Due to banks and financial institutions		799	453	3,103	
Customer and banks accounts		244,165	-	-	
Other financial liabilities		2,441	-	-	
Financial guarantees and commitments		22,906	15,411	14,069	
<b>Total financial liabilities and commitments</b>		<b>327,337</b>	<b>82,945</b>	<b>364,671</b>	
Liquidity gap		5,722	(832)	(189,275)	
Interest sensitivity gap		191,993	15,032	(172,103)	
<b>Cumulative interest sensitivity gap</b>		<b>191,993</b>	<b>207,025</b>	<b>34,922</b>	
<b>Cumulative interest sensitivity gap as a percentage of total financial assets</b>		<b>18.25%</b>	<b>19.68%</b>	<b>3.32%</b>	

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. Management is confident that the Group will be able to obtain required funds in order to replace attracted liabilities with duration up to twelve months. In particular, management believe that the continued support of its shareholders and access to borrowings from international financial institutions means that the Group would be able to obtain appropriate resources.

### Market risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed. There have been no changes as to the way the Group measures risk or to the risk it is exposed for the six months ended 30 June 2013.

### Interest rate risk

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

### Currency risk

The Group's exposure to foreign currency exchange rate risk as at 30 June 2013 is presented in the tables below:

	KZT	USD 1 USD = 151.65 KZT	EUR 1 EUR = 197.90 KZT	JPY 1 JPY= 1.53 KZT	Other currency	30 June 2013 Total (unaudited)
<b>Financial assets</b>						
Cash and cash equivalents	60,317	90,261	6,693	85	1,935	159,291
Financial assets at fair value through profit or loss	14,019	3,698	-	1,231	10,004	28,952
Investments available-for-sale	41,820	5,245	3,221	-	266	50,552
Investments held-to-maturity	13,920	5,802	1,031	-	-	20,753
Due from banks	1,399	2,049	792	-	-	4,240
Loans to customers and banks	644,959	130,568	2,789	-	12,681	790,997
Other financial assets	2,259	322	11	3	79	2,674
<b>Total financial assets</b>	<b>778,693</b>	<b>237,945</b>	<b>14,537</b>	<b>1,319</b>	<b>24,965</b>	<b>1,057,459</b>
<b>Financial liabilities</b>						
Due to banks and financial institutions	20,774	41,390	3,656	-	11,703	77,523
Customer and banks accounts	661,869	160,656	10,946	-	8,758	842,229
Debt securities issued	9,865	38,532	-	-	-	48,397
Subordinated bonds	39,924	-	-	-	-	39,924
Other financial liabilities	2,597	695	130	-	112	3,534
<b>Total financial liabilities</b>	<b>735,029</b>	<b>241,273</b>	<b>14,732</b>	<b>-</b>	<b>20,573</b>	<b>1,011,607</b>
<b>OPEN POSITION</b>	<b>43,664</b>	<b>(3,328)</b>	<b>(195)</b>	<b>1,319</b>	<b>4,392</b>	



## Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented below and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 30 June 2013:

	KZT	USD 1 USD = 151.65 KZT	EUR 1 EUR = 197.90 KZT	JPY 1 JPY = 1.53 KZT	Other currency	30 June 2013 (unaudited)
Accounts receivable on spot and derivative contracts	9,372	22,703	-	9,366	-	41,441
Accounts payable on spot and derivative contracts	(10,666)	(17,732)	-	(9,364)	-	(37,762)
<b>Net spot and derivative financial instruments position</b>	<b>(1,294)</b>	<b>4,971</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>3,679</b>
<b>Total open position</b>	<b>42,370</b>	<b>1,643</b>	<b>(195)</b>	<b>1,321</b>	<b>4,392</b>	

The Group's exposure to foreign currency exchange rate risk as at 31 December 2012 is presented in the tables below:

	KZT	USD 1 USD = 150.74 KZT	EUR 1 EUR = 199.22 KZT	JPY 1 JPY = 1.75 KZT	Other currency	31 December 2012 Total
<b>Financial assets</b>						
Cash and cash equivalents	33,179	94,581	16,325	38	5,006	149,129
Financial assets at fair value through profit or loss	17,769	883	-	4	6,522	25,178
Investments available-for-sale	54,382	1,867	1,300	-	-	57,549
Investments held to maturity	21,616	3,674	1,083	-	-	26,373
Due from banks	515	1,521	-	-	-	2,036
Loans to customers and banks	608,724	160,658	2,369	-	17,345	789,096
Other financial assets	1,542	593	279	4	2	2,420
<b>Total financial assets</b>	<b>737,727</b>	<b>263,777</b>	<b>21,356</b>	<b>46</b>	<b>28,875</b>	<b>1,051,781</b>
<b>Financial liabilities</b>						
Due to banks and financial institutions	44,372	49,334	3,295	-	9,175	106,176
Customer and banks accounts	592,150	164,899	23,576	20	9,905	790,550
Debt securities issued	7,773	57,416	-	-	15	65,204
Subordinated bonds	33,249	-	-	-	-	33,249
Other financial liabilities	1,203	699	386	4	149	2,441
<b>Total financial liabilities</b>	<b>678,747</b>	<b>272,348</b>	<b>27,257</b>	<b>24</b>	<b>19,244</b>	<b>997,620</b>
<b>Open position</b>	<b>58,980</b>	<b>(8,571)</b>	<b>(5,901)</b>	<b>22</b>	<b>9,631</b>	

## Derivative financial instruments and spot contracts

Fair value of derivative financial instruments and spot contracts are included in the currency analysis presented above and the following table presents further analysis of currency risk by types of derivative financial instruments and spot contracts as at 31 December 2012:

	KZT	USD 1 USD = 150.74 KZT	EUR 1 EUR = 199.22 KZT	JPY 1 JPY = 1.75 KZT	Other currency	31 December 2012 Total
Accounts receivable on spot and derivative contracts	301	20,134	-	10,654	-	31,089
Accounts payable on spot and derivative contracts	(7,768)	(8,518)	-	(10,658)	-	(26,944)
<b>Net spot and derivative financial instruments position</b>	<u>(7,467)</u>	<u>11,616</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4,145)</u>
<b>Total open position</b>	<u>51,513</u>	<u>3,045</u>	<u>(5,901)</u>	<u>18</u>	<u>9,631</u>	

## 29. SUBSEQUENT EVENTS

On 8 August 2013, the Bank received approval from FMSC for establishment of LLP BCC-OUA subsidiary for distressed assets management.